
Oxfam GB
Discussion Document

A Gender Perspective on 21st Century Welfare Reform

Report for Oxfam GB by Janet Veitch with assistance
from Fran Bennett

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The Gender Impact of the Coalition Government's Welfare Reform Proposals

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Key Issues and Recommendations

- ② This response provides a gender analysis of the potential impact of the welfare reform proposals, particularly on women living in poverty and in receipt of benefits/tax credits. It is general in its conclusions as no specific and costed proposals have yet been made.
- ② Enabling women with caring responsibilities to become gainfully employed is one of the keys to economic growth; but in order to tackle poverty by encouraging greater engagement with the labour market, it is important to get these reforms right for women, by looking at the barriers to their employment.
- ② While simplification of the benefits and tax credits system is welcome in principle, the gender analysis in this response indicates a significant risk that some of the proposals could cause women to be worse off. This is because women are particularly reliant on benefits and tax credits as social protection and because they often receive these directly in their capacity as carers: these separate payments form an independent income which is threatened by streamlining into one Universal Credit. The focus of the proposals on encouraging paid employment *alone* adds to the risks for women in poverty.
- ② Reform of the current mix of benefits and tax credits needs to reflect the reality of family forms and the division of paid and unpaid caring work, in terms of both what it is and what people aspire to. ***Oxfam urges careful consideration of these issues in any proposals.***
- ② ***Oxfam calls on the Government to carry out a detailed gender and equality impact assessment of the costs and benefits of the developed proposals once they are published, using the principles set out in this report.***
- ② Our main areas of concern are:
 1. the proposal that a single payment be made to one main claimant in the household and its potential to make the 'dependent' member of a couple (usually the woman) poorer;
 2. the apparent move away from universal and non-means-tested benefits which provide key social protection, especially for women;
 3. the use of stronger conditionality, which lone parents (who are mainly women) in particular may not be in a position to meet;
 4. the impact of the changes in earnings disregards on labour market motivation for those affected, many of whom will be women.
- ② How the proposed single benefit payment could impact on women:
 - o The reforms envisage a single benefit payment made to one household claimant. This seems to mean the 'main carer' losing their Child Tax Credit. We know that the claimant in a couple is more likely to be the man, and the 'main carer' is more likely to be the woman.
 - o Household assessment and payment assumes that money coming into the household is shared equally between men and women in couples. Research on intra-household allocation of resources suggests that this is not a safe assumption.
 - o Research shows that money going into a family via the 'purse' (i.e. women) rather than the 'wallet' is more likely to be spent on children's needs.

- o ***Oxfam has proposed in its main response that personal benefits for couples be split into equal halves, paid to each member of the couple, with benefits for children continuing to be paid directly to the main carer, to ensure greater financial security for both adults and children.***
- ☐ How the move away from non-means-tested benefits could impact on women:
- o The proposals aim for simplification, yet the joint assessment of needs and resources involved in means testing is the source of much of the complexity and many of the disincentives inherent in the social security system.
 - o For many women, income from non-means-tested categorical benefits such as Child Benefit may be the only independent income they have. Yet some of the options threaten this income.
 - o The key strength of Child Benefit for women is its universality. ***We urge the Government to preserve the principle of universality in its proposals as it is particularly beneficial to poor families, and promotes solidarity in social protection.***
 - o Pressure for cuts means that not just Child Benefit but also other non-means-tested benefits are under threat. These can, however, provide an important source of independent income for individuals which is not affected by a partner's income. ***Oxfam urges that they be protected.***
- ☐ How changes to conditionality could impact on women:
- o More stringent conditions threaten to hit carers harder, especially parents bringing up children alone (mainly women).
 - o ***Oxfam urges the government to ensure changes to conditionality are fair to women.***
- ☐ How changes to earnings disregards could impact on women:
- o Bigger earnings disregards can help part-time and low-paid workers; but they may not help 'second earners' (mainly women) in couples unless there are separate disregards for individuals.

Executive Summary

1. Introduction

This response to the Coalition Government's proposals on working age benefits and tax credits in its consultation paper, *21st-Century Welfare*, takes a gender lens to the reforms. It is written in the context of Oxfam's work against poverty in the UK and its longstanding concern with the poverty and inequality of women. The response below follows the same structure as the consultation document.

Relevance of gender to the social security system

Despite moves towards equality between the sexes, gender remains a key organising principle in society. Three factors make gender particularly significant to the social security system:

- the labour market, which is segregated horizontally and vertically, and characterised by persistent gender pay gaps and patterns and hours of work which vary by gender;
- the division of labour in the household, with men working very long hours outside the home and women working fewer paid hours but doing more unpaid work, particularly caring work;
- the allocation of resources and ownership between men and women as adult partners within the household.

Wider purposes of the social security system

The proposed reforms focus on making work pay. But social security benefits and tax credits have much wider purposes: they provide social protection that we all rely on at critical points in our lives. The key objectives of simplification and improving work incentives are important. But wider principles are also important, including tackling the poverty and inequality of women. We argue that the social security system exacerbates gender inequality through economic dependence, in particular by the joint assessment of needs and resources for means-tested benefits and tax credits, but also by payment to one partner as the main recipient. Benefit levels are also often below the poverty line, making it more difficult to manage the day-to-day family budget (a task often performed by women).

Gender analysis needed

Consultation proposals must include a gender analysis, as without this key information it is difficult to assess the extent to which policy proposals are compliant with the statutory equality duties. The consultation document in question does not consider gender issues, however. In particular:

- it does not discuss independent taxation of income, which is in tension with joint assessment of benefits;
- there is little mention of the impact of changes to family circumstances other than work status, despite the fluidity of family forms today, including many more lone parents;
- despite the movement of women into the labour market in increasing numbers, there is little consideration of the position of two-earner households.

2. Problems with the Current System

Financial issues only one factor in work decisions

The consultation document identifies disincentives to work and complexity as key problems, and identifies the major issues in financial terms. It is clear from previous research that second earners (more likely to be women) may be more sensitive to incentives. So these issues are important from a gender perspective.

However, financial issues will not be the only factors for women in their decisions about paid employment, as they are more likely than men to have childcare and other caring responsibilities to consider. The consideration of financial disincentives and complexity must include a full examination of the ways in which means testing is a major contributor to these. In addition, from a gender perspective, this analysis is essential to reduce the disproportionate number of poor women with low incomes and, as a direct result, low pensions at the end of their working lives.

Problems not discussed in document

One problem not discussed is the continuing use of the household¹ as the assessment unit, which reinforces women's dependent status in particular. The evidence also shows that equal sharing of household resources cannot be relied on, and that this exacerbates gender inequality.

3. Principles and Options for Reform

Promotion of gender equality as a key principle

The consultation document sets out some principles which the Government believes should underlie reform. We believe that these should include the promotion of gender equality. We also believe that a gender impact assessment of proposals should go further than just comparing the number of women and men affected by benefits/tax credit changes and calculating the resources that would be transferred from women to men (and vice versa) by any changes. We argue that it also needs to:

- examine the make-up and labelling of any transfer of resources between women and men, and the impact of any such transfers on gender roles and relationships;
- consider the impact on the degree of financial security and autonomy enjoyed by women and men; on their caring responsibilities; and on inequalities within the household, at the point of any change and over the life course.

These principles reflect the need to go below the level of the household to look at the effect on individuals. It is also important to remember that ethnicity, disability, age, sexual orientation and socio-economic and migration status all affect women's and men's position vis-à-vis benefits.

Options for reform

The options for reform are not described in detail; however, taking a gender lens to the general direction of change – towards the goals of simplification and improving work incentives – reveals some key issues, set out below. We concentrate on the Universal Credit, as this appears to be the most favoured option.

¹ The term household here is used in its narrow sense of a single person or couple and any children dependent on them, rather than the wider household which can include other benefit units, e.g. an adult child still living with parents.

Simplification

We welcome simplification insofar as it improves access and take-up rates, reduces transaction costs, and improves people's understanding of how benefits/tax credits articulate with earnings levels. However, some 'rough justice' is likely to result if tailored benefits are replaced by a 'one size fits all' payment. Women, as the usual day-to-day managers of the budget in low-income households, are likely to have to be the ones having to cope. The cash flow management advantages of getting payments on different days will also be lost. Like all money, income from benefits is not neutral; the labelling, nature and timing of individual payments can all be important in day-to-day household management.

A single benefit payment

The reforms envisage a single payment made to one person (apart from, in most cases, Child Benefit). We know that, in a couple, the main income replacement benefits for both of them are more likely to go to the man, while the mother, who receives the Child Benefit, is also more likely to get the Child Tax Credit. Research shows that money going into a family via the 'purse' rather than the 'wallet' is more likely to be spent on children's needs. It is not known how couples will react when benefits are combined into a single payment, but if the man becomes the 'main applicant', the main carer could have less to spend on the child/ren. Household assessment assumes that money coming into the household is shared equally between couples, but research on intra-household allocation of resources suggests that this is not a safe assumption.

Extension of scope of means testing

A slower withdrawal rate means more people would get means-tested benefits: even more couples would be jointly assessed and would receive a *single* payment made to *one* partner. It is crucial, therefore, that any reforms address the question of economic autonomy for adults who are currently treated as dependants (more often women). Economic autonomy is a particular issue for women from vulnerable and excluded groups such as traveller women, migrant women and those whose first language is not English. A lack of autonomy is also associated with higher levels of vulnerability to violence, particularly the patterns of coercive control that characterise domestic violence.

Work incentives

Bigger earnings disregards can help part-time and low-paid workers in particular. However, people cannot move into part-time or full-time work unless affordable childcare is available, and (leaving aside the part-time free nursery care for children of certain ages) help with childcare costs in tax credits is not available for jobs with fewer than 16 hours. We recommend that there should be a legal right to request to work increased hours, just as there is a right to request reduced hours, to help women move into full-time work when they can.

The consultation document seems to prioritise getting a single earner in every household into paid work. If there is only one earnings disregard for a household, with no separate disregard for a 'second earner', there will be less incentive for many women in particular to remain in, or to find, paid work, which is the stated main aim of welfare reform. For those with caring responsibilities (predominantly women), there are additional significant structural barriers to their entry to the labour market, while for lone parents there is the additional complexity of combining paid work with sole parenting. For the latter (overwhelmingly women) in particular, extra hours of paid work have to be balanced against parenting duties.

We are in general in favour of transparency, and certainty about the amount of income that will result from additional earnings. However, we are concerned about the impact of the 'poverty trap' on families and households if a single benefit is withdrawn immediately, instead of several benefits/tax credits being

withdrawn over time. This will be likely to have more of an impact on (potential) 'second earners' (more often women). It is hard to know how the withdrawal of any single payment would work via the income tax system in couples with two earners, given our individual income tax system. Nothing is said about how any reforms would affect those who are self-employed, despite long-standing encouragement by the state for women entrepreneurs.

4. Other Areas of Reform

Conditionality and caring

The proposals suggest more personalised and more stringent conditionality. Increased conditionality potentially impacts especially on those with caring responsibilities who, because they care, may find it impossible to meet stricter conditions. It is not clear what expectations there will be about (gendered) roles within couples, while sanctions affect partners and children even if they have no control over the main applicant's behaviour. Women usually manage the day-to-day household spending and sanctions will bite on them and their children. We believe that conditionality as described in the proposals, strongly linked to the threat of benefit withdrawal, will be ineffective and indeed will add to the stress of those on benefits. We oppose the use of forced destitution as a policy instrument.

We believe that the use (and threat) of conditionality should be a policy of last resort, on the grounds of the gendered impact on carers (and impact on their dependants), and to avoid hardship. For lone parents in particular, there may not be enough hours in the day to undertake their parenting duties and do enough additional paid work to pay for the child care they would need.

5. Delivery of a Reformed System

Increased automation is to be welcomed, if it works, but recent history is not reassuring. If payments are combined into a single benefit the consequences of any delay or dispute about entitlement will be significantly more serious, especially for women who tend to be the day-to-day managers of the household budget. Many people really need and value face-to-face support, especially vulnerable groups, such as women escaping violence, who need immediate face-to-face support from a female official.

6. Conclusion

Protection of non-means-tested benefits

The consultation is taking place in the context of the Comprehensive Spending Review, with pressure on the social security budget in particular. We believe the government's commitment to fairness means that it should not reduce benefit rates. In addition, both Child Benefit and other non-means-tested payments may be under threat. We recognise that the coalition government is publicly committed to continuing Child Benefit; but it has been frozen and is now under review. We believe that one of the key strengths of Child Benefit is its universality and we urge the government to maintain this. Universal benefits are simple, cheaper to administer and less prone to error, and help to promote solidarity in social protection.

We would also urge that the importance of individual income replacement benefits which are not subject to a means test, such as contributory benefits and Carer's Allowance, is recognised. They are simple to claim and administer, and promote incentives, especially for the partners of claimants. They should be maintained, and improved where possible.

Language of document

The term 'Universal Credit' is misleading for a payment which is not universal but means-tested. We are concerned that the consultation document uses the word 'dependency' in relation to people who claim

their rights to benefits and tax credits. For those who forfeit earnings in order to undertake unpaid child rearing and caring, often as lone parents, social security provides essential insurance. As a society, we rely mainly on women to do this, and it should not be pejoratively described as 'welfare dependency'.

Concluding comment

Recent wholesale reforms in the benefits/tax credits system have sometimes resulted in huge disruptions to the lives of many on low incomes – which women often have to cope with. Root and branch reform needs to be well considered rather than wishful thinking. Some of the major goals set out in the consultation document could be achieved by other means. We believe that these should also be considered alongside the more ambitious plans. And, whatever options are pursued, we urge that a considered gender analysis is properly undertaken.

1. Introduction

1.1 Framework of response

This report has been prepared in response to the proposals in the coalition government's consultation document, *21st-Century Welfare*, published in July 2010 (DWP, 2010). In it, we seek to focus on analysing the potential impact of the proposals on resources and on gender roles and relationships, more specifically for women, and draw on the literature that has grown up around gender, women and social security provision over the last decade. Oxfam has made significant contributions to the debate on poverty in the UK and on gender in particular. Our analysis has also benefited from the input of the UK Women's Budget Group.

In order that our comments can be easily linked to the government's proposals, we discuss each issue following the chapter headings set out in *21st-Century Welfare* (this section, about the Introduction; Chapter 2, which discusses problems with the current system; Chapter 3, which lays out principles and options for reform; Chapter 4, which discusses other issues, including conditionality; Chapter 5, on delivery, and the Conclusion). However, the consultation document is written at a level of generality which means that it is difficult to gauge with any accuracy the impact on different individuals and families. We therefore focus on issues which we believe are important from a gender perspective and/or have not been discussed sufficiently in the document.

We believe that a more gender equal society, and the reduction of poverty, should be key goals for any government. Moreover, these should be mutually reinforcing goals, provided that strategies to reduce poverty are informed by an explicit gender analysis. By looking, therefore, at the impact of these proposals through a gender lens, we hope to:

- set out overarching principles to inform the government's promised forthcoming gender impact assessment of its policy proposals;
- highlight the missed opportunities in these proposals for promoting the joint goals of both greater gender equality and more effective welfare reform;
- collate elements of the extensive body of research on the barriers to women's entry to, and progress in, the labour market, in order to indicate where additional government intervention is needed beyond the existing Work Programme;
- identify some of the specific impacts of these reforms on women, as the sex more disadvantaged by poverty and with dual, sometimes potentially conflicting, roles in reproductive care and paid work.

Specifically, we set the proposals in the context of a labour market, and patterns of caring responsibilities, which are organised by gender. We recognise that a well-tailored benefits system can support moves into paid work and out of poverty. However, it is crucial that the somewhat limited concept of *making work pay* goes beyond direct financial incentives (such as increased earnings disregards, important though these are) to include wider measures - for example, to tackle the gender pay gap in both full-time and part-time work. We argue that unless gender issues are recognised and considered in the reform of the tax and benefit system, and are clearly linked to related areas such as employment, childcare and eldercare policy, the government's aim of moving more beneficiaries, particularly women, into paid work will fail.

1.2 Government objectives and key issues

The government's proposals are very general in nature: to encourage those who can work² to do so and to give support to those who cannot; to deliver a simplified system; to reduce costs; and to remove perverse disincentives to work. It sets out overall objectives for some parts of the social security system relating to working age benefits, rather than the detail of specific means of achieving these aims.

These objectives focus excessively on paid employment. However, the social security system is about much more than this; it fulfils multiple functions, many of which are critical for women in particular. It provides social insurance and protection, which are important for all of us, because there are points in everyone's lives when they need help (when they are very young or very old, for example). Life events, particularly for women, sometimes require specific assistance - for example maternity and child rearing, especially for lone parents. More broadly, social protection acts to share risks across a wider population, redistribute resources over the individual/family lifecycle and between generations, and balance taxation between those with and without dependants, in addition to alleviating, or preferably preventing, poverty.

The key objectives in the document on simplification and the improvement of work incentives constitute some of the agreed principles which should inform the design of some aspects of an integrated benefits and tax credits system. However, we believe that there are other principles which need to be included and that there are different ways of achieving them all. In addition, as recent studies have shown, we believe that it is difficult to achieve cost reduction in the social security system without compromising the coalition government's own commitment to fairness – which we would argue clearly includes fairness between men and women, taken over the lifetime.

Moreover, the objectives set out in the document may themselves be in tension with one another, in particular in the context of pressures towards the reduction of costs in the benefits and tax credits system. We know, for example, that work can move families out of poverty: 77% of lone parent families and 78% of couple families escape income poverty two years after finding and remaining in work (see Barnes et al, 2008). Enabling women with caring responsibilities to become gainfully employed is one of the keys to economic growth (see Löfström, 2009). Increasing earnings disregards can move people towards sustainable employment (by facilitating entry into the labour market), and reduce poverty by increasing people's income (see Barbour, 2008). In-work benefits help disadvantaged workers move into jobs, shorten periods of unemployment and importantly, can support an equitable labour market recovery. Similarly, conditionality is already widespread: the OECD notes a longstanding trend internationally for the extension or establishment of employment-conditional benefit programmes. We know that social security benefits that are linked to programmes which support a return to work can help reduce the numbers who move on to disability and early retirement benefits in economic downturns (see OECD, 2009).

At the same time, however, the difficulties in achieving these objectives in a context of cost pressures are equally well known, in particular the conflict between some of them. For example:

- Reducing the cost of the benefits/tax credits system will make it more affordable, but will increase poverty if this is done by giving people less to live on. The consultation document commits the government to protecting incomes for the most vulnerable, which we would argue includes women (who are more vulnerable to poverty, and may be so within gender unequal relationships, as well as when they are living as single people or lone parents). Basic out-of-work benefits are

² Throughout this paper we follow the convention in the government's paper of using work to mean formal economic activity for payment, which includes both employment and self-employment, but excludes unpaid reproductive and caring work for children, family members, and sick, disabled and older people more generally.

already inadequate: they provide less than half of a minimum income standard³ for an adult with no children and about two-thirds for families with children (see Davis et al, 2010).

- Reducing the complexity of the benefits/tax credits system will improve access and reduce administrative costs, but will increase poverty if the 'rough justice' of a single simplified benefit payment means that a wide range of complex individual variations in need cannot be recognised and accommodated. Simplification could mean that unless levels of benefit for all are to rise to the highest levels currently paid to those with special needs, there will be losers among the most vulnerable.
- Reducing disincentives to work, through mechanisms such as increasing earnings disregards and by setting lower, and steadier, withdrawal rates as earnings increase, will help to tackle the poverty trap and allow people, especially women with caring responsibilities, to work the number of hours that suit them, rather than within the constraints of fixed amounts (such as the 16 hour rule). However, it may increase the number of people dependent on benefits, thus increasing the overall costs, if the barriers to full-time work are not addressed to allow the possibility of earning sufficient income to move off benefits and tax credits altogether.

The consultation document ducks these issues rather than resolving them (Adam and Browne, 2010), but the way they are resolved is crucial to the impact of the reforms on women and men. We go on to look more specifically at an issue which is not identified in the consultation document as key: the gendered impact of the government's analysis and proposals for reform.

1.3 Gender issues

1.3.1 Gender impact analysis

The consultation paper contains a commitment to undertake a full equalities impact analysis of the final detailed proposals, and we welcome this. These proposals are insufficiently developed to allow for a detailed assessment of impact, but it is disappointing that the paper contains no indication that gender has been considered at all. In particular, there is no reference to independent taxation, which is in tension with the overwhelming emphasis on jointly assessed means-tested benefits in the consultation document; there is little consideration of the impact of changes of circumstances other than work status (e.g. separation or starting a new relationship); and the focus of discussion and examples appears to be one-earner households, with little consideration of two-earner households.

We believe that consultation proposals such as these must include an equalities impact analysis, as without this key information it is difficult to assess the extent to which policy proposals are compliant with the statutory equality duties.

1.3.2 Gendered roles and responsibilities

The dilemmas listed above need to be addressed in the context of the role of gender, and the particular position of women, within the system. The social security system has been adapted to reflect changes in family composition and other developments since its inception. However, the model of needs and resources being assessed on a joint basis for means-tested benefits and tax credits for couples persists in these proposals, and it is suggested that a single payment is made to one person in the household (described as

³The official poverty line is usually defined as below 60 per cent of median disposable household income (a relative measure of poverty), although there are several officially recognised measures of child poverty. The MIS presents a benchmark measure of a socially acceptable standard, based on research about what people need.

'the main applicant'). For couples, this would include income for both adults and any children. The problems this could cause are not discussed.

Research among couples receiving Jobseeker's Allowance showed that the identification of the benefit payments of only the named claimant (at that time the male partner in over nine out of ten cases) was thought to confer enhanced individual entitlement to the income (see Snape and Molloy, 1999). Since then, more benefits have been paid into bank accounts, and since 2003 payments for children are made through Child Tax Credit to the main carer in most cases, in recognition of this effect. However, the consultation document does not discuss whether having only one recipient for the whole payment could mark a return to this effect. In our view, this kind of arrangement would be a retrograde step which does not reflect modern family forms or women's expectations of equality. Furthermore, in the event of relationship breakdown individuals' wellbeing (both adults' and children's) could be put at greater risk if the whole of any benefit payment is lost.

Women have moved in increasing numbers into the labour market, inter alia as working lone parents, or as part of a dual earning couple. This has created conflicting pressures on them, as women are increasingly treated as being responsible for earning for themselves, their children, and their own pensions, as well as continuing to be treated as responsible for primary care giving as well (Pascall and Lewis, 2004, cited in Bennett, 2005). It is difficult for women to fulfil these conflicting roles, especially if men's roles do not change, and in practice men's roles have changed much less than women's. This conflict needs to be taken into account in the design of any reform to the system.

Rising rates of divorce, cohabitation, births outside marriage, and the creation of second families and step-families have created a fluidity of family forms which needs to be reflected in our social security and tax arrangements. It is increasingly difficult now for women to rely on a male wage-earner for support over the lifetime; for example, 23% of children now live in lone parent families, almost all of which is caused by fathers leaving the family unit (ONS, 2009). At the same time, there is an increasing number of women in paid work and a significant increase in part-time work as a proportion of all work.

Both these developments have implications which have not been fully considered in the consultation document. For example, approximately one-third of mothers will either go through a partnership separation or form a new partnership at some point during the 20 years following the birth of their first child; most of them will change their partnership status more than once. Over the same period, most mothers will make multiple transitions into and out of work. The strong links between leaving a partner and leaving work seem to be specific to the movement into lone parenthood, impacting primarily on mothers (Paull, 2010). The reforms focus on changes in work status rather than changes in partnership status, despite the significant impact of the latter on women.

The impact of reforms on gender roles and relationships does not concern only women. Men are doing an increasing amount of unpaid caring work and attitude surveys indicate that they would like to do more. At the same time, men in the UK work amongst the longest hours of paid work in Western Europe, driven in part by one of the largest gender pay gaps (TUC, 2008b). This means that their earnings are higher, but it also has other impacts on them: they are unable to take part as much as they would like in caring, and their reduced life expectancy is arguably linked to their longer working hours. Their relatively high earnings in comparison with women influence decisions about which member of a couple forfeits paid work in order to take on caring responsibilities, for example when starting a family (TUC, 2008b). This reduces women's paid income still further over the lifetime.

In summary, reform of the current mix of benefits and tax credits needs to reflect the reality of family forms and the division of paid and unpaid caring work, both in terms of what it is and what people aspire to. These are issues that need to be considered much more carefully in any proposals.

In the next section, we go on to consider how these issues are relevant to the problems identified in Chapter 2 of the consultation document.

2. Problems with the Current System

In this section, we look at the two issues of work incentives and complexity - identified by the government as the key problems with the current social security system - from a gender perspective. We also identify other relevant problems which are not discussed in as much detail in the consultation document; in particular issues around earnings, child care and assessment and payment.

2.1 Work incentives and gender roles

In relation to work incentives, the OECD cites research showing that benefits linked to individualised support for unemployed people to move into work can increase employment and reduce dependence on benefits, but do not lift families out of poverty sustainably. They also note, however, that the combination of childcare support and in-work benefits is relatively effective at reducing in-work poverty. This suggests synergies between these measures and a need to take the holistic approach that we are recommending (OECD, 2009).

Over recent years, a number of commentators have supported an increase in earnings disregards so that benefit claimants can keep more of their earnings from work (see, for example, TUC, 2008; Oxfam, 2010). We strongly support the principle of removing disincentives to paid work, and it is clear from previous research that 'second earners' can be particularly influenced by financial incentives (Brewer, 2010).⁴

However, families need to balance paid work with caring responsibilities. Exactly how this is done has a considerable impact on gender equality, and on the earning power and work/life balance of both women and men. Although attitudes have changed in support of more equal sharing between the sexes of caring work for children and for elderly, sick and disabled people, in practice women continue to carry most of the burden of child care and elder care, as well as caring for sick and disabled people (OECD, 2010; Young et al, 2006). This weakens their links with the labour market - not so much because they lack incentives, but because they cannot easily combine paid and unpaid work, particularly if they lack qualifications. The question is then how far the financial incentives to increase hours of paid work which are proposed in this consultation paper will address the key reasons why those individuals with caring responsibilities (mainly women, and particularly less qualified women) take on either no paid work or only limited hours of paid work.

One of the reasons that the mother is more likely than the father to undertake the unpaid caring work within the family is that her earning power is likely to be lower. The reasons for the gender pay gap are complicated (see e.g. Rake (ed), 2000), but are partly generated by a labour market which is highly segregated along gender lines: vertically, with women being disproportionately found in lower-paid and lower-grade jobs; and horizontally, with men being over-represented in well-paid sectors, and women being disproportionately found in poorer-paid sectors such as caring, cleaning, catering and cashiering.

2.1.1 Part-time work

The gendered organisation of caring responsibilities means that women are much more likely than men to be found in part-time work. Part-time work is highly associated with low hourly rates, reduced job security

⁴ The significant reduction in the earnings disregard in the tax credits scheme announced in the Budget is likely to affect 'second earners', as well as those primary earners who increase their earnings during the year.

and poorer conditions, including poorer progression and promotion prospects ('dead-end jobs'). The reforms proposed would systematically subsidise this sort of work by providing ongoing financial support. However, to move those who are working part time (mainly women) into higher quality part-time work or full-time work can only be done if additional reforms outside the social security system are implemented. Conditionality and incentives alone will not address these fundamental problems.

This context of gendered structural disadvantage needs to be taken into account and measures taken to address it; increased incentives to work, implemented in isolation without regard for the wider economic context, will be insufficient. Quality part-time work should lead to the opportunity to work increased hours as personal circumstances permit (see Lyonette et al, 2010). We also recommend that for lone parents in particular there should be a right to request an increase in working hours for those in part-time work, as an extension to the current right to request reduced hours.

2.1.2 Childcare

Both the supply and the cost of childcare are factors in parents', especially women's, choices in determining the proportion of time they spend doing paid work outside the home. These factors also apply to elder care and caring for disabled and sick people. Gendered roles are reinforced by poverty: 39% of families in the highest income quintile use formal childcare compared with only 20% of families in the lowest quintile (Crompton and Lyonette, 2010), suggesting that the capacity to pay for childcare remains crucial in facilitating mothers' employment.

The consultation document focuses on the problems caused by lack of financial incentives, and the lack of understanding of the incentives that do exist (including the childcare element of the working tax credit that meets up to 80 per cent of childcare costs for some families), suggesting that decisions about taking on paid work are largely a matter of choice based on economic calculations. However, for those with caring responsibilities, constraints such as the availability of flexible hours of work and paid-for childcare are much more significant.

Evidence shows that, for a family on the average wage, childcare costs equate to about a quarter of income (OECD, 2010). Despite having been increased from 70 to 80 per cent, the childcare element of Working Tax Credit still does not cover total childcare costs and does not increase after the second child. The availability of good quality affordable childcare remains limited, especially in deprived areas where there are clear failures of market provision (which have been at least partially addressed through state support until now, but which are now under threat of cuts).

The emphasis in the consultation document is on disincentives to work, with a focus on the level of benefits and withdrawal rates. But for those with caring responsibilities, and this is likely to be women in particular, there are additional significant structural barriers to their entry to the labour market due to the inadequate supply of paid childcare, and the additional complexity introduced by the need to make trade-offs and choices between the quality of paid-for care available and the added utility of paid work. We believe that these structural constraints are more significant in their effects than the (lack of) motivation of individuals.

Childcare and early years education are more expensive to provide for poorer communities. This discourages private sector provision. We support the Daycare Trust recommendation that government funding for the early years must be protected from the impact of public spending cuts, and in the long term expanded, in order to address these market failures.

2.2 Household Assessments, Single Payments

Two issues relevant to work incentives and the complexity of the benefits and tax credits system are the use of the household as the basis for assessing means-tested benefits and tax credits, and the payment of the benefit/tax credit to one individual receiving the benefits. The numbers affected by this would be likely to expand with higher earnings disregards and/or lower tapers. Yet this is not discussed explicitly as a problem in the consultation document.

There are two separate issues here: assessment and payment of benefits (and tax credits). Rights to means-tested benefits and tax credits are assessed at the benefit unit (family) level, unlike individual non-means-tested income replacement benefits, and the balance is shifting further towards these jointly assessed benefits. Joint assessment of needs and resources is the source of much of the complexity and many of the disincentives inherent in the social security system. In this section, we also argue that it acts to reinforce women's economic dependence, and fails to promote gender equality. This is because in using the family as the basic unit for calculating needs and resources, the means-tested social security system reinforces the economic interdependence of couples; the financial position each can expect is dependent on the decisions and actions of the other.

Secondly, the system assumes that money coming into the household is shared equally between couples. Research on intra-household allocation of resources suggests that this is not a safe assumption (see, for example, Goode et al, 1998; WBG, 2005), and that the use of income may vary depending on who receives it. Yet awareness that it is possible for couples to choose which of them claims some benefits is low, and the norm is for this to be automatically done by the man. The loss of the current package of benefits through streamlining will also mean that potentially most or even all of the household's income will be received through a single benefit claim. The 'main carer' in (most) households on out of work benefits, as well as those in work, currently receives the money for children themselves, in the form of child tax credit. If under a new system of a single payment families follow the pattern of Child Tax Credit, the claimant would therefore be more likely to be the woman. But if instead they follow the common pattern for means-tested benefits, the claim is more likely to be in the man's name.

The choice of claimant is influenced by the likelihood of the man's greater earning power over the lifetime; higher hourly rates; more limited career breaks, and longer hours of paid work relative to a female partner. Two issues are involved here. First, research indicates that income which comes into the household through the 'wallet' is less likely to be used to benefit the children than income that comes in through the 'purse' (see, for example, Goode et al, 1998). Secondly, there is the separate issue of ensuring access to an independent income for women's own needs (Bennett, 2010). The most effective way of ensuring access to an independent income is via earnings and/or non-means-tested benefits; we discuss this below, in the Conclusion.

Research among JSA claimants shows that, although they see the benefit as 'belonging' to the main claimant (most often the man), women in couples usually have to manage the money allocated to meet day-to-day expenses; in doing so, they tend to allocate less money to themselves than to their partners for personal expenditure and prioritise the needs of other household members above their own (see Snape and Molloy, 1999). In the poorest households, which will be affected more than others by the welfare reforms proposed, this issue is therefore likely to be significant for women.

The continuing use of the household⁵ as the assessment unit, linked to the proposal to simplify and streamline a number of different payments into a single benefit, threatens to reinforce women's dependent status. We believe the evidence shows that equal sharing of household resources cannot be relied on, and that such unequal sharing exacerbates gender inequality. The system of joint assessment of needs and resources, and payment of benefit to one member of a couple, should be carefully examined.

3. Principles and Options for Reform

3.1 Introduction

Chapter 3 of the consultation document sets out some principles which the government believes should underlie reform and then outlines some options for change. In this section, we first suggest an additional principle and then comment on some issues underlying the options described.

3.2 Principles to guide reform: gender impact analysis

We suggest that the promotion of gender equality should be one of the underlying principles which should guide social security reform. In this context, we propose that the gender elements of the impact assessment of any proposals for change be conducted on the basis of these guidelines, which incorporate the consideration of roles and relationships as well as resources (Bennett, 2010):

- *compare the number of women and men affected by benefits/tax credit changes;*
- *calculate the resources that would be transferred from women to men and vice versa by any changes;*
- *examine the make-up and labelling of any transfer of resources between the sexes, and the impact of any such transfers on gender roles and relationships;*
- *consider the impact on the degree of autonomy enjoyed by women and men;*
- *consider the impact on intra-household inequalities, both at the point of any change and over the life course.*

The aims of any reforms must include the strengthening of individual autonomy and gender equality. This will support more balanced relationships between women and men and thereby also strengthen the family. We need to go below the level of the household to look at the effect on individuals if we want to understand the gender implications of policy design.

Additionally, gender impact analysis needs to be undertaken in the context of wider equality impact assessment. For example, in the third quarter of 2009 there were 2.6 million ethnic minority workers - around 10 per cent of all workers (see Labour Force Survey). The inactivity rate of the ethnic minority population was relatively high, at 31 per cent, compared with 21 per cent for the overall working age population. The rate for ethnic minority women was considerably higher, at 41 per cent (Low Pay Commission, 2010). Women born outside the EU have a much lower employment rate and a much higher inactivity rate than women born in the UK (Brewer, 2009). Disability creates similar levels of disadvantage.

⁵ *The term household here is used in its narrow sense of a single person or couple and any children dependent on them rather than the wider household which can include other benefit units e.g. an adult child still living with parents.*

It is therefore important to remember when undertaking equality impact assessments that ethnicity, disability, age, sexual orientation, socio-economic status and migration status all intersect with gender. In most cases, women in disadvantaged minority groups suffer a double disadvantage.

3.3 Simplification

The amalgamation of the current network of benefits (and sometimes also tax credits) into a smaller number or, preferably, a single benefit, is proposed as the core of simplification. This comprises several distinct elements, which are not always identified separately in the consultation document yet each of which has different implications. One is the merging of out-of-work benefits, which currently differ depending on the status of the claimant relative to the labour market (such as Jobseeker's Allowance and Employment and Support Allowance, for example); this relates to the proposals on reforming conditionality to make it more personalised, discussed in Chapter 4. Another is the inclusion of payments for additional needs (such as those covering housing costs, children and disability) with the major income maintenance payment, instead of paying some (though not all) of these separately, as is done currently. And a third - only included in some of the options - is the amalgamation of out-of-work benefits with tax credits. The most favoured option seems to be Universal Credit.

Some concessions are made to the need to continue with (in some cases, quite extensive) tailoring to meet specific needs. Arguably, this contradicts the aim of simplification (Adam and Browne, 2010). However, the continuing complexity that this implies is apparently considered less important than the creation of a single/significantly more limited set of payments into the household. This suggests that the key priority behind the proposals is to make explicit, and thereby improve claimants' understanding of, the gains to be made from going into paid work, or from working additional hours: the benefits of a single statement of entitlement are emphasised. However, this is without regard for the potential losses to each household from the process of streamlining itself.

We agree with the principle of simplification; indeed, it would be difficult to be against it. However, as noted already, major contributors to complexity are not discussed in detail in the consultation document, such as joint assessment of needs and resources for couples. In addition, some key complexities within the means-tested benefits system itself are not debated - not only the need for new claims arising from changes in household circumstances, already discussed above, but also the system of child maintenance, which in essence operates as another means-tested benefit.

Simplification is to be welcomed insofar as it improves access and take-up rates, reduces transaction costs for both claimant and state, and improves claimants' understanding of the way in which their tax and benefit calculations articulate with varying levels of earnings. However, any advantages of simplifying an inevitably complex (because still means-tested) system must be weighed against any unintended negative impact on gender equality - for example, by reducing levels of benefit, or by reinforcing the gender divide in caring by making it less likely that 'second earners' will take paid jobs or that parents will share caring more equally.

In low-income families, women usually act as the 'shock absorbers' of poverty, juggling the limited resources available and managing any debt resulting from shortfalls - often at great cost to themselves (WBG, 2005). The labelling, nature and timing of individual payments are all critical to this day-to-day household budget management, as described below (see, for example, Goode et al, 1998). Any loss of flexibility will therefore tend to fall on women as the primary household money managers.

The present network of benefits and tax credits, while complex, has allowed for the development of strategies which help families (generally women, as household managers) to manage on a very low income. These strategies may rely in part on the separate receipt by each adult in a couple of different benefits and

tax credits. For example, the main earner (often the man) may be the partner to receive Working Tax Credit whereas the main carer (often the woman) may receive Child Tax Credit. Housing Benefit and Council Tax Benefit may be received by one or the other, and the same with any non-means-tested benefit an individual qualifies for. Benefits tend to be allocated according to their labels - for example, Child Benefit is for the children; Attendance Allowance is for a disabled father, etc. The existence of different paydays for different benefits also provides support in managing cash flow. A single, undifferentiated payment would reduce the effectiveness of such strategies.

Simplification is a desirable aim, but it should be recognised that it may impact upon systems currently used by households to aid with budgeting and which ensure the fair allocation of resources.

3.4 Work incentives

The models presented in the consultation paper share a number of similarities. The major difference between them, as noted, is that some entail just the merging of 'out-of-work' benefits, whereas others also involve the merging of these with in-work tax credits. (Some benefits, such as Housing and Council Tax Benefit, as well as Child Tax Credit, are already paid to those 'in work' and 'out'.)⁶

The consultation document is couched in language which prioritises the involvement of one earner in each household in waged work, and the indications are that there would be a single earnings disregard for each household. As the man is likely to be the higher earner and the woman the main carer and potential 'second earner', the earnings disregard is likely to be taken up by the man, leaving women's earnings to be subject to whatever tapers are applied.

The means-tested nature of tax credits, if these are considered part of the tax system, already compromises the principle of independent taxation introduced by a previous Conservative government in 1990. It is currently not clear how the withdrawal of any single benefit payment in response to increased earnings would be implemented in practice via our independent taxation system, especially where both members of a couple are in paid work (Whitham with Hirsch, 2010). The impact of the withdrawal mechanism on both members of a couple, and especially on potential or actual 'second earners', is critical, given the well-known sensitivity of this group to financial (dis)incentives.

The proposed increases to earnings disregards may be helpful in addressing the current high rates of claw-back for some groups. However, this depends crucially on the level of such disregards. If they are sufficiently high, they could be helpful in tackling the impact of the current arrangements system, particularly for some groups of claimants such as lone parents.

Another potential effect of an increase to the earnings disregards is to encourage the creation and take up of 'mini-jobs'. Gingerbread has argued for the importance of 'mini-jobs' for lone parents' entry into the labour market (Bell, 2007). However, the impact on parents will in part depend on the availability of the childcare element of Working Tax Credit, which is currently only available for work of 16 hours per week or more (and is paid directly to the 'main carer' alongside Child Tax Credit). (Part-time work is rarely considered by men seeking work, who may see it as a potential barrier to entry into full-time work.)

⁶ There is currently a cut-off point for entitlement to different forms of support, at 16 hours' work per week (or in some cases 30). Whether to have such a cut-off point, or whether to have a smoother progression from 'out of work' to 'in work', is one of the major issues involved in proposed reforms.

Research in the past had suggested the potential for mini-jobs to act as stepping stones into work of longer hours, but in more recent research many participants stayed in them long term (Hales et al, 2007). A key dilemma which the government has recognised is whether increasing earnings disregards to encourage such jobs will work against the possibility of moving up and on in the labour market (Millar et al, 2006) and/or will encourage people into low quality, casual jobs (Whitham with Hirsch, 2010). There is little detailed discussion of this issue in the consultation document itself, however.

Moreover, in order to achieve improved incentives to enter employment it is not necessary to introduce a wholly new benefits system, as proposed in the consultation document. Instead, changes within the current system could be sufficient to achieve the same end. For example, the authors of a study by Gingerbread and the Institute for Fiscal Studies several years ago (Bell et al, 2007) argued in favour of an increase in earnings disregards - either in income support alone or in all the main means-tested benefits - or a reduction in the hours threshold for Working Tax Credit.

In addition, we are concerned that the impact of the 'poverty trap' will become much more visible with a single benefit withdrawn immediately, instead of several benefits being withdrawn over time. This is likely to have a more significant impact on potential second earners in couples, who are more often women, as they are more influenced by (dis)incentives than primary earners (as noted in Brewer, 2010). This may influence second earners in the household to reduce their hours or stop working altogether because there is no immediate benefit, leading to a loss to the economy and, for the women themselves, long-term losses in lifetime income and attachment to the labour market. In turn, this will make it less likely that they will be building up their own contributions record for retirement pension. Although in principle transparency is a positive goal, to enable people to understand the economic logic of their position, in the absence of an individual disregard for the second adult in the family the impact of the proposals will not necessarily be as clear-cut, or so advantageous in terms of gender equality, as might appear. A disregard for the second earner could help with this - though the 'poverty trap' would still bite immediately once this was exceeded, even if this were to be included.

As noted above, the consultation document sets out a range of options for benefit simplification; however, the models described are not fleshed out, so it is difficult to provide detailed comments. The Universal Credit is reportedly the option which is most favoured by the government. It would bring together in-work and out-of-work benefits and would be paid to the household, with contributory benefits continuing (although this is called into question elsewhere in the document). Claimants would receive a single statement of entitlement. The consultation document suggests that there might be larger earnings disregards for families. A single withdrawal rate would be applied, but the actual rate is as yet unknown and the question of affordability is raised, implying that it might not be particularly generous. The examples given still incur relatively high marginal tax rates (MTRs); at the lowest MTR, this would still be around 70 per cent.

Nothing is said about how any of the reform proposals would affect those who are self-employed, despite long-standing government initiatives to encourage more entrepreneurs, especially women. Immediate responses to changes in income are much more difficult to bring about for self-employed people, who often do not know their actual income until a later date.

4. Other Areas of Reform

Chapter 4 of the consultation document covers a variety of areas briefly. We focus here in particular on the discussion of conditionality.

4.1 Gender impact of conditionality

The proposals suggest more personalisation of conditionality, which accompanies the merging of benefits for different groups out of work. This includes discussion of conditionality being applied to those who are already in some form of employment. There are also some statements about tightening conditionality for some people.

In general terms, increased conditionality may have a greater impact on those who bear caring responsibilities. It is not clear from the proposals whether the key change in conditionality for parents of working age will remain the age of the youngest child. However, research shows that the time required for childcare increases by a multiplier greater than the number of children in a family, because of the complexities of coordinating the activities of children of different ages, including transporting them to and from different schools/childcare facilities (see Skinner, 2003). Lone mothers with several children in particular are most likely to suffer from both time and income poverty. Any improvement to one threatens to make the other worse (Burchardt 2008), making it more difficult if not impossible for them to comply with increased conditionality to work longer hours at the same time as striving to take care of their parenting duties; given their low earnings, there are unlikely to be enough hours in the day for them to do both.

There is little discussion of the complexities of applying conditionality in the context of couple households, in particular those with children or other caring responsibilities. Is one parent to be designated as the main carer and be subject to different expectations in terms of their ability to take on paid work compared to the other parent? Or are both to be expected only to engage in part-time work around their childcare responsibilities? Given the severity of possible sanctions (discussed below), these are crucial – gendered – issues to be resolved.

The proposals in the document are not completely clear, but they seem to indicate that permanent loss of benefits will be a possibility for those who fail to comply with the new conditionality regimes, leading to destitution for those affected.

As a point of principle, we oppose the use of forced destitution as a policy.

Extended conditionality for those with caring responsibilities is unlikely to be effective, and the consultation document does not explain how those who are described as ‘further away from the labour market’ will be subject to less stringent conditions. To make it conditional for lone parents to seek work or to take up mandatory work-related activities, or otherwise face sanctions, runs the risk of them taking an unsuitable job and cycling back into worklessness. Others will disappear from the system or accept sanctions – both options which risk creating more poverty for them and their children. Single parents are already twice as likely to cycle back on to social security benefits (Single Parent Action Network, 2009).

The proposals do not discuss how conditionality will be managed for a couple on Universal Credit, each of whom may be in a different situation in relation to the labour market. Neither does the consultation document explain exactly how the lost benefits will be calculated if they are caused by failure to comply by one partner within a couple. If all benefits are lost, then the other partner and any children will suffer hardship because of a situation over which they may have no control. The loss of benefit, of whatever amount, is in practice likely to have a particular impact on women, as (as discussed above) in low-income families they tend to be the managers of the household budget (Goode et al, 1998; Women’s Budget Group, 2005).

Increasing earnings disregards does raise the issue of whether to continue with conditionality for those in part-time work, more of whom would be eligible for continuing benefit payments alongside their earnings in some of the proposed models. Particularly for lone parents (of whom the overwhelming majority are women), any increased conditionality applied to those already working part time in order to encourage

them to work more hours will have the potential to cause serious hardship. This will also create significantly increased administration costs.

We believe that creating financial incentives to work is helpful, but not enough by itself and that conditionality as described in the proposals (and strongly linked to the threat of benefit withdrawal) will be ineffective and will add to the stress of those on benefits. We recommend that careful consideration is given to the balance between creating incentives and removing structural barriers, and that the latter should be the main focus of reform.

We believe that the use (and threat) of conditionality should be a policy of last resort, on the grounds of the gendered impact on carers and of the hardship caused. Conditionality will also be likely to be ineffective in changing the behaviour of women with caring responsibilities living in poverty, given the constraints on their ability to enter into and progress in paid work. The specific proposals on permanent loss of benefits could imply destitution for the claimant and for the dependants of the claimant.

5. Delivery of a Reformed System

Given the history of recent large-scale IT projects, and the chaos they have often caused in the lives of people on low incomes, we are sceptical about the likelihood that new delivery arrangements will be able to solve all the problems which claimants have with administration (see section 6. below). In addition, if all payments are combined into a single benefit, the consequences of any delay or dispute about entitlement are significantly more serious, as all the household's benefit income (except, in some scenarios, Child Benefit) would depend on just one source. For women, as managers of the household budget in families on low incomes, this could be catastrophic, with the probability that they would take out debt to be able to feed their families. The concentration of power in one agency would be potentially very dangerous. There is no discussion in the consultation document about rights of complaint or appeal, or about the idea of the claimant's charter which was being pursued by the previous government (Griggs and Bennett, 2009).

Whilst there is clearly potential from automation, this can never suit all needs. Those on low incomes and in vulnerable groups often value face-to-face advice in particular. Women in migrant communities, for example, sometimes find it difficult to access benefits independently or to get information on their entitlement. Those who are caught by the 'no recourse to public funds' rule are particularly in need of specialist advice and need to be signposted to those organisations that can provide it. This is important for vulnerable groups such as migrant women, those whose first language is not English, and trafficked women; there also needs to be recognition that, for example, women escaping violence need immediate face-to-face support from a female official.

We support automation if it works, but there also needs to be more recognition that people really need and value face-to-face support. The high demand for assistance from agencies like the Citizens Advice Bureau demonstrates the need for specific advice to different groups.

6. Conclusion

6.1 Context of the consultation document

The consultation document has been published at a time when there are major pressures on public expenditure, including – and perhaps in particular – on the social security budget. Press stories have suggested that additional savings in the ‘welfare’ budget are being sought in order to reduce cuts in other spending areas. It is clear that the reforms suggested in the consultation document are not intended primarily as a money-saving device; although the original proposals put forward by the Centre for Social Justice were intended to lead to savings in the longer term, they do require a substantial initial investment. There is likely to be enormous pressure on the Department for Work and Pensions to (for example) put forward lower benefit rates and higher withdrawal rates for the White Paper in the autumn. Whilst the document talks about protecting the ‘most vulnerable’, it would not be acceptable to reduce benefit levels, given their current inadequate value; we trust that this is not what the document means when it talks about the balance between benefit claimants and taxpayers.

In this context it is, however, also important to go beyond the boundaries of the document itself to consider other ideas which have been put forward for cuts in the social security budget, and what gendered impact such cuts might have. We consider two here: non-means-tested income replacement benefits and Child Benefit. It is not suggested that the consultation document itself puts forward proposals for savings in either of these areas (though they are included in some of the individual models, and the document does raise the issue of the balance between contributory and other benefits), but in the context of a Comprehensive Spending Review it is imperative to discuss what other proposals may be under consideration.

Some of the models propose the abolition of contributory (and sometimes, by implication at least, also non-contributory) income replacement benefits for people of working age. The reasons given are vague, but mainly seem to focus on simplification, targeting (to the poorest), and meaning (it is argued that at best there is low awareness of the distinction between contributory and means-tested benefits, whilst at worst the dual system is said to create complexity and confusion). The potential impact on individuals within households of the loss of independent benefits is not discussed, with the exception of the Taxpayers’ Alliance model. With that one exception, all the models assume household based assessment.

Any shift from non-means-tested to means-tested benefits is likely to increase women’s economic dependence on their partner, especially when taken together with their greater levels of responsibility for caring.

Means testing, and the joint assessment that is integral to it, are key drivers for much of the complexity inherent in the social security system. The simplest benefits are the non-means-tested ones. Non-means-tested benefits remain available to a claimant him/herself, regardless of the existence or extent of their spouse’s or partner’s labour market activity (Millar et al, 2006). The abolition of non-means-tested income replacement benefits – such as contributory Jobseeker’s Allowance and Employment and Support Allowance, for example - would have one of two consequences. One would be the loss of access to any income entitlement linked to their own circumstances, following the loss of employment for anyone whose household income was too high to qualify for means-tested benefits (the household as a whole might qualify for Working Tax Credit instead in certain circumstances). For others, whose household did qualify, this would mean even greater reliance on means-tested benefits, with all their familiar problems.

We recommend that reforms should not further reduce rights to non-means-tested benefits, which are cheaper to administer, reduce complexity and increase transparency.

Although women are less likely than men to have entitlement to contributory benefits, their entitlement should be growing because of women's increased participation in the labour market, and this can provide an individual income which gives them more autonomy. But for some women income from non-means-tested categorical benefits such as Child Benefit may be the only independent income they have. This lack of economic agency particularly impacts on women from vulnerable and excluded groups such as traveller women, migrant women and those whose first language is not English. This sort of dependence is also associated with higher levels of vulnerability to violence, particularly the patterns of coercive control that characterise domestic violence (see Walby and Allen, 2004).

In at least two of the models, separate payment of Child Benefit is threatened. In the Mirrlees model, for example, Child Benefit could be subsumed into the single benefit payment. This illustrates clearly how women would lose a key component of independent income, which research shows may be important even to women in some better-off households; which directly benefits children; and which can provide an element of security of income when other payments have been stopped or a relationship has broken down (Bennett with Dornan, 2006).

We recognise that the coalition government has made public its commitment to the principle of continuing Child Benefit; however, it has recently frozen it and is understood to be reviewing it in the context of the Comprehensive Spending Review. We believe that one of the key strengths of Child Benefit is its universality and we urge the government to continue with this.

6.2 Language used in the consultation document

Finally we wish to comment briefly on language used in the consultation document. We believe that it is confusing to refer to a means-tested payment as a 'Universal Credit' and urge that this name should be amended in any future reform documents. Universal benefits are simple, cheaper to administer and less prone to error. They are also the clearest manifestation of us all being 'in this together'. They should not be confused with means-tested benefits.

Secondly, the term 'dependency' – which appears to be being applied to those on tax credits now as well as those claiming benefits - has pejorative connotations and we believe that it is not helpful to constructive debate to imply that those who need support are 'dependent' on the state. We do not suggest that people are 'dependent' on the state for health care, nor that parents are dependent on the state to educate their children; rather, we are proud of a state system to which we contribute and from which we all benefit, directly and indirectly. Women who are working hard caring for dependants can find themselves being described as living in 'welfare dependency', when in fact the community as a whole is dependent on them bringing up the next generation. Many women have found that temporary access to social security benefits has given them the chance to leave oppressive and violent relationships in which they have been economically dependent. Rights to benefit income should be promoted as an essential part of social protection in a civilised society.

6.3 Concluding comment

The recent history of wholesale reform in the benefits/tax credits system has not always been a happy one – with the Child Support Act 1991 and the introduction of tax credits as the two major examples. Both these reforms introduced elements of huge uncertainty, insecurity and frustration into many low- and moderate-income families' lives, even leaving aside the very real financial difficulties which they caused for many. This kind of disruption is likely to affect women in particular, as the majority of those living in poverty and as managers of the household budget, and of debt. For the sake of such women and their families, any root and branch reform needs to be well-considered rather than wishful thinking.

Some of the goals set out in the consultation document could be achieved instead by other means. For example:

- earnings disregards within the current system could be increased, as suggested above, including additional disregards for 'second earners' in couples;
- improved access to non-means-tested benefits – both Child Benefit and income replacement benefits for adults - could create the security to stay in or move into work;
- higher pay levels for women in particular would make it more worth their while taking a job; and
- reductions in the costs of going to work (including transport and childcare) would help to 'make work pay'.

We would urge the coalition government to consider these options carefully alongside its more ambitious plans for a revolutionary redesign of the benefits and tax credits system.

Some notes on gender inequality in the labour market and more widely

Two-thirds of employees in low-paying occupations are female. Higher-paid management jobs are more likely to be held by men. Childcare and hairdressing are overwhelmingly female (over 90 per cent) and women are over-represented in the two largest low-paying occupations: hospitality and retail (59 and 66 per cent respectively). Women form the majority of those in receipt of the National Minimum Wage, who are also more likely to be less educated, disabled, from a minority ethnic background (particularly Bangladeshi or Pakistani), living in social housing, and living in the north of England, Wales or Northern Ireland. They also tend to be part time and concentrated in certain sectors such as hospitality or retail (see Brewer et al, 2009).

The typically insecure nature and quality of these jobs may also account, at least in part, for the vulnerability of pregnant women to dismissal. The large percentage of women working below their level of qualification, particularly after returning to work after a break for child rearing, demonstrates the lack of ability to negotiate rates for the job which are commensurate with their abilities and experience (Grant et al, 2005). Women also tend to undertake apprenticeships in the lowest-paying sectors, such as social care and hairdressing (Low Pay Commission, 2010).

Over the last three decades, there has been a marked increase in the number of employee jobs performed by women in the UK. In 1985, men filled 2 million more jobs than women, but by 2008 the numbers had equalised, with each of the sexes performing around 13.6 million jobs. However, almost half the women's jobs were part time, compared with around one in six of the men's. By the third quarter of 2009, 40 per cent of women worked part time, compared with 10 per cent of men, making up over 75 per cent of all part-time employees (Labour Force Survey). There is also a class component: women in 'routine and manual' and 'intermediate' occupations are more likely to work part time than professional and managerial women (see Crompton and Lyonette, 2009). Recent research commissioned by the Government Equalities Office recommends that active measures need to be taken to support women to increase their hours while remaining part time, or to move into full-time work; without these, they may become stuck in dead-end jobs. Labour Force Survey figures for April–June 2009 show that 55,000 women with children and currently working part time were looking for full-time work. Almost a quarter of men in part-time work also report that they cannot find a full-time job. The report notes: 'the impact over the life cycle of women remaining in lower-level part-time work is enormous, with reduced pension contributions and greater future dependence on the state' (Lyonette et al, 2010).

Around two-thirds of jobs paid at the minimum wage are part time (based on Annual Survey of Hours and Earnings), and this means that women are more likely to be low paid compared with men. Low-paid workers typically receive less training, especially off-the-job training (see Dickerson, 2007), reducing their development and limiting the possibility of career progression.

On the other side of the gender coin, more than three quarters of those who work excessive hours of paid work are male. Long hours affect around 13 per cent of workers, although some long hours working will be rendered invisible as it occurs in second jobs, in the informal economy and among the poorest sectors that are less well regulated. This limits men's ability to share unpaid caring work; impacts on their health; and helps exclude women from the many senior positions which disproportionately rely on long hours (TUC, 2008b).

Although the stock of Ofsted-registered childcare places increased by 193,000 in 2008, the National Audit Office notes that there is 'widespread concern' about the long-term viability of childcare, with 59 per cent of authorities reporting that little or no childcare in their area is wholly funded by fee income and 53 per cent of Sure Start centres offering childcare reporting that the service operates at a loss (see National Audit

Office, 2010). The Daycare Trust has noted that provision of early years education/care and other family services is more expensive in deprived areas, both because these families will need access to more services due to poor health/language needs, and because the childcare 'market' often does not function effectively in these areas (with significantly less private sector provision, and a decline in the number of privately operated settings in deprived areas). They do note, however, that government intervention in the provision of early years education and care in these areas has ensured that it is more flexible, operating longer hours and providing more holiday cover. The Daycare Trust supports continuing government funding to address these market failures.

The median female individual income is £180 per week, less than two thirds of men's, at £281 per week. These figures are worse for women of minority ethnic origins; for example, around half of Asian British, Pakistani and Bangladeshi women have individual incomes of below £100 per week. Figures for disabled women show similar gender gaps (Hills et al, 2010).

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