



Welfare Reform Bill (Northern Ireland) 2011

Response to the Equality Impact Assessment Consultation

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The Women's Resource and Development Agency (WRDA) is a regional organisation whose mission is to 'to advance women's equality and participation in society by working to transform political, economic, social, and cultural conditions'. The organisation was established in 1983 and works with women's groups from all traditions in the most severely disadvantaged communities, and from urban and rural areas of Northern Ireland. We work from the grass roots to the highest levels of policymaking and politics, providing advocacy and lobbying support. WRDA is a membership organisation with over 400 members comprised of Women's Groups, Organisations, and individual members.

WRDA have recently published a report 'The Northern Ireland Economy: Women on the Edge?' which examines women's current economic position, economic participation and the impact of the economic crisis on their lives. It provides a robust evidence base on women's position in terms of the economy, employment, childcare, pensions, welfare, debt and credit, and housing and fuel debt. The report also has detailed sections dealing with the impact of the economic downturn on specific groups of women – lone parents, migrant women, young women, and older women.

Women comprise 53% of benefit recipients in the region and given that many more women work part-time and are on lower wages, they rely more on benefits and tax credits than men do and these make up a larger share of their income.¹ This means that many of the changes to the welfare system will disproportionately impact upon women. Whilst WRDA acknowledge the need to incentivise work and to simplify an extremely complex benefit system, we are extremely concerned that changes to social protection will in fact unfairly impact upon women and erode women's economic independence and rights. We are, in truth, dismayed at some of the proposals contained within the Welfare Reform Bill, particularly those that will regress the positive steps women have taken towards equality.

As a leading women's organisation in Northern Ireland that works to promote women's equality, WRDA is shocked that in this Equality Impact Assessment there is no mention

¹WRDA Report (2011) *The Northern Ireland Economy: Women on the Edge?*, Bronagh Hinds (p117) Available at <http://www.wrda.net/Documents/The%20NI%20Economy%20-%20Women%20on%20the%20Edge%20Report.pdf>

of the changes under Universal Credit that will severely impact upon women. There are three main areas of concern that were not included in this Equality Impact Assessment. The first is that Universal Credit will be paid to the main earner in a family. The second is the impact of Universal Credit on work incentives for second earners. The third is that Universal Credit will be paid monthly.

Universal Credit will combine various existing out of work and in work benefits into a single means-tested benefit, including benefits for children and housing benefit. As with current means-tested benefits, Universal Credit for couples will be based on a joint claim with joint assessment, joint liability and joint ownership. Yet Universal Credit is to be paid to one member of each household, which will inevitably in most cases be the man. After much lobbying by women's and children's groups government eventually allowed for the woman in the household to receive benefits relating to their 'caring for dependents' role ie. child benefit and tax credits. It is therefore utterly incredible that this progressive stance is to be reversed

It cannot be assumed that there will be equality in the division of household income and financial decision making in all families. It is widely acknowledged and there is a wealth of research to show that money going to the family via the purse rather than the wallet is targeted more effectively on families and particularly children's needs.² There is a gender difference in the distribution of money within a family unit. Women will more readily spend their income on their children and on household essentials³. This in turn helps to enhance economic growth and stability and to alleviate child poverty. With the various benefits being rolled into one, we are concerned that many women will lose access to any financial resources.

One of the main reasons that the government wants to pay universal credit to one member of a family is to simulate wage earning. However, many working families have either two wages, or there is a main earner and the other person receives child benefit and possibly tax credits. One person holding all the income for a family does not reflect the reality of parental expenditure and will leave many women and children in vulnerable positions, most notably if there are abusive relationships at play.

² Ibid pg 123

³ Stotsky, J (2007) "Budgeting with Women in Mind" Finance & Development 44(2)

In couples, individual income rather than economic dependence leads to a more balanced relationship especially in terms of financial decision making. This is important for women as

“Women’s and men’s lived experiences are different. Unequal employment opportunities, the gender pay gap, and unpaid caring responsibilities are just some of the examples. Key inequalities have always existed for women and mean that cuts in public services and expenditure generally damage women more, including services that enable women to combine work and unpaid care.”⁴

This proposal in relation to the payment of Universal credit creates a greater potential for economic abuse within a household. Not all families comprise long term, stable married couples; often there is an imbalance of power within relationships. The payment of Universal Credit to one person is likely to create tension within a relationship and to leave one person (usually the woman) with no access to her own finance.

The inclusion of Housing Benefit into Universal Credit is of concern as the payment will be made to the claimant regardless of whether their name is on the tenancy agreement. This could leave many women in rent arrears or homeless if their partner does not use this appropriately.

The second major concern WRDA would like to raise is that Universal Credit will disincentivise the second earner in a family. The second earner again is usually the woman in a household. The Department of Work and Pensions in their Equality Impact Assessment stated

“Universal Credit will be calculated to incentivise work at a household level, and it is expected to reduce the number of households in which there is no-one working by 300,000. Because the reward is for the first earner into work, there is some [sic] second earners might choose to reduce or rebalance their hours of work more in line with their families needs.

⁴ WRDA Report (2011) *The Northern Ireland Economy: Women on the Edge?*, Bronagh Hinds (p117) Available at <http://www.wrda.net/Documents/The%20NI%20Economy%20-%20Women%20on%20the%20Edge%20Report.pdf>

The Government believes that any such risk of decreased work incentives for women in couples is justified. The focus of Universal Credit is to help workless families into work, since having no parent in work has been shown to have an impact on young people's lives and attitudes to work. Helping at least one person into work could break the cycle of worklessness in a family."⁵

It is clear from this statement that DWP are happy to regress on women's economic and labour market equality and to position women firmly as part-time and low-paid workers, earning pin money to subsidise the main earner (the man) or to stay at home and take up the role of unpaid carer. This is severely limiting the choice available to women and positioning them as economic dependants. WRDA believe that it is unacceptable that government policy in the 21st Century should have such a regressive impact on the lives of women.

Having no or low earnings for women has an impact in later life. The level of poverty often seen in older women, as they have not been able to build up their pension contributions due to caring responsibilities, gender pay gaps, and reduced working hours, is already high. The WRDA report states that "Of older people living in households whose income is less than 60% of the median income two-thirds are women".⁶ This will impact on gender roles and gender equality within a family demonstrating to children that women are at home taking care of the family while men are out working earning the money. This is a return to the public/private sphere divide that existed from the mid-eighteenth century to the mid-twentieth century.

There is evidence that women who become lone parents are more likely to remain in the labour market if they were in work during their previous relationship.⁷ In order to combat worklessness in lone parent households, it is important to offer work incentives to second earners within families. Women's earnings, as a lone parent or a second earner, are vital in enabling many families to rise above the poverty line and reducing child poverty.

⁵ DWP (2011) Welfare Reform Bill, Equality Impact Assessment p19

⁶ WRDA Report (2011) *The Northern Ireland Economy: Women on the Edge?*, Bronagh Hinds (p99) Available at <http://www.wrda.net/Documents/The%20NI%20Economy%20-%20Women%20on%20the%20Edge%20Report.pdf>

⁷ Marsh, A. et al (2001) *Low Income Families in Britain: Work, Welfare and Social Security in 1999*

The third issue that WRDA would like to raise in relation to this EQIA is that Universal Credit is to be paid monthly in order to resemble a salary. However, jobs can be paid weekly, fortnightly, or monthly. As Universal Credit is to subsume the majority of benefits and is to be paid to one person, monthly payments will not be compatible with low-income families' way of budgeting. Women in receipt of benefits are struggling to budget with weekly/fortnightly payments. The WRDA report states

“Considerable opposition to monthly payments was expressed by young women and lone parents during this project who said even fortnightly payments made budgeting difficult to manage. There was a universal plea to return to weekly payments. Weekly payment of Child Tax Credit was mentioned by many as the lifeline that helped them to survive and there were plenty of examples of women who moved back to parents towards the end of their payment period as they had completely run out of money until their next payment came through.”⁸

Within low-income families, it is often the woman who is responsible for the day-to-day budgeting. Often mothers will tend to go without themselves in order to provide for their family. A monthly payment will impact harder upon these women as it is one thing to go without for a day at the end of a week but another to go without for several days at the end of a month. It will impact adversely upon women's emotional and physical health.

With monthly payments, there is some concern regarding the ability of the system to respond to changes in circumstances. As it is one payment rather than a number of benefits as at present, any problems with payments, delays, and appeals could have extensive and severe consequences.⁹

In order to alleviate some of these impacts, WRDA would suggest that some or all of the benefit is paid to the non-earner or the second earner (usually the woman) within a family to increase economic independence and to encourage expenditure on the children. It would alleviate some hardship if Universal Credit was to be paid weekly.

⁸ WRDA Report (2011) *The Northern Ireland Economy: Women on the Edge?*, Bronagh Hinds (p125) Available at <http://www.wrda.net/Documents/The%20NI%20Economy%20-%20Women%20on%20the%20Edge%20Report.pdf>

⁹ WRDA Report (2011) *The Northern Ireland Economy: Women on the Edge?*, Bronagh Hinds (p125) Available at <http://www.wrda.net/Documents/The%20NI%20Economy%20-%20Women%20on%20the%20Edge%20Report.pdf>

When calculating Universal Credit payments, the amount for children should be made clear to encourage money to be spent on the children. Housing benefit should be paid to the person whose name is on the tenancy agreement and who is liable for the rent. These measures would ease a great deal of the impact of Universal Credit on women and their families.

In this Equality Impact Assessment, WRDA are concerned at the approach to the gender impact of Income Related Employment and Support Allowance. It states

“Income-related Employment and Support Allowance will act as a safety net to support those who have no means of supporting themselves. Whilst it is likely that a higher proportion of women will not be eligible for income-related Employment and Support Allowance and will see a loss in income, they will generally either have a working partner or capital over £16,000 so will not be left without income.”

Again, this assumes money is shared within all households. It reduces women’s economic autonomy and leaves them, at a time of ill-health/disability, reliant on their partner for resources. It is important that women (and men) have some access to an independent income, no matter how small that might be. A recent government working paper stated,

“For non-working partners, access to their own income is likely to both encourage relationship stability as well as provide a buffer against poverty if one partner loses their job. Welfare reforms which curtail contributory and universal benefits are likely to result in partnered women’s increased dependency on their partners through means-tested benefits.”¹⁰

The other area of concern within the Equality Impact Assessment is that of lone parent conditionality. This will mean that lone parents whose youngest child is aged five or older must be actively seeking work and be able to take a job if offered one. As stated in the EQIA

“The existing flexibilities in Jobseeker’s Allowance for lone parents will allow them to make choices about the kind of work they do and when, as some lone parents need to balance caring and work responsibilities. Personal advisers can

¹⁰ Ingold, J. (2011) *An International Comparison of Approaches to Assisting Partnered Women into Work*, Working Paper no. 101 London: DWP

use existing flexibilities within the Jobseeker's Allowance system to support a move into suitable work. Restrictions agreed between the parent and the personal adviser, e.g. on hours of availability and actively seeking work, will be included in the Jobseeker's Agreement... An increase in conditionality will ensure lone parents who otherwise might not have been aware of the help and support available, have every opportunity to receive such support. To this end, the new Work Programme to be introduced by the Department for Employment and Learning will offer highly personalised support that is based on the needs of individuals, providing the right support at the right time.

It is considered reasonable to expect lone parents to take up work once their children are in full-time education. However, this expectation must be balanced with Lone Parents' caring responsibilities. Any proposed benefit reforms should not put children at risk. In Northern Ireland there is a shortfall in childcare provision and it is envisaged that flexibilities and operational easements in place will ensure that no one will be penalised where affordable and appropriate childcare is not available."

WRDA are concerned that despite the acknowledgement of lone parents' enhanced caring responsibilities and the shortfall in childcare provision in Northern Ireland that there will be pressures put on lone parents to accept work/training or risk benefit sanctions. The economic crisis has created a rise in unemployment and there is an increase in job losses from the public sector where there would be greater flexibility for working lone parents. Lone parents face many difficulties and barriers in gaining employment and this will only be exacerbated in these tough labour market times. WRDA are troubled that this conditionality could lead to greatly increased stress and tension for lone parents, many of whom are already struggling to cope. WRDA urges the NI Executive to work together to provide the childcare that is desperately needed and to ensure that lone parents are not disadvantaged through financial sanctions.

In conclusion, WRDA would reiterate its dismay at the proposals on the administration of Universal Credit – this is an unacceptable and regressive step for women across the UK. Any Equality Impact Assessment should have picked this up at the outset.

The DWP have stated that "...Universal Credit will be a household award. In couple households, therefore, the other member will cease to be entitled to existing benefits

and will become part of the household award for Universal Credit.¹¹ Universal Credit will not safeguard personal access to welfare support for women in couples.

This is not a desirable position for women, children and families to be in and must not proceed as proposed. We urge DSD to address these issues as a matter of urgency.

Finally, WRDA believe that due to women's structurally unequal position in society, they will be disproportionately affected by many of the welfare reform proposals. We have however for expediency outlined our major concerns and are happy to discuss further.

¹¹ DWP, *Universal Credit: Welfare that Works*, Department for Work and Pensions, November 2010