

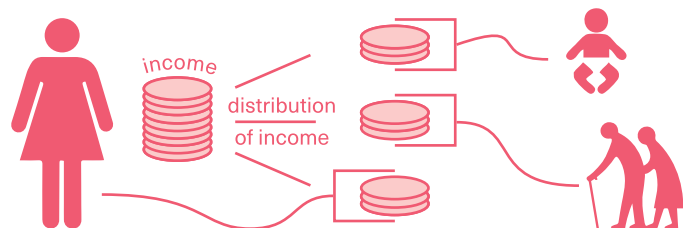
## CASE STUDY 2: SOCIAL SECURITY

Social security cash transfers replace lost income, for example on becoming unemployed or unable to work, retiring or compensating for additional costs such a disability.

### Changes to social security has different impacts on women and men.

**Does the social security system promote equality between women and men?**

**Women** in the UK **receive** on average **more** of their **income** as **social security cash transfers**



because women are poorer than men and women often receive benefits for others who they care for, such as children.

### Who is the money paid to?

Payments made to the **main earner** (usually a man)



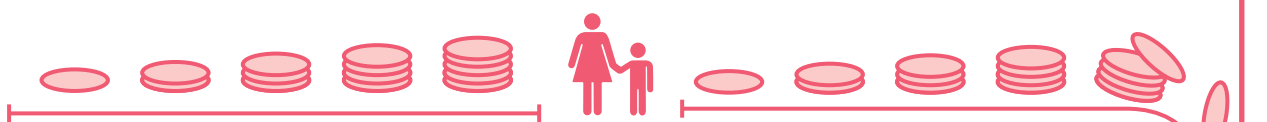
can leave **women** with **no income** in their own right



This **reduces women's power** to make financial decisions. It puts women at **greater risk** of financial and other **forms of abuse**

### Does the system promote a long-term view?

If people need to **work full time** all their life to qualify for a **full pension**



this could leave **women** who work part-time or take time out to care **at risk of poverty in old age**

## CASE STUDY 2: SOCIAL SECURITY

Social security is a fundamental part of a caring economy. It plays a key role in protecting against social risks (such as illness, poverty, unemployment and old age) and providing support for those engaged in unpaid caring work. Social security in the UK covers cash transfers, some of which are called tax credits, though these are not tax allowances. Many cash transfers, though not pensions, are commonly called 'welfare payments' or 'benefits'. Such payments are part of what United Nations organizations call Social Protection, but the latter is a broader concept that includes provision of basic public services. These are already covered elsewhere in the Casebook (*see case study 3*), so we narrow our focus here to social security cash transfers.

**Social security cash transfers assist with replacing lost income, for example on becoming unemployed or unable to work, or retiring, or compensate for additional costs, such as those caused by disability or having children.**

**Women in the UK, and in other parts of the world where there is a comprehensive social security system, receive on average a larger proportion of their income as social security cash transfers than men.**

This is for two main reasons. Firstly, because they tend to have lower incomes and are, therefore, more likely to be eligible for means tested income support and, secondly, because they often receive benefits for others whom they care for, especially children. For these reasons, changes to social security cash transfers, whether it is the amount that is paid or how they are designed, are likely to have a differential impact on men and women, making this a key area from a gender budgeting perspective.

In this case study, we look at how the Women's Budget Group has worked with successive governments both to raise awareness of the differential impact of changes to the social security system on men and women, and to advocate for a system that promotes gender equality. This work has seen the Women's Budget Group employ many of the principles of gender budgeting but, in particular, the following:

- ↳ Recognising that income is not always shared equally within households.
- ↳ Taking account of the impact of policy on both paid and unpaid work, and the people doing the work.
- ↳ Taking a life-course approach.
- ↳ Monitoring the differential impacts on men and women, both as individuals and in households.

Throughout the Women's Budget Groups existence, the UK has had a comprehensive system of social security cash transfers (in the UK often called "welfare payments" or "benefits") in place. Therefore, the focus of our work has been to look at the impact of changes to this system and to highlight any areas of unmet need. This, even in the face of cutbacks and austerity, is a fortunate position to be in compared with not having a comprehensive social security system. In such contexts, gender budgeting groups can do important work showing how gender norms – specifically women's role in childcare and other unpaid care – mean that gender equality would be greatly enhanced by having a social security system.

## SOME EXAMPLES OF THE WOMEN'S BUDGET GROUP'S WORK

### From the purse to the wallet – design of tax credit policies

**Income is not always shared equally within households, and those receiving income may have more say than other members of the household over how money is spent.**<sup>20</sup> Therefore, WBG has worked to highlight the importance of whom, social security payments are made to.

In the late 1990s the Labour government replaced Family Credit, a welfare benefit payment to low income families with at least one earner, with a more generous Working Families Tax Credit (WFTC). Although this was called a 'tax credit' it was not a tax rebate, but an additional welfare benefit payment. WBG was involved in debates about the new tax credit system and had some influence on the design of tax credits.

When WFTC was first proposed the government intended that it should be paid to the 'main earner' within a couple (usually a man). This was a change from Family Credit which had been paid to the main carer (usually a woman). The Women's Budget Group argued that this would effectively transfer money from women's purses to men's wallets.<sup>21</sup> WBG also highlighted research showing that **money paid to mothers was more likely to be spent on children than money paid to fathers.** Following advocacy by WBG and others, the government announced that couples could choose whom WFTC was paid to. In 2003, WFTC was replaced with two new tax credits, Working Tax Credit and Child Tax Credit. Child Tax Credit was paid to the 'main carer'; Working Tax Credit to the main earner.

WFTC and later Working Tax Credit were available to households where at least one adult was in paid work for a minimum number of hours per week. There was also an additional "full-time" supplement for people working more than 30 hours a week. WBG argued successfully that this supplement should be available to couples where both partners were in paid work and their hours totalled more than 30 hours a week to encourage greater sharing of paid work and unpaid care between couples.

### Universal Credit

In 2010 the newly elected Coalition government proposed a major change to the UK social security system, with the introduction of Universal Credit (UC). UC is a new means-tested benefit replacing six means-tested benefits and tax credits, including Jobseeker's Allowance and Employment and Support Allowance, Housing Benefit, Income Support, and Child and Working Tax Credit. The aim was to simplify the social security system and ensure people were always better off in work. The implementation of Universal Credit was repeatedly delayed, its design and implementation proved more complex than anticipated. However it is now being rolled out across the country.

WBG's analysis has shown a number of problems with Universal Credit.<sup>22</sup> As with the previous tax credit system, couples are assessed jointly, with payments reduced if the claimant (and their partner where relevant) have other income. Where earnings are concerned, some claimants have a 'work allowance', meaning they can earn up to a certain amount before UC starts to be reduced. As with tax credits, the 'first earner' in a couple (often the man) may use up the couple's work allowance, reducing the incentive for the 'second earner' to take up paid work or increase their earnings. Universal Credit has a higher withdrawal rate than previous tax credits, further reducing the incentive for second earners. This puts women at greater risk of poverty in old age.

20. De Henau, J and Himmelweit, S, (2013), Unpacking Within-Household Gender Differences in Partners' Subjective Benefits From Household Income, *Journal of Marriage and Family* 75, no. 3, pp 611–624. Bonke, J and Browning, M, (2009), The distribution of financial well-being and income within the household, *Review of Economics of the Household* 7, no. 1, pp 31–42. Himmelweit, S, Santos, C, Sevilla, A and Sofer, C, (2013), Sharing of resources within the family and the

economics of household decision making, *Journal of Marriage and Family* 75, no. 3, pp 625–639.

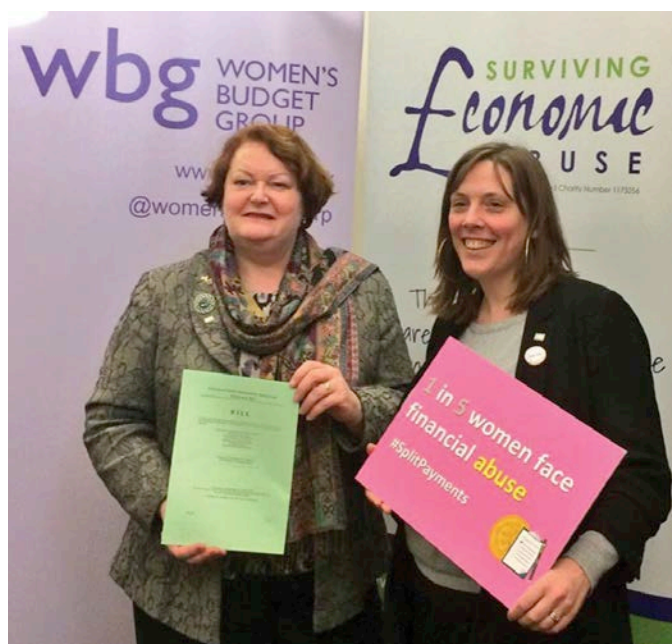
21. Himmelweit, S, (2002), Making Visible the Hidden Economy: The Case for Gender-Impact Analysis of Economic Policy, *Feminist Economics*, 8:1.

22. See WBG briefings on Universal Credit, available online at <http://wbg.org.uk/analysis/universal-credit>

Universal Credit replaces a series of separate payments with a monthly single payment, which makes it difficult to budget and means that if there are delays or administrative problems jobless households risk losing most of their income.

Universal Credit payments will be made into a single bank account. This may be a joint account, but this may not guarantee equal access or control over that account. This ignores the importance to women of having money of their own and could well lead to power imbalances in relationships. It may also mean a higher risk of financial abuse, and greater difficulty for women to have access to money to meet their own and their children's needs and to leave abusive relationships. Alternative payments can be made in limited circumstances. Following campaigns by women's organisations (including the Scottish Women's Budget Group) the Scottish Government agreed that Universal Credit payments can be split. Similar commitments have been made in Northern Ireland. However, the UK government insists on single payments for England and Wales.

Since Universal Credit was first proposed WBG has worked to highlight its likely impact on gender equality through a series of briefings and parliamentary submissions. WBG members gave evidence to Parliamentary Select Committees investigating Universal Credit.<sup>23</sup> We helped draft amendments aimed at removing some of the worst elements of the system, although these were unsuccessful. More recently we worked with a coalition of civil society organisations to recommend changes to the design of the system and WBG has supported cross-party work on split payments by backbench parliamentarians.



Phillipa Whitford MP and Jess Phillips MP at a parliamentary drop-in to highlight the need for split payments of universal credit

23. Copies of our submissions are available at <https://wbg.org.uk/analysis/publications/universal-credit>

## Pensions and savings

Taking a life-course approach to social security means recognising the ways in which the design of benefits such as Universal Credit may increase women's financial vulnerability in later life. It also means thinking about the different patterns of paid and unpaid work among women and men over a lifetime when analysing policies to tackle poverty in later life, such as pensions and savings.

For example, **in the UK both private and state pensions were designed around the assumption of a full-time worker, in employment all their adult life.** WBG has produced a series of briefings pointing out that a pension system based on these assumptions increases the risk of poverty in old age for women, who are more likely to work part-time, or take time out of paid work because of caring responsibilities.<sup>24</sup> Although the UK state pension system does allow women to be credited for time out of the workplace caring for children, private pensions do not and the level of the basic state pension remains low.

Private pension schemes favour those with continuous full-time employment and high lifetime earnings, disadvantaging women who are more likely to work part-time, take career breaks and earn less than men. Because of their earlier caring roles, women therefore do badly when older from a system which relies on people having private pensions to sustain reasonable incomes in old age. WBG has therefore argued that the government should put more money into the state pension system and give fewer tax breaks to those who can afford to save in private pensions.

## The gendered impact of austerity

The election in 2010 of a coalition government made up of the Conservative and Liberal Democrat parties ushered in a sea change in social security policy. The global financial crisis in 2007/8 had worsened public finances and the incoming government argued for the need to make substantial cuts to social security and public service spending to 'balance the books'. Soon after the 2010 election the new government produced an 'emergency budget' introducing a period of austerity that is still on-going in 2018.

The Women's Budget Group responded to the budget, highlighting that women were going to be the biggest losers from any cuts to both social security and public services.<sup>25</sup> This work is described in more detail in case study 4 on Cumulative Impact Analysis.

24. See WBG, (2017), Pre-budget briefing, section on pensions, available online at <https://wbg.org.uk/wp-content/uploads/2017/11/pensions-pre-budget-nov-2017-final.pdf>

25. WBG, (2010), The Impact on Women of the Coalition Spending Review 2010, available online at [https://wbg.org.uk/wp-content/uploads/2016/12/RRB\\_Reports\\_4\\_1653541019.pdf](https://wbg.org.uk/wp-content/uploads/2016/12/RRB_Reports_4_1653541019.pdf)