



The Northern Ireland Economy: **Women on the Edge?**

A Comprehensive Analysis of the Impacts of the Financial Crisis

Section 10: Welfare and Welfare Reform



Welfare and Welfare Reform

Cuts to the welfare budget

The Coalition Government's Emergency Budget in June 2010 and Comprehensive Spending Review in October 2010 delivered cuts to social security and welfare services that will hit women hard, especially pregnant women, single mothers and single female pensioners. Setting the scene for the coming years the Spending Review determined that 73% of the budget deficit would be met by spending cuts and 27% by increasing taxes. Of the £80 billion a year spending cuts £18 billion will be found from welfare cuts by 2014-2015.¹

Earlier in 2010, House of Commons Library researchers analysed the Emergency Budget to assess the distribution between women and men of the £8 billion changes to direct taxes and benefits to raise additional revenue. They found that women would pay £5.8 billion to men's £2.2 billion.² That is, women would pay roughly 72% of the net cost of the changes in taxes, benefits and tax credits identified in the budget.³

Judicial Review of the Emergency Budget June 2010

The Fawcett Society brought a Judicial Review as it believed the Government had not assessed the impact of the Budget on equality between women and men. Had it done so, it would have realised the budget was going to hit women disproportionately hard in such a way that undermined equality between women and men, and so would have been forced to amend the Budget.

The Government conceded that it had not met all the requirements of the Gender Equality Duty when drawing up the Budget, expressed regret for not having done so, and pledged to take a different approach in future.

The Court did not grant the judicial review but made clear that government budgets, regardless of the economic context in which they have been drawn up, are subject to equality law. The Court agreed that the Budget needed to be looked at

again given its skewed impact and decided that the Equality and Human Rights Commission, which was separately examining the Government's Comprehensive Spending Review, was best placed to do this.⁴

The calculation by which working age benefits are increased by the rate of inflation has shifted from the Retail Price Index (RPI) to the Consumer Price Index (CPI) which reduces their value. The RPI was 5.1% in January 2011, while the CPI was just 4%. This means that benefits will fall further behind the real cost of living. In an article on the Spending Review, researchers from the Institute for Financial Services (IFS) suggest that the largest single saving in the £18 billion of welfare benefits comes from the change from RPI to CPI.⁵ In earlier calculations the TUC suggested that, discounting benefits and tax credits related to children, women paid two-thirds of the price of benefits cuts to men's one-third as they are the hardest hit by housing benefit cuts and the switch to CPI up-rating for public sector pensions.⁶

It is the balance of spending between benefits cuts and tax rises, almost 3:1 outlined in the October 2010 Spending Review, which skews the burden towards women. The UK Women's Budget Group (WBG) suggested that a 'Robin Hood' tax on financial institutions, raising from the rich to potentially give to the poor, could be turned into a 'Maid Marion Tax' by redistributing that revenue to avoid cuts in benefits and public services that are disproportionately detrimental to women.⁷

Professor Eileen Evason

"Of the twenty-nine proposed changes to current welfare provision, only two can be viewed as being positive. The changes to the welfare system will negatively impact most on women and children, low income/low paid families and people who are sick or disabled."⁸

The Treasury produced an Equalities Impact Assessment of the Spending Review but provided almost no quantitative data on how women and men would be affected by its decisions on cuts to services and public expenditure generally. The WBG's analysis shows that lone parents and single pensioners, the majority of whom are women, will suffer the greatest reduction in their



standard of living. Lone parents will lose services worth 18.5% and single female pensioners 12% and, overall, single women will lose services worth 60% more than single men.⁹

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.

- Inequality exists between households with large caring responsibilities and households without. Caring benefits society as a whole and is carried out mainly by women who will find they have to fill more of the gap as public services are cut.
- Intra-household inequality and lack of financial autonomy arises from where unpaid care work, household duties and earnings from employment are unequally divided.
- Inequality is evident between the sexes in paid work where rates of pay are lower, especially in the private sector.¹⁰

Impact of the benefit cuts

Women comprise 55.3% of benefit recipients in Northern Ireland.¹¹ Given that more women work part-time and are on lower wages, they rely on benefits and tax credits more than men do and these make up a larger share of their income. Cuts in benefits will exacerbate existing inequalities in income between men and women. Women and their children have been hit by the following:¹²

- **Health in Pregnancy Grant:** The universal payment of £190 for a woman who is 25 weeks pregnant was abolished in January 2011.
- **Sure Start Maternity Grant:** From April 2011 this grant of £500 paid to a low income mother who is 29 weeks pregnant to help with the cost of a new baby will only be paid for the first child and not subsequent children.

- **Child Benefit:** A three-year freeze on Child Benefit was introduced from April 2011 and from January 2013 it will be withdrawn from women living in a household where one adult is a higher rate taxpayer.
- **Child Trust Fund:** The schemes will be phased out from 2011. It is worth up to £500 following birth, with an additional payment at age 7.
- **Child Tax Credit Baby Element:** This benefit for a child under one year was abolished in April 2011 and the Toddler Tax Credit, for households with children ages one or two, will not be introduced as promised by the previous Labour Government. The baby element of tax credit is worth up to £545 for eligible families and the toddler element would have offered up to £208.
- **Child Tax Credit Family Element:** The second income threshold for the family element of Child Tax Credit was reduced from £50,000 to £40,000 in April 2011. From April 2012 the Family Element is being withdrawn immediately after the Child Element.
- **Working Tax Credit Childcare Element:** This tax credit provides assistance with the cost of childcare. From April 2011 the percentage of childcare costs covered was reduced from 80% to 70%.

Tax credits and employment support

There are myriads of other changes. The basic and thirty hour elements of Working Tax Credit was frozen for three years and it is calculated that the loss to low paid workers entitled to both elements will be almost £400 a year from 2013.¹³ This will have significant impact on women especially those working for private sector companies in Northern Ireland where wages are much lower than in the private sector in Britain.

From April 2011 the tax credit taper became steeper and the disregard for in-year rises in income was reduced significantly; it will be reduced by half again in two years time. From April 2012 the first £2,500 in-year fall in income will no longer be counted in calculating a new tax credit, and this will be extended again in April 2013.¹⁴ Tax credit backdating will be limited to one month instead of three from April 2012. Allowing tax credits respond quickly to rises and



slowly to falls in income and less time for backdating will save significant sums.¹⁵ The Institute of Public Policy Research (IPPR) estimates that families claiming the maximum support for childcare could lose up to £1,500 per year.¹⁶ From April 2012 couples will have to work an additional eight hours a week, from sixteen to twenty-four hours, between them to be eligible for Working Tax Credit. If this does not prove to be possible in the current economic climate they could see their entitlement cut, incurring a loss of over £1,000 each year and making work less worthwhile.¹⁷

Child Benefit

Child Benefit is paid almost 100% to women and it is an investment in future generations for everyone's benefit. Changes to Child Benefit are symbolic of the stripping away of women's rights and entitlements and re-introducing the out-dated 'male bread-winner, dependent female carer' model of family life. The principle of universality that has been the hallmark of Child Benefit is being thrown away and the freeze will mean that its real value will fall, saving £2.5 billion. Single-earner households just over the cut-off point will be hit harder than two earner households where each earns just under the limit. The non-earner in a high-earner household is almost always the woman and Child Benefit is likely to be her only independent income.

Professor Ruth Lister

*"Although lower income women will benefit from the increase in child tax credits, the eligibility test for means-tested financial support for children cannot take account of where income is not shared fairly within families and hence of any hidden poverty within families. In contrast, Child Benefit provides mothers directly with a secure source of income, which is particularly important if they do not have an independent wage."*¹⁸

One up-rating among the benefit changes is a small rise in the Child Element of Child Tax Credit from April 2011, with further up-rating in 2012. Commentators suggest that any gain is a negligible contribution when seen against the raft of cuts.¹⁹

Housing

In October 2010 Mortgage Interest Rate Support was almost halved²⁰ and from January 2011 Job Seeker Allowance (JSA) claimants who have been on benefit for two years will lose it altogether. This could leave lone parents who own their homes in severe difficulty, and potentially homeless with children. All lone parents with a child over the age of seven are on JSA and from October 2011 they will be joined by lone parents with a youngest child aged five or over who will no longer be eligible for Income Support.

Non-dependent deductions from Housing Benefit were increased in April 2011 and further increases are expected. This will impact severely on family lives at a time when young people are remaining at home for a prolonged period because of the economic downturn and a contracted jobs market. During the focus groups and interviews for this project it was clear that young women relied on parents for assistance and there were examples of young women giving up an independent life to return to the parental home. It will be a particular hardship for lone parents to support adult children on an ever diminishing income.

Lone parents will be hit indirectly by further changes to Housing Benefit. One change due in 2012-2013 means that single people under the age of thirty-five (raised from twenty-five) will be entitled to claim only for the cost of a room in a shared house. This will restrict the absent parent, usually the father, in having his children to stay and the lone parent, usually the mother, from getting assistance with childcare from her ex-partner.

Education and welfare

The abolition of the Educational Maintenance Allowance (EMA) of £30 per week to encourage and assist young people to remain in education will be abolished in England from October 2011. The EMA is a devolved matter and its abolition is one of the options being considered to reduce the deficit. If the Northern Ireland Executive decides to abolish it this is likely to happen in April 2012.²¹ Young women and lone parents involved with this project spoke out vociferously against abolition. For lone parents it would be a



significant blow to the family budget. For both groups this along with the increase in student fees clearly spelt an end to educational opportunity for young people and neither saw a bright future for children.

A cap on the total amount of out-of-work benefit that a family will be entitled to receive will mean that larger families will experience greater loss. From April 2013, household welfare payments (excluding one off payments) will be capped to the level of median earnings after tax for most working households. The combination of changes directly cuts women's income and poses additional challenges in making ends meet on a smaller family budget. Women are generally the budget managers in the household and many told this research project they had difficulty already making their money stretch to the end of a payment period.

Additional Northern Ireland impact

The June 2010 Emergency Budget resulted in a reduction of £128 million on top of efficiency drives already carried out by departments over previous years.²² The Comprehensive Spending Review will result in a total reduction of £4 billion across the Spending Review Period to 2014-2015. This works out at a reduction of 8% in recurrent expenditure and of 37% in capital expenditure. The IFS found that, after London, Northern Ireland will be the hardest hit by the tax and benefit cuts being implemented between January 2011 and 2014-2015, particularly due to the high proportion of people on Disability Living Allowance and families whose benefits will be reduced.²³

The IFS considers that Northern Ireland is affected in the same way as the rest of the UK in the tax and benefit measures announced to take effect from 2010 to 2013, but from 2013 those with the lowest incomes in Northern Ireland lose more on average than their counterparts in the UK.²⁴ Twenty-four percent of the population are in the poorest quintile of UK households.²⁵ Large proportions of individuals claim Disability Living Allowance, for example, and are likely to be affected by the stricter medical test.²⁶ Northern Ireland has a high proportion of households with children and these are losing out in the reform of tax credits.²⁷ In coming to these conclusions, the IFS did not take account of the impact of the

government's proposals for Universal Credit which will bring more loss for some people, especially for lone parent families.

Institute for Fiscal Studies

"Northern Ireland, however, loses more than average from the measures announced in the June Budget – this is because Northern Ireland is one of the poorest regions in the UK and will inevitably be hit hardest from the welfare cuts that were announced in the June Budget, most importantly the shift from using the RPI and ROSSI indices to uprate benefits to using the CPI. Also, Northern Ireland has a relatively large proportion of households with children, which ... is the group that loses most as a percentage of income from these changes across the income distribution."²⁸

The impact of the decisions on the UK Budget highlights women's unequal position. It has shown unambiguously that women, more than men, rely on means-tested and other benefits. In 2011, government must subsidise women's income through tax and other credits so that they can have a minimum standard of living. It is clear that many women, and their children, live in a 'managed' state of poverty.

Women use public services more, including for their children, and they contribute to the public benefit through their caring role. Women are likely to have to take up even more of the unpaid caring role, in some cases reducing their employment and sacrificing their income to do so. It begs the question: how far have women really come in terms of equal social and economic participation in Northern Ireland and the rest of the UK?

Transforming Welfare

"Inequalities may serve the short-term interests of a capitalist economy, but they erode the capacity of society as a whole to succeed at all levels in the medium and longer term. And in the New Economics analysis, they are unethical, unjust and unsustainable.

There is also some evidence that countries with strong welfare systems and regulated economies are not only more equitable, but are also more resilient – in that they are better at adapting to external pressure such as climate change, and at



planning for environmental sustainability. It is building equality to effect this larger resilience that matters, not just trying to make poor 'communities' resilient in hard times that are not of their making."²⁹

The Universal Credit

A new benefits system will be introduced in stages between October 2013 and October 2017.³⁰ The stated intention is to simplify the benefits system, strengthen financial incentives to work and deter fraud. The Universal Credit will be backed up by a strong system of conditionality and strengthened financial sanctions. The proposals in fact increase incentives to get one adult into work, but reduce incentives for the second earner. From the benefit changes announced in the Emergency budget to the proposals for the Universal Credit, the effect has been to increase the dependency of women on men.

Universal Credit

*"Where an existing award to a current benefit ends and the recipient is instead to be awarded Universal Credit, that award 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."*³¹

The Universal Credit will be paid as a means-tested single monthly payment to a household replacing core means-tested benefits, some other benefits and tax credits for working adults.³² Elements of the Social Fund that 'require more intensive scrutiny and discretion' will be reformed and devolved to Local Authorities in England.³³ Budgeting Loans will become an advance-of-benefit facility available in certain circumstances. Consideration is still being given to how to support childcare costs in future.

The Universal Credit is GB-wide and the Devolved Administrations in Scotland and Wales will decide their own arrangements for the Social Fund. As social security is a fully devolved matter in Northern Ireland, the Executive and Assembly have wider powers to make all decisions about Universal Credit and its design. The practice has been, however, to maintain parity with Britain

and the Northern Ireland Act 1998 requires Northern Ireland to maintain a single system of social security, child support and pensions.³⁴

Institute for Fiscal Studies

*"Social security is an area in which power is devolved to the Northern Ireland Assembly, meaning that Northern Ireland may choose not to adopt this new structure of benefits when it is introduced to the rest of the UK, though we recognise the constraints that apply as a result of Treasury financial arrangements for dealing with significant divergences from the social security system in Great Britain."*³⁵

In summary, the Universal Credit will be a 'basket of benefits' consisting of a basic amount with additions according to circumstances, e.g. children, housing, disability. There will be a benefits cap according to family type. As in Income Support, the Universal Credit will offer a couple rate, with two tiers of lower rates for single people, with young single people on the lowest rate. Universal Credit does not provide individualised benefits, safeguard personal access to welfare support for women in couples or advance women's economic independence.

No route out of poverty

One of the reasons for the complexity in the current social security system is that benefits must respond to the complexity and variety in people's lives. The Institute for Public Policy Research points out that Universal Credit will not be able to address the real cost of work because it cannot be adjusted to take into account local differences in transport and childcare.³⁶

All those on Universal Credit, whether winners or losers in the new system, will already have lost £18bn in the welfare cuts that are already underway and which will be retained permanently. Moreover, seeing employment as a route out of poverty, ignores the reality that the majority of children in poverty are in working households.³⁷ The primary challenge in tackling poverty is low pay.

The Child Poverty Action Group (CPAG) identifies a number of principles on which a national social security system should be founded, among them:



- Protect all people of working age and their families against adverse changes in their circumstances.
- Enhance protection against poverty.
- Provide a statutory entitlement to high quality and personally tailored support that helps more claimants realise their aspirations to enter decent jobs.
- Be flexible to meet the diverse and ever changing needs of claimants throughout the life cycle.³⁸

The Universal Credit is unlikely to reverse the upward trend in in-work poverty, which was in evidence even in prosperous times and has been a rising trend since the mid-70s.³⁹ Women are susceptible to in-work poverty due to entrenched low wages, part-time working and wage reductions for flexible work arrangements for caring responsibilities (e.g. no or reduced hours for school holidays).

Peter Kenway in The Guardian

“Work that does not provide a sufficient income is now much more to blame for poverty than worklessness. If the new government is serious about poverty reduction, it will need to direct its reform efforts not just at the world of welfare but at the world of work, too – starting with the public sector.”⁴⁰

Tapers and disregards

The Universal Credit will be withdrawn more slowly against earned income than is the case with means-tested benefits currently, so the Government can do away with Working Tax Credits. The withdrawal rate against earned income will taper from 65% of net earnings after a disregard. This is a positive development for those on out-of-work benefits. However, as the taper will apply to net rather than gross earnings, which is the case at present, those in work who currently rely on tax credits will lose out.⁴¹ Unearned income will be applied at 100%.⁴²

The new taper rate, combined with the earnings disregards, is designed to provide more incentive to out-of-work benefits claimants to return to work. Single earner couples, with or without children, will benefit substantially from the reform⁴³ but it will weaken the incentives for

couples to have two people in work.⁴⁴

Universal Credit Impact Assessment

“In general, second earners face higher Participation Tax Rates (PTRs) because the earnings disregard is exhausted by the earnings of the main earner. Furthermore, two earner households are likely to have a higher income and therefore are less likely to face simultaneous tapers on more than one benefit or tax credit. For this reason second earners do not benefit as much from the reduced taper under Universal Credit.”⁴⁵

Women hardest hit

The Institute for Fiscal Studies points out that the Government made a deliberate decision to increase the amount of support for working couple families, in line with the Conservative Party manifesto pledge for the 2010 General Election to end what it regarded as the couple penalty in the tax credit system. However, this ‘couples’ benefit translates into a male rather than a female benefit. As long as a spouse/partner does not work, or works no more than ten hours a week, then the family will be better off under Universal Credit than the current system.⁴⁶

Thus, while the Universal Credit strengthens work incentives for the primary worker in couples it weakens incentives for women to work as, in most cases, they are the second earner and will see the family Universal Credit withdrawn more quickly than happens currently with tax credits.⁴⁷ In addition, low earners whose partners work will see a rise in their tax rate while low earners whose partners do not work will see it fall. In other words, the welfare reform could discourage working mothers in particular as they will have to pay for childcare, thus reinforcing their roles as unpaid carers in the family.

Universal Credit, Equality Impact Assessment

“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.

*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."⁴⁸*

Given that the primary earner is normally the man the impact of this is three-fold for women: women will have less incentive themselves to work, more men may encourage their partners to give up work and more will discourage their partners from taking up work as it affects their income. All three adverse impacts lead to one result: it will stall, if not completely reverse, progress towards achieving the goal of women's independent income and economic independence. Women and men do not always pool their income and share it equally. Individual incomes matter because they affect, among other things, the bargaining power in household decision-making.

Moreover, as well as undermining women's equal rights and entitlement to work, reducing a woman's individual economic access and control over her own resources carries other serious consequences. Studies show that money going to the family via the purse rather than the wallet is targeted more effectively on family, particularly children's needs. It is a similar story in relation to carers, the majority of whom are women. When a relationship breaks down a woman with children who has been out of the workforce for a considerable period will have greater difficulty in re-entering the world of work. Another alarm bell should ring in relation to women in abusive relationships; exit routes are closed off where women do not have some independent access to resources.

An abuse of work-life balance principles

The Government's primary answer to providing a new benefits system that discriminates against women is that it is justified for 'the greater good.' The positive spin put on it is that at least one earner will be able to provide better financial

support than was the case in the past. The Coalition Government tries to assume the mantle of being progressive in supporting work-life balance but completely ignores the genesis for policies on balancing work and family life and thus distorts their purpose. Work-life balance is about reconciling work and family life to enable women to have equal access to employment and to progress through a career path on the same footing as men. It is not about a family work-life balance where women are returned to the home while men go out to work.

Universal Credit Definition of Work Life Balance

"Although the number of workless families will reduce, it is possible that, in some families, second earners may choose to reduce or balance their hours or to leave work. In these cases, the improved ability of the main earner to support his or her family will increase the options available to families to strike their preferred work/life balance."⁴⁹

Conditionality

All women must be prepared to seek work. In the case of parents, couples must nominate their lead carer who in all likelihood will be the mother. The lead carer and lone parents with children over 5 must be employed or actively seeking work. Where they have a child aged 1-5 years, they must keep in touch with the labour market, attending work-focused interviews and perhaps Mandatory Work Activity for four weeks of full-time work. Yet the Government is considering restricting childcare support to those in work.

Universal Credit Conditionality

"Each adult in a household will have conditionality applied to them as an individual. That is, they will be placed in their own conditionality group with appropriate requirements. In the case of a couple with children, the couple will need to nominate which of them is the lead carer."⁵⁰

While first earners in a couple have financial incentives to encourage them to seek work, the impetus for second earners, almost all women, to work may be the severe financial sanctions they would otherwise face. There are tough



penalties for failing to meet a requirement to prepare for or seek work. This adds further stress, especially at a time of economic downturn and increasing unemployment when an Ulster Bank report has highlighted the growing divergence between the Northern Ireland and UK economy suggesting a longer time of recovery in Northern Ireland.⁵¹ Targeted effective support will be needed to assist women into work but as indicated previously women may be working for very little return when they get a job.

The IPPR has identified that "in work poverty is linked to family type and working pattern as well as ethnicity and place".⁵² Women are often in low status, low quality jobs, comprise 83% of all part time workers in Northern Ireland and continue to be concentrated in the 5 'c's – cleaning, caring, cashiering, clerical and catering.⁵³ It is important to understand that entry into work and participation in the labour market is not equal and that inequalities for women exist, particularly, in relation to gender segregated labour markets, the gender pay gap and in-work poverty.

Institute for Public Policy Research

*"The Universal Credit will not be able to address the real cost of work because it cannot be adjusted to take into account local differences in childcare and transport costs. This could seriously undermine the assertion that people will always be better off in work."*⁵⁴

Lone parents are losers

Lone parents will, on average, be worse off in the long run.⁵⁵ Working lone parents especially will be one of the losers in the new system. Currently, their basic entitlement to Working Tax Credit is greater than their basic entitlement to out-of-work benefits but this will not carry over into the Universal Credit with its simpler structure of basic entitlement, single withdrawal rate and earnings disregard. The IFS suggests that the Universal Credit incentivises a lone parent to work less than sixteen hours a week. If she works more than thirty hours she will be worse off in the new system and the losses increase the more hours she works above thirty hours.⁵⁶ The Department of Work and Pensions agrees.

DWP Universal Credit Impact Assessment For a lone parent with two children: "The household is financially better off under the Universal Credit up to 16 hours worked. From 16 to 30 hours worked the individual is better off under the current system...."⁵⁷

The Law Centre (NI)'s Welfare Reform Group welcomed the more generous 'earning disregard' for some people in the new Universal Credit but wanted to see the inclusion of lone parent families within the group.

Institute of Fiscal Studies

*"It is impossible for Universal Credit to replicate the way in which the current system treats lone parents. ... Inevitably, therefore, some working lone parents will lose out from the move to Universal credit."*⁵⁸

Women will be significant losers also under more stringent rules that apply to unearned income. There is to be no recognition for women's unpaid caring role when it comes to children a woman is raising single-handedly. Maintenance payments, mainly paid by men to women who are the main care-givers, and widow's pensions, will be categorised as unearned income. These will be tapered at 100% with entitlement to Universal Credit reduced pound for pound.

Lone parents involved with this project were carrying a heavy financial burden while, in many cases, their former partners had a good lifestyle but made no regular payments towards their children. It is not socially just that male partners, usually with much higher incomes than female lone parents, do not contribute to their responsibilities. Change in the system of maintenance administration means that it will cost a lone parent money to get an order for payment in future (see chapter on lone parents), yet she will benefit little from it. There is little incentive for those on Universal Credit to pursue payment, so justice and some potential extra income are now out of reach.

Childcare

Access to affordable childcare is often the make or break factor for entering and retaining work and is as significant as taper rates and earnings



disregards as a work incentive, but Government has not decided yet how it is going to manage childcare support in the new system.⁵⁹ The cut from 80 per cent to 70 per cent of Working Tax Credit for childcare costs is already a disincentive.

Northern Ireland has no corresponding legislation to the Child Care Act 2006 in England and Wales which imposes a duty on local authorities to identify and meet childcare needs and it does not have a 'fit for purpose' childcare infrastructure in place to facilitate a large-scale move to work (see childcare chapter). It is in this context that the use of sanctions against lone parents and other women with children for not working will operate and women will have to pay the price for an infrastructure failure.

Carers

Carers play a pivotal role in providing community care within society but how they will fit into the new system remains unanswered. The Northern Ireland Life and Times Survey 2006 findings suggest that informal care is increasingly being provided only within the immediate family⁶⁰ and it is estimated that carers in Northern Ireland are missing out on £4 million in unclaimed benefits. The Government has not decided what to do with Carer's Allowance. If fully means-tested in future, this would be against the combined family income and lead to losers among existing recipients whose partners have sufficiently high earnings or other income.⁶¹ In other words, there would be transfer of income from women to men, with women probably continuing to undertake care but with absolutely no independent financial support at all. For many it would add to their already heavy burdens.

Carers NI

"I am now hugely in debt, my savings have gone, I cannot pay essential bills like gas and electric, I cannot meet my full mortgage payments. Today I would have walked off a bridge if it weren't for my children."

"I cannot work and this means my home is at risk of repossession. The person I care for will also be made homeless. We live in poverty."⁶²

The unpaid care provided by friends and family members in Northern Ireland to ill, frail or

disabled relatives is now worth a staggering £4.4 billion every year and exceeds the total cost of the health and social care service in Northern Ireland (£3.6 billion). There are over 207,000 people in Northern Ireland, one in nine, providing care for ill or disabled people which would otherwise cost the state £18 an hour, based on UK average rates. This means that each carer saves the state on average more than £21,000 a year.⁶³

The All Party Parliamentary Group for Carers at Westminster expressed concern, saying that including the Carers Allowance in the Universal Credit would "strip carers of their only recognition of the contribution they are making to society".⁶⁴ That contribution is estimated at some £87bn, or £15,000 for every carer, much more than the £2,800 given to carers through the Allowance. Around three quarters of claimants are women, who would be left without any independent income of their own, and financially dependent on their partners

Administration and payment

There is a fatal flaw at the heart of the proposal on Universal Credit which could dramatically impoverish women and children. Universal Credit involves integrating in-work and out-of-work payments that currently go to both members of a couple into one single payment to be paid to the nominated person. It is inevitable that the man will take on the 'main applicant' status in most couples. Yet money going into a family through the mother is more likely to be spent on the children.⁶⁵

Alison Garnham, Child Poverty Action Group

"Payments in tax credits that are specifically for children's needs and childcare currently go to the parent with care, usually the mother, but the Universal Credit will be paid to the main earner because of the IT system. This transfer of thousands of pounds per family 'from the purse to the wallet' will threaten allocation within household budgets to meet children's needs."⁶⁶

Basing the new Universal Credit on monthly payments is likely to cause considerable hardship. 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.

It is important that the new system reduces overpayments as it suggests it will. The difficulties that women had encountered with overpayment were raised by several interviewees during this project. In some cases, women were so concerned about the impact of the repayment on their budgets, and had been under considerable stress to manage the repayments on a small income, that they vowed not to claim some entitlements in future.

Payments will be made monthly, based on circumstances/income in the previous month. How accurate the system is in doing this without running into overpayments and how nimble it is in responding to changing circumstances such as job loss or a couple's separation remains to be seen. Given the reliance on one payment rather than a number of benefit sources as at present, one glitch in the payment, caused by delays, reduced payments, incorrect decisions or appeals processes could have extensive and severe consequences.

Conclusions

The cuts to welfare offer a significant loss of social protection for women, and welfare reform strips away their equal right to access work along side men. Symbolic of this is the dismissal of the universal principle of Child Benefit along with total disregard for second earners in households under the new Universal Credit. The conditionality attached to lone parents' entitlement to benefits, accompanied by tighter sanctions and less reward for working, is another signal.

The most fundamental shake-up in the welfare system in its history, combining all tax credits and benefits into a single household payment and focusing on a primary earner, means that

women are the main losers well into the future. Women are being driven back into dependency mode in favour of a male bread-winner model in the public welfare system. This is an inadequate, unequal and grossly unfair model for a national Government to demonstrate as its blueprint for society in the 21st Century. The Government should revisit this model and certainly the Northern Ireland Executive and Assembly should consider at least how it can avoid the most damaging impacts on women.

Cuts to public services are not just going to mean less support but also that women will be expected to pick up most of the challenges, for example gaps in caring. In doing so they are likely to reduce their own employment and sacrifice their income. The policy to reduce the state can only be afforded if women take up more unpaid or low paid caring work to fill the gap.

Women have been targeted to carry the burden of reducing the state. They lose in public sector reductions across the board and they do not gain from rebalancing the economy in favour of the private sector where terms and conditions and wages are lower, especially in Northern Ireland. Thus this is a direct transfer from women to men in terms of income and other resources. These consequences need to be addressed and steps taken to mitigate their severity. One example, is taking equally aggressive action to root out unequal pay for women and to raise the minimum wage so that the state is not subsidising enterprise to offer poverty wages. In-work poverty needs radical action.

Women must have access to childcare not only to work but also to take up education and training opportunities, work experience and preparation for work interviews. Government must demonstrate some goodwill towards women in the labour market. In the new system Government must provide better childcare support than the 70% of childcare costs that are now provided for under the Childcare Element of Working Tax Credit. In addition in Northern Ireland, priority needs to be given to building a childcare infrastructure that is fit for working mothers.

Government should go further than its current proposal to step in and vary the nominated person



who will receive the Universal Credit in couple households. It should require this to go to the non-earner or the second earner, who is on the lower income, in the household. This would go some way to reversing the secondary status to which women have been relegated. If the Northern Ireland Executive and Assembly decide that they will follow the UK Coalition Government in introducing the Universal Credit model, it could still put its own stamp on it and make innovative changes such as the one described here.

Following welfare reform proposals the question must be asked: how far have women really come in terms of equal social and economic participation?

Recommendations

- The Northern Ireland Executive should urge the UK Government to reverse the cuts in the Childcare Element of Working Tax Credit so as to increase support for women to enter and remain in work. The Executive should seek to protect childcare support in its application of any new Universal Credit system and urge the UK Government to do the same.
- The Northern Ireland Executive should develop urgently a childcare strategy that includes daycare and wrap-around care for the children of working parents. It should prioritise investment in rolling out the childcare infrastructure across urban and rural Northern Ireland to enable women to take up work opportunities.
- The Northern Ireland Executive and Assembly should examine the Universal Credit proposals thoroughly and develop better proposals around implementation and delivery so as to design fairness for women as well as for men into the system. The Executive and Assembly could introduce innovations and adjust some of the delivery mechanisms, including on making the single Universal Credit payment to the non-earner or lower income second earner in the household.
- The Carers Allowance should be protected outside the Universal Credit system and not be subject to means-testing.



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