



Universal Credit: Overview and Gender Implications

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(based on work for Women's Budget Group;
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Outline

- Welfare reform in the UK: proposals for **universal credit and potential gender issues**
- **Equality impact assessments** of policy proposals
- **Gender implications for welfare reform of findings from qualitative research** on low/moderate income couples/families
- **Discussion: reflections on policy influencing**
- **Conclusions:**
 - **value of qualitative research** for policy on welfare reform;
 - **essential components of gender analysis** of welfare reform

Welfare reform in the UK: proposals for universal credit

- Context: focus on **‘welfare to work’**, increased **means testing**
- **Recent history:**
 - benefit simplification seen as key, including **‘single working age benefit’** (proposed by think tanks + Labour government)
 - **activation** of partners + **joint claims** for jobseeker’s allowance
- White Paper: *Universal Credit: Welfare that Works* (2010) + **Welfare Reform Bill** (now Act): **universal (sic) credit 2013 on**; abolishes distinction in/out of work; ‘all work rewarded’
- Means-tested, bringing together **benefits in and out of work and housing benefit** etc. (not non-means-tested benefits)

Potential gender issues in relation to universal credit

- **Joint** claims; + (as now) joint assessment of income & assets; **both partners** to fulfil (work-related) conditions if appropriate
- Focus on getting **one person** in household into paid work: as now, **couple disregard**, not individual; many ‘**2nd earners**’ incentives worse; government not concerned about 2nd earners giving up work, but sees this as improving work/life balance
- Couples **choose which partner (account) is payee**: payment not split (eg child + childcare elements to main carer) as now
- Payment likely to be **monthly** (not weekly/fortnightly, as often now) + **single taper** (withdrawal rate) applied as income rises

Equality impact assessments: current position in UK

- Government must show **due regard**, when developing new policies/processes, to their impact on race, disability and **gender**; **Equality Act 2010** (April 2011) adds new categories
- **Processes should be in place** to help ensure that :
 - strategies/policies/services are free from discrimination;
 - departments comply with equalities legislation;
 - due regard is given to equality in decision making etc.; +
 - opportunities for promoting equality are identified
- **Equality Impact Assessments**: show impact on protected groups (including women) of proposed policy changes, to ensure that policies do what is intended and for everybody

Qualitative research on low/moderate income couples

- **Within Household Inequalities and Public Policy** research: part of Gender Equality Network (www.genet.ac.uk), funded by Economic and Social Research Council
- **Aim:** to take account of gender inequalities within household in assessing impacts of welfare reforms and associated policies
- **Qualitative research:** semi-structured interviews (with men and women separately) in low/moderate income couples in GB
- **Relevant findings:** loyalty to coupledness, but women more aware of autonomy issues; women often responsible for spending on children + day to day items, managing family budget etc.

Findings: importance of independent income

- **Togetherness:** *'all in one pot'* was catchphrase, with both men and women talking about their 'team', 'no yours and mine' etc.
- BUT 'choice' exercised by couple is **gendered choice** – both may believe in togetherness, but joint decisions can still have unequal impact (couples' choice is not same as individuals')
- And receipt of **independent income** means someone is more likely to have a say/be able to maintain separate finances/not have to ask for money/not have to justify personal spending
- Joint accounts common, but **women were more likely to have individual account** (with benefits/tax credits often paid into it)

Gender implications for welfare reform

- Importance of access to **independent income** (wage/benefit) which is not dependent on presence/activities of partner
- But Institute for Fiscal Studies confirms ‘2nd earners’ in many couples to face **much higher losses** from each £ under universal credit than they do under the current system
- Help with **childcare costs**: extension to those working under 16 hours (extra cost £300m); but 80% reduced to 70% – possibility of earning even more compromised for ‘2nd earners’
- **Child benefit and carer’s allowance** continuing outside universal credit (at least for now)

Findings: responsibility for spending and managing

- **Continuity of traditional gendered patterns** in our sample (largely long-standing couples)
- **Men** were often responsible for **monthly bills**, **women** for more **frequent items** (eg weekly shopping) – including in some cases daily pocket money for man
- This could change with frequency of pay – but in one example, in which man was paid weekly and woman monthly, traditional gendered patterns were so strong that couple swapped wages
- In most cases, **women** were more responsible for ensuring **children's needs were met**

Gender implications for welfare reform

- Daily/weekly items are ‘easier’ to cut back on in situations of financial pressures, so **monthly payment** of universal credit would be likely to have more impact on women
- Income **likely to change more rapidly** from month to month (+ more localised, discretionary extras): harder to budget
- Payment **all in one** gives less space for juggling budget
- Payment **all in one** gives financial power to one partner
- Payment **not labelled** as money for children: less likely to be spent on them? (with consequences for women as well)

Discussion: reflections on policy influencing

- **Involvement** to date has included:
 - Assistance with **preliminary gender assessment** of consultation document on welfare reform (Janet Veitch, Oxfam)
 - Help with evidence for **Fawcett Society judicial review** of gov-ernment for no gender impact assessment of Budget 2010
 - **Women's Budget Group**: briefings, meetings and seminar for civil servants; evidence to Public Bill Committee; written evidence to Work & Pensions Select Committee; briefings (esp. for debates in House of Lords); liaison with wider consortium; meeting with all-party group of peers; now work on regulations

- **Obstacles to influencing:**

- government had clear idea of objectives and favoured system
- financial constraints (government response to credit crunch etc)
- administrative imperative – but failure to learn from experience of previous systems (e.g. importance of financial security)
- officials' lack of knowledge of lives of low-income families?
- our research not framed around policy makers' concerns/plans

- **Assumptions apparently being made in policy making:**
 - *'you can't (and shouldn't) affect how families deal with money'*
 - **but** research shows who gets income can influence how used
 - *'different households budget and handle their finances in different ways'*; **but** research shows common gendered patterns in doing so - **and** policy already intervenes in this
 - *'joint accounts mean it doesn't matter who gets the income'*
 - symbol of togetherness, yes; **but** don't guarantee equal access

- Despite danger of **undermining government's own aims eg:**
- **Worse incentives for '2nd earners'** could work against:
 - aims of individualised conditionality for partners
 - government support for shared parenting
 - reduction of workless households and tackling child poverty
- **'All or nothing' universal credit** may work against goal of encouraging committed couples (because of greater risk)

Conclusions: value of qualitative research

- Government proposals on universal credit have been much **influenced by (particular form of) economic modelling**; participation tax rates, incentives, dynamic effects seen as key
- **But many other factors are important in real lives:**
 - e.g. how systems work in ‘real time’; how households operate as financial units; and how money has social meaning – ie: *‘... the significance of the source of income, its recipient, and the way it is “labelled”, for shaping both perceptions and allocation of financial resources’* (Goode et al, 1999: 11)
- Models may assume economic rationality + equal sharing etc - qualitative research **explores significant roles, relationships**

- Proposals for universal credit also very **influenced by ideology** (unitary view of family + equal sharing/male breadwinner household): uses out-of-date model of households and concern about ‘dependency’ on state, not within families
- **But** how best to deliver welfare to *all* within household (Price, 2011) & take account of social meanings of money (Zelizer)?
- Government has undertaken to **monitor distribution of income within household** under universal credit (how?)
- Key: how to **combine** qualitative with other forms of research? (eg to untangle necessary simplifications of economic models?)

Conclusions: essential components of gender analysis of welfare reform

- Gender impact assessment focused on **single men/women + couples**; argued gender impact was neutral if in same position
- We argue proposals should be judged not only on number of men and women affected and amounts involved, but also:
 - **make-up + labelling** of payments changing balance of resources between women/men + impact on **roles and relationships**
 - effects on **autonomy and financial security** of men and women; on their caring responsibilities; and on inequalities within the household, at point of change and over lifetime
- These principles were cited by government in equality impact assessment of White Paper - but **not fully taken on board**