

Introduction

The impacts of the continued cost of living crisis are not being felt equally throughout the UK. Due to persistent gender inequality, women – particularly lone mothers, disabled women, ethnic minority and racialised women – have been hit hardest by its welfare-worsening impacts and are being pushed further into debt and poverty as costs continue to rise. In Wales specifically, unintended inequitable consequences of recent social security reforms have left some of the most vulnerable women more exposed to the impacts of the crisis.

While government support measures such as hardship payments and investment in childcare are welcome, we are concerned that they do not go far enough to protect women from economic hardship. To truly respond to the needs of women and the inequalities they face, the UK Government must prioritise investment in both care and social security. In the longer term, action must be taken to address the root causes of gender inequality in the UK by incorporating robust intersectional gender analysis and budgeting into all policymaking and spending decisions of the UK Government. Failing to do so risks further entrenching gender inequality in Wales and across the UK.

This response is submitted jointly by the Wales Women's Budget Group and the Women's Equality Network (WEN) Wales.

About the Wales Women's Budget Group (WWBG): WWBG is a registered charity, currently housed by the Women's Equality Network (WEN) Wales, which works with government and civil society in pursuit of a more prosperous and gender equal Wales. Bringing together leading economic thinkers, academics, policymakers and women's networks, the WWBG works to influence and inform public policy in order to promote a gender equal economy in Wales through use of gender budgeting.

About the Women's Equality Network (WEN) Wales: Our vision is of a Wales free from gender discrimination where all women and men have equal authority and opportunity to shape society and their own lives. We work with our vibrant coalition of organisational and individual members to transform society. Our work sits under three pillars. We will Connect, Campaign and Champion women so our vision is realised.

1. How are rising food, energy, housing, and other costs affecting women compared to men? What are the challenges for women:

- **in different types of households. For example, households with children; single parents; renters; homeowners; women with other protected characteristics and**
- **whether there is any regional disparity in the effects of those costs?**

1.1. Due to deep-rooted gender inequality, women in Wales and across the UK bear a disproportionate share of caring responsibilities and dominate traditionally lower-paid occupational sectors, such as health and social care. These persistent patterns mean that women occupy an unequal position in the UK economy and are more likely than men to be economically inactive or to be working in part-time, insecure and low-paid jobs.

1.1.1. In Wales, 39% of women work part-time, compared to 12.1% of men.¹

¹ Chwarae Teg (2023) *State of the Nation 2023*

- 1.1.2. 27.3% of women in Wales were economically inactive, compared to 19.8% of men. Of those women, 24.7% reported being out of work due to looking after the family/home, compared to 8.6% of men.²
- 1.1.3. In Wales, 13% of jobs held by women are paid below the real Living Wage, compared to 10.6% of men's. The former figure rises to 14.6% for women across the UK, compared to 9.9% of men.³
- 1.1.4. The gender pay gap in the UK stands at 14.3%.⁴
- 1.1.5. In the UK, women are 1.8 times more likely to be in insecure work than men.⁵
- 1.2. The situation is starker for women who experience intersecting disadvantage and discrimination – for example, women who are racialized, disabled, or single mothers.
 - 1.2.1. In the UK, women of colour are twice as likely to be on zero-hour contracts than white men.⁶
 - 1.2.2. 30.2% of disabled women in the UK reported being trapped in severely insecure work in 2022.⁷
 - 1.2.3. In Wales, 38% of single parents – the majority of whom are women – are living in relative income poverty.⁸
- 1.3. These structural inequalities mean that women have fewer wealth and savings overall, leaving them more vulnerable to economic precarity. Consequently, women across the UK have been hit harder by the economic impacts of Covid-19 and the current cost of living crisis, and are being pushed further into debt and poverty as costs continue to rise.
 - 1.3.1. In Wales, 42% of low paid women reported falling behind on household bills, compared to 35% of low paid men.⁹
 - 1.3.2. In 2023, 58% of female workers reported being financially worse off than a year ago, compared to 43% of male workers.¹⁰
- 1.4. Women feel the effects of rising food, energy, housing and other costs more acutely as they tend to be responsible for managing the budgets of low-income households. Indeed, as the 'shock absorbers of poverty,'¹¹ mothers try to shield their children from poverty's worst effects by going without essentials in order to provide for them. These effects fall

² Ibid.

³ Living Wage Foundation (2022), Employee Jobs Paid Below the Real Living Wage

[https://www.livingwage.org.uk/sites/default/files/2022-](https://www.livingwage.org.uk/sites/default/files/2022-11/Employee%20jobs%20below%20the%20real%20Living%20Wage%202022_1.pdf)

[11/Employee%20jobs%20below%20the%20real%20Living%20Wage%202022_1.pdf](https://www.livingwage.org.uk/sites/default/files/2022-11/Employee%20jobs%20below%20the%20real%20Living%20Wage%202022_1.pdf) [accessed 06.11.23]

⁴ Office for National Statistics (2023), "Gender pay gap in UK: 2023"

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2023> [Accessed 06.11.23]

⁵ Chwarae Teg (2023) *The gendered impacts of the cost-of-living crisis*

⁶ Ibid.

⁷ Ibid.

⁸ Welsh Government (2023), *Relative income poverty: April 2021 to March 2022*

<https://www.gov.wales/sites/default/files/pdf-versions/2023/3/4/1679567757/relative-income-poverty-april-2021-march-2022.pdf> [accessed 06.11.23].

⁹ Chwarae Teg (2023) *The gendered impacts of the cost-of-living crisis*

¹⁰ Living Wage Foundation (2023), *Life on Low Pays as Inflation Begins to Ease*

[https://www.livingwage.org.uk/sites/default/files/2023-](https://www.livingwage.org.uk/sites/default/files/2023-09/Life%20on%20Low%20Pay%20as%20Inflation%20Begins%20to%20Ease.pdf)

[09/Life%20on%20Low%20Pay%20as%20Inflation%20Begins%20to%20Ease.pdf](https://www.livingwage.org.uk/sites/default/files/2023-09/Life%20on%20Low%20Pay%20as%20Inflation%20Begins%20to%20Ease.pdf) [Accessed 06.11.23]

¹¹ UK Women's Budget Group (2022), *The gendered impact of the cost-of-living crisis*

disproportionately on single mothers, who rely on a single income and lack a co-parent to share childcare responsibilities with.

1.4.1. In the UK, 54% of young women reported it being a 'real struggle' to make cash last until the end of the month, rising to 75% of single mums.¹²

1.4.2. 23% of young women reported that they have sometimes had to choose between food and heating, rising to 55% of single mums and 33% of mums with joint childcare responsibility.¹³

1.5. As noted in a recent report by the Living Wage Foundation, during periods of high inflation, women are not only more likely to be negatively impacted financially but are also more likely to experience negative psychological effects.¹⁴ The financial hardship caused by rising costs is thus also having a marked impact on women's mental health.

1.5.1. 50% of low paid women said that their level of pay affected their levels of anxiety, compared with 38% of low paid men.¹⁵

1.5.2. 8 out of 10 women say that financial anxiety is keeping them awake at night.¹⁶

1.6. Rising housing costs have recently emerged as 'one of the most urgent policy issues in the UK.'¹⁷ As with other rising costs, these are disproportionately impacting women.

1.6.1. As a result of their disadvantaged economic position and unpaid caring responsibilities, women are 'doubly impacted by the housing crisis,'¹⁸ and less able than men to afford their own homes or to rent privately.

1.6.2. This inequality also poses an additional danger to survivors of domestic and financial abuse, who may be forced into the impossible choice of living with a perpetrator or not having a roof over their heads.¹⁹

1.6.3. Research by Women's Aid found that 73% of women living with and having financial links to their abuser said that the cost-of-living crisis has either prevented them from leaving or made it harder to do so.²⁰ Rising housing costs are therefore also endangering the safety and well-being of many women across the UK.

1.7. The unequal gendered impacts of rising costs mean that women are increasingly more reliant on the UK social security system, in the hopes that it will prevent them from falling further into debt and poverty as costs continue to soar.

1.7.1. However, as discussed in more detail under Question 3, the continued nominal freeze of Local Housing Allowance (LHA) and recently announced changes to conditionality under Universal Credit have had the opposite effect.

¹² Young Women's Trust (2022), *Just Getting By: Young Women's Trust Annual Survey 2022*

¹³ Ibid.

¹⁴ Living Wage Foundation (2023), *Life on Low Pays as Inflation Begins to Ease*

¹⁵ Living Wage Foundation (2022), *Low paid work and the cost-of-living crisis disproportionately affecting women* <https://www.livingwage.org.uk/news/low-paid-work-and-cost-living-crisis-disproportionately-affecting-women> [Accessed 06.11.23]

¹⁶ Ibid.

¹⁷ UK Women's Budget Group (2019) *A home of her own: Housing and women* <https://wbq.org.uk/wp-content/uploads/2019/07/WBG19-Housing-Report-full-digital.pdf> [Accessed 06.11.23]

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ "The cost of living crisis is preventing women from fleeing domestic abuse," Sarah Davidge, Women's Aid, 1st August 2022 <https://www.womensaid.org.uk/the-cost-of-living/> [Accessed 06.11.23]

2. What long-term effects will the rise in the cost-of-living have on equalities for women?

- 2.1. The impacts of the rising cost of living are falling disproportionately on women in Wales and across the UK, pushing them further into debt and poverty as costs continue to rise. This has exacerbated the same economic inequalities that leave women vulnerable to the impacts of successive crises. Without targeted action and systematic change, rising cost of living will further entrench gender inequality in the UK, trap an increasing number of women in poverty, and widen the gender pay gap.
- 2.2. As well as economic inequality, the disproportionate stress caused by rising costs and increased conditionality under Universal Credit (discussed below), risks exacerbating the health inequalities of women. This unintended consequence has the opposite effect to that intended by the tightening of Universal Credit conditionality (i.e., to increase employment and decrease reliance on social security) by pushing more women out of the workplace due to ill-health. This, in turn, further entrenches their unequal position within the UK economy.
- 2.3. Finally, for women who experience domestic and financial abuse, rising housing costs may trap women in abusive households which they cannot afford to leave. This poses a serious risk to their safety, health and well-being.

3. How effectively is the Government's cost of living response helping women to meet the costs of essentials?

- 3.1. While government support measures such as hardship payments and increased investment in childcare are welcome, they do not go far enough to protect women from falling into debt and poverty as the cost of essentials continues to rise.
 - 3.1.1. In Wales specifically, the UK Government's failure to account for differences in funded childcare provision when tightening benefits conditionality has left some of the most vulnerable women more exposed to the impacts of the crisis.
- 3.2. **Hardship payments:** While the cost-of-living payments awarded to low-income houses on certain benefits will help to reduce the pressure on women's incomes in the short-term, they do little to address the underlying causes of the crisis and protect vulnerable households in the longer term. It is also concerning that households are being paid less this year than last, despite the impact of inflation and economic pressures being worse.
 - 3.2.1. From a gendered perspective, the fact that payments are made at a household level makes determination of the impact on women difficult to ascertain. It may also undermine women's access to an independent income, seeing as income is not always spread evenly within a household.²¹ This, in turn, risks increasing the vulnerability of women to financial abuse and to financial dependency on an abuser.
- 3.3. **Childcare:** A welcome change introduced by this year's Spring Budget was the uprating of the Universal Credit childcare support, which will now be paid upfront rather in arrears. This reform will help to protect vulnerable households and mothers from being pushed into financial hardship by fitting the bill for high upfront childcare costs.
 - 3.3.1. While we welcome the UK Government's long-overdue investment in the Early Years and Childcare sector in England, its newly announced commitment to roll out 30 hours of funded childcare to parents of 9 month to 3-year-olds by 2025 does not currently apply in Wales.

²¹ Chwarae Teg (2019), *Trapped: Poverty amongst Women in Wales today*

3.3.2. As childcare is devolved, this new Childcare Offer only applies to England. In Wales, the Welsh Government is progressing an expansion of funded provision to parents of 2-year-olds under the Flying Start Scheme, but this is place-based and restricted to 12.5 funded hours per week. There are currently no firm plans to extend provision to parents of under 2-year-olds in Wales. As noted below, the failure of the UK Government to account for these differences has clear inequitable outcomes for the women in Wales, particularly those in receipt of Universal Credit.

3.4. **Social Security:** While the changes to the Universal Credit childcare element are helpful, the expansion of sanction-backed conditionality under Universal Credit (UC) is extremely concerning from a gender equality perspective.

3.4.1. As noted in the Welfare Conditionality Project, the extreme pressure from intensified work search requirements and the looming threat of sanctions ‘triggers high levels of stress, anxiety and depression,’²² amongst claimants. Notwithstanding their evidenced ineffectiveness,²³ these reforms also lead to the exacerbation of existing physical and mental illnesses and disengagement from the social security system altogether.

3.4.2. By expanding conditionality to low-paid and non-working claimants, the impacts of these reforms will fall disproportionately on women, who are more reliant on social security and more likely to be working in part-time, low paid jobs or to be economically inactive.

3.4.3. The expansion of sanction-backed conditionality to lead carers of very young children is particularly concerning and will disproportionately impact single parents in the UK, 84% of whom are women²⁴. Without a co-parent to share childcare with, single mother claimants will struggle to meet intensified work search requirements alongside their childcare responsibilities. This will lead to an increased risk of sanctioning and is therefore likely to harm to their mental, physical and financial well-being.

3.4.3.1. As highlighted in a recent report by the Wales Women’s Budget Group²⁵, this reform is even more problematic within a Welsh context, where the newly announced England Childcare Offer does not apply. As a result, UC claimants in Wales who are lead carers of 1–2-year-olds will now be subject to sanction-backed work search requirements but will not be entitled to the same funded childcare provision as their counterparts in England to help assist meeting these requirements. In Wales, funded provisions are only available for 2.5 hours per day in defined Flying Start areas, and therefore do not reach the majority of income-deprived families.²⁶ Consequently, lead carers in Wales, the vast majority of whom are women, will struggle much

²² Welfare Conditionality Project (2018), *Final Findings Report: Welfare Conditionality Project 2013-2018* http://www.welfareconditionality.ac.uk/wp-content/uploads/2018/06/40475_Welfare-Conditionality_Report_complete-v3.pdf [Accessed 06.11.23]

²³ Wales Women’s Budget Group (2023), *Far From a Vital Safety Net: Benefit Conditionality, Sanctions and Women in Wales* <https://wwbg.org.uk/wp-content/uploads/2023/08/Far-From-a-Vital-Safety-Net-Benefit-Conditionality-Sanctions-and-Women-in-Wales.pdf> [Accessed 06.11.23]

²⁴ Office for National Statistics (ONS), *Families and Households in the UK: 2022*

²⁵ Wales Women’s Budget Group (2023), *Far From a Vital Safety Net: Benefit Conditionality, Sanctions and Women in Wales*

²⁶ “Is the Welsh Government giving a ‘Flying Start’ to all children who need it?,” Senedd Research, 21st May 2018 <https://research.senedd.wales/research-articles/is-the-welsh-government-giving-a-flying-start-to-all-children-who-need-it/> [Accessed 06.11.23]

more to meet intensified conditionality requirements alongside inadequate and unequal support for their childcare responsibilities.

3.4.3.2. This oversight by the UK Government has clear inequitable outcomes, and rather than providing a vital safety net, endangers the financial and mental wellbeing of many vulnerable women in Wales. This, in turn, undermines the very human dignity and equal respect that social security is designed to protect.²⁷

3.4.4. Additionally, the Local Housing Allowance (LHA) - which determines how much housing support low-income, private renting families can claim - has remained frozen since 2020. In the face of rising inflation rates, this nominal freeze equates to a real term cut. Freezing the LHA while renting costs soar removes a vital source of support for low-income households across the UK. Such shortfalls will be felt most acutely by women, who occupy an unequal position in the UK economy and are more likely to be single parents, relying on a single income.

4. What could the Government Equalities Office do to ensure the Government's cost-of-living measures respond to any inequalities women face?

4.1. **Social security reform:** In the short term, urgent reform is needed to strengthen the support available for women through the UK social security system. Such measures include:

4.1.1. The routine uprating of benefits in line with inflation.

4.1.2. The removal of the benefits cap, two-child limit and no recourse to public funds condition under Universal Credit.

4.1.3. Reducing the length and severity of Universal Credit sanctions and implementing an adequate warning system before any punitive action is taken, so that no household is left destitute as a result.

4.1.4. Redirecting training and resources to ensure that Work Coaches are providing high-quality, individualised and flexible employment support which will support women claimants and those from other marginalised groups to overcome the particular barriers they face when entering and progressing in work.

4.1.5. To avoid exacerbating issues of financial dependency, payment of Universal Credit and cost of living payments should be split between adults in a household, rather than paid at a household level.

4.1.6. Certain administrative powers over social security should be devolved to Wales, as in Scotland, to ensure that social security policy is fully joined up with key devolved areas such as childcare, housing and health and is delivered in a way that works best for people in Wales.

4.2. **Investing in care:** Responding to the needs of women also requires investment in the sectors and services they use and need.

4.2.1. **Childcare:** As one of the main barriers to women's workforce participation, the lack of adequately funded childcare provision reinforces the unequal economic position of women across the UK. In the context of the cost-of-living crisis, this shortfall is pushing women further into debt and poverty as costs continue to rise.

²⁷ Wales Women's Budget Group (2023), *Far from a Vital Safety Net: Benefit Conditionality, Sanctions and Women in Wales*

- 4.2.1.1. We welcome the UK Government's recent investment in childcare as a necessary measure to increase budgets in the devolved nations and to enable an expansion of high-quality childcare in Wales.
- 4.2.1.2. However, to truly respond to the inequalities women face as a result of their disproportionate caring responsibilities, the UK Government must accelerate progress towards a universal childcare offer for all parents of children aged 0-4 years (not just those in employment). Consequential funding from such an investment could then be used to further expand funded childcare in Wales.
- 4.2.2. **Health and social care:** As well as childcare, the UK Government's response to the cost-of-living crisis should prioritise investment in health and social care as vital social infrastructure which supports our economy and society.
- 4.2.2.1. As noted above, women bear a disproportionate share of caring responsibilities and are more likely to be working in health and social care related jobs than men.
- 4.2.2.2. However, chronic underfunding in the sector has resulted in gaps of provision which make it harder for women to return to work. For those women who work in the care sector, poor pay and conditions reinforces their unequal economic position. Both impacts contribute to the further entrenching of gender inequality.
- 4.2.2.3. To respond to such inequality, the UK Government must invest in a care-led recovery from the cost-of-living crisis by investing in the health and social care sectors. As with childcare, such investments are necessary to increase budgets in the devolved nations and to enable an expansion of high-quality health and social care with fair pay and conditions in sectors that women own and dominate.
- 4.3. **Gender mainstreaming and budgeting:** In the longer term, truly responding to the needs of women and the inequalities they face requires systematic change to tackle the root causes of gender inequality. To do so, all future measures to address the cost-of-living crisis must recognise its gendered nature and be developed using a robust intersectional gender analysis, along with gender-sensitive sex-disaggregated data on its potential impacts. To reduce the economic vulnerability of women to future economic crises, gender mainstreaming and gender budgeting must be incorporated into the policymaking and spending decisions at all levels of the UK Government.

Conclusion

Due to persistent gender inequality, women in Wales and across the UK are being disproportionately impacted by the cost-of-living crisis. While government support measures such as hardship payments and investment in childcare are welcome, they do not go far enough to mitigate the welfare-worsening impacts of the crisis and do not respond to its gendered nature.

To truly respond to the needs of women and the inequalities they face, the UK Government must prioritise investment in both care and social security. In the longer term, action must be taken to address the root causes of gender inequality in the UK by incorporating robust intersectional gender analysis and budgeting into all policymaking and spending decisions of UK Government. Failing to do so risks further entrenching gender inequality in Wales and across the UK.