

## **RESPONSE TO THE UK WORK AND PENSIONS COMMITTEE SHORT INQUIRY INTO THE IMPACT OF THE UNIVERSAL CREDIT HOUSEHOLD PAYMENT**

Since 2010, the UK Government has pursued an austerity agenda and programme of 'welfare reform' which will result in a total of £82 billion of cuts to the social security budget by 2020.<sup>1</sup> This is having an egregious impact on women's access to resources, security and safety, and therefore on gender equality and women's human rights. Over the decade of austerity, from 2010 to 2020, 86 percent of net 'savings' raised through cuts to social security and tax credits will come from women's incomes.<sup>2</sup>

### **1. SOCIAL SECURITY AND GENDER INEQUALITY**

Access to resources is a fundamental aspect of gender inequality. Income and other resources are often not controlled or shared equally within the household, which is a significant factor in women's economic inequality.<sup>3</sup> Financial independence is crucial for women, who are twice as dependent on social security as men due to caring responsibilities and disadvantage in the labour market.<sup>4</sup>

Payment of the Universal Credit entitlement to one partner in a couple results in less equal relationships, with one individual less able to access income. This is relevant to both sexes, but especially for women. Women are more likely to be economically dependent than men, more likely to hold caring roles, and more likely to be subject to financial and other abuse.<sup>5</sup> Research suggests that 89 percent of all women who are abused by a partner experience financial abuse as part of domestic abuse.<sup>6</sup>

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<sup>1</sup> Women's Budget Group. (2015). *The impact on women of the Autumn Statement and Comprehensive Spending Review 2015*.

<sup>2</sup> Women's Budget Group. (2016). *The impact on women of the 2016 Budget: Women paying for the Chancellor's tax cuts*.

<sup>3</sup> Joseph Rowntree Foundation. (2014). *Poverty through a gender lens: Evidence and policy review on gender and poverty*.

<sup>4</sup> Engender. (2015). *A widening gap: women and welfare reform*.

<sup>5</sup> Research by Refuge shows that 89% of women experience financial abuse as part of their experience of domestic abuse. Refuge. (2008). *What's yours is mine: The different forms of economic abuse and its impact on women and children experiencing domestic abuse*.

<sup>6</sup> Engender. (2015). *Gender Matters in Social Security: Why we need individual payments of Universal Credit*.

Under the UK system, recipients of a joint Universal Credit award are required to nominate who receives the household payment at the outset of a claim. This practice does not account for the fact that financial decision-making takes place within the context of gendered power dynamics. The majority of jointly awarded “out of work” social security programs are claimed by men, and assumptions that couples own, access and control joint bank accounts on an equal basis are unfounded.<sup>7</sup>

Below are quotes from individuals who have shared their lived experience of abuse and who emphasise the importance of an independent income for women:

“When I was growing up we partly relied on my mum's partner's income for living. He was abusive and controlling, and as such we would go without electricity or gas for days, and sometimes we wouldn't be able to eat. I know that if he had been in control of my mum's benefits things would have been a lot worse.”  
Individual

“As I can testify to, ethically held power should never be assumed. Even when couples present as equal and respectful there can be an undercurrent of coercive control that goes completely unnoticed.”  
Individual

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Last month, the Equality and Human Rights Commission (EHRC) released its research on the impact of tax and welfare reforms. After looking at Universal Credit single household payment to couples, the **EHRC found a “drastic shift in income from women to men as a result of the introduction of Universal Credit”**.<sup>9</sup> The EHRC called this finding “worrying for gender equality”.<sup>10</sup>

## **2. INTERSECTIONALITY**

The implementation of the single household payment of Universal Credit returned the UK to the “male breadwinner model”, which prioritises the needs of men, compromises women’s safety, and creates power imbalances within households. Women that face multiple inequalities across society, including disabled women, minority ethnic and refugee women are amongst those who are at particular risk of increased harm from a policy that undermines women’s access to resources.

### **Disabled women**

Systemic barriers to economic resources are amplified for disabled women. In addition to the exclusion experienced by all disabled people, many disabled women experience discrimination and stereotyping in the labour market on account of their gender.<sup>11</sup> Around

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<sup>7</sup> Women’s Budget Group. (2011). *Welfare Reform Bill 2011: Universal Credit Payment issues*. 87% of jobseekers allowance claims from someone with a partner, or a joint claim, are from a male claimant, and around 65% of income support claims that include a dependent partner are by men. Some 81 per cent of guarantee pension credit claims in couples are made by men.

<sup>8</sup> Scottish Government. (2017). *Analysis of Written Responses to the Consultation on Social Security in Scotland*.

<sup>9</sup> Equality and Human Rights Commission. (2018). *The cumulative impact of tax and welfare reforms*.

<sup>10</sup> Equality and Human Rights Commission. (2018).

<sup>11</sup> Engender, Inclusion Scotland and SDEF disabled women’s discussion forums, 2013 – 2015.

half of disabled women experience domestic abuse in their lifetime, compared with one in four non-disabled women.<sup>12</sup> Many disabled women report their partners controlling access to social security payments, which increases their isolation.<sup>13</sup> Maintaining individual entitlements for disabled women, in the form of automatic split payments of Universal Credit, would reduce the likelihood of abuse and mitigate some of these challenges and inequalities.

### **Refugee women**

For many refugee women, a single joint payment exacerbates the dependency that is already built into the current asylum and refugee family reunion processes. For many women, their eligibility to remain in the UK is dependent upon a male head of household or refugee sponsor. Many women who seek asylum with a spouse or partner will remain largely invisible as a 'dependent' on the male 'head of household's' asylum claim, and face further challenges in registering for and receiving social security entitlements if recognised as refugees and granted leave to remain. A single payment for Universal Credit increases this dependency, further restricting women's financial autonomy and independence.

The UK policy of the single household payment not only serves to entrench gender inequality, but to compound the multiple inequalities experienced by disabled women, young women, minority ethnic women, refugee women and unpaid carers; all groups of women who have less access to income due to additional barriers and layers of disadvantage.

### **3. CHILD POVERTY**

The links between women's access to income and child poverty are well established.<sup>14</sup> Women continue to make up the majority of main carers, tending to spend more on children's well-being. As highlighted earlier, income and other resources are often not controlled or shared equally within the household.<sup>15</sup> Literature on poverty in the UK has captured this reality for women. One study explains that in households where men are "the sole breadwinners, their partners may not get equal access to earnings entering the household, which appears to be the case in some low-income families...**In some low-income households, parents, but especially mothers, forego their own consumption to meet the demands of their children**".<sup>16</sup> Economic dependency is particularly acute in households where women experience domestic violence:

*Mothers experiencing domestic violence are more likely to become lone parents, less likely to be earning independently, and more likely to report their families getting into financial difficulties, with family incomes sometimes withheld from the victim and child*

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<sup>12</sup> Women's Aid. (2007). *Disabled women and domestic violence: Making the links*.

<sup>13</sup> TUC and Women's Aid. (2015). *Unequal, Trapped and Controlled: Women's experiences of financial abuse and potential implications for Universal Credit*.

<sup>14</sup> Women's Budget Group. (2005). *Women and children's poverty: Making the links*.

<sup>15</sup> Joseph Rowntree Foundation. (2014). *Poverty through a gender lens: Evidence and policy review on gender and poverty*.

<sup>16</sup> Bradshaw, J. et al.

*as part of a pattern of abuse. All of this...places their children at greater risk of suffering poverty.<sup>17</sup>*

There is evidence to suggest that spending on children is linked to benefits that are labelled for that purpose. Currently, child tax credit is paid to the main carer. However, the respective elements of Universal Credit are not itemised beyond the initial payment. Women who qualify for child elements of Universal Credit face restricted transparency and control over budgeting for their children. This could be addressed by a split payment system which allocates benefits related to children to the main carer. Likewise, where criteria or responsibility for other elements, such as disability, housing and caring, are met by one individual, the given amount should be dispersed accordingly. The remainder could then be split equally between members of a couple.

#### **4. THE SINGLE HOUSEHOLD PAYMENT: INFRINGING WOMEN'S RIGHTS**

The UK Government is signed up to meeting the requirements of the United Nations (UN) Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). On a regular basis, the UN Committee responsible for CEDAW (the CEDAW Committee) questions states that have ratified the treaty, including the UK, on their progress towards guaranteeing women's human rights. The last review by the CEDAW Committee on the status of women's rights in the UK occurred in 2013. In its concluding observations, the CEDAW Committee reported the following:

*The Committee notes the reforms to the welfare benefit system in order to consolidate benefits and tax credits into a single payment under the Universal Credit system. **However, it is concerned that, under the Universal Credit system, benefits and tax credits will be paid into a bank account of one member of the family, which poses risks of financial abuse for women due to power imbalances in the family, particularly if payment is made to an abusive male spouse.** [Emphasis added]*

*The Committee urges the State party to adopt preventive measures against potential exploitation of the Universal Credit system by an abusive male spouse.<sup>18</sup>*

In response to evidence given by Engender and other equalities organisations in England, Wales and Scotland, the CEDAW Committee recommended the UK Government take action to reduce the risk presented to women's safety and equality by the Universal Credit single household payment.

To date, no action has been taken by the UK Government in response to the CEDAW Committee's recommendation. Most recently, the Secretary of State for Work and Pensions, Ms. Esther McVey, appeared before the Scottish Parliament's Social Security Committee, where she was asked by Mark Griffin MSP whether the UK Government supported automatic split payments of Universal Credit between two individuals in a single household. The

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<sup>17</sup> Women's Budget Group. (2005). *Women's and Child's Poverty: Making the Links*.

<sup>18</sup> United Nations. (2013). *Concluding observations on the seventh periodic report of the United Kingdom of Great Britain and Northern Ireland*.

Secretary responded that the UK Government is “not looking for automatic split payments” of Universal Credit.<sup>19</sup>

## 5. PAYMENT STRUCTURE OF UNIVERSAL CREDIT

### 5.1. Support for automatic split payments

Universal Credit has been an ongoing discussion in Scotland since the devolution of three Universal Credit flexibilities to the Scottish Government. Under the Scotland Act 2016, the Scottish Government has the power to automatically split payments of Universal Credit. **On April 25, 2018, the Scottish Parliament voted to include a commitment to implement automatic split payments of Universal Credit on the face of the Social Security (Scotland) Bill, recognising that this payment structure will promote and protect women’s safety and security.**

In 2017, the Scottish Government launched a consultation on social security, asking a number of questions related to the future of the social security system in Scotland. One question was dedicated to seeking views on the split payment of Universal Credit. In late 2017, the Scottish Government released its findings of the consultation. The following are the results to the question on split payments:

**Question - Should payments of Universal Credit be split between members of a household? Please explain why.**

Table 13.2 Should payments of Universal Credit be split between members of a household?					
Respondent group	Number	Yes		No	
		%	Number	%	Total
Individuals	73	78%	21	22%	94
Organisations	93	99%	1	1%	94
<b>All respondents answering</b>	<b>166</b>	<b>88%</b>	<b>22</b>	<b>12%</b>	<b>188</b>

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As demonstrated, there was overwhelming support for the automatic split payment of Universal Credit. The main reason cited for supporting automatic individual payments was that it was required to prevent power imbalances within relationships and households.<sup>21</sup> As found by the Scottish Government in its analysis of responses:

*Often, respondents emphasised that money can be used as a tool in domestic abuse situations. Respondents often emphasised the impact that this has on women in particular. There was great concern that the approach to Universal Credit would effectively mean more men receive benefits on behalf of the household, and that this would exacerbate existing problems. The Engender response – which was referred to and supported by other respondents – expresses the view that the changes under Universal Credit represent a regressive step for women’s rights. For many, this was a*

<sup>19</sup> BBC News. (2018). *Live Reporting: Social Security Committee*.

<sup>20</sup> Scottish Government. (2017). *Analysis of Written Responses to the Consultation on Social Security in Scotland*.

<sup>21</sup> *Ibid.*

*point of principle. Respondents at times emphasised that people with other protected characteristics or experiencing disadvantage would be especially affected.*<sup>22</sup>

Further, one individual respondent wrote in his/her consultation response that split payments was a “necessity”.<sup>23</sup> More specifically, he/she wrote:

“This is a necessity. If a partner has an addiction (gambling, alcohol, drugs etc.) and is in sole control of UC payments, then the rest of the family may suffer from a lack of cash to buy essentials.”

Individual

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## 5.2. Universal Credit must be automatically split

On April 16, 2018, the Secretary of State for Work and Pensions appeared before the Scottish Parliament’s Social Security Committee. As mentioned earlier, she highlighted during her testimony that she was not pursuing split payments of Universal Credit. Instead, she noted that people who needed a split payment due to domestic abuse would receive one. She then went on to say that she thought it would be helpful to women to have to disclose domestic violence to the UK Department of Work and Pensions because they could then be signposted to third sector support. This approach is fundamentally flawed for several reasons:

- It places women and their children at an increased risk of an escalation of domestic abuse.<sup>25</sup> A reduction in the amount of money her partner receives will make him aware that she has disclosed her situation and is looking for help. It is critical practice in responding to a disclosure of domestic abuse that this information remains confidential. A system which actively ensures that a perpetrator will be made aware that his partner has defied his control and disclosed she is a victim of domestic abuse is neither safe nor credible.
- Women’s Aid found that 85 percent of women agreed or strongly agreed that the Alternative Payment Arrangement (APA) to split payments in cases of domestic abuse would make the abuse worse when their partner found out.<sup>26</sup> Again, due to the reality outlined above.
- Relevant staff responsible for making an APA decision within the UK Department of Work and Pensions (e.g. decision maker/work coach) are not appropriately trained to identify or respond to disclosures of domestic abuse or to assess and address risk. The Minister for Family Support, Housing and Child Maintenance in his response to this Committee *confirmed that all staff will complete a topic on safeguarding as part of*

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<sup>22</sup> *Ibid.*

<sup>23</sup> *Ibid.*

<sup>24</sup> *Ibid.*

<sup>25</sup> Barnish, M (2004) Domestic Violence: A literature review. HM Inspectorate of Probation, London

<sup>26</sup> TUC and Women’s Aid. (2015). *Unequal, Trapped and Controlled: Women’s experiences of financial abuse and potential implications for Universal Credit.*

*their foundation learning.*<sup>27</sup> As Universal Credit is rolled out across the UK, how many of the relevant staff have still to receive appropriate training?

- In our experience, UK Department of Work and Pensions local area offices have limited knowledge of specialist domestic abuse services in their areas and do not have referral systems or protocols for information sharing to ensure women receive support. Signposting is not an adequate referral method.
- APAs require a monthly manual adjustment to the Universal Credit claim by a decision maker or work coach. As such, they are temporary arrangements and not a permanent alternative to the single household payment. APAs were designed to provide transitional extra support as ‘managed payments’ for individuals struggling with the change to monthly budgeting and not as a permanent arrangement.<sup>28</sup>

The single household payment for UC is different in design from the legacy benefits it replaces in that all individual and child related benefits are combined in one single household payment. Previously women were entitled to an independent income, and most child related payments, child benefit and child tax credits are paid to women. For women who experienced financial abuse, access to child benefit and child tax credits was essential in enabling them to provide for their children and, for many, to use to leave their abusive partner. The single household payment is gift to perpetrators of domestic abuse as it rapidly facilitates and legitimises what may previously have taken months or years of coercive control to achieve.

As we have highlighted, any policy outside automatic split payments of Universal Credit will fall woefully short of the change needed to contribute to women’s safety and financial independence.

## **6. RESPECT, PROTECT AND PROMOTE WOMEN’S EQUALITY**

The UK system of offering single household payments of Universal Credit fails those who need the most support, including women, disabled people and refugees. The continued reliance by the UK Government on this regressive payment structure has been criticised within the UK as well as internationally. The single household payment is a barrier to women’s equality. It jeopardises women’s safety and well-being and, in the case of mothers, the safety and well-being of their children. Every woman is entitled to an independent income, and it is within the remit of the UK Government to provide women with the financial resources necessary to realise their human rights, including the right to food, security and housing.

Based on evidence and our experiences of working with women, we strongly urge the UK Government to implement automatic split payments of Universal Credit.

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<sup>27</sup> <https://www.parliament.uk/documents/commons-committees/work-and-pensions/Correspondence/Letter-from-Minister-for-Family-Support-Housing-and-Child-Maintenance-to-the-Chair-regarding-Universal-Credit-and-domestic-abuse-victims-27-March-2018.pdf>

<sup>28</sup> DWP Personal Budgeting Support and Alternative Payment Arrangements Guidance April 2018

#### **FURTHER INFORMATION:**

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#### **ABOUT ENGENDER:**

Engender is a membership organisation working on feminist agendas in Scotland and Europe, to increase women's power and influence and to make visible the impact of sexism on women, men and society. We provide support to individuals, organisations and institutions who seek to achieve gender equality and justice.

#### **ABOUT SCOTTISH WOMEN'S AID:**

Scottish Women's Aid (SWA) is the lead organisation in Scotland working towards the prevention of domestic abuse and plays a vital role in campaigning and lobbying for effective responses to domestic abuse. SWA is the umbrella organisation for 36 local Women's Aid organisations across Scotland; they provide practical and emotional support to women, children and young people who experience domestic abuse. The services offered by our members include crisis intervention, advocacy, counselling, outreach and follow-on support and temporary refuge accommodation.