

## **Women's Budget Group Input into Just Fair's submission to UN Committee on Economic, Social and Cultural Rights (CESCR)**

### **About Us**

The UK Women's Budget Group (WBG) are an independent network of leading academic researchers, policy experts and campaigners that analyses the gendered impact of economic policy on different groups of women and men and promotes alternative policies for a gender equal economy. We welcome the opportunity to contribute to this submission.

### **The Gendered Impact of the Cost-of-Living Crisis**

- The inflation rate for July 2022 was 10.1%, reaching a 40-year record. The increase in the price of food, energy and transport has had a negative impact on the most vulnerable households.
- Due to lower wages and savings, women are less prepared to face the rise in the cost of living. After a decade of stagnant incomes and with real incomes falling, it is urgent to take action to protect families from poverty
- The impact of the energy crisis on public services and small businesses is also likely to hit women particularly hard, as they are the majority of workers in most affected sectors like social care and education, and hospitality and retail.
- **Food prices** have risen by 12.6% in the last year. The cost of some essentials like milk, pasta, bread, cereals, cheese and eggs have risen even faster. Sanitary products have also increased in price, making them unaffordable for many women and girls.
- **The cost of energy** has risen sharply in the last year. It is estimated that by October 2022, bills will increase by 65%. Many families will fall into fuel poverty, being forced to decide between eating or heating during the winter.
- Increased **transport costs** have contributed to high inflation in the last months. Transport prices have increased 15% in the last year, driven mainly by motor fuels.
- **Housing costs** have also risen in the last year. The gender gap remains, making it harder for single women to afford private rent. Local Housing Allowance rates are frozen to 2020 levels, which means more people will have wider gaps between support and housing costs.
- **Childcare costs** for two-year-olds and under absorbs nearly half of women's average earnings. Childcare is currently unaffordable for many families, and women generally take up care responsibilities with their unpaid labour, undermining their financial resilience.

- An increase in the cost of living will hit the poorest hardest. Women are more likely to be poor,<sup>1</sup> and have been hit harder by cuts to social security and provision of public services over the past decade.<sup>2</sup>
- Women have lower levels of savings and wealth than men.<sup>3</sup> Even before Covid women were more likely to be in debt and this has worsened as a result of the pandemic.<sup>4</sup>
- Women's caring responsibilities mean that they are often less able than men to increase their hours of paid work, as childcare costs were increasing above the rate of inflation for several years before this crisis.<sup>5</sup>
- Women are the 'shock absorbers of poverty'. They tend to have main responsibility for the purchase and preparation of food for their children and families,<sup>6</sup> and for the management of budgets of poor households.<sup>7</sup>
- Poverty rates are significantly higher among people from Bangladeshi (53%), Pakistani (48%) and Black (40%) ethnic groups than among White people (19%),<sup>8</sup> making it harder to meet rising living costs.
- Disabled people were already facing on average an extra £583 in costs per month due to their impairment or condition.<sup>9</sup> Even prior to Covid-19, over a third of disabled workers were having to cut back on food and heating.<sup>10</sup>
- Single parents, most of whom are women, have been hit particularly badly by Covid-19 with a third in financial difficulty, and 11% in problem debt.<sup>11</sup> Prior to the pandemic 84% of single parents, reported savings of less than £1,500.<sup>12</sup>
- Victims/survivors of domestic violence and abuse, including economic abuse, are likely to find it harder to leave an abusive relationship if they are unsure if they will be able to support themselves and their children as living costs rise.<sup>13</sup>
- Women with 'no recourse to public funds', who are excluded from claiming social security benefits are at high risk of poverty, and often destitution, if they lose work, or separate from a partner.<sup>14</sup>

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<sup>1</sup> WBG (2018) The Female Face of Poverty (<http://bit.ly/2CRlx8N>)

<sup>2</sup> WBG and Runnymede Trust (2017) Intersecting Inequalities (<http://bit.ly/2IE07Wn>)

<sup>3</sup> WBG (2018) Savings and Investments: Gender Issues (<https://bit.ly/3ihGWvO>)

<sup>4</sup> WBG (2021) Household debt, gender and Covid-19 (<https://bit.ly/3tlaxD>)

<sup>5</sup> WBG (2022) Spring Budget 2022: Childcare and gender (<https://bit.ly/3ixHzSd>)

<sup>6</sup> Food Standards Agency (2017) *The Food and You Survey* (<http://bit.ly/2FCtsqs>)

<sup>7</sup> WBG (2005) *Women's and children's poverty: making the links* (<http://bit.ly/2zIUJa5>)

<sup>8</sup> JRF (2022) UK Poverty 2022 (<https://bit.ly/3idFnPp>)

<sup>9</sup> Scope (May 2020) *The Disability report: Disabled people and the coronavirus crisis* (<https://bit.ly/34VGdLo>)

<sup>10</sup> TUC (2019) *Disability employment and pay gaps 2019* (<http://bit.ly/2yvcwzA>)

<sup>11</sup> Step Change (2021) Stormy Weather: Covid 19 and Debt (<https://bit.ly/3tkpxci>)

<sup>12</sup> ONS (2021) Family Resources Survey: financial year 2019 to 2020 (<https://bit.ly/3lqWOa4>)

<sup>13</sup> TFN blog (21 Feb 2022) Charities warn rising bills could put domestic abuse survivors at greater risk (<https://bit.ly/3KV3sGS>)

<sup>14</sup> WBG (2020) Migrant women and the economy (<https://bit.ly/2U8USfL>)

## Recommendations

- The benefits system is not protecting families from this crisis, stretching millions of households in the UK to the limit. With no option to recover financially after the Covid-19 crisis, many families no longer have savings and have been forced into debt to survive.
- Structural inequalities imply that women, single mothers, disabled people, large families, and low-income households are affected much more severely.
- This crisis will not end anytime soon. Prices will continue to rise, pushing millions of families into poverty. The government's response cannot wait. Social assistance must consider disadvantaged groups to prevent inequalities from widening. Additional taxes for energy companies could help pay for support for the most vulnerable.

1. **Social security:** the cost-of-living crisis is going to last for at least all of 2023 and the support needs to respond to the extension of the crisis.

Benefits should keep pace with inflation to support real incomes of disadvantaged households.<sup>15</sup> Failing to do so has resulted in impoverished families.

The government's response has been based on one-off payments at the household level. Larger families are receiving a lower per capita amount compared with single-person households. Economic support needs to be aligned with the households' size and corresponding higher costs.

- *Benefit uprate brought forward to October 2022, in line with current inflation*
- *Child benefit increased to £50 per week per child to proportionately support larger families with increasing costs*
- *End punitive measures, including the two-child limit, benefit cap, and deductions.*

2. **Windfall tax:** some energy companies have made record profits in the last months.<sup>16</sup> IPPR research shows that, compared with pre-pandemic levels, the energy sector's profits have increased by \$12 billion.<sup>17</sup> Shell and BP are companies with significant high profits in the energy sector, with an increase in profits of £7.6 billion and \$4.4 billion, compared with pre-pandemic levels. Between April and June 2022, the profits of BP reached nearly £7bn.<sup>18</sup>

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<sup>15</sup> Work and Pensions Committee (2022), ['The Cost of Living'](#). House of Commons

<sup>16</sup> Jolly (2022), ['Shell and Centrica Post Profits Totalling £11bn as Households Struggle with Bills'](#).

<sup>17</sup> Hayes and Jung (2022), ['Prices and Profits after the Pandemic'](#).

<sup>18</sup> Jolly (2022), ['BP Profits Triple to £7bn as Oil Prices Surge Because of Ukraine War'](#).

- *Windfall tax superdeduction and other tax subsidies to energy producers abolished. This could help pay for support to the most vulnerable.*

3. **Energy sector overhaul:** an overhaul of the energy sector is needed to prevent two-thirds of families in the UK from plunging into fuel poverty by January 2023<sup>19</sup> and end the profiteering from an essential by large corporations. Retrofitting efforts should also be ramped up to improve the energy efficiency of our buildings, which would lead to lower demand and lower costs.

- *Energy sector overhaul to prevent most families from fuel poverty and end profiteering during the energy crisis.*
- *Deliver a faster climate transition by accelerating the rollout of home retrofitting.*

See [here](#) for all the briefings in our cost-of-living series.

### **Social Security**

- Women are more likely than men to rely on social security for a larger part of their income because of their greater caring responsibilities which lead to lower earnings, and increased risk of poverty.
- Policy changes since 2010 – including a reduction in the value of social security, the two-child limit, the benefits cap, and the introduction of Universal Credit – have had a disproportionate impact on women and in some cases exacerbated gender inequality.
- The household-based means test undermines women’s access to an independent income.
- Lone parents, domestic abuse survivors, disabled women and BAME women have been particularly badly affected.
- There has been an increase in poverty among women, children, and those in work.

### **Recommendations**

In the immediate term:

- *An increase in benefits to keep pace with inflation*
- *the abolition of the benefits cap and the two-child limit*

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<sup>19</sup> P Crerar (Aug 2022) [Two-thirds of UK families could be in fuel poverty by January, research finds](#). The Guardian

- *the conversion of Universal Credit advances into non-repayable grants and/or end of five-week wait*
- *increases in ESA, Jobseekers' Allowance and Statutory Sick Pay*
- *an increase in Child Benefit to £50*
- *an extension in SSP eligibility and an increase in the SSP rate*
- *and an end to the 'No recourse to public funds' condition.*

In the long-term

- *We need a social security system that supports women's access to an independent income. This means moving away from a household-based means test.*

For more information on social security, see our latest briefing [Social security and gender](#) (Spring 2022)

## **Housing**

- Housing is fundamental to life, security, and wellbeing as well as tackling climate change and working towards a zero-carbon future.
- Women face specific challenges securing homes that are affordable and suitable for them and their families, this is a consequence of structural inequalities.
- Women's housing situation differs from that of men, and is generally poorer, in terms of affordability, ownership, safety and overcrowding.
- Women are the majority of people statutorily homeless and single mothers make up two-thirds of homeless families with children.

## **Recommendations**

In the immediate term:

- *Restore the link between LHA and actual rental prices: raise LHA to the 50th percentile to ensure those on housing benefit don't face rent shortfalls.*

In the long term:

- *The Government needs to commit to investing in social housing, building new, low carbon homes with guaranteed low rents.*

For more information on housing, see our latest briefing [Housing and gender](#) (Spring 2022)