

Senedd Cymru

Pwyllgor yr Economi, Masnach a Materion Gwledig  
Costau byw  
COL-07  
Ymateb gan: Chwarae Teg

Welsh Parliament

Economy, Trade, and Rural Affairs Committee  
Cost of living

Evidence from: Chwarae Teg



## Chwarae Teg submission to the Economy, Trade and Rural Affairs Committee

### Cost of Living

May 2022

#### Introduction

Chwarae Teg is Wales' leading gender equality charity. We work to secure a fairer Wales where all women achieve and prosper, ensuring that women enjoy economic equality, are fairly represented in all walks of life and are no longer at risk of poverty, violence and exclusion.

The cost of living crisis will have a profound impact on households and businesses over the coming months. It is vital that the policy response from government takes into account that the crisis does not impact on all equally. This is the result of long standing inequality, that sees the same groups – women, ethnic minorities, disabled people, people on low incomes - left more vulnerable to successive crises. As a result of deep rooted gender inequality, women are more exposed to the cost of living crisis and thus it is vital that women's needs and lived experiences inform the policy response.

#### Key messages

1. Women are at risk of being disproportionately impacted by the cost of living crisis due to their unequal position in the economy, which is in turn shaped by unequal sharing of caring responsibilities and gender stereotypes.
2. While support measures to help with the cost of living crisis are welcome, it is vital that government also takes action to tackle the **causes** of the cost of living crisis. Any action taken must also recognise and respond to inequality.
3. Data related to the cost of living crisis is not routinely disaggregated by protected characteristics making it challenging to ascertain the full impact of the crisis on

particular groups. Measures related to poverty levels, debt and deprivation should be disaggregated by gender as a matter of routine.

## Detailed Response

### 1. What are the likely economic impacts of the cost-of-living crunch? How are cost of living pressures affecting the workforce, and how are different groups within the workforce being affected?

#### Women in the economy

- 1.1. Women's continued unequal position in the economy puts them at greater risk of being negatively impacted by the cost of living crisis. Current available data from the ONS reveals that 73% of women have seen an increase in their cost of living.<sup>1</sup>
- 1.2. This economic inequality presents itself in multiple way but two areas critically important to the cost of living crisis are women's positions in the workforce and their increased risk of poverty.
- 1.3. Overall economic inequality between women and men is caused by a multitude of factors. Existing economic structures and norms create and reproduce inequality, with both paid and unpaid work of women being undervalued.
- 1.4. Regarding the workplace, the type and quality of work held by women makes achieving genuine gender equality a challenge, and leaves women more vulnerable to the negative impacts of the cost of living crisis.
  - 1.4.1. Wales' gender pay gap in 2021 stood at 12.3%.<sup>2</sup>
  - 1.4.2. Women are more likely to be in part-time work with 37.3% of women working part-time hours compared to 11.4% of men.<sup>3</sup>
  - 1.4.3. Women are more likely to be on insecure contracts and employed in roles where lower pay is commonplace.<sup>4</sup>

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<sup>1</sup> ONS, 2022. *Impact of increased cost of living on adults across Great Britain*. Available from: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/datasets/impactofincreasedcostoflivingonadultsacrossgreatbritain>

<sup>2</sup> Chwarae Teg, 2022. *State of the Nation 2022*

<sup>3</sup> Ibid

<sup>4</sup> Ibid

- 1.5. In many cases, even when the option to take on more hours at work is available, women are unable to do so, due to either the cost of additional childcare or the need for them to cover caring responsibilities themselves. Research has shown that this issue is even more acute for women who are single parents.<sup>5</sup>
- 1.6. In many cases women are the second earner in a household. This income has been shown to be vital to lift a household above the poverty threshold and provides women with an independent source of income.<sup>6</sup> Any external pressures on this income – such as the cost of living crisis – therefore risks pushing more households into poverty.
- 1.7. Women are also more likely than men to be economically inactive. Data reveals that 27.6% of women are economically inactive compared to 21.6% of men. 24.1% of economically inactive women cite looking after the family/ home as the reason for their economic inactivity.<sup>7</sup> Economically inactive women are inevitably more exposed to the full impact of the cost of living crisis.
- 1.8. This inequality in our economy not only impacts individuals but our economic performance. Analysis carried out in 2018 suggested that £13.6bn could be added to Wales’ economy as a result of gender equality in the labour market.<sup>8</sup> The cost of living crisis will be shaped by existing inequality and may further entrench this inequality, which will not only result in greater hardship for women and many other disadvantaged groups, but will hold back Wales’ economic recovery.

## Budgeting

- 1.9. In many households, especially low-income ones, women are responsible for budgeting. Budgets are often managed to the penny to ensure that all costs are met.
- 1.1. Research conducted in 2019 documents how when money was tight women frequently go without in order to provide for children. This includes basic toiletries, food, and heating.<sup>9</sup> A number of women noted that they only bought clothes out of necessity and went without haircuts.<sup>10</sup>
- 1.2. Unexpected costs impact on women’s budgeting, with many low-income households unable to cover unexpected expenditure. Statistics from the ONS reveal that 29% of households would be unable to afford an unexpected expense of £850.<sup>11</sup>

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<sup>5</sup> Chwarae Teg, 2019. *Trapped: Poverty amongst women in Wales today*

<sup>6</sup> Ibid

<sup>7</sup> Chwarae Teg, 2022. *State of the Nation*

<sup>8</sup> Chwarae Teg (2018) *The Economic Value of Gender Equality*

<sup>9</sup> Ibid

<sup>10</sup> Chwarae Teg (2019) *Trapped: Poverty amongst women in Wales today*

<sup>11</sup> ONS, 2022. *Impact of increased cost of living on adults across Great Britain*. Available from:

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/datasets/impactofincreasedcostoflivingonadultsacrossgreatbritain>

- 1.3. In times when women need to borrow, they are more likely to borrow from family and friends, rather than formal lenders.<sup>12</sup>
  - 1.3.1. The fact that women borrow money on a more informal basis makes it much harder to understand indebtedness amongst women as a whole.
  - 1.3.2. Data from the ONS reveals that 14% of women are borrowing money from family and friends in order to help cover the rising cost of living.<sup>13</sup>

## Poverty

- 1.4. Rates of poverty remain stubbornly high in Wales. Women's risk of poverty is linked to their position within the labour market and households. Women continue to be at a greater risk of falling into poverty, and their risks and experiences of poverty often differ to that of men.
    - 1.4.1. Data shows that single parents are the groups which is most at risk of living in poverty. 46% of single parent households are living in relative income poverty.
    - 1.4.2. The vast majority of single parent households – around 85% – are women.<sup>14</sup>
  - 1.5. Evidence shows that not all household resources are pooled which makes ascertaining a full picture of women's poverty in Wales a challenge, as poverty is currently measured at a household level.
  - 1.6. In order to tackle the full impacts of the cost of living crisis, it is vital that policy makers understand how the crisis impacts different groups in order to ensure that policy initiatives provide the right solutions for everyone. Solving the data issues around poverty is therefore more important than ever.
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- 2. How are cost of living challenges impacting upon businesses and economic sectors, and how are businesses responding to these?**
    - 2.1. Costs incurred by businesses in the process of delivering services are increasingly likely to be passed on to consumers. We are concerned that the cost of living crisis will disproportionately cause an increase in the cost of services used and needed by women.

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<sup>12</sup> Chwarae Teg (2019) *Trapped: Poverty amongst women in Wales today*

<sup>13</sup> ONS, 2022. *Impact of increased cost of living on adults across Great Britain*. Available from: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/datasets/impactofincreasedcostoflivingonadultsacrossgreatbritain>

<sup>14</sup> ONS, 2022. *Families and households*. Available from: <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/datasets/familiesandhouseholds>

- 2.2. We know that affordable and accessible childcare is vital to achieving gender equality. Many parents are currently unable to afford childcare which impacts on women's ability to enter and progress in work.
- 2.3. The current cost of childcare is prohibitive for many who are not eligible for subsidised provision. Full-time childcare in Wales for children under two costs £227.64 per week.<sup>15</sup> Women's average weekly income in Wales is £380, meaning that full-time childcare takes up 60% of their income.<sup>16</sup>
- 2.4. It is vital that the cost of childcare does not increase further as a consequence of the cost of living crisis as any increase will disproportionately impact women and force many into deciding whether they can afford to work.

**3. How effective are the support measures that the Welsh and UK governments have put in place, and what further support might be needed over the coming months?**

- 3.1. Although support for managing the cost of living crisis from both Welsh and UK governments is welcome, we believe there is more that can be done.
- 3.2. Government must do more to address the causes of the cost of living crisis as well as providing support with the impacts of the crisis.
- 3.3. It is questionable whether support measures such as the recent council tax rebate for households in council tax bands A-D are reaching those most in need of support. The payment of council tax rebate assumes that resources are shared equally within a household but as highlighted previously, this is not always the case.
- 3.4. As we have highlighted previously, the current social security system does not provide the safety net it is supposed to.<sup>17</sup> Universal Credit continues to have a number of issues from an gender equality perspective, from the lack of a work allowance for second earners to payment to a single person within a household and payment in arrears for childcare support.
  - 3.4.1. In Wales 54.5% of Universal Credit claimants are women. Women are also more likely than men to be in receipt of Universal Credit and in work - 43% of women claimants are in work compared to 34% of men.
  - 3.4.2. The UK Government should urgently reinstate the £20 uplift to Universal Credit to help those most in need.
  - 3.4.3. Recent research from the Bevan Foundation has also highlighted the impact of the continued rollout of Universal Credit on Welsh households. 160,000 Welsh households are due to be migrated onto Universal Credit by the end of 2024 presenting the UK Government with a major logistical challenge.

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<sup>15</sup> Coram Family and Childcare (2021) *Childcare Survey 2021*

<sup>16</sup> ONS, 2021 *Annual Survey of Hours and Earnings 2021 Provisional results* Accessed via Nomis 27.10.21

<sup>17</sup> Chwarae Teg (2022) *State of the Nation 2022*; Chwarae Teg (2021) *Manifesto for a Gender Equal Wales*

- 3.4.4. Not only does the number of households to be migrated present a logistical challenge, but many of those in receipt of legacy benefits are likely to be unable to work, have a long-term health condition, and are more likely to have children.
- 3.4.5. There is a real risk that in the process of rolling out Universal Credit, households will experience major financial hardship or fall through the cracks of the social security system.
- 3.5. It's also important to note that this crisis is hitting at a time when Wales is seeing a reduction in funding that is focused on tackling poverty and inequality. European funding has enabled projects and programmes to be delivered across Wales, that support those who are most marginalised and tackle the root causes of inequality.
  - 3.5.1. While the funding announced by the UK Government to date through the UK Shared Prosperity Fund (SPF) is welcome, analysis suggests that Wales will be receiving less than under the previous funding regime. We would like to see prior commitments met, which outlined that Wales would not receive less money than under EU-funding.
  - 3.5.2. The lack of Wales-wide infrastructure for the administration and delivery of the SPF presents a particular challenge in tackling issues such as poverty and inequality in a strategic way. Although issues such as these affect different communities differently, the lack infrastructure for Wales-wide working risks funding being awarded to ineffective interventions and needless duplication.
  - 3.5.3. The UK Government's approach to Levelling Up is explicit in that its approach is based on 'Place', as opposed to 'People'. We are concerned that equality and diversity are not central to the aims of the SPF, and that communities of people who share common barriers to full participation in labour market and society regardless of their geography could be overlooked in a place based approach- for example women, people of colour, disabled people. In order to deliver on the goals of the SPF, it is vital that equality and diversity are central to the planning and awarding of funding since we need to ensure that that the Fund delivers for everyone and does not further entrench long-standing inequalities.

## **Conclusion**

Due to long-standing inequality, women are at risk of being disproportionately impacted by the cost of living crisis. Women dominate in low paid, insecure work, are more likely to go without in order to make ends meet and are more reliant on public services such as childcare.

As the crisis deepens we are likely to see increased risk of hardship among women, particularly for ethnic minority women, disabled women and others who face intersectional disadvantage.

The response from both the Welsh and UK Governments must recognise the gendered nature of this crisis, and ensure that any action taken responds to the different experiences and needs

of women. As well as providing urgent support to deal with the impacts of the crisis, whether that's through hardship payments, support with bills or improvements to the social security system, it's also imperative that action is taken to address the causes of the cost of living crisis and the underlying inequality that is once again leaving the same groups of people most vulnerable to the worst of the impacts.

#### **Who are we?**

Our vision is for a fairer Wales where all women can achieve and prosper. Our mission is to inspire, lead and deliver gender equality in Wales.

Chwarae Teg is committed to a Wales where all women are represented, empowered and able to prosper at all levels in the economy and public life regardless of their background or social status.

Chwarae Teg is registered charity. Charity number: 1084466 – FAIRPLAY (Workforce) Ltd.

