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## Introduction

Recent changes to the social security system have had a disproportionate impact on women, with 80% of savings made on tax and welfare reforms estimated to have come from women's pockets.<sup>1</sup> This is often due to women's increased likelihood to be a benefits recipient due to their lower rates of economic activity, and women's prevalence in low-paid, part-time and insecure work.

Welsh Government have recognised the negative impacts of welfare reform on women, with the Deputy Minister for Housing and Local Government stating in a recent debate that austerity and welfare reform is 'anti-women'.<sup>2</sup> However, while Welsh Government have recognised these negative impacts, they have been limited to mitigation due to the limitations of devolved powers. In his report on his visit to the UK, the UN Rapporteur on Extreme Poverty and Human Rights said: *"In the absence of devolved power over social security benefits, the Welsh Government's capacity to directly mitigate the reduction in benefits is limited, thereby shifting the burden to low-income households"*.<sup>3</sup> Welfare reforms and benefits have a real impact on people in Wales, and devolving elements of the benefits system could potentially enable Welsh Government to make a more significant difference.

There are specific conditions in Wales that need to be taken into account throughout any consideration of devolving benefits powers. Wales has a relatively higher poverty rate than the rest of the UK, with 24% of households in Wales living in income poverty.<sup>4</sup> The fact that poverty is measured at a household level means that the extent of women's poverty is hidden, and it's difficult to ascertain exactly how many women in Wales experience poverty. However, we know that women are at greater risk of poverty; they are more likely to be second earners in the household, to work in low-paid sectors, and we know that 46% of single-parent households are living in poverty, with 90% of single parents being women.<sup>5</sup> In addition, a higher proportion of the Welsh population is economically inactive compared to the UK average, meaning that changes to benefits are likely to have a more significant impact in Wales.<sup>6</sup> Women are more likely to be economically inactive than men, at 27.2% compared to 19.6% and

<sup>1</sup> Chwarae Teg, State of the Nation, 2019, <https://chwaraeteg.com/research/state-of-the-nation-2019/>

<sup>2</sup> National Assembly for Wales, Record of Proceedings: 19.03.19, accessed via: <http://record.assembly.wales/Plenary/5569#A49710>

<sup>3</sup> Professor Philip Alston, UN Commissioner on Extreme Poverty and Human Rights, Statement on Visit to the United Kingdom, 2018 <https://ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?LangID=E&NewsID=23881>

<sup>4</sup> Chwarae Teg, State of the Nation, 2019. <https://chwaraeteg.com/research/state-of-the-nation-2019/>

<sup>5</sup> Ibid.

<sup>6</sup> EHRC, 2018, Is Wales Fairer? The state of equality and human rights 2018, <https://www.equalityhumanrights.com/en/publicationdownload/wales-fairer-2018>

women are four times more likely than men to state that their reason for economic inactivity is due to taking care of the family/home.<sup>7</sup>

When it comes to women's experiences of benefits, 58% of working age benefit claimants are women, and 59% of those seeking advice about benefits and tax credits from citizen's advice are women.<sup>8</sup> Therefore, it is crucial that any consideration of devolving benefits powers to Wales is gender sensitive and particularly looks at the impact any changes could have on women. Many concerns have been raised about how the design of the current social security system disproportionately affects women. Commenting on the social welfare system after a visit to the UK, the UN Special Rapporteur on Extreme Poverty and Human Rights said: *"If you got a group of misogynists together in a room and said 'how can we make a system that works for men but not women?' they wouldn't have come up with too many other ideas than what's in place."*<sup>9</sup> It is crucial that any alternative system designed for Wales does not make the same mistakes that women then bear the brunt of.

Despite this, we still cannot gather a comprehensive picture of how welfare reform is affecting women in Wales. There are currently around 60,000 claimants of Universal Credit in Wales, estimated to be around 15% of full rollout.<sup>10</sup> Even at this small proportion we are beginning to see real damage, with Community Housing Cymru reporting that tenants claiming Universal Credit are already in over £1 million worth of debt.<sup>11</sup> There has also been a high level of sanctions applied to claimants, with 51,303 sanctions made between August 2015 and November 2018, despite there only being 60,000 claimants in Wales.<sup>12</sup>

While there would be challenges to further devolution of powers, it would allow Welsh Government to have greater control and make a bigger difference to benefit recipients in Wales. The Scottish example demonstrates the kind of difference we could make in Wales, with clear lessons we could learn from in the development of a Welsh system.

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<sup>7</sup> Chwarae Teg, State of the Nation, 2019.

<sup>8</sup> Ibid.

<sup>9</sup> Telegraph, 'The UK's welfare system is cruel and misogynistic', 2018 <https://www.telegraph.co.uk/news/2018/11/16/welfare-system-cruel-misogynistic-un-expert-warns-damning-report/>

<sup>10</sup> Welsh Government, Impact of Welfare Reform on Households in Wales, 2019 <https://gov.wales/sites/default/files/publications/2019-03/impact-of-welfare-reform-on-households-in-wales.pdf>

<sup>11</sup> Community Housing Cymru, Call to change Universal Credit, 2019, <https://chcymru.org.uk/en/view-news/welsh-social-housing-tenants-on-universal-credit-in-over-1-million-worth-of>

<sup>12</sup> Senedd Research, Universal Credit in Wales: Update, 2019 <https://seneddresearch.blog/2019/03/18/universal-credit-in-wales-update/>

## Key messages

1. Welfare reform and austerity policies have had a disproportionate impact on women, with 80% of savings made by cuts estimated to have come from women's pockets.<sup>13</sup> BAME Women, disabled women, households with large families and single parents have been particularly badly hit. Universal Credit in particular, exacerbates many issues which contribute to women's inequality, and poses a particular risk to those experiencing domestic abuse.<sup>14</sup>
2. Women's economic independence and freedom is crucial to gender equality. The design of Universal Credit perpetuates financial inequality, and reinforces the earner vs carer model. Reinforcing this model undermines other Government policies which attempt to promote shared parenting or more balanced gender roles, including the Welsh Government's Childcare Offer, which has the stated aim of supporting more parents back into work.
3. The current structure and design of the UK Government's benefits system is undermining Welsh Government ambitions to progress equality; including the goal to become a feminist Government and the work of the Gender Equality Review.
4. Any design and delivery of a devolved benefits system for Wales should be underpinned by the principles of equality and fairness, with women's voices heard at every stage of the process, and effective and continuous equalities monitoring.

## Detailed Response:

### 1. Arguments for and against the devolution of welfare benefits;

- 1.1. The current UK Government benefits and social security settlement has a significant impact on people in Wales, including disproportionately on women. The design of the system undermines the Welsh Government's ambition to achieve a more equal Wales, the aims of the Gender Equality Review, and other policies with the aim of promoting shared parental responsibility.
- 1.2. Devolving powers over benefits to Wales would allow decision-making is made closer to home about a service that affects the lives of many people in Wales, and by those who best understand the specific conditions affecting people in Wales.
- 1.3. It is difficult to assess the full extent of the impact on people in Wales due to partial rollout, however many negative changes have been linked to Universal Credit, including the rise in food bank referrals in Wales which have passed a record 100,000 in the last year; nearly a third of those were said to have been referred because their benefits did not cover the cost of living.<sup>15</sup>
- 1.4. Devolution of benefits powers to Wales would allow Welsh Government to create a system that is consistent with their priorities and values, rather than facing the cost of having to mitigate against the negative impact of the UK Government's approach to benefits.

<sup>13</sup> Chwarae Teg, State of the Nation 2019, [https://chwaraeteg.com/wp-content/uploads/2019/02/SOTN2019\\_english.pdf](https://chwaraeteg.com/wp-content/uploads/2019/02/SOTN2019_english.pdf)

<sup>14</sup> Women's Budget Group, Benefits or Barriers?, 2019, <https://wbg.org.uk/wp-content/uploads/2019/06/Benefits-or-barriers-4-nations-report.pdf>

<sup>15</sup> BBC News, Record Numbers helped by Trussell Trust in Wales, April 2019 <https://www.bbc.co.uk/news/uk-wales-48038783>

- 1.4.1. Research by the Bevan Foundation found that the social security system has an impact on 10 devolved areas of policy, including childcare, housing, and domestic abuse.<sup>16</sup> Therefore devolving social security could allow Welsh Government to better manage interaction between that and other aspects of devolved policy.
- 1.5. By August 2018(?), a higher proportion of households in Wales had their household benefits capped than across the UK as a whole, and nearly half of all Welsh households are expected to be worse off once reforms have been fully implemented.<sup>17</sup> Devolving powers to Wales will allow Welsh Government to adapt the system so Welsh citizens' are not worse affected.
- 1.6. Chwarae Teg recognises that there will be a financial cost to devolving benefits, but it is crucial that in considering this argument, Welsh Government evaluate the long-term cost of not allowing ourselves the power to do something differently, and lessen or eradicate the negative impacts of social security on people in Wales.

## **2. Lessons learned from the devolution of some social security powers to Scotland**

- 2.1. The benefits system in Scotland offers positive examples of how Wales could improve benefits delivery as a devolved nation, with principles based on dignity and respect, and social security as a public service.
- 2.2. Since 2016, Scotland has had devolved powers over some elements of welfare and social security. This has allowed them to create an adapted system with clear principles for a more humane and dignified system which better aligns with their values and priorities as a nation. These priorities include viewing social security as a public service and human right with dignity at its core, the aim of reducing poverty, and informed by evidence heard directly from service users in Scotland.
- 2.3. Legislation was passed in Scotland in 2018 with the intention of automatically splitting Universal Credit payments unless couples opted out, in order to ensure that claimants have independent incomes.<sup>18</sup> This is still being developed and questions have been raised about how payments should be split, and whether any earning or income deductions should be taken from both within a couple or just one person.<sup>19</sup> This is a particular issue as Scotland use the DWP IT systems, which are limited in their design flexibility. This should be given fair consideration in any discussion of how benefits should be designed in Wales.
- 2.4. Further lessons from Scotland with regard to capacity and financial risk are detailed in point 4.
- 2.5. Scotland have taken a different approach to informing the design and implementation of Universal Credit (?); with experience panels of service users central to the process. Wales should also consider this model, ensuring gender balance and diversity of voice and experience among service users. It's important that a human voice is given to the process given the impact changes to social security can have on people's lives.

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<sup>16</sup> Bevan Foundation, Universal Credit: Implications for Devolved Policies and Services, 2019 <https://41ydvd1cuyvlonsm03mpf21pub-wpengine.netdna-ssl.com/wp-content/uploads/2018/11/UC-report-final.pdf>

<sup>17</sup> Welsh Government, Impact of Welfare Reform on Households in Wales, 2019

<https://gov.wales/sites/default/files/publications/2019-03/impact-of-welfare-reform-on-households-in-wales.pdf>

<sup>18</sup> Legislation.gov.uk, Social Security (Scotland) Act 2018, <http://www.legislation.gov.uk/asp/2018/9/section/94>

<sup>19</sup> Women's Budget Group, Benefits or Barriers?, 2019, <https://wbg.org.uk/wp-content/uploads/2019/06/Benefits-or-barriers-4-nations-report.pdf>

### **3. Options for different forms of devolution (i.e. Universal Credit flexibilities, the devolution of specific benefits, the ability to create new benefits etc)**

3.1. Since 2010, there have been several changes made to benefits which have particularly affected women:

3.1.1. The Benefits cap predominantly affects single women, 90% of which we know are women.<sup>20</sup>

3.1.2. The merging of Child Tax Credit under Universal Credit means that women have lost the advantages of the specific label of that benefit as being for children, and the fact that payment was awarded to the nominated main carer.<sup>21</sup> The inclusion of the two-child limit under this and the introduction of the 'rape clause' as an exemption has created an alarming pattern of inhumane and dehumanising language and policies around social security. Leanne Wood recently raised the risk in normalising practices like the two-child cap and rape clause in a Senedd debate, and the damage that can do to broader equality and the way women are treated in society.<sup>22</sup> We agree that it sets a dangerous precedent, and Government should lead by example in treating all citizens equally with dignity and respect.

3.1.3. Women have been disproportionately affected by the freeze to Child Benefit, as they account for 9 out of 10 recipients.<sup>23</sup> The 'Give Me Five' Campaign in Scotland is calling for the Scottish Government to top up Child Benefit by £5 per week.<sup>24</sup> We would like to see this explored in Wales, and would also recommend an end to the Benefits freeze if these powers were devolved. We would also recommend keeping Child Benefit separate from Universal Credit.

3.2. Universal Credit in particular has significantly affected women, and there are a number of changes we would like to see. Our full priorities for UC specifically are set out in a recent [briefing paper on Universal Credit](#), these include:

3.2.1. Claiming childcare costs under UC needs to be simplified and claimants must be better made aware of their entitlement.

3.2.2. Changes should be made to the payment of UC to enable payment to be made to the main carer, and to allow payments to be made more regularly or directly to housing providers. Automatic split payments in any devolved system of UC credit with an opt-out system similarly to that legislated for in Scotland in 2018 would also be beneficial to ensure women have an independent income, as evidence so far suggests there has been very little take up of the current offering for split payments.<sup>25</sup>

3.2.3. More should be done also to incentivise second earners, as the main earner in around 80% of couples entitled to UC is a man<sup>26</sup>

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<sup>20</sup> Gingerbread, Single Parents: Fact and Figures, National Assembly for Wales, Record of Proceedings: 19.03.19, accessed via: <http://record.assembly.wales/Plenary/5569#A49710>

<sup>21</sup> Women's Budget Group, Benefits or Barriers?, 2019, <https://wbg.org.uk/wp-content/uploads/2019/06/Benefits-or-barriers-4-nations-report.pdf>

<sup>22</sup> National Assembly for Wales, Record of Proceedings: 19.03.19, accessed via: <http://record.assembly.wales/Plenary/5569#A49710>

<sup>23</sup> WBG, 2018, Social Security and Women, WBG pre-budget briefing series, <https://wbg.org.uk/wp-content/uploads/2018/10/Social-SecurityNovember-2018-w-cover.pdf>

<sup>24</sup> CPAG Scotland, 2019, Give Me Five - The child benefit top up campaign, <http://www.cpag.org.uk/content/give-me-five-child-benefit-topcampaign>

<sup>25</sup> Welsh Government, Impact of Welfare Reform on Households in Wales, 2019 <https://gov.wales/sites/default/files/publications/2019-03/impact-of-welfare-reform-on-households-in-wales.pdf>

<sup>26</sup> David Finch, 2015, Making the most of UC: Final report of the Resolution Foundation review of Universal Credit, Resolution Foundation, <https://www.resolutionfoundation.org/app/uploads/2015/06/UC-FINAL-REPORT2.pdf>

- 3.3. Oxfam Cymru have been delivering training to JobCentre staff in Wales in order to encourage them to better understand individuals' situations and encourage compassion and dignity throughout the benefits process. This should be rolled out and made a requirement for all staff involved in the delivery of social security in Wales.
- 3.4. Changes to sanctions are needed in order to prevent harsh financial penalties and households incurring debt due to delays or errors in applications. A Welsh system should bring in additional steps before financial sanctions are imposed on recipients, this would contribute to a more compassionate and humane system.

#### **4. Practical considerations of devolution (i.e. the financial implications, integration of devolved and non-devolved systems, delivery infrastructure etc.)**

- 4.1. The fiscal risk associated with devolving powers over benefits to Wales is one of the most substantial challenges. However, any consideration of the financial implications of devolving benefits to Wales, should also take into account the current cost to the devolved administration of mitigating against the harmful impact of welfare reform. It's crucial that Welsh Government weighs up any cost against the benefits of increased flexibility and a system that is aligned with its values.
- 4.2. Further to this, the cost of further inequality caused by the current benefits system should also be taken into account. Recent research by Chwarae Teg found that achieving gender equality could add £13.6bn to the Welsh economy, therefore it's important to consider how Wales could be worse off if existing inequality continues or widens.<sup>27</sup> Recent research from the Wales Governance Centre also highlights how devolving benefits in Wales to the same extent as Scotland could actually boost the Welsh budget.<sup>28</sup> It's crucial that any assessment of financial viability also assesses the human cost of the current social security system
- 4.3. Risks around administration and capacity must also be given due consideration. Initially 110 staff transferred to the social security programme within Scottish Government creating workforce pressures elsewhere, but they anticipate that once fully operational, their new social security agency will employ at least 1,500 people.<sup>29</sup> Given the higher rate of economic inactivity in Wales, this needs to be given due consideration. Wales also has a significantly smaller civil service compared to Scotland, and therefore fewer existing resources to draw upon. There needs to be an adequate assessment of workforce capacity in Wales.
- 4.4. IT capabilities should also be considered, as in Scotland, their adapted system still operates on the DWP's IT system, creating limits to flexibility and design. This would need to be explored in a Welsh context.

#### **5. The principles that could underpin the delivery of benefits in Wales**

- 5.1. Equality must be an underlying principle of any benefits or social security system in Wales; the system should be designed with the aim of supporting everyone in Wales to achieve their potential, and treat every individual with dignity and fairness. Any benefits system for Wales should take an intersectional approach to design and delivery, understanding the

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<sup>27</sup> Chwarae Teg, Economic Value of Gender Equality, 2019

<sup>28</sup> Wales Governance Centre, Devolving Welfare: How well would Wales fare? 2019, [https://www.cardiff.ac.uk/\\_data/assets/pdf\\_file/0003/1476030/devolving\\_welfare\\_final2.pdf](https://www.cardiff.ac.uk/_data/assets/pdf_file/0003/1476030/devolving_welfare_final2.pdf)

<sup>29</sup> Audit Scotland, Managing the implementation of the Scotland Acts, 2018 [https://www.audit-scotland.gov.uk/uploads/docs/report/2018/nr\\_180328\\_managing\\_scotland\\_acts.pdf](https://www.audit-scotland.gov.uk/uploads/docs/report/2018/nr_180328_managing_scotland_acts.pdf)



intersecting barriers experienced by individuals with protected characteristics or from vulnerable backgrounds, and how this can affect experiences of applying for, claiming and receiving benefits in Wales.

- 5.2. Delivery of a social security system in Wales should also be consistent with the Welsh Government's aim to achieve a Feminist Government.
- 5.3. Effective and continuous assessment and evaluation would also be essential throughout the design and delivery of any new system for Wales. The current impact assessment of universal credit is out of date due to the substantial changes made, and is limited due to the partial rollout of UC in Wales.<sup>30</sup>
- 5.4. It's crucial that women's voices are listened to throughout the process, particularly those of women with experience of the benefits system, and women with other protected characteristics. Evaluation and monitoring should specifically consider the different experiences and outcomes of women and men, with data being disaggregated by sex as well as other protected characteristics, and be made publically available to ensure effective scrutiny.
- 5.5. Chwarae Teg were recently involved in a [Women's Budget Group report](#) focused on domestic abuse survivors experiences of social security across the Four Nations. The report suggested some key principles that should inform benefit changes, including the need for social security to be rights-based, needs-based, accessible and designed through a process that delivers high quality and effective decision-making.<sup>31</sup> The full suggestions for principles and further details can be found in the Annex.
- 5.6. It is particularly important that any future benefits system for Wales is aligned to other infrastructure to support women, including childcare. Efforts should be made to streamline processes of claiming additional childcare benefits under UC, and a new system should ensure there is a consistent approach in allowing parents an economic choice between work and caring responsibilities.
- 5.7. It's also crucial to recognise the need for cultural change in the way we approach social security. In a recent Senedd debate on the impact of welfare reform in Wales, Leanne Wood AM and Joyce Watson AM raised the dehumanising way social security is currently approached, referencing treatment of claimants experiencing hardship and the normalisation of policies like the rape clause. Leanne Wood AM said: *"That is one of the reasons why we need devolution of welfare so that we can start to change attitudes and so that we can find some compassion."*<sup>32</sup> Compassion, humanity and equality should be central to social security and welfare in Wales.

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<sup>30</sup> Chwarae Teg, Briefing Paper: Universal Credit, 2018

<sup>31</sup> Women's Budget Group, Benefits or Barriers? 2019

<sup>32</sup> National Assembly for Wales, Record of Proceedings: 19.03.19, accessed via: <http://record.assembly.wales/Plenary/5569#A49710>

## Conclusion

While there are complex practical factors to consider around devolving benefits to Wales, it is crucial that any discussions recognise the severe negative impact that the current system is having on people in Wales, in particular women. The current system is exacerbating inequality and undermining Welsh Government ambitions to be a world leader for gender equality. Further devolution of powers to enable a more distinctly Welsh benefits system provides an opportunity to create a system underpinned by equality, and that delivers for everyone in Wales.

## Annex 1

<b><i>Social security should be</i></b>	<b><i>This means</i></b>
Rights-based	Compliance with equality and human rights requirements (inc. international treaties) Basing policy options on equality of outcome Supporting women's financial autonomy Supporting all adults to have access to an independent income Meeting standards of support across all countries of the UK Ensuring that claimants are treated with dignity
Needs-based	Meeting individual need Ensuring a decent standard of living for all Being adequate to meet needs and resourced to do so Preventing avoidable harms Promoting empowerment and inclusion Narrowing the scope for economic abuse Enabling survivors to leave an abuser and rebuild their lives free from abuse
Accessible	Being simple and easy to access and operate Ensuring easy-to-understand information in different formats and languages Allowing for reasonable adjustments and flexibility to meet individuals' needs Enabling individuals to access advice/advocacy across all aspects of their claims
Designed through a process that delivers high-quality decisions	Conducting and revising regular equality and human rights impact assessments Involving civil society organisations and users in design and implementation Using/developing evidence from lived experiences as well as quantitative data