

## **Women's Budget Group response to the Department for Work and Pensions 13<sup>th</sup> Households Below Average Income Report**

The Women's Budget Group (WBG) is an independent UK organisation bringing together academics and people from non-governmental organisations and trades unions to form a network of experts to promote gender equality through appropriate economic policy.

While we welcome the recognition that single female pensioners are at greater risk of living in a household with below average income than their male counterparts; we are concerned that this is the only significant reference to gender in the commentary. Poverty is a gendered phenomenon. We call for a target to be set for reducing women's poverty, as has already been done for children living in poverty. Suitable measurements including statistics in the HBAI report disaggregated by gender are essential to achieving this aim.

The 12<sup>th</sup> edition of the HBAI report does include a section on gender in chapter 6 and recognises that gender is a variable which should be explored. However this edition of the report has missed the opportunity to incorporate gender more generally into the heart of the commentary. It is unclear whether there were methodological reasons for the exclusion of gender, but this is a worrying development.

Public policy impacts differently on men and women; there are no gender-neutral policies or issues and yet the commentary in the HBAI report misses the opportunity of highlighting these realities. Women's lives are not just different from men's; women are at particular risk of low income. As Malcolm Wicks, Under-Secretary of State for Work and Pensions recently pointed out '*women predominate among the poor*<sup>1</sup>.

Thirty years on from the Equal Pay Act women continue to earn less on average than men. They are also considerably more likely to be employed on a part time or insecure basis, which means that for women, employment is not necessarily a way out of poverty. Women's gross individual income including income from pensions, benefits and investments is, on average, only 52% of men's. Female employees working fulltime earn on average only 82% of the average hourly earnings of male fulltime employees<sup>2</sup>. These factors put women at greater risk of living in a household with below average income but are not explored in the report.

A key assumption of the 13th HBAI report is that all individuals benefit equally from the combined income of the household. This is not the case for many women, leading in some cases to hidden poverty. Research indicates that the person who brings money into the household tends to determine how it is spent. Bringing money into the household brings with it a sense of entitlement and therefore men have greater control over how

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<sup>1</sup> Hansard 18/7/02 col. 139WH

<sup>2</sup>Facts about Women and Men in Great Britain 2002 EOC March 2002

money is spent or shared.<sup>3</sup> The 12<sup>th</sup> edition of the HBAI report acknowledges that 'this assumption is not always valid as men sometimes benefit at the expense of women from shared household income.'<sup>4</sup> It is not clear why this qualification was missing from the recent report but it is essential that it is re-instated. It may be statistically necessary to equalise income figures but the gender implications of this should be explored and acknowledged in the commentary, as it was in the 12<sup>th</sup> edition.

At a Women's Budget Group Seminar, the Paymaster General, Dawn Primarolo MP stated

*"We need to work towards a position where we have an analysis of gender impact and try to integrate that and put that at the heart of the Government's policy. It is vital that our decisions ... are taken on a gender aware basis."*<sup>5</sup>

This can only be achieved when we have comprehensive and accurate data about the relative position of men and women in the UK, which can be provided by reports such as HBAI. Race and disability issues have already been successfully incorporated into the HBAI report and a thorough gender analysis and commentary should now follow. Otherwise, in an attempt to be gender neutral the report commentary may exclude the experience of many women.

There are clear examples of gender disaggregated poverty data which can be drawn upon – I enclose some as yet unpublished EOC figures for your information. Indeed much of the statistical information required for a gendered commentary of households below average income is included in the DWP report. For example table 7.8 and 7.9 show clear gender differences in the persistence of low income but there is no explanation of why this is the case.

Some of the statistics are disaggregated by gender but this is not carried out consistently throughout the report. While the statistics relating to single people without children are disaggregated by gender; single people with children are left as an amorphous group. Single parents are at much greater risk of living in a household with below average income than either couples with children or single people without children. 90% of single parents are women<sup>6</sup>, but as the statistics are not disaggregated by gender this is not clear and the opportunity to tailor policy to a particularly vulnerable group is overlooked.

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<sup>3</sup> Rake, K and Jayatilaka, G Home Truths : An analysis of financial decision making within the home Fawcett Society Spring 2002

<sup>4</sup> Households below Average Income Survey 1994/5-2000/01 Department of Work and Pensions p63

<sup>5</sup> Dawn Primarolo MP speaking t HMT/WBG seminar 12<sup>th</sup> February 1998

<sup>6</sup> [www.ncopf.org.uk](http://www.ncopf.org.uk)

In future HBAI reports gender should be at the heart of the commentary; statistics should be disaggregated consistently by gender and analysed in the commentary, as is already the case for race and disability. Only when this is achieved can the effect of low income on women, men and children in the UK be truly understood.