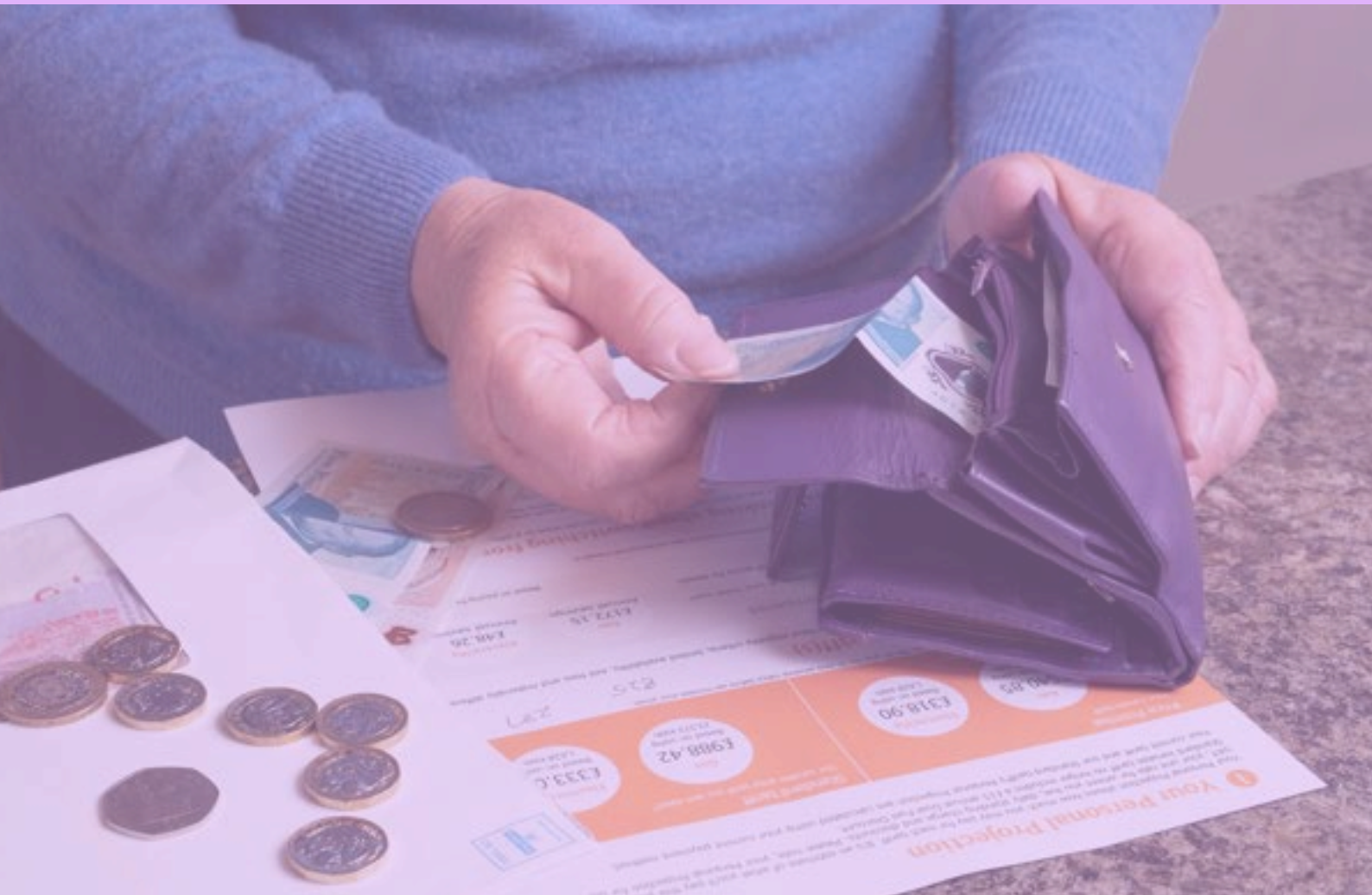


The cost of living and gender

Briefing for a new government



The cost of living and gender

A briefing from the UK Women's Budget Group – 2024

Summary

- Inflation is now at 2.3% but the cost of living crisis is still with us. Falling inflation doesn't mean that prices are coming down, just that they are going up more slowly. The costs of some key goods and services have also gone up by more than inflation.
- Over the two years from April 2022 to April 2024 food prices rose by 22.5%. Average private rents increased by 8.9% in the year to April 2024. The average cost of a part-time childcare place for a child under two increased by 7.4%.
- The cost-of-living crisis comes after a decade of wage stagnation and the erosion of social security benefits. This crisis is therefore not only one of rising prices but one of eroding incomes.
- Although the NLW has increased earnings for the lowest-paid workers, this has not been enough to safeguard against poverty. 64% of working-age adults in poverty live in a household where at least one adult is in work, and women, who are more likely to earn below the living wage, are also more likely to be in poverty.
- Women are disproportionately impacted by the cost of living crisis because they earn less than men and are less likely to have savings, their caring responsibilities mean they are less able to take on additional work to meet extra costs
- Particular groups of women have been hit harder by the cost of living crisis.
- Poverty rates are significantly higher among people from Bangladeshi, Pakistani and Black ethnic groups than among White people. Disabled people face higher costs on average resulting from their impairment or condition. Single parents, most of whom are women, tend to have lower savings and be more in debt than dual couple households with children. Victim/survivors of domestic abuse, including economic abuse, face greater barriers to leaving an abusive relationship. Women with 'no recourse to public funds' are excluded from claiming social security and therefore at high risk of poverty and destitution if they lose work or separate from a partner.

Recommendations

- Reform our social security system by uprating benefits to 2010 levels in real-terms, removing the 5-week assessment period for Universal Credit, ending no recourse to public funds, scrapping the benefits cap, and transferring budgeting advance loans into non-repayable grants.

- Take steps to wipe out both women's and children's poverty by abolishing the two-child limit to Universal Credit and uprating child benefit to £50 per week.
- Address inequalities and barriers to women's employment through better intersectional pay gap reporting, and ensuring that parental leave and pay policies work alongside a flexible by default UK labour market and a universal childcare system (see below). The Labour Party's Gender Pay Gap review¹ is a very welcome start to this process.
- Raise Local Housing Allowance to the 50th percentile of local rents to ensure those receiving housing allowance don't face rent shortfalls.
- Government investment in retrofitting of homes and non-domestic buildings, including financing insulation efforts and greening of home heating systems (e.g. heat pump installation), with specific support to social and private renters.
- Commit to investing in social housing, building new, low carbon homes with guaranteed low rents.
- Fully fund a system of high quality universal free childcare. Such a system must include: an increase in staff qualification levels and pay in line with primary education levels to improve retention, job satisfaction and quality of care.
- Invest in the creation of a new universal care system, including raising care worker pay to the Real Living Wage.

¹Labour List (March 2023) [Labour launches gender pay gap review to mark International Women's Day](#)

Introduction

Although inflation has dropped to 2.3% in the year to April 2024², the cost of living crisis is still with us. Falling inflation does not mean falling prices, it simply means prices are rising more slowly. The costs of some key goods and services have also gone up by more than inflation, including housing³ and childcare⁴.

There is evidence that women - especially the most marginalised groups of women - sit at the sharp end of the cost of living crisis⁵. This is largely due to existing inequalities around pay, social security, and paid and unpaid work.

Employment and Pay

Low Pay

Women are more likely to be low paid than men. Women are more likely to be paid less than the Real Living Wage compared to men, and jobs held by women accounted for 59.5% of all jobs paid below the real Living Wage⁶. A much higher proportion of part-time jobs are paid below the Living Wage than full-time jobs – 28.3% of part-time jobs compared to 7.5% of full-time jobs in April 2023⁷. The majority of part-time workers are women⁸.

In-work poverty

Although the National Living Wage has increased hourly earnings for the lowest-paid workers, it has

not been enough to safeguard against poverty. Paid employment does reduce the risk of poverty (when compared to being unemployed), yet 64% of working-age adults in poverty live in a household where at least one adult is in work⁹.

Women in the UK are slightly more likely to live in poverty than men when this is measured on the usual household basis¹⁰ and female-headed households are poorer than comparable male-headed households¹¹.

Part-time workers' poverty rates are more than double the poverty rates of full-time workers (20% compared with 10%)¹².

Sectors within which women make up the majority of employees, such as retail trade (15%), and accommodation and food services (19%), have some of the lowest earnings and highest in-work poverty rates¹³.

The risk of in-work poverty is higher for disabled workers than for those who are not and is higher for minority ethnic workers than for white workers¹⁴.

People in families with children and one or more earners have a higher poverty rate than people in families without children with one or more earners, and workers in single-adult families have a higher risk than couples with one or more earners¹⁵.

Around 84% of single parents are women¹⁶ and working single parents have seen the fastest rise in poverty, with 40% of working age single parents now in poverty¹⁷.

² ONS (2024) Consumer price inflation, UK: April 2024

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/april2024>

³ ONS (2024) Private Rent and House Prices UK: April 2024

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/private-rent-and-house-prices-uk/april2024>

⁴ Early Education and Childcare Coalition (2024) [Rescue and Reform: A Manifesto to Transform Early Education and Childcare in England](#)

⁵ WBG (2024) Cost of Living <https://www.wbg.org.uk/research-analysis/topics/cost-of-living-crisis/>

⁶ Living Wage Foundation (2024) Employee Jobs Paid Below the Living Wage: 2023 (https://livingwage.org.uk/sites/default/files/2024-04/Employee%20Jobs%20Below%20The%20Living%20Wage_V8.pdf)

⁷ Ibid.

⁸ House of Commons Library (2024) Women and the UK Economy (<https://researchbriefings.files.parliament.uk/documents/SN06838/SN06838>

8.pdf)

⁹ JRF (2024) UK Poverty 2024 <https://www.jrf.org.uk/uk-poverty-2024-the-essential-guide-to-understanding-poverty-in-the-uk>

¹⁰ [Department for Work and Pensions](#) (2024)

<https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2023>

¹¹ Ibid.

¹² JRF (2024) UK Poverty 2024 <https://www.jrf.org.uk/uk-poverty-2024-the-essential-guide-to-understanding-poverty-in-the-uk>

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ ONS (2023) Families and Households in the UK 2022

(<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/bulletins/familiesandhouseholds/2022>)

¹⁷ JRF (2024) UK Poverty 2024 <https://www.jrf.org.uk/uk-poverty-2024-the-essential-guide-to-understanding-poverty-in-the-uk>

Social Security

Women are more likely than men to rely on social security for a larger part of their income because they earn less than men on average and are more likely to have disabilities and caring responsibilities, leaving them with less time for paid work across a lifetime.

Tax Credits and Universal Credit

Cuts and changes made to benefits since 2010 under the umbrella of austerity have resulted in reductions in payments and increases in women's, children's and in-work poverty. The introduction of Universal Credit (UC), the benefit cap, the two-child limit, the 'bedroom tax', the benefits freeze, and other changes have also exacerbated inequalities based on gender, race, class and disability¹⁸.

The abolition from April 2017 of any additional child element in Universal Credit (UC) for third and subsequent children is having a disproportionate adverse impact on BAME women. 51% of Black African, 65% of Pakistani and 64% of Bangladeshi children live in families with three or more children compared to 30% of those in White British families. In addition, 15% of Black Caribbean, 23% of Black African and 11% of Pakistani children are in lone-parent families with three or more children¹⁹.

Households with three or more children experience, on average, a loss of £5,962 in a year, of which £1,838 corresponds to the loss due to the "two-child" limit on benefits²⁰. The net change in social security payments represents a cut of almost a quarter (23%) of the baseline income for these households.

The £20 per week Universal Credit uplift that was introduced as a response to the pandemic has now been reversed despite calls for it to be made permanent. To provide winter support after the

uplift ended, the government announced a £500 million Household Support Fund, which was extended for a further six months at the 2024 Spring Budget. However, this was insufficient to compensate for the losses arising from the end of the uplift²¹.

Analysis by the Joseph Roundtree Foundation demonstrates that the temporary £20 per week uplift to Universal Credit's standard allowance during the pandemic was a major factor behind a temporarily reduced poverty rate in 2020/21, including for larger families²², despite only one uplift amount being paid whatever the size of the household.

The Trussell Trust also reports that there was a slight reduction in the use of foodbanks following the recent 'Cost of Living Payments' to give support with high energy bills, while Citizens Advice reports a reduced demand for advice. These temporary measures highlight how financial support can make a real and direct difference²³.

Statutory Maternity Pay and Maternity Allowance

Women who qualify for Statutory Maternity Pay (SMP) during pregnancy or as new mothers receive 90% of their gross average weekly earnings for 6 weeks, followed by £184.03 or 90% of their average weekly earnings – **whichever is the lower** – for the remaining 33 weeks. A 37-hour week at the current NLW rate would be £424.39 pence. 90% of that would be £381.95. This means that many women are effectively forced to live on an income that is significantly below the NLW or to rely on less than half of their normal earnings for 33 weeks of their maternity leave.

Those who do not qualify for SMP will have to rely on Maternity Allowance (MA), which is £184.03 for the whole 39 weeks. However, MA is classified as a

essential-guide-to-understanding-poverty-in-the-uk

¹⁸ Ibid

¹⁹ WBG calculations by Lucinda Platt (LSE), based on Households Below Average Income surveys (2010/11 to 2012/13).

²⁰ WBG (2024) [Forthcoming] Briefing on Social Security and Gender

²¹ WBG (2023) Spring Budget 2023: Social security and gender

<https://wbg.org.uk/analysis/spring-budget-2023-social-security-and-gender/>

²² JRF (2023) UK Poverty 2022 <https://www.jrf.org.uk/report/uk-poverty-2023#key-findings>

²³ JRF and The Trussell Trust (2023) An Essentials Guarantee <https://www.jrf.org.uk/report/guarantee-our-essentials>

benefit, which means that it is deducted from Universal Credit in full.

Housing Benefit/amount paid for housing in Universal Credit

In 2012, Local Housing Allowance (LHA) rates, the maximum private rent payable by housing benefit, were cut from the median to the 30th percentile of local private rents among non-housing benefit recipients²⁴.

Overall national caps were introduced for each home size up to a maximum rate of four bedrooms²⁵. Single adults aged 25-34 were limited to the rate for a room in a shared house²⁶. In 2013, the overall benefit payable to working-age households was capped, and the cap was reduced in 2016 to £20,000 per year (£23,000 in London, and £15,000 for single adults). This now applies to UC as a whole, rather than housing benefit. Households in high-rent areas and those with several children were most affected²⁷.

These changes have disproportionately affected women as they are more likely than men to be in receipt of Housing Benefit, with women making up 60% of adults in households claiming Housing Benefit²⁸ (30% of households claiming Housing Benefit are women living on their own and another 22% are lone parents)²⁹.

Rising prices

Housing Costs

The cost of housing has a considerable impact on

²⁴ Tunstall, B., UK WBG (2020) Housing and Gender [final-housing-2020.pdf](https://www.wbg.org.uk/final-housing-2020.pdf) ([wbg.org.uk](https://www.wbg.org.uk))

²⁵ Ibid

²⁶ Ibid

²⁷ Ibid

²⁸ (Assuming couple household claimants include an equal total number of men and women) Department of Work and Pensions (2017) Housing Benefit Caseload Statistics: Data to May 2018

²⁹ Tunstall, B. UKWBG (2020) Housing and Gender [final-housing-2020.pdf](https://www.wbg.org.uk/final-housing-2020.pdf) ([wbg.org.uk](https://www.wbg.org.uk))

³⁰ E.g. see F Bennett (2018) 'Gender and social security' in J Millar and R Sainsbury (eds.) Understanding Social Security (3rd edn.), Bristol: The Policy Press

³¹ ONS (2024) Private Rent and House Prices UK: April 2024 <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterent>

families' budgets. 46% of single parents are in poverty after housing costs (compared to 26% before housing costs)³⁰.

Housing costs have increased at a much higher rate than the Consumer Prices Index (CPI) in the last year. UK private rents increased by 9.2% in the year leading up to March 2024³¹, and 1.5 million mortgage holders will see their payments increase by £1,800 this year³².

Housing costs affect low-income households the hardest, as those in the poorest quarter of the population spend on average 21% of their household income on housing costs, compared to 6% for the richest quarter.³³

Energy Costs

Households saw their energy costs increase significantly from April 2023. Government support was reduced, and the Energy Price Guarantee (EPG) was raised to £3,000 (from £2,500), and overall, energy bills increased by 20% in 2023-24 compared to 2022-23³⁴.

These increases come on top of pre-existing problems of fuel poverty. In 2022 13% of households were in fuel poverty³⁵. Single parents, 88% of whom are women, are particularly likely to be in fuel poverty. In 2023, 28.8% of single-parent households were in fuel poverty, a significant increase from 18.9% in 2018³⁶, although End Fuel Poverty predicts this number is now likely to be higher³⁷.

Disabled people and their carers will face significant

entandhousepricesuk/april2024

³² Resolution Foundation (2024) The Macroeconomic Policy Outlook: Q1 2024 <https://www.resolutionfoundation.org/app/uploads/2024/01/MPO-Q1-24.pdf>

³³ IFS (2023) Housing Costs and Income Inequality in the UK <https://ifs.org.uk/publications/housing-costs-and-income-inequality-uk>

³⁴ Resolution Foundation (2023) The only way is down <https://www.resolutionfoundation.org/publications/the-only-way-is-down/>.

³⁵ Department for Energy Security & Net Zero (2024) Annual Fuel Poverty Statistics in England 2024 <https://assets.publishing.service.gov.uk/media/65ccecba1d939500129466a9/annual-fuel-poverty-statistics-report-2024.pdf>

³⁶ Ibid

³⁷ End Fuel Poverty (2022) Children set to suffer as energy bills rocket <https://bit.ly/3pMmF8q>

additional problems as a result of rising energy costs. On average, disabled households (with at least one disabled adult or child) need an additional £975 per month to have the same standard of living as non-disabled households. If this figure is updated to account for inflation over the current period 2022/2023, these extra costs rise to £1,122 per month³⁸.

Food Costs

While decreasing from the 45-year high of 19.2% in March 2023, food inflation still rose by 7% in the year leading up to January 2024³⁹.

However, as food writer and activist Jack Monroe has pointed out, ONS inflation data are based on the price of an 'average' basket of goods and do not take into account the fact that poorer people will rely on value ranges and discounted goods, where price rises have been steeper⁴⁰. This is clear when considering that the average prices of bread and cereals rose by 19.4% in the year to March 2023, and a further 4% in the year to March 2024⁴¹.

Childcare and Social Care

Childcare

The OECD recently reported that the UK has the most expensive childcare system in the world with an average 35.7% of household income being spent on it⁴².

The average annual cost for a full-time nursery place for a two-year-old in England was £14,501 in 2023⁴³.

In-work poverty rates for households with children are higher than for those without children, and among families with children they are higher for single-earner than dual-earner families⁴⁴. Adults in low-income households with children say that the issue of childcare is one of the reasons they are unable to work more hours⁴⁵.

A 2023 national report into the childcare crisis from Pregnant Then Screwed found that 76% of mothers who pay for childcare say it does not make financial sense for them to work. In addition, 11% of parents say that childcare costs are the same or more than their take-home pay per day. And 22% of parents say that childcare costs are more than half of their household income⁴⁶.

Low-paid workers are more likely to work non-standard hours such as evenings and weekends or have irregular shift patterns. Finding formal childcare to fit in with these work patterns is much more difficult. Low-paid workers use more informal childcare, with the inflexibility of their work patterns and the cost of childcare significant factors in why they do not work more hours⁴⁷.

Under Universal Credit, low-income parents can claim 85% of childcare costs up to maximum amounts. However, this still leaves working parents on Universal Credit with 15% of the costs to pay, reducing the benefits of working or increasing their hours. The provision of support for 85% of costs is also undermined by the requirement for parents to pay childcare fees up front and then claim the cost back (except in certain limited circumstances, as introduced recently)⁴⁸. This creates additional barriers to work for many potential earners in low-income families who cannot afford to make these

³⁸ Scope (2023) Disability Price Tag 2023: the extra cost of disability <https://www.scope.org.uk/campaigns/extra-costs/disability-price-tag-2023/>

³⁹ ONS (2024) Cost of Living Insights: Food <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/costoflivinginsights/food>

⁴⁰ Jack Monroe (21 Jan 2022) Twitter thread (<https://x.com/GMB/status/1484429039230193668>)

⁴¹ ONS (2024) Consumer Price Inflation, March 2024 <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/march2024>

⁴² OECD (2019) Net childcare costs <https://data.oecd.org/benwage/net-childcare-costs.htm>

⁴³ Early Education and Childcare Coalition (2024) [Rescue and Reform: A Manifesto to Transform Early Education and Childcare in England](#)

⁴⁴ JRF (2024) UK Poverty 2024 <https://www.jrf.org.uk/uk-poverty-2024-the-essential-guide-to-understanding-poverty-in-the-uk>

⁴⁵ Ibid

⁴⁶ Pregnant then Screwed (2023) A Cry For Help <https://pregnantthenscrewed.com/three-quarters-of-mothers-who-pay-for-childcare-say-that-it-does-not-make-financial-sense-for-them-to-work/>

⁴⁷ Bünning, M & Pollmann-Schult, M (2016) : Family policies and fathers' working hours: cross-national differences in the paternal labour supply, *Work, Employment and Society*

⁴⁸ JRF (2024) UK Poverty 2024 <https://www.jrf.org.uk/uk-poverty-2024-the-essential-guide-to-understanding-poverty-in-the-uk>

large payments up front.

Social Care

Like childcare, caring for disabled adults/children or the elderly, can also reduce the amount of income that people can earn through paid work.

59% of unpaid carers are women⁴⁹. Women are more likely to become carers and to provide more hours of unpaid care than men. More women than men provide high intensity care at ages when they would expect to be in paid work⁵⁰.

Reductions in formal care services puts a greater burden on unpaid carers and threatens to undo some of the progress made in raising female employment rates in the past 20 years, particularly among older women⁵¹.

Recent research by Carers Trust has found that 14% of unpaid carers have had to use a food bank; 63% are worried about being able to afford energy bills; and 64% of unpaid carers have either had to give up work altogether or reduce their paid hours because of their caring role⁵².

Recommendations

- Reform our social security system by uprating benefits to 2010 levels in real-terms, removing the 5-week assessment period for Universal Credit, ending no recourse to public funds, scrapping the benefits cap, and transferring budgeting advance loans into non-repayable grants.
- Take steps to wipe out both women's and children's poverty by abolishing the two-child limit to Universal Credit and uprating child benefit to £50 per week.

⁴⁹ Carers UK (2023) Key facts and figures about caring <https://www.carersuk.org/policy-and-research/key-facts-and-figures/>

⁵⁰ Carers UK and Centre for Care (2022) Cycles of Caring: transitions in and out of unpaid care <https://bit.ly/3pDQPL3>

⁵¹ Land, H. UKWBG (2020) Social Care and gender [final-social-care-2020.pdf \(wbg.org.uk\)](https://www.wbg.org.uk/2020.pdf)

- Address inequalities and barriers to women's employment through better intersectional pay gap reporting, and ensuring that parental leave and pay policies work alongside a flexible by default UK labour market and a universal childcare system (see below). The Labour Party's Gender Pay Gap review⁵³ is a very welcome start to this process.
- Raise Local Housing Allowance to the 50th percentile of local rents to ensure those receiving housing allowance don't face rent shortfalls.
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- Invest in the creation of a new universal care system, including raising care worker pay to the Real Living Wage.

UK Women's Budget Group, June 2024

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⁵² Carers Trust (2022) Carers Trust research reveals unpaid family carers experiencing unprecedented financial hardship with many now using food banks <https://bit.ly/3W6veqM>

⁵³ Labour List (March 2023) [Labour launches gender pay gap review to mark International Women's Day](https://www.labourlist.com/news/labour-launches-gender-pay-gap-review-to-mark-international-womens-day)

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