

Consultation on Cost of Living by the Economy, Trade and Rural Affairs Committee

May 2022

WEN Wales campaigns for change in [six key areas](#) including fair finance. We believe that the impact of cost of living pressures on women should be a key priority for the Economy, Trade and Rural Affairs Committee, with a particular focus on the impact on single parents, disabled women, Black, Asian and minority ethnic women and LGBTQ+ Women.

The impact of cost of living pressures on women

We already know that the [poorest in our society](#) are being hit hardest by the cost of living crisis. To address this impact effectively, it is crucial to consider that women, and specific groups of women, are more likely to be poor and to understand the factors that contribute to this.

- Even [before the pandemic and cost of living crisis](#), women were likely to be in low-paid jobs, more likely to be single parents, at a higher risk of poverty and food insecurity and typically had fewer savings and more debts than men. They have also been hit harder by [changes to tax, benefits and public spending](#) since the 2010, with Black and Minority Ethnic women being particularly impacted.
- Income inequalities in Wales [have increased during the pandemic](#) and continue to be driven by women's prevalence in part-time, low-paid work and the disproportionate burden of caring responsibilities. In 2021, women were still more likely to be claiming Universal Credit, and more likely to be reliant on this whilst being in-work. During the same time, a quarter of women who were "economically inactive" were so because of caring or domestic responsibilities (4x more than men). A staggering 46% of single parent households (mainly women) were in poverty – twice as high as [overall poverty rate in Wales](#) at 23%.
- The Equality and Social Justice Committee's inquiry on [debt and the pandemic](#) found evidence that more women, in particular single parents and survivors of domestic abuse, had fallen into debt during the pandemic. The rising costs of living will mean more women who financially rely on an abusive partner or experience [financial abuse](#) are unable to leave due to facing significant financial hardship for themselves and/or their children.
- Research also shows that [women are hit harder by inflation](#). They spend more of their income on household goods like for food and cleaning products, which are typically more susceptible to inflation-induced volatility. Among low-paid employees, women are more likely than men to have fallen behind on household bills and skip meals as a result of cost of living pressures.

The link between caring responsibilities and poverty

- Women's caring responsibilities paired with a [lack of affordable childcare](#) means they are often less able than men to increase their paid working hours to make ends meet. This especially impacts mothers of under 3-year-olds, mothers working atypical hours (which is more prevalent in lower-paid, insecure jobs), mothers of disabled children and those living in rural areas. Lack of affordable childcare provisions means many women would end up *losing* money if they increased their working hours, as the costs of childcare would be higher than their additional earnings. Combined with stagnating wages, this often leaves many with no means whatsoever to keep up with rising costs and, without urgent action, will lead to many more women and children falling into poverty.
- The same link between caring responsibilities and poverty exists in unpaid care work for adults. Here, women are also overrepresented, making up [about 60% of unpaid carers in Wales](#). In 2019, an [estimated 96% of annual care](#) in Wales was provided by unpaid carers, with many struggling and in need of additional support. This has [worsened during the pandemic](#), with an increase in the number of unpaid carers and hours of unpaid care. Women also make up 80% of the care workforce in Wales, with women from Black, Asian and minority ethnic backgrounds being overrepresented in the most insecure and lowest-paying roles.
- Investments in childcare and social care are an effective means to address the impacts of the cost of living crisis by lifting those who will be worst affected, including single parents, care workers in low-paid, insecure employment, unpaid carers and disabled and older people. Research based on UK data shows that such investments are also an [excellent economic stimulus](#), creating 2.7 times more jobs than investments in construction (6.3 as many for women and 10% more for men), recouping 50% more direct and indirect tax revenue and emitting 30% fewer greenhouse gases. The economic benefits partly stem from the fact that investments in care increase not only labour demand but also labour supply. By making childcare and social care more affordable and accessible, they enable more people with unpaid caring responsibilities to take up paid employment or to increase their hours. Due to the comparatively small size of the Welsh economy and openness to the rest of the UK, it is estimated that the relative employment benefits of such investments will be even higher in Wales compared to the UK.¹

The intersectional impact of cost of living pressures

- Between 2015-16 and 2019-20, [relative income poverty](#) in Wales was higher among non-white ethnic groups (29%) than white ethnic groups (24%). Research

¹ S. Himmelweit. *A care-led recovery from Covid 19*, Presentation to the Senedd Cross-Party Group on Women, 18 Feb 2022.

suggests a [strong link](#) between poverty and socio-economic disadvantage and the inequality faced in employment and housing by ethnic minority people.

- The data also showed that 38% of children and 31% of working-age adults who lived in a [household with a disabled person](#) were in relative income poverty, compared with 24% of children and 18% of working-age adults in households where no-one was disabled. During the pandemic, disabled people have [disproportionately fallen behind on household bills](#), due to their position in the labour market and increased costs associated with being disabled.
- There is little Wales-specific evidence of the impact of poverty and cost of living pressures on LGBTQ+ women in Wales, but a [2019 survey](#) showed a 16% pay gap for LGBTQ+ employees in the UK. Trans people are at a disproportionately higher risk of unemployment and poverty. While figures are not monitored in the UK, almost [half of transgender people in Ireland](#) are unemployed.
- People with restricted or insecure immigration status who are subject to no recourse to public funds (NRPF) are unable to claim the majority of benefits, including Universal Credit and social housing. Despite already being at a significantly higher risk of poverty and destitution, they risk [missing out vital cost of living support schemes like the Council Tax rebate](#). Ineligibility for childcare benefits and restricted access to [VAWDASV services](#) especially impacts women with NRPF and compounds their vulnerability to cost of living pressures.
- The evidence outlined above suggest that women and other disadvantaged groups (including disabled people, Black, Asian and minority ethnic people, LGBTQ+ people and people with NRPF) will be disproportionately impacted by the rising costs of living. There is strong reason to expect that the impact will be especially stark for those who experience intersecting discrimination (such as disabled women and ethnic minority women) but analysis is hindered by a lack of comprehensive disaggregated data. We are hopeful that Welsh Government's new [Equality, Race and Disability Evidence Unit](#) will address some of these issues. But the unit's work needs to include a key focus on gender equality and inequality of women facing intersecting discrimination, to help us understand and address the impact of rising costs of living on those who will likely be hit hardest.

Recommendations:

- **We urgently need investments into childcare and social care** as an economically sound recovery stimulus that prevents more women and children from falling into poverty and improves conditions for those that have been worst affected. This should include:
 - **Extending the Childcare Offer to all children from 6 months**, whatever the employment status of parents

- **Progressing work to ensure social care as a profession is valued & improved**, through measures like a sector-wide real living wage, better career progression, support for mental health & well-being, for all care workers, leading to better social care outcomes and decreasing reliance on unpaid carers.
- **Welsh Government should use gender budgeting and progress the recommendations laid out in the [Gender Equality Review](#)**, to ensure budgetary decisions responding to the cost of living crisis, and policies and laws in general, do not disproportionately impact women or favour men.
- **Welsh Government should implement actions in the [Race Equality Action Plan](#), the [Locked Out Report](#) and progress the launch of the [LGBTQ+ Action Plan](#)** to address the inequalities that make women facing intersecting discrimination more susceptible to relative income poverty.
- **Provide funds that support parents and survivors with No Recourse to Public Funds (NRPF)** and insecure immigration status so that all women have equal access to childcare benefits, protection, safety and support. **All financial support during the crisis should include people with NRPF.**
- **Collect more robust data** - ensure that Welsh Government's Equality, Race and Disability Evidence Unit includes a key focus on gender equality and the inequality of women facing intersecting discrimination, including disabled women, Black, Asian and ethnic minority women, LGBTQ+ women and women of different age groups.

About the Women's Equality Network (WEN) Wales: Our vision is of a Wales free from gender discrimination where all women and men have equal authority and opportunity to shape society and their own lives. We work with our vibrant coalition of organisational and individual members to transform society. Our work sits under three pillars. We will Connect, Campaign and Champion women so our vision is realised.

WEN Wales would like to thank the Senedd's Economy, Trade and Rural Affairs Committee for the opportunity to contribute to their inquiry into the cost of living pressures.