



## **Close the Gap response to the Scottish Government's consultation on the Minimum Income Guarantee**

**September 2021**

Close the Gap is Scotland's policy advocacy organisation working on women's labour market participation. We have been working with policymakers, employers and employees for 20 years to influence and enable action that will address the causes of women's labour market inequality.

### **1. INTRODUCTION**

Close the Gap welcomes the opportunity to respond to the Scottish Government's consultation on a Minimum Income Guarantee (MIG). As women are more likely to be in poverty, more likely to be in low-paid and insecure work, more likely to have unpaid caring responsibilities and more likely to be reliant on social security, women would disproportionately benefit from the introduction of a MIG. The introduction of a MIG therefore presents a real opportunity to address women's poverty in Scotland. However, in order for this potential to be realised, both the MIG and the minimum income standards which underpin this, must be gendered by design. A MIG needs to take account of the gendered barriers to fair work, intra-household resource allocation, women's unpaid caring roles, and women's experiences of men's violence.

Prior to the outbreak of COVID-19, poverty in Scotland was gendered. Women were more likely to be in poverty; more likely to experience in-work poverty; and were more likely to experience persistent poverty than men.<sup>1</sup> The pandemic has exacerbated this trend. Women have been disproportionately impacted by COVID-19 job disruption and the need for more unpaid care. As a result, women who were already struggling are now under enormous financial pressure. The Scottish Government's Every Child, Every Chance: Tackling Child Poverty Delivery Plan 2018 – 2022 explicitly recognises that women's poverty is inextricably interlinked with child poverty. Women's earnings are a crucial factor in child poverty, with evidence showing that where women's disposable income is reduced, spending on children decreases. Ensuring that a MIG meets women's needs and addresses women's poverty is therefore essential in tackling child poverty and meeting the Scottish Government's child poverty targets.

Gender equality must be mainstreamed in the development of a MIG from the start, with consideration afforded to women's inequality in the labour market, including

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<sup>1</sup> Close the Gap (2018) *Women, Work and Poverty: What you need to know* available at <https://www.closesthegap.org.uk/content/resources/1---Women-work-and-poverty-what-you-need-to-know.pdf>

women’s working hours, pay, and precarity. While the IPPR’s report into the creation of a MIG gives some attention to gender equality, the report’s analysis and modelling is insufficient to ensure that the Guarantee will be gender-sensitive. It is also important to note that the introduction of MIG will not address the root causes of women’s poverty, which is gender inequality. Work to develop a MIG must, therefore, be accompanied by action to address the undervaluation of “women’s work” such as retail, care and cleaning, and the low pay associated with these jobs.

In addition, employers continue to have a key role in tackling women’s poverty. Employers should take action to address women’s inequality in the workplace, including tackling undervaluation; providing reliable, secure work with decent pay; and supporting victim-survivors of violence against women. Alongside this work, employers should also enable flexibility and women’s progression in the workplace. Without such action, the introduction of a MIG will cement women’s concentration in low-paid work and reinforce the gendered nature of poverty in Scotland.

## **2. ANSWERS TO CONSULTATION QUESTIONS**

### **1. What do you see as being the key elements of a Minimum Income Guarantee?**

#### Tackling women’s poverty, inequality and financial insecurity

IPPR Scotland’s report on a MIG stated that the Guarantee should be “aimed squarely at tackling poverty and reducing inequality”.<sup>2</sup> In order to ensure that this ambition extends to tackling women’s poverty and reducing gender inequality, it is critical that a gender mainstreaming approach is adopted in the design of the guarantee. Gender mainstreaming is a strategy to proactively embed gender analysis in all policy and legislative development. It gives gender concerns prominence in policy development and facilitates policy coherence across the work of government departments.<sup>3</sup> This necessitates a clear understanding of who is more likely to experience poverty in Scotland and the root causes of that poverty.

A MIG should aim to realise a minimum acceptable standard of living for everyone, regardless of their work status and working patterns. Insufficient and unreliable hours and earnings are particularly pertinent issues for women in the Scottish labour market. The vast majority of part-time workers are women (75%) and just under half of employed women (41%) are working part-time, compared to just 13% of men.<sup>4</sup> Part-time work is negatively correlated with progression out of low-paid work<sup>5</sup> and part-time jobs are more than three times as likely to pay below the Living Wage than full-time

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<sup>2</sup> IPPR (2021) *Securing a living income in Scotland: Towards a Minimum Income Guarantee*

<sup>3</sup> Close the Gap (2020) *The Gender Pay Gap Manifesto* available at <https://www.closesthegap.org.uk/content/resources/The-Gender-Pay-Gap-Manifesto---2021-Scottish-Parliament-elections.pdf>

<sup>4</sup> Close the Gap (2021) *Gender Pay Gap Statistics* available at <https://www.closesthegap.org.uk/content/resources/Working-Paper-22---Gender-Pay-Gap-Statistics-2021.pdf>

<sup>5</sup> In-Work Progression Commission (2021) *Supporting Progression Out of Low-paid Work*

roles.<sup>6</sup> Women's employment, particularly Black and minority ethnic women's employment,<sup>7</sup> is also becoming increasingly precarious, contributing to women's higher levels of in-work poverty.<sup>8</sup> Women engage with the gig economy in different ways to men, and are concentrated in stereotypically female, undervalued work such as care and cleaning. Three-quarters of women in the gig economy earned less than the taxable threshold, and two-thirds of women in the gig economy are also in other work.<sup>9</sup> More broadly, the rise in women's self-employment has coincided with a rise in low-paid self-employment.<sup>10</sup> This evidence underscores the importance of gender analysis and gender-sensitive sex-disaggregated data in understanding labour market trends.

A MIG will have to be flexible enough to respond to precarious work, including irregular shift patterns, fluctuating hours for women on zero-hour contracts, self-employment and part-time work. In addition, women also face additional barriers in increasing their working hours, primarily as a result of having to balance paid work and caring responsibilities, and the prohibitive cost of accessible childcare. Consequently, it cannot be expected that women receiving a MIG will be seeking to, or able to, increase their working hours. The In-Work Progression Commission recently found that gender has an impact on progression out of low-pay, with women more likely to remain in low-paid work for longer periods of time.<sup>11</sup> A MIG therefore must be sufficient in itself to secure a reliable income and promote financial security for women, regardless of their working hours.

### Single payments and individualised entitlements

Any MIG introduced in Scotland must be an individual payment by default, as opposed to a single household payment or an opt-in system for individual payments. Within the individual payment model, payments relating to children and childcare costs should be allocated to the primary caregiver. The MIG should take account of analysis relating to the single household payment for Universal Credit. Assumptions that opposite sex couples own, access and control joint bank accounts on an equal basis are unfounded and therefore the payment of all Universal Credit entitlement to one partner in a couple has left many women with no independent access to an income.<sup>12</sup> Financial independence is crucial for women, who are twice as dependent on social security as

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<sup>6</sup> Jones, Gareth (2019) 'Women benefit from living wage expansion', *Third Force News*, available at <https://tfn.scot/news/women-benefit-from-living-wage-expansion>

<sup>7</sup> Trade Union Congress (2019) 'BME workers far more likely to be trapped in insecure work, TUC analysis reveals' available at <https://www.tuc.org.uk/news/bme-workers-far-more-likely-be-trapped-insecure-work-tuc-analysis-reveals>

<sup>8</sup> Close the Gap (2018) *Women, Work and Poverty: What you need to know* available at <https://www.closesthegap.org.uk/content/resources/1---Women-work-and-poverty-what-you-need-to-know.pdf>

<sup>9</sup> RSA (2017) *Good Gigs: A fairer future for the UK's gig economy*

<sup>10</sup> Close the Gap (2017) *Response to the Independent Review of Employment Practices in the Modern Economy* available at <https://www.closesthegap.org.uk/content/resources/Close-the-Gap-response-to-the-review-of-employment-practices-in-the-modern-economy.pdf>

<sup>11</sup> In-Work Progression Commission (2021) *Supporting Progression Out of Low-paid Work*

<sup>12</sup> Engender (2016) *Securing Women's Futures: Using Scotland's New Social Security Powers to Close the Gender Equality Gap*

men due to gendered caring roles and inequality in the labour market.<sup>13</sup> Women are more likely to be economically dependent than men, more likely to hold caring roles, and more likely to be subject to financial and other abuse.<sup>14</sup> It therefore is a critical that women should have access to an independent income as this is vital in ensuring that they are able to realise their human rights, including access to food, security and housing.

In the context of the MIG, single household payments would entrench the gender norms around unpaid work and caring responsibilities which restrict women's ability to undertake paid work on an equal basis with men. A single household payment also risks facilitating financial abuse and will deny equal autonomy over income and spending including decisions on pooling resources. Research suggests that 89% of women experience financial abuse as part of their experience of domestic abuse.<sup>15</sup> IPPR Scotland's report recommends that an opt-in should be available for couples who prefer a single payment. However, this does not account for the fact that financial decision-making takes place within the context of gendered power dynamics. Providing an opt-in for household payments could still lead to financial abuse, as the extent to which this represents a realistic "choice" for many women, especially those experiencing coercive control, could be overstated.<sup>16</sup>

Existing modelling is based on a household entitlement, rather than an individualised entitlement. Split payments will mitigate the worst impacts of a single payment, but there are complexities around how this will work in practice. We would urge the Scottish Government to conduct further analysis around the feasibility of individualised, rather than household, entitlements to MIG. However, if a household entitlement approach is to be adopted, household modelling must be informed by an analysis of intra-household resource allocation. It cannot be presumed that members of a household have 50:50 access to household resources. The extent of women's poverty, and therefore child poverty, is masked by household statistics, which wrongly assume an equal distribution of household income. Women also tend to be "poverty managers" and will often shield their families from poverty by going without food, clothing or warmth themselves. Intra-household dynamics will also need to be considered in the design of any work allowances and taper rates, as a result of transitions and changing circumstances. Research highlights that the Universal Credit taper rates affect women's work incentives more than men.<sup>17</sup> As support for the cost of childcare is absorbed within the monthly payment and tapered away as earnings rise, some working households are unable to pay for childcare and face rising debt as a result. As a result, the benefits of a "second

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<sup>13</sup> Engender (2015) *A widening gap: women and welfare reform*

<sup>14</sup> Engender (2016) *Gender Matters in Social Security: Individual Payments of Universal Credit*

<sup>15</sup> Scottish Women's Aid 'Household Payments and Universal Credit: System Error' available at <https://womensaid.scot/household-payments-universal-credit-system-error/>

<sup>16</sup> Engender (2016) *Gender Matters in Social Security: Individual Payments of Universal Credit*

<sup>17</sup> In-Work Progression Commission (2021) *Supporting Progression Out of Low-paid Work*

earner”, the majority of whom are women, increasing working hours are outweighed by the financially unsustainable impacts to Universal Credit payments. This consequently reinforces the notion of the “male breadwinner model” which entrenches inequality within the household and reduces women’s financial independence.

### Ensuring that the MIG takes account of women’s experiences of the labour market

IPPR Scotland highlights that acquiring more hours, even at minimum wage, goes some way to close shortfalls for in-work households. It is therefore stated that a commitment to ‘living hours’ can, alongside the real living wage, support a living income and is thus likely to be an important tool in securing incomes in Scotland.<sup>18</sup> However, this ignores the gendered barriers experienced by women in increasing their working hours. Women are more likely to be primary caregivers for children, and more likely to have caring responsibilities for older people and disabled people. Women with caring responsibilities, and single parents particularly, 91% of whom are women, are trapped in poverty by a range of factors including the prohibitive cost of childcare; lack of quality flexible working and part-time work jobs; difficulties in accessing training and development opportunities; and generic employability programmes and a social security system that does not meet their needs. Securing a reliable number of working hours which fit with school and available childcare provision is a particular challenge for single parents, especially as single parents are more likely to be concentrated in sectors such as retail which are characterised by precarious and insecure work. These barriers ultimately contribute to women’s concentration in low-paid jobs and sectors and reinforce the gendered nature of poverty in Scotland.

## **2. What do you see as the main benefits, challenges and risks of a Minimum Income Guarantee in Scotland?**

Our response to question one outlines a number of key challenges and risks for the introduction of a MIG, namely the model of payments, ensuring a MIG addresses women’s poverty, and reflects women’s experiences of paid work. However, if gender analysis is adopted in the design and implementation of a MIG there will be key benefits for women including greater stability and reliability of income, access to independent income and the alleviation of women’s poverty. Some further considerations are noted below.

### Benefit: Improving on the current system of social security which fails to meet women’s needs

Although women are more reliant on social security,<sup>19</sup> the design of Universal Credit fails to take account of gendered patterns of employment and care. For example, the single household payment reduces women’s financial independence making it easier for

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<sup>18</sup> IPPR (2021) *Securing a living income in Scotland: Towards a Minimum Income Guarantee*

<sup>19</sup> Close the Gap (2018) *Women, Work and Poverty: What you need to know*

abusive men to perpetrate financial abuse, and the five-week wait leaves women without any income for at least that period. In addition, 86% of net ‘savings’ raised through cuts to social security between 2010 and 2020 are estimated to have come from women’s incomes.<sup>20</sup> This has placed women, and their children, at a greater risk of deeper and sustained poverty. The UK Government’s “welfare reform” programme and wider agenda of public sector spending cuts had a hugely disproportionate impact on women’s access to resources, security and safety.<sup>21</sup>

The introduction of a gender-sensitive MIG could provide women with a stable, reliable income, regardless of their employment situation or without any changes to their employment pattern. This means ensuring that women have access to a sustainable, adequate and reliable income during periods when they have taken time out of paid work in order to care, when they are unemployed, or when they are in insecure work. At present, due to the failure of the social security system to meet women’s needs, women who are forced into accessing Universal Credit as a result of changes to their personal or employment circumstances can be pushed into further poverty.

Risk: Ensuring the implementation of a Minimum Income Guarantee does not reinforce gendered norms around unpaid work

Scotland’s Gender Equality Index published in 2020 finds that 85% of people aged 16-64 who were “economically inactive” due to caring were women. Scotland’s overall score on the measure of inactivity due to caring is low, leading Scottish Government to conclude that “Scotland is a long way from full gender equality in this area.”<sup>22</sup> Gendered patterns of care are long entrenched and have been slow to disrupt, in part due to the outdated presumption that care is a product of inherently “female” traits and preferences, leading to a subsequent failure to recognise and value care skills.<sup>23</sup> The most recently available time-use data for pre-pandemic Scotland shows that women in opposite sex couples were undertaking approximately 68% of the housework and 68% of the childcare.<sup>24</sup> The unequal distribution of unpaid work and care remains a key cause of the gender pay gap in Scotland. As the pandemic disrupted informal and formal childcare, schooling and social care, gendered patterns of unpaid care were exacerbated further.<sup>25</sup> Evidence from the Institute of Fiscal Studies highlights that women in paid work with caring responsibilities have reduced their paid working hours substantially,

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<sup>20</sup> V Alakeson (2012) *The Price of Motherhood: Women and Part-time Work*

<sup>21</sup> Engender (2016) *Securing Women’s Futures: Using Scotland’s New Social Security Powers to Close the Gender Equality Gap* available at <https://www.engender.org.uk/content/publications/Securing-Womens-Futures---using-Scotlands-new-social-security-powers-to-close-the-gender-equality-gap.pdf>

<sup>22</sup> Scottish Government (2020) *Gender Equality Index*

<sup>23</sup> Emily Thomson (2020) *Gender & Inclusive Growth: Inclusive Growth and its potential to improve gender equality*, Close the Gap and Engender available at <https://www.closesthegap.org.uk/content/resources/Gender-and-Inclusive-Growth---Making-inclusive-growth-work-for-women-in-Scotland.pdf>

<sup>24</sup> Wishart R, Dunatchik A, Speight S, Mayer M (2019) *Changing patterns in parental time use in the UK*. NatCen. Available at: [http://natcen.ac.uk/media/1722408/Parental\\_time\\_use\\_report.pdf](http://natcen.ac.uk/media/1722408/Parental_time_use_report.pdf)

<sup>25</sup> C. Hupkau and B. Petrongolo (2020) *Work, care and gender during the Covid-19 Crisis*

and by more than their male counterparts.<sup>26</sup> In addition, more than three-quarters (78%) of unpaid carers report having to provide more care than they were prior to the coronavirus outbreak, and there are now as many as 1.1 million unpaid carers in Scotland, 61% are women.<sup>27</sup>

Initiatives such as minimum income standards and universal basic income are often viewed as an equaliser, seen as providing income for women's unpaid domestic labour. However, there is a risk that a MIG could further entrench the gendered division of unpaid labour. While a MIG may be seen as a means of ensuring families can make better choices about work and care, these choices are made within the context of a gendered hierarchy in which social norms dictate that women are better suited to do unpaid care and other types of domestic labour.<sup>28</sup> In mixed-sex couples where neither person is in work, a MIG would be paid to both individuals regardless of whether unpaid work is being carried out by that individual. It is therefore necessary that action is taken to reduce and redistribute women's unpaid work in tandem with a MIG. This should include enabling men and women to do 50/50 share of paid and unpaid work; increasing access to flexible working; and creating use-it-or-lose-it paid paternity leave.

Early modelling of a MIG has provided some consideration of unpaid work, but insufficient attention has been afforded to the gendered nature of this labour. A MIG must recognise the economic value of unpaid work that largely falls on women and restricts their access to good quality employment. While reproductive labour<sup>29</sup> is vital to the continued functioning of society, it is not counted in the system of national accounts. The value of unpaid work is estimated to be worth an estimated £1.1 trillion to the UK economy, or around 56% of GDP.<sup>30</sup>

### **3. Are there certain groups of people that you think should be given particular attention when thinking about how a Minimum Income Guarantee in Scotland should work?**

#### Women and the labour market

Women's experiences of poverty are directly linked to their experiences of the labour market and the causes of the gender pay gap are key factors in women's poverty. Women continue to experience higher rates of in-work poverty than men, highlighting that paid work is not a guaranteed route out of poverty for women. The introduction of a MIG may mask the manifestations of women's labour market inequality, and therefore

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<sup>26</sup> Institute for Fiscal Studies (2020) *How are Mothers and fathers balancing work and family life under lockdown?*

<sup>27</sup> Engender (2020) *Gender and Unpaid Work: The Impact of COVID-19 on Women's caring roles*

<sup>28</sup> Women's Budget Group (2020) *Basic Income and Gender Equality*

<sup>29</sup> Reproductive labour (c.f. productive labour) is the unpaid activities in the home and workplace, including childcare, meal preparation, cleaning and other activities, which are vital to the continued functioning of a society. See K. Bahn, J. Cohen and Y. van der Meulen Rodgers (2020) *A feminist perspective on COVID-19 and the value of care work globally*

<sup>30</sup> Office for National Statistics (2016) *Women shoulder the responsibility of unpaid work*

longer-term action to tackle the causes of the gender pay gap, including the undervaluation of women's work and women's low pay, should not be de-prioritised.

In line with the multiple, intersecting inequalities experienced by different groups of women, there is a particularly high risk of poverty among Black and minority ethnic (BME) women, disabled women, single parents, and refugee and asylum-seeking women. The No Recourse to Public Funds (NRPF) policy has had a particularly detrimental impact on asylum-seeking and migrant women's poverty.<sup>31</sup> NRPF has added further precarity to the financial security of low-income migrant families, especially those headed by a single mother. Women with NRPF are prevented from accessing employment; excluded from in-work benefits including housing benefit and tax credits; and are denied the limited protection offered by Universal Credit.<sup>32</sup> Over the course of the pandemic, migrant women with NRPF who have been made redundant, or had their hours cut, have faced destitution as a result of being ineligible for most benefits.<sup>33</sup> It is therefore vital that policymakers, data analysts and working groups have sufficient intersectional gender competence<sup>34</sup> to design a MIG that will advance women's labour market and economic equality.

This is particularly important as women's labour market participation has been significantly adversely impacted by COVID-19 job disruption. Women are more likely to work in a shut-down sector, such as hospitality and retail; women have borne the brunt of the increase in childcare and care for adults in the home, making it difficult to do paid work; and women are more likely to lose their jobs over the course of the recession.<sup>35</sup> Women accounted for the majority of furloughed staff from July 2020 to April 2021. Young women were particularly likely to be furloughed and were also less likely to have their furloughed salary topped-up by their employer.<sup>36</sup> Women, and their children, will experience a rising tide of poverty as a result of COVID-19.

### Disabled women

Within the labour market, disabled women face inequalities on the basis of both their sex and disability because of their intersecting identities. Disabled women experience both the gendered barriers which perpetrate women's labour market inequality, in addition to the barriers experienced by disabled people in the labour market. As a result,

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<sup>31</sup> Woolley, Agnes (2019) *Access Denied: The cost of the 'no recourse to public funds' policy*

<sup>32</sup> Ibid.

<sup>33</sup> Women's Budget Group (2020) *Migrant women and the economy*

<sup>34</sup> Gender competence – refers to the skills, knowledge and analytical capability to develop policy that is well-gendered; that takes account of the socially constructed difference between men's and women's lives and experiences. 'Intersectional' gender competence is that which understands that women are not a homogenous group, but the disabled and Black and minority ethnic women's experiences will be inflected by ableism and racism.

<sup>35</sup> Close the Gap (2021) *One Year On: How COVID-19 is impacting women's employment in Scotland* available at [https://www.closesthegap.org.uk/content/resources/1617267711\\_One-Year-On--How-COVID-19-is-impacting-womens-employment-in-Scotland.pdf](https://www.closesthegap.org.uk/content/resources/1617267711_One-Year-On--How-COVID-19-is-impacting-womens-employment-in-Scotland.pdf)

<sup>36</sup> Close the Gap and Engender (2021) *Joint briefing on the impact of COVID-19 on young women's employment, mental health, and financial security*



disabled women generally have poorer labour market outcomes and lower pay than disabled men.<sup>37</sup> The average pay gap for disabled women is 22% when compared with non-disabled men and 11% when compared with disabled men.<sup>38</sup> Disabled women are also much more likely to work part-time than disabled men (48% compared with 18%). Disabled women are more likely to work part time than non-disabled people with 42% of non-disabled women and 11% of non-disabled men working part-time.<sup>39</sup> Disabled women are more likely to be under-employed and in low-paid work, while also facing additional costs as a result of their disability.<sup>40</sup> The MIG should take account of the additional living costs that disabled women may need.

### Black and minority ethnic (BME) women

Close the Gap published research in 2019 on the labour market experiences of BME women in Scotland which captures data on key aspects of employment across recruitment, development and workplace culture.<sup>41</sup> The main conclusion drawn from this research is that BME women continue to face high levels of racism, racial prejudice, discrimination and bias in the labour market which ultimately impacts their ability to secure, retain and progress within sustainable, good employment.

The MIG must meet the needs of BME women, including BME women who live in multi-generational and extended households. COVID-19 has exacerbated BME women's inequality in the labour market with BME women being more likely to work in a sector that has been shut down; more likely to be in insecure work which puts them at increased risk of loss of hours and earnings; and are concentrated in low-paid service sectors which are more susceptible to redundancies over the course of the crisis.<sup>42</sup> BME women were more likely to be experiencing poverty prior to the outbreak of the pandemic and this trend is has only been exacerbated by the crisis. Higher proportions of BME mothers (24%) reported that they were struggling to feed their children during the crisis than white mothers (19%). Almost half of BME women (43%) said they believed they would be in more debt than before the pandemic compared to just over a third of white women (37%).<sup>43</sup>

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<sup>37</sup> TUC (2015) *Disability and Employment: A social Model Study of Employment Experiences of Disabled People in Great Britain, with a Focus on Mental Illness* available at

<https://www.tuc.org.uk/sites/default/files/DisabilityandEmploymentReport.pdf>

<sup>38</sup> Sykes, Wendy et al (2013) *Barriers to employment and unfair treatment at work: a quantitative analysis of disabled people's experiences* Equality and Human Rights Commission available at

<https://www.equalityhumanrights.com/sites/default/files/research-report-88-barriers-to-employment-and-unfair-treatment-at-work-disabled-peoples-experiences.pdf>

<sup>39</sup> Ibid

<sup>40</sup> <https://wbg.org.uk/wp-content/uploads/2018/10/Disabled-women-October-2018-w-cover-2.pdf>

<sup>41</sup> Close the Gap (2019) *Still Not Visible: Research on Black and minority ethnic women's experiences of employment in Scotland*

<sup>42</sup> Close the Gap (2020) *Disproportionate Disruption: The impact of COVID-19 on women's labour market equality*

<sup>43</sup> Women's Budget Group (2020) 'New data reveals "crisis of support" for BAME women' available at

<https://wbg.org.uk/media/new-data-reveals-crisis-of-support-for-bame-women/>

## Single parents

IPPR Scotland highlight that single parent households experience among the biggest income shortfalls against minimum income standards. Almost half of single mothers in the UK fall below the poverty threshold after housing costs.<sup>44</sup> However, the report is not explicit in outlining the particular barriers single parents, 91% of whom are women, experience in the labour market.<sup>45</sup> As a result of the factors highlighted above, it cannot be presumed that single parents will be able to increase their working hours in order to satisfy “living hours” criteria. With 39% of children living in poverty in Scotland living in single parent households,<sup>46</sup> ensuring the MIG meets the needs of single parents is necessary to meet the Scottish Government’s wider commitments on child poverty.

Meeting the needs of single parents is particularly important in the current context, as COVID-19 has exacerbated the financial insecurity already felt by low-income single parents. Single mothers with fewer qualifications are more likely to be concentrated in sectors such as retail and hospitality which have faced prolonged shut-downs during the pandemic, further threatening their financial security and employment security. In addition, single parents have faced particular difficulties in balancing paid and unpaid work during the pandemic, with many women having to reduce their hours or leave in their job in order to care.<sup>47</sup>

## Unpaid carers

A MIG should play an important role in securing adequate incomes for unpaid carers in Scotland, alongside the people for whom they provide care. Women provide the vast majority of unpaid care, often having multiple unpaid caring roles for children and other relatives who are older or require support.<sup>48</sup> Data from the DWP shows that women in the UK are more than 2.5 times more likely to receive Carer’s Allowance.<sup>49</sup> The National Carers Strategy for Scotland recognises that carers, whatever their circumstances, should be able to enjoy the same opportunities in life as people without caring responsibilities and be able to achieve their full potential as citizens.<sup>50</sup> However, women’s disproportionate responsibility for care and other domestic labour affects their ability to enter and progress equally in the labour market. Women are four times more likely to leave their job because of multiple caring responsibilities.<sup>51</sup> Providing unpaid

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<sup>44</sup> Women’s Budget Group (2019) *A Home of Her Own: Housing and women*, available at <https://wbg.org.uk/analysis/uk-policy-briefings/2019-wbg-briefing-social-security-and-gender>

<sup>45</sup> Joseph Rowntree Foundation (2021) *Freeing Low-Income Single Parents from In-work Poverty’s Grip*

<sup>46</sup> Ibid.

<sup>47</sup> Engender (2020) *Gender and Unpaid Work: The Impact of COVID-19 on Women’s caring roles*

<sup>48</sup> Carers UK and Employers for Carers (2012) *Sandwich Caring: Combining childcare with caring for older or disabled relatives*

<sup>49</sup> DWP Stat Xplore: Dataset: CA: Cases in Payment - Data from May 2018, Table 1 - Gender

<sup>50</sup> Engender (2016) *Gender Matters in Social Security: Individual Payments of Universal Credit*

<sup>51</sup> Ibid

care also has a significant impact on health and wellbeing, with one in four unpaid carers reporting that they have not had a break from caring in five years.<sup>52</sup>

Caring can leave carers with a legacy of poverty which lasts beyond the end of their caring role, as well as poor physical and mental health.<sup>53</sup> Research by Carers Scotland found that more than half (53%) of carers receiving Carer's Allowance were struggling to make ends meet and more than three-quarters (79%) of carers regularly use their own income or savings to pay for support, equipment or products for the person they care for.<sup>54</sup>

### Victim-survivors of men's violence against women

Violence against women (VAW) is a violation of women's human rights, and an enduring problem that is endemic in Scotland. VAW is a cause and consequence of gender inequality, and poverty makes women more vulnerable to forms of VAW. Perpetrators of domestic abuse use a range of tactics, including financial and economic abuse, to assert or maintain control over victim-survivors and restrict access to money and resources. As mentioned above, the vast majority of women (89%) affected by domestic abuse report that financial abuse was central to their experience. Financial dependence and poverty are both primary risk factors that diminish women's resilience and can prevent women from leaving an abusive partner.

VAW affects all aspects of women's lives, and the workplace is no exception. However, employer practice on supporting victim-survivors is generally poor. Where women are not supported at work, their ability to do their job, their options to progress, and their wider labour market outcomes are negatively affected. Many women who have been sexually harassed are prevented from moving into better paid jobs or pushed out of work altogether. Women in low-paid precarious work, who are reliant on shift allocation, are more likely to be exploited by perpetrators and less likely to report sexual harassment.<sup>55</sup> Women affected by other forms of VAW such as stalking, and rape and sexual assault routinely face a lack of support at work, which affects their performance, forces them to take time off work, often with minimal or no sick pay, and in some cases are also forced to leave their job. The lack of support for victim-survivors at work contributes to women's higher levels of poverty and child poverty.

There is also a clear link between women's poverty, women's low-paid work and prostitution and other forms of commercial sexual exploitation. If women are not able to earn enough to meet their household outgoings, then this increases the likelihood that they will be pushed into commercial sexual exploitation. Poverty is a key barrier

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<sup>52</sup> Carers UK (2017) 'Carers in four unpaid carers "have not had a day off" in five years' available at <https://www.carersuk.org/news-and-campaigns/news/one-in-four-unpaid-carers-have-not-had-a-day-off-in-five-years>

<sup>53</sup> Carers Scotland (2021) *Response to the Adult Social Care Review*

<sup>54</sup> Ibid.

<sup>55</sup> TUC (2016) *Still Just a Bit of Banter?* Available at: <https://www.tuc.org.uk/research-analysis/reports/still-just-bit-banter>

which prevents women who want to leave prostitution exiting.<sup>56</sup> A MIG would therefore particularly benefit victim-survivors of all forms VAW and protect them against damaging effects of poverty.

#### **4. What steps should we take first to deliver the Minimum Income Guarantee in Scotland? You may wish to think about public services, employment and employers, and social security.**

##### Improving the provision of affordable, flexible and accessible childcare

Childcare is the most immediate barrier to women being able to work, study and train. The provision of high quality, flexible childcare is inconsistent in Scotland and the prohibitively high cost means that many women reduce their hours after having children, or leave their job altogether to do full-time childcare. Maternal employment in the UK continues to lag significantly behind the best performers in the OECD.<sup>57</sup> The need to balance earning with caring means women are more likely to work part-time. This exacerbates women's concentration in low paid and insecure work, as most part-time work is found in the lowest paid jobs and sectors, making it difficult for women to combine childcare with a job that is commensurate with their skill level. The high cost of childcare also particularly affects women because the cost of childcare in an opposite sex household is often set against the woman's pay. Barriers to accessing quality childcare are worse for disabled children. Parents and carers of disabled children pay higher than average costs, and three-quarters have reduced their hours or left their job because of difficulties accessing appropriate childcare.<sup>58</sup>

Close the Gap welcomed the increase in the number of free hours of ELC to 1140 hours as a positive development in the provision of affordable, flexible childcare. However, the 1140 hours must be viewed as the starting point, rather than the end point, of reform. The 1140 entitlement also does not deliver sufficient funded hours to enable women to work full-time and the delivery of the funded entitlement at the local level is very often insufficiently flexible to meet the needs of women and their families.<sup>59</sup> Commitments in the Programme for Government around wraparound childcare and the expansion of free early learning and childcare to 1- and 2-year-olds are also welcome. These commitments should be early priorities for the Government, particularly within the context of delivering a MIG. To meet the needs of women and their families, a funded entitlement

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<sup>56</sup> Scottish Government (2017) *Exploring available knowledge and evidence on prostitution in Scotland via practitioner-based interviews*, available at: <https://www.gov.scot/publications/exploring-available-knowledge-evidence-prostitution-scotland-via-practitioner-based-interviews/>

<sup>57</sup> Campbell, Jim, Prof Diane Elson and Prof Ailsa McKay (2013) *The Economic Case for Investing in High Quality Childcare and Early Years Education*, Women in Scotland's Economy Research Centre

<sup>58</sup> *UK Parliament (2014) Report of the parliamentary inquiry into childcare for disabled children*

<sup>59</sup> Audit Scotland (2018) *Early Learning and Childcare*

of 50 hours for children aged 6 months onwards should be delivered to enable women to work full-time if they need to or want to.

### Improving access to flexible and reliable working hours

Women's disproportionate responsibility for care means that the lack of quality flexible working makes it difficult for them to balance work with family life.<sup>60</sup> Research shows that flexible working is particularly important for single parents, 91% of whom are women, with single parents reporting a lack of understanding from their employers around their experience of being the only carer.<sup>61</sup> Scottish Government should seek to encourage employers to introduce increased flexible working opportunities. The recent addition of flexible working to Fair Work First criteria is a welcome recognition that flexible working is key to achieving fair work for women. However, in Scotland, only 24% of jobs were advertised with flexible options by the end of 2020<sup>62</sup> and only one in six employees and employers in Scotland feel flexible working is the norm in their workplace.<sup>63</sup> While all employees have the right to request flexible working, research by Close the Gap covering the period 2010 to 2015 found that there is no evidence of an increase in the use of formal flexible working in Scotland since 2010.<sup>64</sup>

Women remain disproportionately affected by inflexible workplace cultures. The lack of flexibility offered within full-time employment across the labour market, but particularly in low-paid full-time work, is a particular barrier to women increasing both their hours and earnings. There are particular challenges for mothers of school-age children, particularly single mothers, in covering school holidays while in full-time work. More flexible options that are compatible with longer working hours, for example term-time only and compressed hours, are less common in low-paid work, and term time working in particular has reduced across Scotland's labour market.<sup>65</sup> These options would provide women with greater opportunities to increase their hours, while also being able to take care of children. Research by Resolution Foundation found that mothers in low to middle income groups, and those who are reliant on social security, were more likely to say that greater job flexibility and more suitable childcare would encourage them to extend their hours.<sup>66</sup> Currently, low-paid roles are more likely to be offered on part-time basis and are also more likely to have fixed working hours and locations which create barriers to progression for those who require flexibility.<sup>67</sup>

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<sup>60</sup> Close the Gap (2020) *Flexible Working for All? The impact of the right to request regulations in Scotland*

<sup>61</sup> Joseph Rowntree Foundation (2021) *Freeing Low-Income Single Parents from In-work Poverty's Grip*

<sup>62</sup> Timewise (2020) *The Timewise Scottish Flexible Jobs Index 2020*

<sup>63</sup> Flexibility Works (2021) *Flex for life*

<sup>64</sup> Close the Gap (Forthcoming 2018) *Flexible Working for All? The impact of the right to request regulations on women in Scotland*

<sup>65</sup> Ibid.

<sup>66</sup> Resolution Foundation (2012) *The Price of Motherhood: Women and part-time work*

<sup>67</sup> Timewise (2020) *The Timewise Scottish Flexible Jobs Index 2020*

The introduction of a MIG without action to improve access to flexible working will mean that women with caring responsibilities will continue to be effectively “trapped” in low-paid part-time roles. The business benefits of flexible working are well-established, including improved staff recruitment and retention; reduced recruitment and training costs; reduced stress and improved employee wellbeing; and improved productivity and profitability.

While increasing working hours is one aspect of the campaign for “living hours”, there is also an important focus on reliable working hours which provide for a stable income. A fifth of workers in the UK experience work insecurity, and more than half of these workers earn less than the real Living Wage.<sup>68</sup> Research by the Living Wage Foundation<sup>69</sup> found that more than half (52%) of women in shift work are likely to receive less than a weeks’ notice for working hours, shifts or work schedules. While equal numbers of men and women (26%) reported experiencing unexpected cancellations of shifts in the past 12 months, women were more likely than men to report receiving no payment when shifts were cancelled (29% compared to 20%).<sup>70</sup> This presents particular challenges for women in planning childcare around irregular shift patterns and also gives rise to the so-called “insecurity premium” which refers to the extra costs workers have to cover as a result of being called into work, such as last-minute childcare or transport costs. Tackling insecure work through the provision of reliable working hours should thus be prioritised in the delivery of the MIG.

#### Extension of the real Living Wage to female-dominated sectors

Women account for 60% of workers earning less than the Living Wage and there is low-coverage of the Living Wage in female-dominated sectors including retail, care and hospitality. Four in ten of those working in retail and wholesale are paid less than the real Living Wage<sup>71</sup> and 80% of people working in hospitality reported that they were already struggling with their finances before going into lockdown.<sup>72</sup> While there are higher rates of pay found in the public sector, average hourly pay in the wider social care sector is just £9.79.<sup>73</sup> Indeed, recent analysis from the STUC concluded that almost half (43%) of the Scottish social care workforce are being paid less than the real Living Wage, compared to less than a fifth (17%) for workers across the Scottish economy.<sup>74</sup>

The Scottish Government’s Tackling Child Poverty Delivery Plan has a strong focus on women’s labour market inequality, including actions to engage with sectors such as tourism, retail and hospitality where women’s low pay is a concern. In outlining how

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<sup>68</sup> Living Wage Foundation (2021) *The Insecurity Complex: Low-paid workers and the growth of insecure work*

<sup>69</sup> Ibid.

<sup>70</sup> Ibid.

<sup>71</sup> Resolution Foundation (2020) *Risky Business: Economic impacts of the Coronavirus crisis on different groups of workers*

<sup>72</sup> IPPR (2020) *COVID-19: What’s the outlook for Scotland’s workforce*

<sup>73</sup> Fair Work Convention (2019) *Fair Work in Scotland’s Social Care Sector 2019*

<sup>74</sup> Williams, Martin (2020) ‘Half of Scotland’s care workers paid less than Real Living Wage’, *The Herald*, 2 May 2020, available at <https://www.heraldscotland.com/news/18421934.half-scotlands-care-workers-paid-less-real-living-wage/>

these sectors have a critical role to play in tackling child poverty, the plan establishes that the payment of the real Living Wage in female-dominated sectors is vital to lifting women and their children out of poverty. The introduction of a MIG will be welcome in ensuring women that work in low-paid sectors have access to a sustainable, adequate income which allows for a dignified life. However, a MIG may also mask continued patterns of low-pay in these sectors and further entrench women's low-paid and precarious work. It is therefore essential that work continues to extend the coverage of the living wage to low-paid, female-dominated sectors.

### Tackling the undervaluation of women's work

Work that is seen as "women's work", such as cleaning, care and retail, is systematically undervalued in the labour market because this work is done by women. The concept of undervaluation underpins gendered experiences of low pay, occupational segregation and the gender pay gap.<sup>75</sup> In economics, the undervaluation of "women's work" means there is evidence of lower returns to women's productive characteristics.<sup>76</sup> Practically, this means that women will receive lower pay from investing in education or from their own work experience. The undervaluing of "women's work" has lifelong impacts for women such as debt, having less access to resources and assets, including occupational pensions, and a higher risk of in-work poverty.

The extension of Living Wage coverage in undervalued female-dominated jobs and sectors is an important starting point in addressing women's low pay. However, the Living Wage is not a panacea for undervaluation as it does not address the crux of the low pay problem, which is that this work is undervalued because it is mostly women who do the work. Increasing the wages associated with these roles alone will be insufficient to better recognise the status and skills of the workforce. The undervaluation of women's work in Scotland is recognised in *A Fairer Scotland for Women*,<sup>77</sup> but the Plan contains no specific actions to address it. The Scottish Government has commissioned research to gather evidence on the international mechanisms to revalue women's low-paid work in sectors such as social care, early learning and childcare, retail, and cleaning. The findings of this research should be considered when designing a MIG and wider anti-poverty interventions.

### Utilising the Scotland's social security powers to tackle poverty

The passing of the Social Security (Scotland) Act 2018 gave the Scottish Parliament new powers around social security.<sup>78</sup> Close the Gap have welcomed early action, including the introduction of the Scottish Child Payment. However, it is important that the Scottish Government continue to utilise the full powers at their disposal to tackle

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<sup>75</sup> Grimshaw, Damien and Jill Rubery (2007) *Undervaluing Women's Work*, Equal Opportunities Commission

<sup>76</sup> Ibid.

<sup>77</sup> Scottish Government (2020) *A Fairer Scotland for Women*

<sup>78</sup> Poverty Alliance (2021) *A Scotland for All of Us*

poverty in Scotland.

Close the Gap is a member of the End Child Poverty Coalition which has called for the Scottish Government to commit to doubling the Scottish Child Payment in this year's budget.<sup>79</sup> This action will be an important step in providing for minimum income standards in Scotland as evidence highlights that doubling the Scottish Child Payment now is the single most impactful action that could be taken to help meet the interim child poverty targets in 2023. Without action to double the payment immediately, more mothers and their children will be pulled into poverty. Under the current roll-out plan and value, the Scottish Child Payment will reduce poverty in Scotland by between 2 and 3 percentage points. This could leave child poverty rates as high as 26% in 2023/24, when the interim target, enshrined in legislation for that year is 18%.<sup>80</sup>

Additional payments of Carer's Allowance Supplement during the pandemic have been a welcome recognition of the additional work and stress undertaken by unpaid carers during the crisis. If passed, the Carer's Allowance Supplement (Scotland) Bill would allow for further increases to Carer's Allowance Supplement. In line with the conclusions of the Social Justice and Social Security Committee<sup>81</sup>, Close the Gap believes there is a strong case for further increases in the value of the supplement. However, there also remains a strong need to develop a longer-term mechanism to ensure the security of unpaid carers in the form of a payment equivalent to at least the real Living Wage. In the longer-term, the Scottish Government's Scottish Carer's Assistance, which will be delivered in the coming years, provides the opportunity to ensure that unpaid carers are protected from poverty. Additional financial and wider support for unpaid carers in Scotland should be an early priority to deliver the MIG in Scotland.

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<sup>79</sup> Poverty Alliance (2021) "Do the right thing and double the Scottish Child Payment now" civil society coalition tells First Minister' available at <https://www.povertyalliance.org/do-the-right-thing-and-double-the-scottish-child-payment-now-civil-society-coalition-tells-first-minister/>

<sup>80</sup> Ibid.

<sup>81</sup> Social Justice and Social Security Committee (2021) *Carer's Allowance Supplement (Scotland) Bill Stage 1 Report*