



## **Consortium for the Regional Support for Women in Disadvantaged and Rural Areas**

### **Response to: Proposals for a Pensions Bill – Equality Impact Assessment**

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Foyle Women's  
Information  
Network



## **Women's Regional Consortium: Working to Support Women in Rural Communities and Disadvantaged Urban Areas**

### **1. Introduction**

**1.1** This response has been undertaken collaboratively by the members of the Consortium for the Regional Support for Women in Disadvantaged and Rural Areas, which is funded by the Department for Social Development in Northern Ireland (hereafter, DSD) and the Department of Agriculture and Rural Development in Northern Ireland.

**1.2** The Women's Regional Consortium consists of seven established women's sector organisations that are committed to working in partnership with each other, government, statutory organisations and women's organisations, centres and groups working in disadvantaged and rural areas, to ensure that organisations working for women are given the best possible support in the work they do in tackling disadvantage and social exclusion.<sup>1</sup> The seven groups are as follows:

- Training for Women Network (TWN) – Project Lead
- Women's Resource and Development Agency (WRDA)
- Women's Support Network (WSN)
- Northern Ireland's Rural Women's Network (NIRWN)
- Women's TEC
- Women's Centre Derry (WCD)
- Foyle Women's Information Network (FWIN)

**1.3** The Consortium will be the established link and strategic partner between government and statutory agencies and women in disadvantaged and rural areas, including all groups, centres and organisations delivering essential frontline services, advice and support. The Consortium will ensure that there is a continuous two way flow of information between government and the sector. It will ensure that organisations/centres and groups are made aware of consultations, government planning and policy implementation. In turn, the Consortium will ascertain the views,

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<sup>1</sup> Sections 1.2-1.3 represent the official description of the Consortium's work, as agreed and authored by its seven partner organisations.

needs and aspirations of women in disadvantaged and rural areas and take these views forward to influence policy development and future government planning, which will ultimately result in the empowerment of local women in disadvantaged and rurally isolated communities.

## **2. General comments**

**2.1** The Women's Regional Consortium appreciates the opportunity to respond to DSD's *Proposals for a Pensions Bill – Equality Impact Assessment*.

**2.2** The Consortium welcomes this consultation exercise as affirmation of the Executive's intent to promote 'a better foundation for [pension] saving and ensure the [pension] system is sustainable for future generations'.<sup>2</sup>

However, in a context of increasing levels of vulnerability in Northern Ireland and associated actual/projected increases in poverty,<sup>3</sup> especially pensioner poverty, we are concerned at uncertainty about the potential impact of the proposals on the welfare and well-being of vulnerable women and households in rural and disadvantaged areas.

The remainder of this paper outlines these concerns and other associated gender-specific issues.

## **3. Specific comments**

### *Pensioners and poverty*

**3.1** It is a matter of some concern that the pension proposals do not contain any measures to explicitly address pensioner poverty in Northern Ireland, particularly that experienced by older and more vulnerable pensioners.

Research by the Joseph Rowntree Foundation (hereafter, JRF) indicates that pensioner poverty in Northern Ireland is higher than in Great Britain (21 per cent

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<sup>2</sup> DSD, *Proposals for a Pensions Bill: Equality Impact Assessment*, Belfast: DSD, 2013, p.6.

<sup>3</sup> See, for example, G. Horgan, *Welfare reform: implications and options for Northern Ireland*, University of Ulster: Belfast, 2013, p. 2.

versus 16 per cent) and that this differential has grown over recent years.<sup>4</sup> According to the latest available government statistics, in 2011/12, around 25 per cent of pensioners in Northern Ireland were in relative poverty (i.e. 72,000) while approximately 27 per cent (i.e. 79,000) were in absolute poverty before housing costs, representing a 5 percentage point rise on the previous year.<sup>5</sup>

Part of the reason for this Great Britain-Northern Ireland disparity in pensioner poverty is that Northern Ireland pensioners are more likely than their Great Britain counterparts to depend entirely on benefits for their income. For example, while 40 per cent of single pensioners in Northern Ireland rely wholly on state pension and pension credits, the comparable figure for the entire UK is 20 per cent.<sup>6</sup> Of course, pensioner poverty in Northern Ireland does not only affect those on benefits. For instance, as government research on fuel poverty has observed, ‘many pensioners [in Northern Ireland] just above the benefits line are also facing major difficulties in paying for the necessities of heating and eating’.<sup>7</sup> Pensioners in this category can in fact often be financially worse off than those wholly reliant on state support.<sup>8</sup>

This situation is compounded by the fact that the high level of pensioner benefit dependency in Northern Ireland ‘is likely to continue’ in the foreseeable future, in large part because the proportion of employed persons in Northern Ireland who contribute to a pension is likely to remain less than the Great Britain equivalent.<sup>9</sup> Accordingly, the risk of poverty for pensioners in Northern Ireland is also greater than in Great Britain.<sup>10</sup>

Research from the Department for Work and Pensions (hereafter, DWP) provides an insight into the egregious impact of pensioner poverty on everyday living conditions. According to DWP findings, around 28 per cent of materially deprived pensioners in

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<sup>4</sup> T. MacInnes et al. *Monitoring poverty and social exclusion in Northern Ireland*, London: Joseph Rowntree Foundation, 2012.

<sup>5</sup> NISRA, *Poverty in Northern Ireland: 2011/12*, Belfast: NISRA, 2013.

<sup>6</sup> MacInnes et. al., *op. cit*

<sup>7</sup> NIA, *Report on Fuel Poverty, Together with the Minutes of Proceedings of the Committee relating to the Report Ordered by the Committee for Social Development*, Report: NIA 36/11-15 (Committee for Social Development), 2012, p.43.

<sup>8</sup> *Ibid.*

<sup>9</sup> MacInnes et. al., *op. cit*, p.12.

<sup>10</sup> *Ibid.*

the UK 'lacked basic items', for example, having a warm coat, while financial pressures caused some 'to cut back on essential care or support with the most basic of tasks such as bathing, dressing and shopping'.<sup>11</sup> This predicament is exacerbated because such pensioners can also tend to cut back on social activities, which can lead to social isolation and deepen deprivation by precluding external opportunities to gain support from others.<sup>12</sup>

### *Rural pensioner poverty*

Clearly, some categories of pensioners are more at risk of poverty than others. For example, some rural pensioners can be at particular risk of poverty given the association between social isolation, material deprivation and unsatisfactory rural infrastructural provision, such as inadequate public transport. This causal association is affirmed by DWP research, which concluded that 'having a good local community and good access to public transport and local amenities were important in reducing living costs [for], and material deprivation' among, pensioners.<sup>13</sup> By increasing opportunities for rural pensioners to gain vital support from family and friends, affordable/accessible public transport and access to adequate local amenities are crucial factors in helping to reduce their experience of rural isolation and the hardship that can accompany it. Yet rural public transport can, of course, tend to prioritise availability at peak times to accommodate commuter travel, while variable availability at other times can exclude vulnerable groups such as pensioners. Furthermore, local amenities may be deficient or even non-existent in rurally isolated areas.

While both the Northern Ireland Executive's Programme for Government and Delivering Social Change framework commit it to tackling poverty and social exclusion in general terms,<sup>14</sup> this is supported by a specific commitment to tackling

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<sup>11</sup> M. Kotecha et. al., Research Summary: Understanding the relationship between pensioner poverty and material deprivation – a synthesis of findings, London: DWP, 2013.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> OFMDFM, Delivering Social Change. [Online]. Available at: <http://www.ofmdfmi.gov.uk/index/delivering-social-change.htm>

rural poverty. In addition, the Executive's new older people's strategy, which is currently under development, targets pensioner poverty.<sup>15</sup>

From this perspective, it is not unreasonable to expect that pensioner poverty, whether rural or urban, should be explicitly and directly addressed by any public debate on the reform of the current pension system. And, as leading UK charities have rightly claimed, in taking forward the Pensions Bill, there is a range of remedial measures that government could potentially adopt to address this glaring omission. For example, it could take better account of pensioner poverty by extending the single tier pension to current pensioners, as economic circumstances permit, and fixing the single tier rate at an appropriate level above the pension credit guarantee level.<sup>16</sup>

However, the consultation document fails to even acknowledge pensioner poverty as a fundamental factor in this debate. In short, it is strategically remiss of government to formulate proposals that seek to reform the current pension system without also explicitly seeking to take proper and concurrent account of the relationship between that system and actual/projected pensioner poverty levels in Northern Ireland.

### *Parity principle*

The document states that, in large part, the Executive intends pursuing the UK government's pension proposals for reasons to do with the parity principle:

as there is a long-standing principle of parity between Northern Ireland and Great Britain in relation to pension matters, it is anticipated that a corresponding Northern Ireland Bill will be introduced in the Assembly early in 2014.<sup>17</sup>

It is implied that the application of this principle in effect means that the Executive has no actual scope for variation with the UK government on pension matters.

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<sup>15</sup> This Active Ageing Strategy is being developed by the Office of the First Minister and Deputy First Minister.

<sup>16</sup> Age UK, Pensions Bill Second Reading Briefing, House of Commons June 2013, London: Age UK, 2013.

<sup>17</sup> DSD, op. cit., p.6.

We appreciate the budgetary import of the parity principle in respect of welfare payments, i.e. that ‘any decision to make differential payments would have to be met from the Block Grant’.<sup>18</sup> But its application in the pension debate should not exclude the Executive taking due and concurrent cross-departmental account of pertinent particularities of the Northern Ireland case, including the context-specific level and risk of pensioner poverty outlined above. Because, as JRF research affirms, in spite of the parity principle, ‘*the power to vary some welfare rules exists*’ in Northern Ireland.<sup>19</sup> Recent examples of such welfare variation include the Executive’s reported concession on restricting the bedroom tax to new claimants and some variation on the design of universal credit.<sup>20</sup>

### *Recommendation*

- The Women’s Regional Consortium urges DSD to develop and implement sufficient cross-departmental measures to properly track, evaluate and address the relationship between the proposals and current/projected pensioner poverty in Northern Ireland.

### *Increased state pension age*

**3.2** A key dimension of the stated rationale for the proposals is that life expectancy in the UK is increasing faster than projected. It is anticipated that the planned increase in state pension age to 67 by eight years between 2026 and 2028 should address this demographic thus ‘help[ing to] keep the cost of the state pension system sustainable in the long-term’.<sup>21</sup>

Yet, as commentators have rightly noted, this manoeuvre ‘unfairly penalises those groups who have lower life expectancy’.<sup>22</sup> Clearly, as life expectancy increases, the extension of working lives is a legitimate subject for public debate. However, for the sake of fairness, this debate should include a full and proper consideration of key disparities in healthy life expectancy across different population categories, notably

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<sup>18</sup> J. McCormick, Joseph Rowntree Foundation Programme Paper, Anti Poverty Strategies for the UK: A Review of Devolved Approaches to Child Poverty, JRF: London, 2013.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> DSD, op. cit., p.7.

<sup>22</sup> Prospect, House of Commons Public Bill Committee on the Pensions Bill 2013-14: Submission by Prospect. London: Prospect, 2013.

socio-economic status and gender, as well as key disparities in the availability of employment opportunities in later life across similar categories.<sup>23</sup> For example, the tendency of women to live longer than men could hold gendered implications for pension planning and saving.

#### *Recommendation*

- The document includes plans to introduce future periodic reviews of the state pension age to take into account increases in longevity. Any review of this kind should statistically track and seek to address key variations in healthy life expectancy and job opportunities in later life across pertinent demographic categories such as gender and socio-economic status.<sup>24</sup>

#### *Awareness raising campaign*

**3.3** According to the consultation document, the proposed reform of the state pension system 'is intended to make the system simpler so that individuals have a better understanding of their state pension entitlement and therefore actively engage with planning for retirement'.<sup>25</sup>

We welcome the intent to simplify the current system given the link between bureaucratic complexity and reduced uptake rates of benefits among pensioners. Complicated bureaucratic systems can thwart benefit uptake by generating the following barriers:

perceptions of non-eligibility, difficulties understanding benefit systems, concerns as to how receipt of one benefit impacts on continued eligibility for another benefit, complexities of application forms and the belief of many pensioners that they have sufficient funds to live on.<sup>26</sup>

Research indicates that benefit agencies in Northern Ireland and across the UK do not currently tend to have effective mechanisms in place to accurately gauge the uptake rate of benefits among pensioners.<sup>27</sup> So, for example, for the period 2004-06, estimates of unclaimed state pension credit ranged from £26 million to £168

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<sup>23</sup> See Age UK, op. cit.

<sup>24</sup> Ibid.

<sup>25</sup> DSD, op. cit., p.6.

<sup>26</sup> Northern Ireland Audit Office, Uptake of Benefits by Pensioners. Belfast: Stationery Office, 2011, p.11.

<sup>27</sup> Ibid.



million.<sup>28</sup> Diminished uptake rates for pension credit can, of course, contribute to pensioner poverty, which may be compounded by overlapping reduced uptake levels for other benefits among the same cohort. For instance, for the same period, estimates of unclaimed housing benefit for pensioners ranged from £5 million to £29 million.<sup>29</sup>

This absence of accurate information on benefit uptake rates among pensioners is obviously problematic for policy planning, since it means that the proposed reform of the pension system is not properly informed by a suitably robust and comprehensive evidence base of pertinent pensioner variables.

We recognise that the Executive intends addressing this controversy of suppressed benefit uptake rates among pensioners in its new older people's strategy, which as aforementioned is currently under development. Clearly, if the Executive is serious in its intent to simplify the state pension system so that pensioners more actively engage with that system, then it must put in place more effective cross-departmental mechanisms that allow government and agencies to better understand, and more fully address, the key factors underlying the current/projected low uptake of pensioner benefits.

#### *Recommendation*

- As the Executive moves forward with these proposals, it should seek to develop effective cross-departmental mechanisms to help it more accurately gauge the uptake rates for benefits among pensioners. Furthermore, it should also take steps, including a properly coordinated awareness-raising campaign, to ensure that pensioners are fully informed about the proposals and to stimulate greater levels of benefit uptake.<sup>30</sup>

#### *Women as losers*

**3.4** As the consultation document notes, there is a group of women born between April 1951 and April 1953 who will not be eligible for the proposed single-tier pension, although men in the same period might not be similarly disadvantaged. In

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<sup>28</sup> Ibid.

<sup>29</sup> Ibid., p.19.

<sup>30</sup> Ibid.

Northern Ireland, it is estimated that 19,055 women will fall into this category.<sup>31</sup> Of course, these women are additionally disadvantaged by the rise in the state pension age.

The document cites certain possible mitigating factors in respect of this gendered discrepancy. However, the Consortium is disappointed that this account of mitigation does not include any actual measures to deal directly with the discrepancy as follows. We would support the suggestion that, for the sake of fairness and gender equality, government should permit women who fall within this cohort to automatically have *'the option to be treated as a man with the same date of birth'*.<sup>32</sup>

A second group of anticipated losers from the pension reform comprises part-time workers with more than one job. Such workers might be adversely impacted by the proposals where earnings from each job fall below the national insurance earnings limit for entitlement to a future state pension *and* consequently exclude them from automatic pension enrolment.<sup>33</sup> There is a significant gendered dimension to this exclusion, since it is projected that it will disproportionately impact women who, as compared to men, continue to participate more in part-time, low paid and sporadic work in Northern Ireland. For example, latest figures for Northern Ireland indicate that 92 per cent of female employees work in the traditionally low paid service sector;<sup>34</sup> that 80 per cent of part-time employees are female;<sup>35</sup> and, that median female hourly earnings, excluding overtime, of part-time workers are 69.9 per cent of full-time workers.<sup>36</sup>

### *Recommendation*

- The Consortium recommends that the Executive give further consideration to the specific impact of the proposals on the two cohorts of women described in this section, seeking to take explicit account of any unfair disadvantage to their pension accrual attributable to the peculiarity of their date of birth and/or employment status.

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<sup>31</sup> DSD, op. cit., p.20.

<sup>32</sup> Age UK, op. cit.

<sup>33</sup> Ibid.

<sup>34</sup> NISRA, Women in Northern Ireland September 2012, Belfast: NISRA, 2012.

<sup>35</sup> Ibid.

<sup>36</sup> Ibid.

### *Personal responsibility for saving*

**3.5** A further part of the stated rationale behind the Pensions Bill is that the current system ‘does not encourage people to take personal responsibility for saving for their retirement’.<sup>37</sup> Evidence provided for this conclusion in the equality assessment document comprises declining levels of private saving for pensions and the estimate that 11 million people in the UK are ‘not saving enough for an adequate retirement income’.<sup>38</sup> So the proposals are specifically premised on the individual’s personal responsibility to save.

This fundamental framing assumption takes no account of the predicament of persons on low incomes, particularly women, who are unable to save and those individuals whose working lives might be truncated due to poor health.<sup>39</sup> More specifically, it fails to take account of the relationship between the gender pay gap, women’s role as primary carers and the reduced capacity of women to save for pensions.

The nature of the gender pay gap in Northern Ireland is such that women continue to earn less than men across a range of sectors. Latest figures, for the period 2011-2012, indicate a widening of the gender pay gap of all employees.<sup>40</sup> Because of temporary and part-time working patterns, women can be less likely to have pensions or experience of dealing with pensions. The role of women as primary care-givers is a key factor underlying these working patterns. Research by Carers’ UK has indicated that women constitute 64 per cent of the 207,000 carers in Northern Ireland.<sup>41</sup>

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<sup>37</sup> DSD, op. cit., p.10.

<sup>38</sup> Ibid., loc.cit.

<sup>39</sup> DWP, A state pension for the 21st century: a summary of responses to the public consultation. London: DWP, 2011.

<sup>40</sup> NISRA, Results from the Northern Ireland Annual Survey of Hours and Earnings 2012, NISRA: 2012.

<sup>41</sup> Carers’ UK, Valuing carers: calculating the value of carers’ support, CUK: London, 2011.

The time-burden on women as primary care-givers can obstruct and even preclude their participation in the formal employment sector by severely restricting their options. Some of these women may look for part-time work to fit around their caring responsibilities, yet such positions can be precarious, low-paid and temporary. In other cases, part-time work outside the home may be impractical for women as primary carers. So by undertaking the role of unpaid primary carers, women can be left with no option but to withdraw altogether from paid work outside the home. The interplay between the gender pay gap, the nature of participation of women in the labour market and women's role as primary carers is affirmed by government research, which shows that 16 per cent of the gender pay gap is attributable to 'the negative effect on wages of having previously worked part-time or of having taken time out of the labour market to look after family'.<sup>42</sup>

In addition, women can also face poverty on the death of a spouse, and this hardship holds obvious negative implications for their capacity to save for pensions.<sup>43</sup> Finally, women in Northern Ireland also face an increased risk of financial vulnerability and inability to save for pensions associated with lone parenting: of the 63,900 lone parent households with dependent children recorded in the 2011 Census, 91 per cent were female-headed.<sup>44</sup>

In sum, in so far as they can further financially disempower women, the gendered factors outlined in this section can leave women more vulnerable and at risk as potential pension savers/holders.

### *Recommendation*

- As it progresses these proposals, the Executive should seek to statistically track (through the collation of pertinent gendered disaggregated data), and take due account of, the relationship between the gender pay gap, the constrained nature of the participation of women in the labour market,

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<sup>42</sup> Government Equalities Office, *The Gender Pay Gap in the UK: 1995 to 2007, Research Findings No. 2010/2*. London: GEO, 2010.

<sup>43</sup> D. Weir, and R. Willis, Prospects for widow poverty in the finances of married couples in the HRS, in O. Mitchell, P.B. Hammond, and A. Rappaport (eds). *Forecasting Retirement Needs and Retirement Wealth*, University of Pennsylvania Press: Philadelphia, 2000.

<sup>44</sup> R. Russell, Northern Ireland Assembly, Research and Information Service Research Paper - Census 2011: Key Statistics at Northern Ireland and LGD level, NIA: Belfast, 2013.

women's role as primary carers, the financial vulnerability of women and their reduced capacity to save for pensions.

#### **4. Conclusion**

If, as forecast, '*just about everyone*' will be less well-off in the longer term under the single tier pension proposals than under the current system,<sup>45</sup> and those in 'greatest need' will face a reduction in entitlement compared to those with decent occupational pensions, then government needs to fundamentally rethink the substance of these proposals.<sup>46</sup> In particular, the Consortium would strongly urge the Executive to give further consideration to the potential egregious impact of the relationship between the proposals, pensioner poverty and associated gender-specific concerns articulated in this paper.

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<sup>45</sup> R. Crawford, S. Keynes and G. Tetlow, *Single-Tier Pension: What Does It Really Mean?* London: Institute of Fiscal Studies, 2013, p.2.

<sup>46</sup> Prospect, *op. cit.*

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