Debate on Social Security Benefits Up-rating Order 2021: February 9th 2021

Citizens Advice Scotland (CAS) Briefing

Scotland's Citizens Advice Network empowers people in every corner of Scotland through our local bureaux (CAB) and national services by providing free, confidential, and independent advice. We use people's real-life experiences to influence policy and drive positive change. We are on the side of people in Scotland who need help, and we change lives for the better.

Summary

The Social Security Benefits Up-rating Order 2021 increases social security payments by the rate of CPI inflation (0.5%[1]) from 1st April 2021. CAS welcome any increase to social security payments including Universal Credit (UC). However, current legislation[2] prevents the future of the temporary £20 a week uplift to Universal Credit (UC) from being included in this annual review of benefit rates – at a time when uncertainty around the future of the £20 uplift is growing. Due to the benefits freeze from 2016 to 2019, UC rates remained at 2015/16 levels, meaning that in real terms the value of social security payments have fallen.

If the £20 a week uplift to UC is not made permanent, any inflation-related uprating is negated. People on UC are at risk of a serious shock to their income, including the millions claiming for the first time as a result of the pandemic. To avoid a rise in poverty, greater strains on public services and harming economic recovery, the £20 a week uplift must be maintained.

CAS recommends: the £20 increase to UC is made permanent.

Key Points

As CAS set out in our representation to the Spring 2021 Budget:

- Scotland's Citizens Advice Network has provided **over 110,485 pieces of advice on Universal Credit** between March and December 2020.
- **Almost 2 in 5** people surveyed by CAS are **worried** about their **future income** and **job security** (37% and 38%, respectively).
- Without the £20 a week uplift, individuals and families will see their annual income **fall by £1040.**
- For CAB clients dealing with complex debt, cutting the uplift will severely hamper their ability to meet basic essential living costs. Without the £20 weekly uplift, **over 7 in 10** people receiving complex debt advice from will be **unable to meet their basic living costs** (i.e., be in a negative budget).

[1] Statement by Secretary of State for Work and Pensions, 25 November 2020.
[2] Section 77 (3) of the Coronavirus Act 2020.

Citizens Alerts

The below cases, reported by Citizens Advice Bureaux (CAB) from across Scotland, detail clients who already face financial hardship even with the uplift in place. For these clients, cutting UC will be a devastating blow, illustrating why the uplift must be made permanent.

- *A West of Scotland CAB reports of a client with a young baby facing financial difficulties as a result of unexplained deductions to her benefits. Client's deductions are around £50 a month, meaning any removal of the uplift will push her into more severe hardship.*

- *An East of Scotland CAB reports of a client moved over to UC as she would be £12 a week better off than on legacy benefits. Cutting the £20 a week UC uplift will make her materially worse off than she was pre-pandemic.*

- *A West of Scotland CAB reports of a client with a 3-year-old child who moved from Income Support to UC after a benefit check showed she would be better off by £20 a week. If the uplift is now withdrawn, client will suffer an income cut.*

A CAB Adviser's Insight

CAB advisers work every day providing advice to people on UC and they are clear about the importance of maintaining the uplift. One South of Scotland CAB adviser told us that:

> *'The £20 uplift is essential for all claimants and should now be permanently included. It is unlikely that this £20 a week will negate the reliance on foodbanks or crisis grants for all vulnerable individuals and families, but it will help some.'*

The CAB adviser also stressed the income shock cutting the uplift will create for first-time UC claimants:

> *'Some new UC claimants have no prior experience of claiming benefits, and some clients have expressed their dismay at how little financial support state benefits actually provide. Many such new claimants, some of whom have lost their jobs through COVID, are really concerned that with their loss of income from employment, they may not be able to continue to meet existing financial commitments such as mortgage payments'*

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