

# Building Social Security Back Post-Pandemic

## Citizens Advice Scotland Briefing (10 May 2021)

*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 last year has shown the vital importance of our social security safety net. However, Universal Credit (UC) is unlikely to feature in the Government's legislative agenda tomorrow. This risks missing lessons from the pandemic. While UC survived the influx of new claimants—in part by easing verification procedures and conditionality—fundamental aspects of its design have continued to put people in hardship. Reform is urgently needed so people have security and support as furlough is withdrawn and the economy reopens.

### CAS is calling for:

- › A review of UC's adequacy as an in- and out-of-work benefit, with the £20 a week uplift made permanent
- › Restoration of Work Allowances for all people on UC and a review of the Taper Rate
- › The continued suspension of the Minimum Income Floor, with permanent changes to how self-employed income is assessed for UC going forward
- › The introduction of a non-repayable assessment period payment to replace the current five week wait and Advance Payment system
- › The ending of sanctions and unaffordable deductions
- › Wider access to offline options for making and maintaining a UC claim and the introduction of implicit consent for CAB and other welfare rights advisers
- › A fair, flexible, and safe transition to UC for those on legacy benefits, with an extension of the uplift and freedom to return to legacy benefits if UC entitlement is lower

### UC is an inadequate safety net for the unemployed

At the start of the pandemic, the UC's basic allowance was increased by £20 a week. This uplift is due to be removed at the end of September, imposing one of the largest overnight cuts to social security in history just when furlough is to be withdrawn and unemployment expected to increase. Retaining the uplift offers security to those who may otherwise be left without and supports the economy by acting as a modest stimulus package for areas hit hardest.

If the uplift is not made permanent, standard UC allowance rates will drop in October by at least 14% and by as much as 25% for single claimants under 25.

This is on top of UC's failure to keep up with the cost of living. As CAS set out previously, without the £20 a week uplift the UC's Basic Allowance would be worth around 11.5% less in real terms than it was upon its introduction in 2013.

**CAS is calling for:** A review of UC's adequacy, with the £20 a week uplift made permanent

## UC fails to support those in-work

Over a third (35%) of people on UC in Scotland are in work (168,820 people).<sup>1</sup> Despite this, in-work poverty remains high. Official Scottish Government figures show 61% of working-age adults in relative poverty after housing costs in Scotland (400,000 working-age adults each year) were living in a household where someone was in paid work.<sup>2</sup> UC is not achieving its goal of helping people find good, secure, and well-paying jobs.

CAB analysis of our complex debt clients<sup>3</sup> show that those on UC while in work are more likely to be in a negative budget<sup>4</sup> than those on legacy and other benefits, even when not working. Restoring Work Allowances for all those on UC and reducing the Taper Rate will boost incomes and help those in work take home more of their pay ensuring a stronger economic recovery than if incomes remain suppressed.

### CAS is calling for:

- Restoration of Work Allowances for all people on UC and a review of the Taper Rate
- The continued suspension of the Minimum Income Floor, with permanent changes to how self-employed income is assessed for UC going forward

## UC's design excludes the most vulnerable from support

CAS has long called for fundamental reform of UC's design. The first step to tackling exclusion is the introduction of a non-repayable assessment period payment to replace the current Advance Payment system. We frequently see clients discouraged from applying for UC because of the five week wait and the risk of increased debt and financial hardship, even where clients would be financially better off otherwise. Lingering deductions for Advance Payments can go on to increase hardship for clients already living on the bare essentials.

UC's digital-by-default design exacerbates this hardship. The DWP's own study found that almost 1 in 3 people (31%) require support to maintain their UC account<sup>5</sup> and CAB frequently see clients unable to make and maintain their UC claims without assistance. The pandemic has compounded these problems, with the closure of libraries and most face-to-face advice services leaving clients without computer access or usual support channels. Reforming the DWP's requirements for explicit consent and allowing clients to give CAB advisers "read-only" access to their journals would make it easier to maintain claims and support the most vulnerable effectively.

Conditionality and the sanctioning of UC recipients cause acute hardship. The pausing of conditionality during the pandemic was an acknowledgement of how sanctions negatively affect people and, with the job market depressed, efforts must be made to ensure people are not deprived of income and support.

### Citizen's Alerts

**!** *An East of Scotland CAB reports of a client that has been left with £190 a month to live on because of deductions to their UC. The client has taken out an advance and a budgeting loan in order to be able to live that is deducted from their UC, which has created a circle of debt that the client cannot get out of. The client is not in a good place emotionally because of this and it is affecting their mental health.*

<sup>1</sup> DWP, Stat-Xplore, February 2021.

<sup>2</sup> Scottish Government, [Poverty and Income Inequality in Scotland 2017-20](#), March 2021.

<sup>3</sup> Complex debt refers to the level of support someone needs, whether that is due to the size of their debts in comparison to their income, or the number of separate debts they have.

<sup>4</sup> A negative budget is where a client's debt repayments and essential living costs add up to more than their income. A positive budget is where a client's income is sufficient to meet their debt repayments and cover essential living costs.

<sup>5</sup> DWP, [Full Service Survey](#), June 2018.

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 An East of Scotland CAB reports of a client sanctioned during the pandemic as a result of digital access issues. Client received a call from his Jobcentre telling him that his UC had been stopped as he had failed to sign into his journal to say he had been looking for work. Client would normally travel to his local library to access his journal online but due to current restrictions this is not possible.

### CAS is calling for:

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 The introduction of a non-repayable assessment period payment to replace the current five week wait and Advance Payment system
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 The ending of sanctions and unaffordable deductions
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 Wider access to offline options for making and maintaining a UC claim and the introduction of implicit consent for CAB and other welfare rights advisers

### Migration to UC risks people's incomes

Those on legacy benefits can move to UC in two ways: under the direction of the DWP ("managed migration") or through the person lodging a UC claim themselves ("natural migration"). Clients can find their entitlements change and drop unfavourably after moving to UC, particularly for those entitled to Severe Disability Premiums (SDP). As clients cannot return to legacy benefits once migrated, this can result in a negative impact on their long-term income.

While those moved to UC through managed migration are offered top up payments to ensure they are not financially worse off (a payment known as "transitional protection"), those who naturally migrate receive no such guarantee. Natural migration can often be triggered by circumstances outwith the person's control, if for example they move home and are unable to lodge a new Housing Benefit claim or when a person's child turns five, ending their claim for Income Support.

Regardless of transitional protections, clients on legacy benefits may also be unwilling to move to UC because of the benefit's design and the impact of the five week wait, the benefit cap, and digital access issues. Introducing parity for people on legacy benefits and protection for those moving to UC will make sure they aren't left behind in the recovery.

### Citizen's Alert

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 A West of Scotland CAB reports of a client unable to claim Housing Benefit. Client is in receipt of SDP but new Housing Benefit claims were ended on 27 January 2021. Client now faces a choice between going without housing support or giving up their SDP and migrating to UC. Adviser is concerned client will be left worse off by transition, particularly due to five week wait.

**CAS is calling for:** A fair, flexible, and safe transition to UC for those on legacy benefits, with an extension of the uplift and freedom to return to legacy benefits if UC entitlement is lower

### For further information, please contact:

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