

Making the £20 Universal Credit Uplift Permanent An Analysis of UC rates over time.

Citizens Advice Scotland (CAS) Briefing: Wednesday 10th February 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

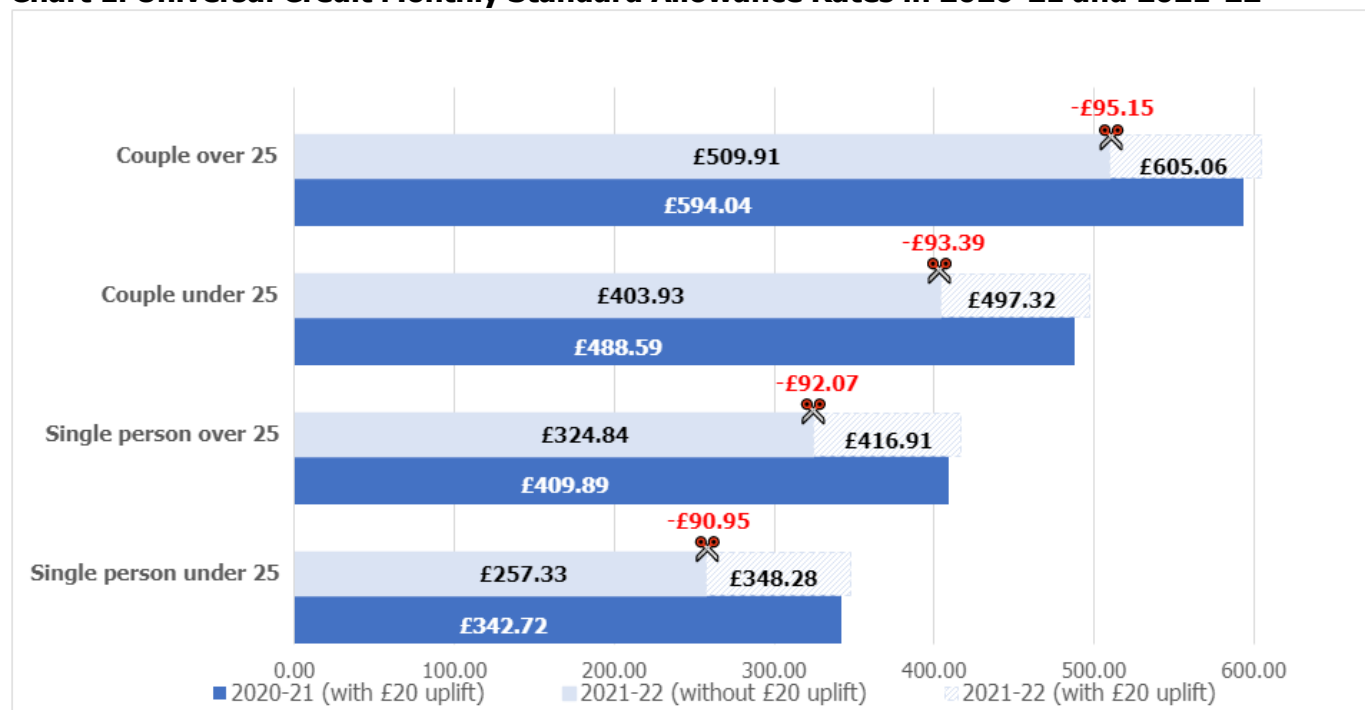
- The £20 a week Universal Credit (UC) uplift, introduced at the start of the pandemic, has been vital in improving the adequacy of UC and must be made permanent.
- From April, if the £20 weekly uplift is removed **the value of UC's Standard Allowance will drop by as much as a quarter (24%)**, when people need this money most.
- Removing the £20 a week uplift will leave the Standard Allowance for UC **worth less in real terms in 2021-22** than when it was first introduced 8 years ago in 2013.

CAS is calling for: The £20 a week uplift to be made permanent

Cutting £20 a week will cause an income crisis

The [Social Security Benefits Up-rating Order 2021](#), passed yesterday on Tuesday 9th February, increases social security payments by the rate of CPI inflation (0.5%¹) from 1st April 2021. However, if the £20 a week uplift to UC is not made permanent in the Budget, this uprating is negated.

Chart 1. Universal Credit Monthly Standard Allowance Rates in 2020-21 and 2021-22



¹ [Statement](#) by Secretary of State for Work and Pensions, 25 November 2020.

If the uplift is not made permanent, standard UC allowance rates will drop:

- **By a quarter** for single claimants under 25, from £342.72 to £257.33
- **By a fifth** for single claimants over 25, from £409.89 to £324.84
- **By 17%** for joint claimants under 25, from £488.59 to £403.93
- **By 14%** for joint claimants over 25, from £594.04 to £509.91

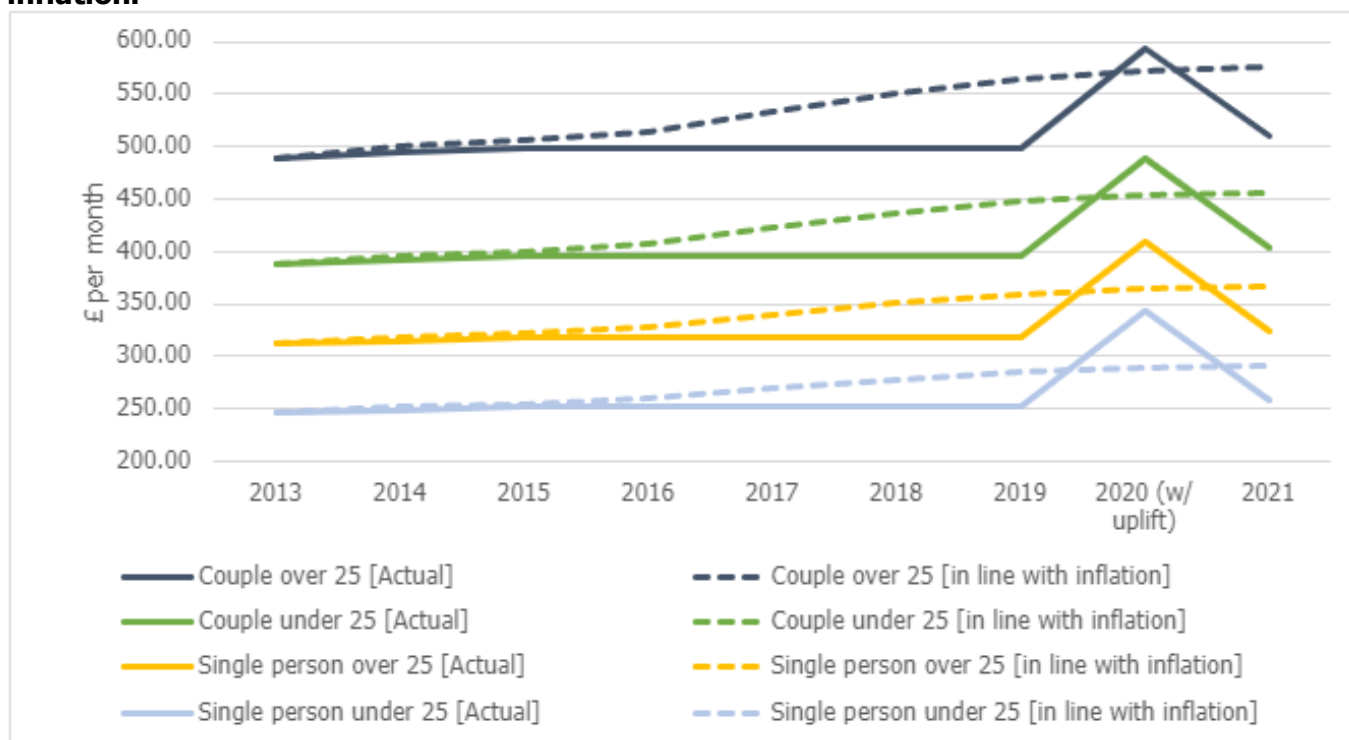
People on UC are at risk of a serious shock to their income, including the millions claiming for the first time as a result of the pandemic. To avoid a rise in poverty, greater strain on public services, and a slower economic recovery, the £20 a week uplift must be maintained.

Without £20 a week, UC will be worth less than in 2013

As a result of lower-than-inflation uprating between 2013 and 2015 and the benefits freeze from 2016 to 2019, UC's Standard Allowance has fallen below its original value in real terms. As the chart below demonstrates, the £20 a week uplift made 2020 the only year in UC's existence where the Standard Allowance surpassed cost of living related inflation rates.

If the £20 a week uplift is cut, the Basic Allowance for UC will be worth around **11.5% less in real terms than it was 8 years ago, in 2013.**²

Chart 2. Actual UC Standard Allowance rates compared to their value if uprated with inflation.



² All inflation figures calculated with the [Bank of England's Inflation Calculator](#). Figures do not include additional elements such as housing, childcare, or work allowance. Additional information on work allowances is available on request.


The following table shows an abridged version of the statistics in the chart. The table notes the actual rates of Universal Credit Standard Allowance in 2013, 2020 and 2021, as well as the estimated rates of those years had UC kept pace with inflation since 2013, when it was introduced.


Table 1. Actual UC Standard Allowance rates compared to their value if uprated with inflation


	<i>Couple over 25</i>		<i>Couple under 25</i>		<i>Single person over 25</i>		<i>Single person under 25</i>	
	Actual	In line with inflation	Actual	In line with inflation	Actual	In line with inflation	Actual	In line with inflation
2013	£489.06	£489.06	£387.42	£387.42	£311.55	£311.55	£246.81	£246.81
2020	£594.04	£573.18	£488.59	£454.06	£409.89	£365.15	£342.72	£289.27
2021	£509.91	£576.05	£403.93	£456.33	£324.84	£366.98	£257.33	£290.72

Citizen's 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.

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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 removal of the uplift will push her into more severe hardship.
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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.
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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 concerned that with their loss of income from employment, they may struggle to meet existing financial commitments such as mortgage payments.'

CAS is calling for: The £20 a week uplift to be made permanent

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