

## Universal Credit: Keeping the £20 Uplift Briefing Citizens Advice Scotland: October 2020

*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

At the start of the on-going pandemic, CAS welcomed the quick action taken to boost the level of payment of Universal Credit (UC). Since March, Scotland's Citizens Advice Network has provided over **85,000** pieces of advice on Universal Credit. The role of UC in the social security safety-net has never been as important as in the current crisis.

Unprecedented numbers of people have had to claim UC for the first time during the COVID-19 pandemic. The £20 a week increase, boosting annual payments by the value of £1,040, was a **first step** in making UC a more adequate safety-net, and has been a lifeline to many people and families.

However, the extra £20 a week is due to end in April; no commitment has yet been made on extending the increase beyond this point. The consequences of removing the uplift are demonstrated in Citizens Advice network evidence; risking an income crisis, a rise in poverty levels through exacerbating financial hardship, along with the knock-on wider health and economic impacts.

The time has now come for the government to **end the uncertainty and concern** by committing to making the £20 a week increase to Universal Credit **permanent**.

### Key Points:

- **The £20 a week uplift to UC is an annual increase of £1,040 but only until March 2021.**
- **8 in 10 CAB clients in complex debt on UC will be in a negative budget if the £20 weekly uplift is not made permanent.**
- **1 in 3 people in Scotland are concerned about their future income.**

### CAS recommends:

- **making the £20 a week UC increase permanent.**

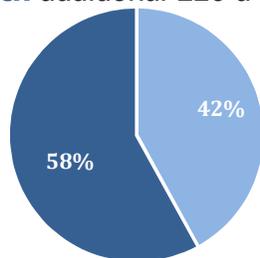
## Risking an Income Crisis - Citizens Advice Bureaux Client Evidence

Removing the £20 a week uplift to UC risks an income crisis for many people already struggling. Moving to UC from paid employment often entails a significant income shock. Research from the Resolution Foundation in May of this year found that 36% of UC recipients were having trouble keeping up with bill payments and 42% already had to cut back on spending to prioritise housing costs.<sup>1</sup>

An analysis of clients on UC who have received advice on 'complex debt'<sup>2</sup> from CAB in Scotland between April-August reveals the stark financial impact removing the £20 a week increase will have.

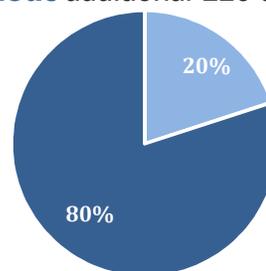
- Without the additional £20 a week, **8 in 10 CAB complex debt clients will be unable to meet their living costs** (in a negative budget).<sup>3</sup>
- The £20 a week uplift **increases by 22% (1 in 5)** the number of clients who are in a positive budget, supporting them to meet their living costs.

**With** additional £20 a week



■ Cases in positive budget  
■ Cases in negative budget

**Without** additional £20 a week



■ Cases in positive budget  
■ Cases in negative budget

## Strengthen the Safety-net - Make the £20 Uplift Permanent

There has been a longstanding need for UC payments to be lifted to a more adequate level. Now, many people are claiming UC for the first time and experiencing a sudden and severe income shock compared to previous earnings.

CAB advisers report many clients have financial commitments that outstrip the level of their UC payments. After meeting mortgages and other credit commitments, people are left with no money to cover basic living expenses such as food and utility bills. Any roll-back on the £20 a week increase could have profound financial implications for people relying on UC while out of work.

If the £20 a week uplift is not extended and made permanent beyond April 2021, the UK Government risks creating an income crisis. **CAS recommends the UK Government make the increase permanent and commit to doing so now.**

<sup>1</sup> Resolution Foundation, [This Time is Different: Universal Credits First Recession](#), May 2020

<sup>2</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>3</sup> *A negative budget is where a debt adviser assesses someone cannot meet their living costs.*

## Evidence from the Citizens Advice network – An Expanding Demographic

Citizens Advice network data shows the widespread economic impact of the COVID-19 pandemic on those claiming UC. The depth and breadth of the economic hurt cannot be underestimated.

Between April and August:

- **A quarter (27%)** of clients seeking UC advice for the first time lived in SIMD quintiles 4 and 5 (the most **affluent** parts of Scotland). **30% of new UC clients** live in the most deprived parts of Scotland (SIMD 1)
- **Over 1 in 4 (28%)** new CAB clients seeking UC advice were **homeowners**, who will receive no UC mortgage support on for 39 weeks.
- **1 in 10 (11%)** new CAB clients seeking UC advice were **self-employed**, in comparison to 5% of repeat UC clients.
- **A third (34%)** of CAB clients seeking UC advice are in part-time or full-time **employment**.

The growing demand on the UC system, the changing demographic and the economic uncertainty being experienced are all reasons to make the £20 a week increase permanent. External CAS polling found that **over 1 in 3 people are concerned about their future income**.<sup>4</sup> Making the £20 a week increase permanent is one step the government can take to give those relying on Universal Credit some certainty around their future income.

CAS supports the current Joseph Rowntree Foundation *Keeping the Lifeline* campaign to make the £20 a week increase to UC permanent and extend the increase to legacy benefits.<sup>5</sup> The Joseph Rowntree Foundation estimates that withdrawal of the uplift would risk sweeping 700,000 more people, including 300,000 children into poverty.

**CAS calls on the government to urgently commit to making the £20 a week UC uplift permanent in the Spending Review or forthcoming annual review of benefit uprating.**

**Alongside the continuation of the uplift to Universal Credit, Citizens Advice Scotland recommends<sup>6</sup>:**

- **The introduction of a Work Allowance for everyone claiming Universal Credit**
- **The uprating of Work Allowances at least in line with inflation.**
- **The introduction of a non-repayable assessment period payment to replace the current Advance Payment system.**

### For more information please contact:

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<sup>4</sup> CAS external polling, carried out by Mark Diffley Consultancy and Research – fieldwork August 2020

<sup>5</sup> JRF, [Keeping the Lifeline](#), 2020

<sup>6</sup> CAS, [Making Universal Credit Work](#), January 2020