

Debate on Universal Credit: January 18th

Citizens Advice Scotland 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

Universal Credit (UC) is the main means tested benefit in the UK and plays a crucial role in our social security safety net, which in turn is a key part of the economic response to COVID-19. An unprecedented number of people have claimed UC for the first time since March, with the total number of UC recipients in Scotland doubling since January 2020 to 475,000 people.¹

At the start of the pandemic, CAS welcomed the UK Government increasing UC payments by £20 a week – an annual increase of £1,040.

CAS recommends: the £20 increase to Universal Credit is made permanent in the Spring Budget.

Key Points:

- ▶ Scottish Government analysis shows that more than 60,000 people in Scotland, including 20,000 children, will be put into poverty if the £20 a week increase is removed.²
- ▶ Over a third (37% and 38%, respectively) of people surveyed by CAS are worried about their income and job security, with this figure spiking to 71% for those currently on furlough (although this group was relatively small).
- ▶ A quarter (27%) of CAB clients seeking UC advice for the first time lived in Scottish Index of Multiple Deprivation (SIMD) quintiles 4 and 5 (the least deprived parts of Scotland).
- ▶ For those already struggling with complex debt, cutting the uplift will hit hardest. If the £20 a week increase is cut, over 7 in 10 CAB complex debt clients will be unable to meet their basic living costs (i.e., be in a negative budget).

¹ Scottish Government, [Universal Credit Scotland Dashboard – December 2020](#), page 2.

² Scottish Government, [Impact of withdrawing emergency benefit measures](#), November 2020.

CAS has long called for the level of UC payment to be lifted to a more adequate level to prevent poverty and destitution. The provision of social security is also a key lever for economic recovery in a service driven economy.

Citizens Advice Network Data:

Scotland's Citizens Advice Network has provided over 110,485 pieces of advice on Universal Credit since March – a 76% increase from this time last year.

An analysis of CAB clients on UC who have received advice on 'complex debt' from CAB in Scotland between April-December 2020 reveals the stark financial impact removing the £20 a week increase will have:

- If the £20 a week increase is cut, over 7 in 10 CAB complex debt clients will be unable to meet their basic living costs (I.e. be in a negative budget).
- The £20 a week uplift increases the number of complex debt clients who are in a positive budget by 17% (1 in 6), supporting them to meet their basic living costs.
- Cutting the uplift would directly contribute to 1 in 6 CAB clients in complex debt being pushed into a negative income, unable to meet their basic living costs.

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 to their standard of living, illustrating why the Government must make the uplift permanent.

An East of Scotland CAB reports of a client facing severe financial hardship. Client is facing deductions of 30% from his UC allowance as a result of budgeting loan payments and court fines. Client has been refused further crisis grants as he has already claimed three this year. Client is destitute, has frequently had to rely on foodbanks, and has been left over the winter break worried about how he will make ends meet.

A South of Scotland CAB reports of a client who has repeatedly contacted CAB for referrals for food parcels. Client is on UC but has been left destitute, in part due to a large winter fuel bill.

An East of Scotland CAB reports of a client unable to afford to turn their heating on while in receipt of UC, in part due to deductions for UC advance payment.

An East of Scotland CAB reports of a client facing destitution at end of the month. Client requested advance payment but this was rejected as they still owed money from a previous advance. Client has no food or electricity and will not receive payment for another 5 days.

Another issue is clients who have been encouraged to move from legacy benefits onto UC in order to benefit from the UC uplift. If the £20 a week uplift is cut, they will be placed in materially worse circumstances.

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 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.

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