

**Scottish Campaign on Right to Social Security Briefing:
Cancel the £20 cut to Universal Credit and Tax Credits**



9 September 2021

About us

The Scottish Campaign on Rights to Social Security (SCoRSS) is a coalition of organisations who advocate for a reformed social security system that reflects the five principles set out in our Principles for Change. SCoRSS (previously the Scottish Campaign on Welfare Reform) encompasses over 40 organisations from key third sector organisations, charities, faith groups, and unions. Our members have a diverse range of experience and expertise and a strong understanding of social security and its impact on the people and communities we work with.

SCoRSS is calling for the UK Government to cancel the planned £20-a-week cut to Universal Credit in October.

The £20 cut will be a huge overnight income shock

The UK Government plans to cut Universal Credit (UC) and Working Tax Credits by £20 a week in October. This means that over 480,000 people in Scotland, including an estimated 220,210 households with children, will have their income cut by £1,040 a year from these benefits alone.¹

This represents **an overnight income cut of as much as a quarter** for single clients under 25. It will also plunge UC back below inflation, with its real terms value **11.5% less** than when UC was introduced in 2013.²

Cutting UC will have a huge impact for individuals. A recent survey of Citizens Advice Scotland (CAS) clients who sought UC advice during the the pandemic found that **74%** would be unable to cope if their income dropped by £20 a week. When asked what the single biggest impact of this cut would be, **26%** said they would be unable to pay for essentials and **14%** said they would be unable to buy food.³

Recent Trussell Trust polling similarly found that **1 in 4 people** claiming UC in Scotland say they are 'very likely' to need to skip meals when the cut hits, and **17%** say they are very likely to use a food bank.⁴

Following through with this cut will push people into real hardship and exacerbate inequality.

¹ Joseph Rowntree Foundation, [Universal credit cut - impact by constituency](#), 26 August 2021.

² Citizens Advice Scotland, [MP Briefing on Fall in UC Real Terms Value since 2013](#), 10 February 2021.

³ Citizens Advice Scotland, ["I am constantly penny pinching." Research into Living on Universal Credit during the Pandemic](#), 6 September 2021.

⁴ All figures are from an online survey conducted by YouGov Plc on behalf of the Trussell Trust between 5th - 19th August 2021. Total sample size was 197 adults in Scotland who receive UC.

More than a £20 cut for some families

The £20 cut will also reduce the income threshold for UC.⁵ In Scotland, losing entitlement to UC also ends entitlement to passported benefits like the Scottish Child Payment, Best Start Grants, Best Start Foods and Funeral Expenses Payments. CPAG analysis found that **as many as 4,000 low-income households (8,000 children) will lose entitlement to Scottish Child Payment** if the cut goes ahead.⁶

Here is an example: *Mhairi is 23. She and her partner have a two-year-old son. Mhairi works part-time and her partner works full time for the National Minimum Wage, earning just over £1,900 a month between them. They get £19.45 per week from UC and are entitled to £10 per week Scottish Child Payment.*

If UC is cut by £20 per week, Mhairi and her partner will lose their entitlement to both UC and Scottish Child Payment. This means their household income will drop by **£1531 per year**. They will also lose an £18-every-four-weeks Best Start Foods payment card and will lose entitlement to the Best Start Grant early learning payment, worth £250, when their child turns three.

CAS' UC survey found that nearly **four out of five (78%)** clients would be unable to cope with an income drop of £30 a week.⁷ By ending entitlement for those near UC's income threshold, that drop is a real possibility for working families across Scotland.

Impact on the Scottish economy

If UC is cut by £20-a-week, **more than half a billion pounds a year** will be removed from the Scottish economy. Since those on low incomes spend in their local communities, that is a half-a-billion-pound stimulus being taken out of some of the most deprived areas of the UK.⁸ Insufficient social security support also pushes costs onto other parts of the public sector—onto healthcare, homelessness services, social work teams, and housing providers. Investing in UC will help our recovery.

Recommendations

People are already struggling on UC. CAS' UC client survey found that, even with the £20 a week increase:

- **Over seven out of ten (71%)** said the amount of UC they received was lower than they are used to living on.
- **Over one in four (27%)** had to borrow money in order to pay for essentials.
- **Almost half** cut down on heating (47%) and electricity and gas (45%).
- **One in five (20%)** cut down on food.⁹

Choosing to cut UC will sweep more people into poverty, take support away from working families, and set back our economic recovery.

The UK Government must cancel the £20-a-week cut.

⁵ Income earned from employment on UC is “tapered”, with a person's UC reduced by 63p for every £1 they earn. The annual value of the £20 a week cut (£1,040) means those in work can earn an additional £1,424.80 a year before their UC entitlement ends.

⁶ Internal modelling by CPAG in Scotland.

⁷ Citizens Advice Scotland, [“I am constantly penny pinching.” Research into Living on Universal Credit during the Pandemic](#), 6 September 2021.

⁸ Joseph Rowntree Foundation, [Strengthen social security for a stronger economy](#), 16 October 2020.

⁹ Citizens Advice Scotland, [“I am constantly penny pinching.” Research into Living on Universal Credit during the Pandemic](#), 6 September 2021.