

A lot to lose:

The £20 per week increase to Universal Credit

August 2021



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1. Introduction

Universal Credit (UC) is a payment which helps with living costs for people who are on a low income, are out of work or cannot work.

Between March 2020 and March 2021 there was a huge increase in UC claimants due to the impact of the Covid-19 pandemic. Housing associations (HAs) in Wales reported a 44% rise in UC claims during this period. This meant that UC underwent a rapid stress test.

This report considers one of the key factors that helped ensure that UC was able to be successful in its aim of helping people to cope financially: the addition of £20 per week.

In April 2020, the standard allowance in UC was increased by £20 per week (£86.67 per month) on top of planned annual uprating. This was a temporary increase, which was put in place in response to the Covid-19 pandemic and applied to all new and existing UC claimants.

In March 2021, the uplift was extended for a further 6 months, but is currently due to be phased out from September 2021. It is worth noting that the furlough scheme is also scheduled to conclude at the end of September 2021.



2. Summary of key findings

“This extra money has allowed us to stop worrying where our next meal will come from.” Tenant

HA tenants in Wales told us that the £20 per week increase in UC has been vital to helping them to navigate a difficult financial period. Tenants who lost their jobs due to the Covid-19 pandemic told us this increase has assisted them to avoid falling into hardship and debt whilst they look for new employment or to increase their hours. However, many are still struggling financially due to the effects of the Covid-19 pandemic – and this is compounded by new additional costs to support working from home.

Tenants who claimed UC prior to the Covid-19 pandemic told us it was finally sufficient to support them to afford basic essentials such as food, clothes for their children and heating, while they looked for work or to increase their hours. This was due to the additional £20 per week, which they felt was well judged as an increase to UC.

Worryingly, a high proportion of the tenants we spoke to were not aware of reported plans to cut £20 per week from their UC package in autumn 2021.



3. Summary of recommendations

3.1 The UK government should retain the £20 per week uplift as a permanent feature of UC for all current and future claimants.

In his statement on 20th March 2020, the Chancellor described the uplift as a way of strengthening the safety net. We believe that the need for a strong safety net continues, and that no one who falls into financial difficulty at any time should expect anything less.

UC has been tested over the past year by a sudden increase in claimants. The addition of £20 per week has been key to its success in helping people to cope financially.

For this reason, the £20 per week should be retained in order to ensure that UC meets its intended aims. This will mean that UC is fit for purpose as a benefit that helps people to find and keep work, and supports those who are on low incomes or cannot work to afford food, heating, water and clothing without falling into debt.

3.2 The Department of Work & Pensions should urgently prioritise communication with claimants and provide transitional protection if the standard allowance is changed.

Having been made aware that the uplift will be coming to an end, many HA tenants in Wales are anxious that their UC will change overnight. They have explained that this would provide a financial shock which could risk their chances of being able to seek work or pay the bills.

The DWP should ensure that they take action to mitigate the impact of any changes that are made to UC, and that they provide clear, accessible and timely communication to all claimants. Transitional protection should be provided for all those who are losing money – no one should face a financial cliff edge. Financial and budgeting advice should be offered to those who need help to adapt their budgets, and funding should be made available to third parties to provide this support.

Communications should take into account those who do not have access to the internet. They should also be developed in partnership with registered social landlords, in order to ensure that they can work effectively to support tenants who claim UC.



4. Findings in detail

4.1 Approach and methodology

4.1.1 Why now?

“We already know from discussions with our tenants that they don’t know how they will manage without the additional £20 per week - it has become a vital part of their budget. The money is being used to help pay towards food and general living costs; and not having it will have a massive impact.” HA

HAs in Wales provide financial and wellbeing advice and support to their tenants.

This includes:

- » Support to navigate the welfare system, and to access Universal Credit and other benefits that people are entitled to
- » Directly delivering, and supporting people to access, services supporting employability, wellbeing and health
- » Support to access other emergency grants and support that may be available, including food banks

As a result, they have a clear understanding of the financial challenges their tenants face. Over the past year, HA welfare teams in Wales have highlighted the fact that the £20 per week increase to UC has been fundamental to the ability of many of their tenants to manage their finances, find work and stay out of debt.

Prompted by this, CHC has been working with members to draw together the views and experiences of tenants in order to make recommendations for the future of UC.



4.1.2 What did we do?

HAs in Wales reached out to tenants who claim UC using a variety of engagement techniques, including surveys, polls, social media, text messages and events.

They asked two very simple questions:

- » What has the £20 extra per week meant for you?
- » What would it mean for you if it was taken away?

HAs then shared their findings with CHC, in order that we could compile this report.

We received responses from 1030 tenants, across 24 HAs (see list below). This included HAs from all regions of Wales, encompassing both rural and urban areas:

- » The Cwm Taf Regional Welfare Network, which includes Aelwyd, Linc, Merthyr Valleys, Newydd, RHA, Trivallis and Valleys to Coast
- » The Hywel Dda Regional Welfare Network, which includes ateb, Barcud, Bro Myrddin, Coastal, Family, Pobl and Wales & West
- » Bron Afon
- » Cadwyn
- » Grŵp Cynefin
- » Hafan
- » Hafod
- » Melin
- » Monmouthshire
- » Taff
- » Tai Tarian
- » United Welsh



4.2 ‘What has the £20 extra per week meant for you?’

Tenants explained the challenges they face on a day to day basis and why the extra £20 was so important.

4.2.3 Coping financially when income reduced due to being out of work or on furlough

“It would be horrendous to lose that much money per month as income is low already. Struggling to find a job at present.” Tenant

Many people told us that the extra £20 had been vital in helping them to make ends meet when their income reduced or they lost their jobs due to the Covid-19 pandemic. They also made it clear that this situation is ongoing, and that they are finding it difficult to find work despite their best efforts.

4.2.1 Able to look for work or work from home

“It has assisted them whilst they have looked for employment, as they lost their job during the pandemic.” HA

The pandemic helped to demonstrate the importance of Universal Credit in providing a stable foundation from which to look for work. Tenants described the contribution of the additional £20 per week to ensuring that they were able to do this.

Of the 80 people who shared their views with one association, 54% said the extra £20 a week has enabled them to afford bills. This has helped people to achieve a basic standard of living which is conducive to looking for work, and avoided them falling into crisis and debt.

Some people said that they were now able to afford to pay for wifi and to sign up to broadband contacts. One HA explained *“It has enabled some residents to pay for Wi-Fi so they can manage their UC claims as well as be able to job search from their home and undertake courses online.”*



Tenants described the barriers they had previously faced when seeking work, particularly through using the internet, because their Universal Credit payments had not gone quite far enough. For example, one tenant told us *“The extra £20 all goes on electric.”*

One HA described the particular challenges for people living in rural areas who are looking for work. They told us *“the past year has brought new challenges to our tenants in rural areas especially with access to services, e.g. shopping locally including food, rural transport costs and lack of opportunities – and that receiving the uplift has made a huge difference.”*

4.2.2 Able to pay living costs and live in a healthy way while on Universal Credit

“The overwhelming majority of people said that the uplift had been really welcome and helpful, and many people said that they had put that money towards household bills, specifically utilities and food.” HA

Tenants, many of whom had previous experience of claiming UC, described the ways in which the extra £20 has made a real difference to their health and wellbeing.

In many cases, it had meant that they were able to pay for the absolute essentials such as food. One tenant said *“The extra money has meant I haven’t had to go to the food bank.”*



4.3 'What would it mean for you if £20 per week was taken away?'

“ *“Reducing food intake and disconnection of the internet.”* Tenant **”**

Many tenants said that although £20 might not sound significant to some, losing it would have a huge impact on their ability to stay financially resilient. Some said that it would mean that they were actually worse off working part time hours, and might have to consider giving up their job.

One group of associations conducted a survey of 93 people, across seven HAs. This survey found that without the extra £20:

- » 51% felt they would struggle to make ends meet
- » 33% would struggle with household costs
- » 26% would struggle with food

Another HA said that 79% of the tenants they spoke to feel that removal of the £20 uplift would leave them in financial hardship.

4.3.1 Struggle financially and no longer be able to afford the basics

“ *“I wouldn't be able to get as much baby milk or nappies for my daughter.”* Tenant **”**

Most of the tenants we spoke to were concerned about the possibility of Universal Credit being reduced by £20 per week. Several said they are struggling on their current income and so any reduction would cause problems. Others felt that the cost of living had increased during the pandemic and were concerned about how they would make ends meet if their Universal Credit was reduced.

Some tenants have taken out contracts for broadband and phone which support them in seeking work, working from home and managing their benefits. These contracts tie them into making payments over specific periods of time, and it is not possible to cancel them before the contract period is up. This could affect their ability to cover other necessary bills, and/or could have a long term impact on their credit history.



Tenants at one HA said that this cut would mean they would have to be cold in winter as they wouldn't be able to afford heating. Others said they would struggle to afford food, particularly healthy food, and that the change would have negative mental health implications.

One tenant said: *"It would mean I wouldn't have as much food or better quality of food such as fruit to feed the kids."*

One HA provided a list of the kind of problems tenants had said that this cut in their benefit would cause, including that they:

- » "Would not be able to get enough food, would need food bank
- » Would not be able to buy clothes or essentials
- » Would not be able to afford transport to school, hospital, shops (shopping locally is more expensive)
- » Could not afford internet and mobile phone
- » Could fall into debt with utilities."

4.3.2 Reduced ability to look for work

Tenants talked about the fact that their internet connection could be cut off if they could no longer cover the cost of their broadband contracts, and that lack of money to pay electricity bills would also stop them from applying for jobs online.

One tenant said that without the £20 per week *"I'd go back to having a week without electricity"*.

4.3.3 Financial pressures often increase in the autumn and winter

In addition to the end of furlough, people who are on low incomes often experience additional pressure on their budgets in September when children return to school.

This is compounded as winter begins when energy costs increase and people are required to spend more time inside.



4.3.4 Having to borrow money and more likely to need support via food banks, fuel vouchers etc

One tenant told us *"I would end up in debt as I'd have to go and lend the money from elsewhere."*

Others said that they had just about been able to get onto an even keel during the past year, but that cutting £20 per week from their UC would push them back into financial crisis. One told us *"It would put me in financial hardship leaving me unable to pay all my bills undoing all the work I have done in the months since it was increased."*

"It has been easier especially with no work from agency and I don't have an income so that £20 has saved me lending money from elsewhere" Tenant

4.3.5 Impact on the ability to work part time hours

The uplift has meant more people are eligible for support from UC and has enabled people just outside of the threshold to claim the much-needed financial help required.

One tenant said that there would be a change to the way in which UC interacted with their part time work, saying *"[I would be] worse off so I might have to consider giving up work."*



5. Claimants are unaware of plans to cut £20 per week from September 2021

"I went onto UC in June [2020] so didn't realise it had been lower, I wouldn't cope if it was reduced, I have re-budgeted to cope after coming out of work and not able to reduce again." Tenant

One group of HAs told us that 60% of the 664 tenants they surveyed were not aware the £20 per week was temporary. This was a common theme which was expressed by most of the HAs that provided data.

One HA summed up the urgency of the issue, saying *"Tenants are not aware that this is a temporary uplift and with the proposal for it to end within three months we are really concerned that it's going to be a shock for our tenants. They are certainly not prepared for it and the loss of such a substantial amount of income."*

They went on to stress the need for urgent communication if this support is going to be removed *"If the DWP decide to proceed to stop it we would request that they consider how and when they are fairly informing claimants and that is shared with us as a sector. This work should be commenced immediately so that tenants have time to prepare."*

In operational terms, HAs have warned that many of the available benefit calculators still include the £20 per week, and that this is likely to cause confusion if not quickly rectified.



6. Conclusion and recommendations

According to the DWP, the overarching aims of Universal Credit are to:

- » Encourage more people into work and to make even small amounts of work pay and be seen to pay.
- » Smooth the transition into work by offering a single benefit that removes the distinction between being in and out of work.
- » Offer a simpler support, with one system replacing multiple systems, therefore reducing administration costs and the propensity for fraud and error.
- » Tackle poverty both through increased take-up since the system will be simpler and from increased reward from employment for the customer.¹

This report provides a compelling snapshot of the experiences of HA tenants in Wales who claim UC. Many of those who responded are currently in work, but are still struggling to make ends meet on low wages. It demonstrates that, by including an extra £20 per week within the standard allowance, the government has ensured that UC is better able to achieve its aims.

Based on this, CHC is calling on the UK government to take the following action.

6.1 The UK government should retain the £20 per week uplift as a permanent feature of UC for all current and future claimants.

In his statement on 20th March 2020, the Chancellor described the uplift as a way of strengthening the safety net. We believe that the need for a strong safety net continues, and that no one who falls into financial difficulty at any time should expect anything less.

UC has been tested over the past year by a sudden increase in claimants. The addition of £20 per week has been key to its success in helping people to cope financially.

For this reason, the £20 per week should be retained in order to ensure that UC meets its intended aims. This will ensure that UC is fit for purpose as a benefit that helps people to find and keep work, and supports those who are on low incomes or cannot work to afford food, heating, water and clothing without falling into debt.



6.2 The Department of Work & Pensions should urgently prioritise communication with claimants on changes to UC.

Having been made aware that the uplift will be coming to an end, many HA tenants in Wales are anxious that their UC will change overnight. They have explained that this would provide a financial shock which could risk their chances of being able to seek work or pay the bills.

The DWP should ensure that they take action to mitigate the impact of any changes that are made to UC, and that they provide clear, accessible and timely communication to all claimants. Transitional protection should be provided for all those who are losing money – no one should face a financial cliff edge. Financial and budgeting advice should be offered to those who need help to adapt their budgets, and funding should be made available to third parties to provide this support.

Communications should take into account those who do not have access to the internet. They should also be developed in partnership with registered social landlords, in order to ensure that they can work effectively to support tenants who claim UC.



Annex A: Other evidence & campaigns

In order to provide context for our recommendations, we have conducted a desktop review of evidence collected by other organisations with regards to the value of the £20 uplift.

This further makes the case to retain the uplift, in order to ensure that there is a strong financial safety net in place to support people who are on low incomes or are out of work to move into employment, gain greater financial resilience and eventually move off UC.

In his statement on 20th March 2020, the Chancellor himself described the uplift as a way of strengthening the safety net, implying that taking it away again would weaken said net.² Evidence demonstrates that the safety net is still desperately needed, and losing the uplift at the same time as furlough would be removing two layers of the net.

UK Conservatives

Six Conservatives who served as Secretary of State for Work & Pensions from 2010 to 2019 (Iain Duncan Smith, Stephen Crabb, Damian Green, Esther McVey, Amber Rudd and David Gauke) have written to the Chancellor, arguing that the uplift should be made permanent.³

Institute for Fiscal Studies

Paul Johnson, the IFS's director, said pressure would mount to maintain the £20 a week increase, even though it would cost the Treasury £6bn a year, and stated:

It is, by the way, remarkable that while the chancellor felt the need for a gradual phase out of furlough, business rates support, stamp duty reductions and VAT reductions he is still set on a cliff-edge reduction in UC such that incomes of some of the poorest families will fall by over £80 between one month and the next. Whatever the case for cutting generosity into the longer term, if you're going to do so the case for doing it gradually rather than all at once looks unanswerable.⁴

[2. The Chancellor Rishi Sunak provides an updated statement on coronavirus, Mar 2020](#)

[3. UC £20 uplift should be permanent, say Tory ex-welfare ministers - the Independent, July 2021](#)

[4. IFS criticises 'remarkable' move not to phase out universal credit uplift - the Guardian, Mar 2021](#)



Trussell Trust

The Trussell Trust has urged the UK Government to ensure everyone has enough to afford the essentials, starting with keeping the £20 increase to UC and extending this to legacy benefits.⁵

In a recent report, they provided evidence of the impact of the uplift across the UK:

- » Research showed the uplift provided welcome relief to hard-pressed budgets, with seven in ten (72%) people on UC since early 2020 saying the increase to UC has made buying essentials easier.
- » The £20 per week represents 13% of the average UC entitlement, and for some families the figure will be as high as 21%.
- » Removing the uplift would immediately reduce the incomes of millions of people across the UK by over £1,000, cutting the basic level of unemployment benefit to its lowest in real terms since 1990-91.
- » One in five (20%) people claiming UC think it is very likely that they will need support from a food bank if the uplift is removed. Over four in ten (41%) people claiming UC fear they will be very likely to cut back on food for themselves, and one in eight parents (13%) think they are very likely to cut back on food for their children.⁶

Centre for Cities

In their recent report, the Centre for Cities made a recommendation to make the £20 uplift for Universal Credit permanent and review the current social security system to bring it in line with that of other European welfare states. The report stated:

The temporary £20 uplift in Universal Credit has relieved those at the bottom end of the income distribution from even stronger financial pressures.

Clearly, as the economy reopens and Government support is phased out, more of these issues are likely to come to light. Both the Job Retention Scheme and the £20 Universal Credit uplift are expected to end after the summer. This could unveil a storm of problem debt, especially if the phase-out of support does not coincide with the economy firing on all cylinders.⁷

[5. State of Hunger: Building the evidence on poverty, destitution, and food insecurity in the UK. Year two main report - Trussell Trust, May 2021](#)

[6. Dignity or Destitution?: The case for keeping the Universal Credit lifeline - Trussell Trust, Feb 2021](#)

[7. An uneven recovery? How Covid-debt and Covid-saving will shape post-pandemic cities - Centre for Cities, June 2021](#)



#KeepTheLifeline campaign

#KeepTheLifeline is a coalition campaign of approximately 50 organisations led by [JRF](#). It is asking UK government ministers not to cut the vital £20 per week 'lifeline' from Universal Credit.



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