

14 December 2021

MP briefing: Initial impact revealed of end of the Universal Credit uplift

Evidence of the financial struggle faced by debt help charity, Christians Against Poverty's (CAP), clients since the Universal Credit uplift was withdrawn.

Background

The Universal Credit uplift, introduced in response to the Coronavirus pandemic in April 2020, was formally withdrawn on 6 October 2021. Over the course of the next five weeks claimants saw this reflected in their Universal Credit payments. Two months on, the reality of this for claimants has set in and at CAP, we have begun to see evidence of the devastating impact this has had for millions of people across the UK.

The data in this briefing is from a survey of 624 people receiving debt help from Christians Against Poverty, conducted between 8 and 25 November 2021.

Impact so far

Ending the uplift at a time of rising inflation, energy crisis and financial struggle, has meant that **more than half (54%) of CAP client whose payments reduced when the uplift was removed have already experienced at least one form of financial hardship** - either falling behind with bills, going without essentials or falling into more debt. And 12% had already experienced all three of these.

Of those who had been subject to the Universal Credit uplift removal:

- Over a third (35%) have already **fallen behind with bills**.
- Over a third (34%) have already **gone without essentials** like food or being unable to heat their home.
- Over a quarter (27%) have already **fallen into more debt**.

Anticipated impact in the next six months

Universal Credit claimants were also asked how they expected the withdrawal of the uplift to affect their finances over the course of the next six months. We found:

- Four in five (82%) expect to experience or will **struggle to avoid at least one form of financial hardship** in the next six months.
- Two thirds (67%) expect that **paying for essentials will be a struggle** in the next six months.
- Over a third (36%) expect to **fall into more debt** in the next six months.

Lived experience - Universal Credit claimant, Anthony

Dad of two, Anthony, who received debt help from CAP, gave evidence to the Work and Pensions Select Committee in September 2021 as part of their inquiry into the DWP's response to the coronavirus outbreak. He told the committee that he already could not afford everything he needed for his children, such as school uniforms. Rising household costs over the past 18 months meant that he could see no way to

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make ends meet without the £20 per week uplift and would be forced to return to the foodbank as a result.

Since the uplift was withdrawn he has a deficit of £400 a month between his Universal Credit payments and what he needs to cover his living costs. He has found himself unable to afford the absolute basics such as food, heating and bus fare to take his children to school. This Christmas he has not been able to afford Christmas presents for his children and is relying on charitable donations for toys and gifts. This financial pressure is damaging his mental health which had been improving while the uplift was in place, but his renewed financial struggles is causing significant anxiety and making him feel isolated and alone.

Recommendations

Benefit rates will rise by 3.1% in April 2022, in line with CPI inflation. This combined with changes to the Universal Credit taper rate and work allowance in December 2021, will ease pressure for some Universal Credit claimants. However, with the cost of living rising fast and most claimants still receiving less than this time last year, this will have limited impact. We need urgent action to ensure social security provides the lifeline it intends to be. Including:

- Urgent changes to Universal Credit debt deduction policy, taking into account top-ups claimants are required to make towards their housing from their Standard Allowance before deducting the set percentages.
- Return Local Housing Allowance to the 50 percentile of average local market rents.
- Ring-fence funding for Local Authorities to provide Council Tax Support covering 100% of bills for local income households.
- A cost of living review of social security, taking into account the holistic impact of welfare policies.

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