#Buildbackbetter for personal financial wellbeing - insights into policy development priorities for a post Covid-19 environment

Briefing Paper BP15/2020

COVID Realities: Experiences of social security for families on a low income during the Pandemic

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Introduction

The Covid-19 pandemic has laid bare the shortcomings with our social security system (Brewer and Gardiner 2020; CPAG 2020a; TUC 2020). Against a context of urgent and massive need for support, the Universal Credit infrastructure has continued to function, and proved effective in processing a large number of new claims. However, endemic problems with the design of the benefit including, for example, the five week wait for a first payment have been further exposed (Brewer et al 2019), exacerbating the hardship experienced by families with dependent children. While the Westminster Government's efforts to temporarily shore up the social security system for these new times – most notably through a £20 weekly uplift to Universal Credit – were welcome (JRF 2020; Brewer and Handscombe 2020:7), they have been insufficient to address the scale of the challenge required if we are to make our benefits system fit for purpose.

Through the COVID Realities project, we are working in partnership with parents and carers living on low incomes to put the experiences of families on low incomes at the centre of policy discussions. There is a focus within the project on families' experiences of social security, but also on wider everyday life, including how families are navigating this new and challenging world.

In this short briefing paper[1], we set out the findings relating to experiences of social security from the first three months of the project. We offer key recommendations for change; recommendations which are both grounded in the lived experiences documented here, and drawn from discussions with participants themselves.

About the COVID Realities project

COVID Realities is a research collaboration between parents and carers, the Universities of York and Birmingham, and our third sector partner the Child Poverty Action Group (CPAG). It includes several strands:

- a synthesis of existing and ongoing research into poverty in the UK (focusing on the impact of Covid-19);
- facilitating conversations and providing resources for the research community on methodological and ethical challenges during a time of Covid-19;
- tracking the social security response to Covid-19 drawing on CPAG's Early Warning System, a database of contact with welfare rights advisers.

Critically, it also includes participatory research with parents and carers who are themselves living on a low income. To facilitate this, in July we launched the COVID Realities website where parents and carers can document their experiences via online diaries and responding to a pre-recorded audio-visual 'big question of the week'. Parents can also take part in monthly online 'big ideas' groups, which focus discussions on recommendations for policy change.

Findings

Experiences of social security is a core theme to come out of participants' engagement with the website in the first three months of the project. Between July and September 2020, 32 participants commented on aspects of social security, spread across 116 comments in 96 responses to the weekly 'big question of the week' and diary entries. Reflecting COVID Realities' commitment to being participant-led, entering demographic information is optional and therefore we do not have access to complete demographic data for all participants featured in this briefing paper. Where demographic detail is available, we include a brief description of the participant and their circumstances.

[1] For the full length version of this briefing paper, please visit: https://covidrealities.org/learnings/write-ups/

Getting by on social security amid rising costs for families during Covid-19

In the first briefing paper from this project, we documented the new and increased costs which families living on a low income were facing because of Covid-19. The income received from social security, frequently insufficient to cover living costs before Covid-19, was inadequate to meet these new and rising costs. Increased food bills, due to feeding children who would normally be at school or resulting from reduced availability of cheaper products in supermarkets, placed additional pressure on household budgets, a pressure which was not offset by support through social security provision:

> *"I've already seen my food bill rise due to Covid, with shortages and having to buy more expensive brands. I'm dreading what's going to happen to food supply and prices in January. We're not in a position to bulk buy. And we already struggle to afford all the fresh food we should eat - 5 portions of fruit and veg a day x 4 = 140 portions of fruit and veg a week - those healthy start vouchers don't stretch that far!"* (Nellie K, partnered parent of two children in receipt of Universal Credit, September 2020)

Against a backdrop of rising costs and minimal income, people often sought out additional funds. This included seeking part-time employment or using benefits intended for others in the household to meet general household costs. Emergency charitable provision remained essential to survival, yet led to feelings of shame and humiliation.

The uncertain gain of temporary changes

The government response to Covid-19 has included a series of adjustments and additions to social security announced in March 2020, affecting both new and existing claimants (Edmiston et al. 2020; HM Govt 2020a; Mackley, Kennedy and Hobson, 2020). These time-limited changes included a temporary £20 weekly increase in Universal Credit (discussed below), the suspension of the minimum income floor, and the temporary suspension of work-related requirements (until the end of June 2020). The support provided through these adjustments, while welcome, was insufficient, while the unpredictability and uncertainty surrounding the longevity of these changes created stress and anxiety. For Nellie K, whose partner was self-employed, the potential re-instatement of the minimum income floor would severely damage their ability to 'survive financially'; the unpredictability of when this would occur caused her persistent anxiety:

> *"The removal of the minimum income floor is vital to us, but it's a huge unknown and I have great fear that the government will suddenly start it again with little warning. When they do our benefit will be cut drastically and it will put us in dire straits … [W]e are not going to survive financially, and I worry for our rent and our home."* (Nellie K, partnered parent of two children in receipt of Universal Credit, August 2020)

The £20 weekly increase in Universal Credit, introduced in April 2020 for twelve months, has not been received by all benefit claimants, including those on legacy benefits and households subject to the Benefit Cap (as highlighted by Citizens Advice Bureau, 2020). Erik J, in receipt of legacy disability benefit, Employment Support Allowance (ESA), received no additional financial support from central government as a result of Covid-19:

> *"I am on long term ESA due to health problems. After my partner left over four years ago the child tax credits we were receiving stopped. I currently get ESA and child benefit, but get no financial support from my previous partner which does not give me enough to get by. I have not received any help financially due to coronavirus from the government. As a whole I receive less in benefits now than I received previously. Thankfully I do now receive help from a local food bank. Times are desperate."* (Eric J)

The £20 uplift was also not received by those subject to the Benefit Cap, which the government has refused to suspend against a context of rapidly rising numbers of families affected by the cap. In some cases, the receipt of the £20 uplift will have led to households experiencing the Benefit Cap, sometimes for the first time. Aurora T, a single parent of two children in receipt of Universal Credit, was subject to the Benefit Cap. She consequently missed the Universal Credit uplift and was simultaneously subject to deductions for previous overpayments:

> *"We are capped on UC. I'm a widowed parent of two primary aged children. Our rent alone is over 95 percent of our total benefits. I have not been able to find work which fits around the children's school times. On top of it all, this month the government have taken money to pay for previous benefit overpayments (made when my late husband was dying). Our situation is precarious, we struggle enormously and have done for many reasons. I feel like an utter failure."*

For some families, the £20 weekly increase in Universal Credit payments was felt to make little difference to their living standards. For those households in poverty before the pandemic and/or in debt, often as a result of benefit advances, the additional £20 was absorbed into debt repayments or used to purchase essentials which had been necessarily neglected because of the poverty they faced. Victoria B, a single parent to two children who had recently moved onto Universal Credit, had received an advance payment to cover the five week wait until her first payment. While the government paused wider debt repayments at the height of the pandemic, it continued to require repayments of advance payments of Universal Credit (House of Commons Work and Pensions Committee, 2020), meaning that for some, like Victoria, the £20 uplift was not experienced as the intended boost in income:

> *"Even with the £20 I'm worse off because of debts, it does nowt...the £20 is null and void, gone before it arrives."*

While we welcome calls to keep the £20 Universal Credit uplift and extend it to legacy benefits, we argue that more is required to ensure families on a low income are able to meet their needs. For instance, removing the five week wait for Universal Credit would prevent families from instantly getting into debt with an advance payment, as the following section details.

The continuation of structural issues with Universal Credit: the five week wait

Despite some temporary changes to social security in response to Covid-19, deductions due to advance payments and the five week wait for the first Universal Credit payment continued (Child Poverty Action Group, 2020). Writing in July 2020, Melissa L, a single parent to two children, said:

> *"Feeling stressed. Maybe writing progress down will start giving me some sense of control again. Main worry right now is money. Moved from tax credits to Universal Credit on 30/06/20. I didn't have any savings, so the current waiting time to be processed is scary with no money. My UC journal says I'll be told on 30/07/20 how much I will receive on a monthly basis - I've worked it out to be £926.27 to be paid on the 5th each month, plus £140 Child Benefit to be paid every 4 weeks (10/08, 07/08, 05/09, 02/10 etc). Unbelievably grateful for the government help - would be destitute without it. But this 6 week wait with no money and then when I do so luckily start to receive money, it will still be unbelievably financially tight to survive with my household bills just to stand still in my house currently £1100 a month, before you need actual living money of £600 ish for food/pets/cigs (I know, My own fault I'm skint...I do see the obvious solution, just finding life too stressful to add that task in just yet)/diesel/parking/kids clothes/birthdays blah blah.....just that the £1066 from the government won't save us if I need £1700 - on a mission to cut bills now."*

Following a 'big ideas' discussion group that took place as part of the project to inform the Social Security Advisory Committee's rapid review into post-lockdown benefits, removing the five week wait for Universal Credit was raised as being key to preventing families from instantly getting into debt with an advance payment. This corresponds with what other campaigners and researchers at the Trussell Trust, the Joseph Rowntree Foundation, and The Poverty Alliance are arguing for around the need to end the five week wait.

The pause (and return) of conditionality

In March 2020, the government announced the suspension of face-to-face sickness and disability benefits assessments and Jobcentre appointments, and the suspension of all work-related requirements – conditionality – for benefit claimants until the end of June 2020 (HM Govt 2020a). The abrupt return of conditionality in July 2020 in England, Wales and Scotland (Northern Ireland continued the suspension into August) seemed incongruous, when set against the context of the continued pandemic and the economic fallout:

> *"Universal Credit are hounding me to get a job after a lot of years of not having one. I am a qualified teacher and I know I have skills beyond that if I choose an assistant job rather than the pressures of a teacher. However due to CoVid I have received emails from my son's primary school and my daughter new secondary school and it appears that if 1 child exhibits any CoVid symptoms that the whole bubble of their classroom will be sent home and to quarantine for 14 days. If I get a job will my new boss understand I am in 1 week and off for 2? I feel so much pressure at the minute. I am dying to go back to work but in reality is this the best time to be hounding single mothers? I have no family who can swoop in and mind my children. Local Belfast childminders have no spaces. This system is already quite pressurising without pushes parents into further stress and mental health anxieties by forcing them to work during an already scary situation."* (Charlotte P, single parent of two children in receipt of Universal Credit, August 2020)

There is an absence of evidence to support the imposition of conditionality at any time (Dwyer, 2018). There is a very real danger that its imposition at a time when employment is in short supply and households are experiencing new and often extreme challenges caused by the pandemic, will move people further away rather than closer to the paid labour market.

Assessment and contact with advisors during Covid-19

The lockdown introduced in March 2020 necessarily saw the suspension of face-to-face sickness and disability centre and Job Centre appointments. Appointments were instead conducted by phone, while disability assessments were postponed. The practicalities of attending phone appointments could be complicated, demanding, and immensely stressful, with a pressure sometimes felt for claimants to find childcare, even in a context of social distancing and rules prohibiting contact with other households:

> *"Well after 46 minutes on hold to the Department of Work & Pension's Personal Independence Payment enquiry line, I managed to get through to a lovely operative who is sending me out a review form. My award was due to end in 2027 - but I just can't manage any more, so I've put my big girl pants on, taken a deep breath & am going for it to see if I can get extra help & my motability car back. Terrified of losing what I've got & having to go to Tribunal for a 4th time, but I'm struggling - I need equipment to keep me independent that I just cannot afford at the moment without getting into more debt. Feeling quite emotional at the prospect. Wish me luck."* (Meg T, single mum of three children (one under 18) in receipt of ESA, July 2020)

Pre-existing bureaucracies involved in attending disability assessments or engaging with Jobcentre Plus advisors were exacerbated by the shift to telephone appointments, and trying to manage resultant childcare demands, which led to increased stress and anxiety for some participants.

Benefits and stigma

The stigma associated with benefit receipt pre-Covid-19 has was been widely documented (Walker, 2014; Baumberg, 2016; Patrick, 2016). Sharp and continued increases in under- and unemployment as a consequence of Covid-19 have seen rapid growth in the number of people applying for Universal Credit. There were 2.4 million starts to Universal Credit between the 13 March 2020 and 14 May 2020, the first two months after lockdown started, and, as of 9 July 2020, 5.6 million people were on Universal Credit (HM Govt 2020b). However, the increasing normality of benefit receipt amid the continued economic fallout of Covid-19 has not – as yet – mitigated the stigma associated with social security. Teddy W, a single parent of one child, living in Northern Ireland, described the humiliation and shame that ensued from seeking essential financial support and the need to 'justify' herself to the (faceless) operator on the phone.

> *"Applied for a discretionary grant today and trying to justify what I need money for is not nice. I know they will try and offer me a loan when they ring, I'm already trying to pay 1 of those off and was doing so until this, I've worked most of my life bar a few months when I was 18. This is humiliating and degrading and makes you feel like you have to justify your existence to a stranger."* (Teddy W, August 2020)

The stigma and humiliation inherent to the lived experience of poverty and social security before Covid-19 appears to continue unchanged in the 'new normal'.

Recommendations

Here, we outline a series of recommendations developed together with parents and carers:

- Families with additional dependents need extra help in a time of national crisis and so we recommend dedicated measures to address their needs. These could include lifting the Benefit Cap, an enhanced 'family bonus' uplift, or additional targeted payments through Child Benefit.
- The Universal Credit uplift has meant that low income families with children receive the same flat rate of £20 that a single person with no dependent children will receive. Policymakers need to urgently look to provide additional support for low income families living with dependent children; looking at options around increasing Child Benefit and/or the child allowance within Universal Credit and Tax Credits.
- We welcome and support the central recommendations of other charities and campaigners to extend the £20 uplift to Universal Credit beyond April 2021.
- We recommend that, at a minimum, the £20 uplift to Universal Credit should also apply to legacy benefits.

- We recommend a rethink of the reintroduction of conditionality to the social security system. The stress and trauma this is causing families at a time of national redundancy and workplace closure is apparent and suggests the policy could have adverse consequences.
- We recommend that interaction with Jobcentre Plus is improved to facilitate more supportive and helpful encounters. There needs to be fully trained and informed advisors who are giving advice that is easy to follow, and not confusing.
- Future social security measures need to be developed in partnership with people with lived experience, to ensure that policies adequately respond to the needs of those who are on the lowest incomes.

Conclusions

In its original formulation, social security was intended to both address and even prevent poverty, while also providing a safety net for households in times of need. For social security to work effectively, it needs to be a safeguard at times of personal and societal crisis; providing security and financial resources when these are needed. However, in this pandemic, social security has been exposed as affording inadequate protection from poverty, both for those who lived on a low income before the pandemic and for those who were struggling with income loss as a result of Covid-19.

For families with dependent children on a low income, the government's adjustments to the benefit system have been inadequate in adequately addressing poverty. The £20 weekly uplift in Universal Credit, while a significant increase, is often quickly absorbed into debt repayments or the additional everyday costs of Covid-19, and the knowledge that this payment will stop in April 2021 causes considerable anxiety. Moreover, those on legacy benefits and claimants subject to the Benefit Cap do not receive this additional sum. The five week wait for Universal Credit, maintained by Government despite the other changes, continues to be a key cause of hardship for claimants.

The temporary nature of some changes, for instance the suspension of work requirements (conditionality), and the lack of clarity experienced by some participants surrounding the longevity of these changes, including the suspension of the minimum income floor, precipitates stress and anxiety. This uncertainty and worry can be exacerbated by the limitations and difficulties associated with phone appointments, which replaced face-to-face appointments in March 2020. The return of conditionality in July 2020 in England, Wales and Scotland feels ill-fitted to a context of rising unemployment, low levels of vacancies, and ongoing pressures faced by parents who can be required to self-isolate with their children at short notice.

Through COVID Realities, we will continue to embed the lived experiences of families on a low income into discussions around developing future policy recommendations. To truly #buildbackbetter, we need to listen to and engage with the expertise that comes from – and can only come from – lived experience. Who is included and who is excluded from policy discussions happening now will have a lasting impact on the world that emerges from the pandemic.

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