



DIGNITY OR DESTITUTION?

The case for keeping
the Universal Credit lifeline

ABOUT THE TRUSSELL TRUST

The Trussell Trust supports a network of 1,300 food bank centres across the United Kingdom. In the first six months of the pandemic, food banks in the Trussell Trust network have been at the forefront of the economic storm, distributing over 1.2 million emergency food parcels – a 47% increase on the year before.ⁱ



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“What a difference this small amount makes. Easier to manage [and] budget future spending. I no longer have to go to a food bank once a month. My bills are covered and up to date. Saving a little for a pair of winter boots. Constant money worries reduced slightly - mental health improved.”

Person currently claiming UC

“[Losing the uplift would cause] complete loss of all independence and dignity as I would be dependent on my brother for financial help. It is humiliating.”

Person currently claiming UC

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EXECUTIVE SUMMARY

This report shows that keeping the £20 Universal Credit uplift, and extending it to legacy benefits, will provide an anchor from poverty for those who need it most – providing essential financial security and helping to protect local economies in some of the poorest regions. It is a crucial step in moving towards a hunger free future for the UK.

1. The £20 uplift to Universal Credit has been a lifeline to millions – helping the people who need it most

- In April 2020, as the country was gripped by the first wave of the Covid-19 pandemic, the UK government made the crucial step of increasing the Universal Credit (UC) Standard Allowance and Working Tax Credit by £20 per week - worth over £1,000 a year to a household.
- This decision has protected people who have lost income or their jobs from experiencing poverty during the crisis.ⁱⁱ It has offered people dignity during the crisis and prevented tens of thousands of people from needing to seek help to feed themselves and their family.ⁱⁱⁱ
- Our new research, conducted by YouGov on behalf of the Trussell Trust, shows it has 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.

“What a difference this small amount makes. Easier to manage [and] budget future spending. I no longer have to go to a food bank once a month. My bills are covered and up to date. Saving a little for a pair of winter boots. Constant money worries reduced slightly - mental health improved.”

Person currently claiming UC

2. Plans to remove the uplift could push a million people to food banks

- This lifeline is now at risk, with the uplift set to be removed from April 2021. This 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.^{iv} The £20 per week represents 13% of the average UC entitlement, and for some families the figure will be as high as 21%.^v
- Our research estimates that over a million people claiming UC could have to turn to food banks. 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.¹ 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.
- And it's not just food that people fear they will have to cut back on, but clothing and heating too – these are not luxuries, but essentials we all need.
- Not only will this cause serious hardship and deny people dignity, it will also remove money from local economies in some of the poorest regions of the UK, at a time when the recovery will be extremely fragile.

¹ Our research asked a scale of likelihood, including very likely and fairly likely. These estimates only use the percentage figures for those that responded 'very likely'.

3. By introducing the uplift the government recognised, and the public agreed, that pre-pandemic benefit levels simply did not pay enough to cover the cost of essentials

- The pandemic has deepened the financial hardship many were already experiencing and pushed new people to the edge, shining a light on the underlying problem of low benefit rates going into the pandemic.
- Since 2010 multiple cuts and a long-term freeze to working age benefits have steadily eroded the real value of people's income. In the four years of the freeze, 10 million families lost an average of £420 a year.^{vi}
- This is one of the key factors driving the need for food banks in the Trussell Trust network, which has risen year-on-year over the same period.^{vii} In 2019/20 food banks in the Trussell Trust's UK wide network distributed over 1.9 million emergency food parcels, a 71% increase on the level of need in 2015/16.
- The majority of the public (59%) support making the increase permanent,^{viii} and the British Social Attitudes (2019) survey shows that, for the first time since 2001, people are as likely to believe that unemployment benefits are too low and cause hardship as they are to think that benefits are too high and discourage work.^{ix}

4. The government must lock-in the uplift over the long-term to help turn Universal Credit into the poverty-fighting machine we know it can be

- Unemployment is set to remain high, with hundreds of thousands expected to move onto UC over the coming months, particularly following the removal of the Jobs Retention Scheme. The rate of unemployment is not forecast to drop to pre-pandemic rates until 2024.^x
- This is why it is so important that the uplift is made permanent, to give people the long-term security they need and to protect the economic recovery.
- Alternative policy suggestions, such as one-off payments, will not give people this much-needed security and risk simply postponing hardship rather than tackling it. Any extension must be for at least 12 months, to provide some form of stability during the worst of the economic storm and to provide an opportunity to review the adequacy of benefit levels in the longer term.

“Losing £20 a week would mean I would have to rely on credit cards etc. to be able to just survive. I am terrified of losing £80 a month - I am desperately looking for work but it's so competitive out there and I've not had any success yet.”

Person currently claiming UC

5. The government must not fail the millions of people living with disabilities who may find additional barriers to employment – and extend the uplift to legacy benefits

- Six in ten working age people referred to food banks are disabled.^{xi} All existing evidence suggests that people living with disability are less likely to find employment. This is also true for people who care for someone within their household.
- This lifeline has been essential for people living with disabilities, 75% of people claiming UC since early 2020 and living with a disability say it has helped them in purchasing the essentials.
- But we know that many people on legacy benefits – who are more likely to have disabilities – have missed out. The government must extend the lifeline to this group too, or risk continuing hardship among those with high levels of need.

1. FOOD BANKS AND UNIVERSAL CREDIT – WHAT’S THE LINK?

Hunger in the UK is driven by people not having enough money to pay for essentials. Low levels of benefit income are a key factor driving this. Food banks in the Trussell Trust network see people every day that are cutting back on food and other essentials because they cannot afford them - including parents who regularly skip meals so they can buy food for their children, and children who have gone without because their parents have needed to spend every last penny of their budget on meeting vital living costs.

The majority (95%) of people that need support from food banks in the Trussell Trust network are destitute, meaning they are unable to afford the absolute essentials that we all need to eat, stay warm and dry, and keep clean.^{xii} This is despite the fact that most people who need to use a food bank are receiving support from social security through benefits.^{xiii} Our research has found that 86% of households were in receipt of benefits in early 2020.^{xiv}

Food banks support hundreds of thousands of people every year who cannot get by on the income they receive from the social security system. In 2019/20 food banks in the Trussell Trust’s UK wide network distributed over 1.9 million emergency food parcels, a 71% increase on the level of need in 2015/16.^{xv}



The majority (56%) of households
that need support from food banks
are on Universal Credit.

Most people on UC receive the ‘standard allowance’ plus any extra amounts that apply, for example if someone has children or a disability. The standard allowance is also an ‘in work’ benefit, which gradually reduces the more that people earn - for every £1 earned the payment reduces by 63p. The uplift has helped people both in and out of work. The uplift was also applied to Working Tax Credits (WTC) – but given the much smaller numbers of people at food banks on WTC, we have focused our research on the UC uplift specifically.

Unfortunately, the £20 uplift has not been extended to ‘legacy benefits’ – the benefit payments such as Jobseeker’s Allowance and Employment Support Allowance which existed before UC was rolled out. People on legacy benefits are more likely to have disabilities and other health conditions and our data shows that a significant proportion of people that need support from food banks are in receipt of these benefits. Last summer a third (32%) of households needing to use a food bank and receiving social security were claiming legacy benefits.^{xvi}

This report sets out the case for making the £20 uplift to UC permanent and extending it to legacy benefits. This is informed by reviewing available evidence on the impact of the uplift, emerging findings from the State of Hunger research programme, and a survey of 1,000 people currently receiving UC.

2. THE UPLIFT TO UNIVERSAL CREDIT HAS PLAYED A VITAL ROLE OVER THE LAST YEAR – PROTECTING FAMILIES ACROSS THE COUNTRY FROM SERIOUS HARDSHIP

At the start of the pandemic the UK government acted quickly to increase the value of UC. After almost a year of this policy, the evidence suggests that it has had a crucial role in protecting people from experiencing poverty during the pandemic. It has reduced the gap between people's income from working and what they will receive from social security for those newly unemployed and pulled many already experiencing poverty and destitution into a more sustainable position.

Research with people claiming Universal Credit: In January 2021, YouGov on behalf of the Trussell Trust interviewed 1,000 people currently claiming UC online.

They were asked a range of questions including about their current financial situation, the impact the uplift has had on their finances (for those also claiming before April 2020), and for their views on the removal of the uplift. People on UC were asked both survey style questions, and to put in their own words their views on the impact of the policy and its potential removal.

At points in this report we estimate the total number of people on UC that are impacted. This is done by applying the survey findings to the total number of people on UC. When we refer to families, we have applied the proportion of parents responding to the number of households with dependent children on UC.

This research shows that the uplift has made buying essentials such as food, clothing and toiletries easier than it was before; seven in ten (72%) people claiming UC² say this has been the case, with four in ten (44%) strongly agreeing. This was a common theme for people when discussing their own experience of the uplift. People widely felt that they were better able to afford food for the whole month, reporting that before the increase they'd need to "just go without... and live on bread and water for a week" when waiting for their next UC payment, or make a monthly visit to a food bank to make ends meet.

This is an important impact against a backdrop of almost half (45%) of people claiming UC saying they are currently finding it difficult to manage financially.

Just one in ten (11%) said that the uplift did not make buying essentials easier than it was before. The comments on the impact of the uplift are useful to understand why they did not see a positive difference.

There was a strong sense that the impact of the uplift was reduced because of the arrears and debt that people were already struggling with. For instance, there were a number of mentions of the impact of repaying debt to the DWP.

"If you are in arrears with council tax, overpayment of benefits or rent arrears you do not get the full amount of the top up. As the new larger amount of money received means you have a larger repayment percentage each payment cycle. My percentage works out that I receive £7.03 of the £20.00, it all helps though, and I am grateful."

Person currently claiming UC who was claiming before April 2020

Being able to effectively heat their home was another common response when people claiming UC talked about the impact of the uplift. Several people living with disabilities highlighted the importance of this because they were less able to manage in the cold.

2 Who were also claiming between January and April 2020.

It's important to recognise, however, that these are not separate issues. Many people mentioned the stress of previously having had **to choose between 'heating or eating'** – with the additional £20 meaning that choice was no longer necessary, and the relief of now being able to afford both:

“An additional £80 a month is almost a week’s worth of shopping for my family of six. It’s the difference between being able to eat and having to choose between heating and food.”

Person currently claiming UC who was claiming before April 2020

The benefits of the uplift were not limited to food and heating. Several people mentioned that the uplift had allowed them to **replace essential clothing items** for themselves or their children, such as winter coats or shoes, socks or underwear, without having to go without something else.

“I haven’t had to choose between buying some food or a new pair of shoes because mine have got a hole in... I’ve been able to buy both!”

Person currently claiming UC who was claiming before April 2020

For many it has had a vital role in reducing debts and improving their financial footing. One in three (35%) reported being able to pay back money they owed. In describing their own experience, the ability to repay debts was a core benefit of the uplift, with people noting this improved their resilience and confidence in their financial future.

“It has made a huge difference as before was a real struggle and going deeper into debt each month. This extra money has helped us get by each month and has helped my mental health also as I am no longer in constant anxiety about running out of money.”

Person currently claiming UC who was claiming before April 2020

The mental health benefits described above were a common theme for people when discussing the benefits of the uplift. This is important as the majority (78%) of people claiming UC state that either they or someone in their household are living with mental health conditions. People spoke about the positive benefits from feeling able to ‘contribute,’ take care of their family, be more independent and save money for emergencies.

“[The uplift has made] an absolutely massive amount of difference both financially and mentally. I’ve been able to contribute more to the household, making me feel more comfortable and worthy of living.”

Person currently claiming UC who was claiming before April 2020

“I’ve been able to pay for the kids to have a very basic mobile contract each so they can still chat with friends and feel connected. Both of them have had poor mental health due to current circumstances and their friendships are so important in lifting their moods”

Person currently claiming UC who was claiming before April 2020

Analytical work conducted during the pandemic suggests that the uplift has protected thousands of people from the impact of not being able to afford the absolute essentials in life and the lack of dignity this creates. Work by Heriot-Watt University on behalf of the Trussell Trust estimates that the level of destitution in 2020 was nine per cent lower than it would have been without the increase^{xvii}.

The Legatum Institute estimate that the combination of the uplift and the suspension of the Minimum Income Floor has protected 690,000 people from poverty in Winter 2020.^{xviii,3}

The government’s good work in protecting people during the pandemic has been noted by organisations across the anti-poverty sector. The impact of this uplift alongside the JRS has been significant but must not be undone as we go into the next phase of economic recovery. Keeping this uplift has the potential to bring hundreds of thousands of people out of long-term poverty and provide a first step in reversing years of successive increases in destitution and food bank use.

3 The Minimum Income Floor applies to self-employed people claiming Universal Credit. It assumes that people earn the equivalent of the minimum wage or more for their self-employment each month – if a person earns less, their income will not be additionally topped up.

A tidal wave of hardship – the risks of removing the uplift this year

“My concern, like everyone involved in this sector, is that there are swathes of people currently just about keeping their head above water. My big fear is that in April people will slip back down into needing to attend a food bank. I know that is what we are here for, but the dignity of buying what you want to feed yourself and your family should not be understated and overlooked.”

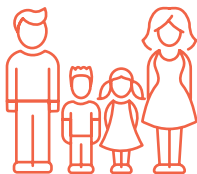
Annette Medhurst: Food bank manager for Wokingham food bank

Removing the £20 uplift would have an immediate and devastating impact on the finances of millions. The most recent figures show 5.9 million people in Great Britain are receiving support from UC. That is a staggering 11% of the adult population (up from 6% pre-pandemic).⁴ Many more are receiving legacy benefits and have not benefited from the uprating of the Standard Allowance.

The impact of removing this uplift poverty has been projected by a number of organisations. Examples include:

- **Analysis by JRF has found that the £1,040 per year cut in income would push an extra half a million people, including 200,000 children, into poverty.**^{xi}
- **Citizens Advice found that the rate of people unable to meet their living costs among their debt clients who receive UC or WTC would increase from 43% to 75%, if the uplift was cut.**^{xx}

The growth in the number of people claiming support through UC has been driven by the huge numbers of people that have lost income through reduced hours or losing their jobs entirely during the economic crisis caused by the pandemic. Another significant increase in claimants is likely when the JRS is removed at the end of April.



In August 2020 there were **over 1.7 million families with children** claiming UC (a 42% increase since March 2020).^{xxi}

Compelling evidence has been provided about the impact of removing the uplift. This would immediately reduce the incomes of millions of people by over £1,000, cutting the basic level of unemployment benefit to its lowest in real terms since 1990-91.^{xxii}

There have been two key features of the uplift during the pandemic. First, it has softened the income differential between earned income and benefit income for those newly unemployed. With many more people set to become unemployed during 2021 removing this uplift will put many into income shock, leaving many at risk of immediate poverty and - for some - destitution⁵.

Second, it has boosted the income of those claiming UC, giving them the breathing space to afford the essentials in life. Our research with people claiming UC asked a range of questions about what they are likely to have to forgo, or need to do, in order to get by if the uplift is removed. Their responses indicate that the income shock of cutting off this lifeline will be catastrophic for their ability to support themselves and their families. We look below at the issues that people on UC think are ‘very likely’ if the uplift is removed.

⁴ Trussell Trust analysis of Mid-Year population estimates. In the middle of 2019, there were estimated to be 52,601,229 adults aged 16+ in Great Britain. Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland, (2020), ONS, <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalescotlandandnorthernireland>

⁵ Analysis from the IFS shows that if the uplift was withdrawn, the average single worker without children in the UK would see their after tax, and benefit income fall by 87% if they lost their job. Across the OECD as a whole, the average fall is just 45% for those who are entitled to contributory benefits.

Impact on hunger

Hunger is one of the main concerns that people have about the uplift being removed. With one in five (20%) people claiming UC saying it is ‘very likely’ they will seek support from a food bank if the uplift is removed, we estimate that **over a million people claiming UC could be pushed to food banks if the uplift is not maintained.**

Many more are very likely to go hungry, cutting back on food for themselves. **Over four in ten (41%) people claiming UC are very likely to cut back on food for themselves if the uplift is removed.** Parents are overwhelmingly more likely to cut back on food for themselves than their children, but one in eight (13%) parents are still very likely to cut back on food for their children if the uplift is removed. Based on our estimates from the survey findings, this would equate to **over 220,000 families** across the UK having to cut back on food for children.

When discussing the impact of the uplift, hunger was a common theme for people claiming UC. They spoke about having to cut back on the number of meals they had, visit food banks or live solely off staples like bread.

“I have used the money for food so I would have to buy less and use the food bank again. Please do not take this money off me.”

Person currently claiming UC

These estimates about the number of people who may need to turn to a food bank for support are stark – but the figures are not unrealistic. Our research finds that one in ten (11%) people claiming UC used a food bank or similar service since the start of December 2020 because they could not afford food. With a significant income shock ahead if the uplift is not maintained this baseline could grow rapidly.

Relying on people to find work would not be effective in mitigating against the impact of removing the uplift.

One in three (35%) people who are working and also claiming UC think they will very likely need to cut back on food for themselves. One in eight (14%) think they are very likely to need to get help from a food bank. Even since the beginning of December 8% of people working and claiming UC needed support from a food bank because they couldn’t afford food.

Impact on ability to afford other essentials

People claiming UC are likely to see their quality of life change in other ways if the uplift is removed. Many of the people we surveyed fear having to cut back on the essentials that we all need in life:

- Two in three (63%) people claiming UC feel they will very likely need to cut back on clothes for themselves,
- Over one in three (36%) fear they will be very likely to cut back on heating their home.



We estimate that **over 365,00 people aged 55 or over** are likely to have to cut back on heating their home, potentially putting their health at risk.^{xxiii}

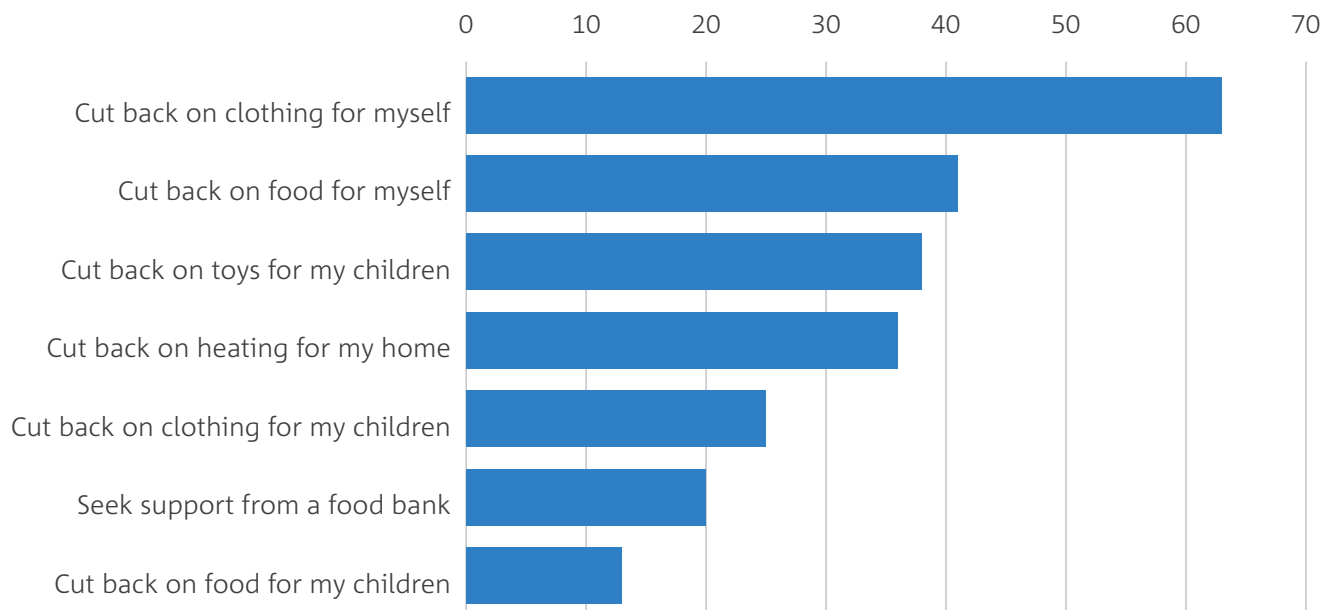
“I would be forced to cut down on basic spending. For example, cut down on groceries or toiletries like toothpaste and sanitary products.”

Person currently claiming UC

“I think [losing the uplift] would mean me going without heating and hot water. Food for the first two weeks will be ok then it will be one meal a day if I’m lucky.”

Person currently claiming UC

Fig2.1 Proportion of people claiming UC saying they are very likely to cut back on essentials if uplift is removed.



Impact on arrears, debt and financial security

A common theme emerged from people's comments about the prospect of losing the uplift: the income loss would both set people back and be counter-productive in helping them get back on their feet after the pandemic. People were concerned about falling behind on bills, having to take on additional debt and not being able to invest in their futures.

Housing costs were a concern for people claiming UC. They voiced their worries about falling behind on their housing payments and potentially being evicted. Others referenced the likelihood of falling behind on bills such as council tax, or having utilities switched off.

If the uplift is removed:

- One in five (19%) are very likely to fall behind on their housing costs
- One in four (27%) are very likely to fall behind on other payments such as council tax or utilities.

"I am struggling to make ends meet, so to lose £100 a month would put me in huge difficulty, as well as losing my home"

Person currently claiming UC

People also thought it was likely they would need to take on additional debt from friends, credit cards or loan companies. The direct financial impact would mean that goals such as financial or housing stability, paying off debt or finding employment would be further away. They also spoke about how losing the financial independence given by the uplift would damage their mental health.

If the uplift is removed:

- One in four (27%) are very likely to borrow money from friends or family.
- Over one in four (28%) are very likely to sell their possessions in order to raise money.

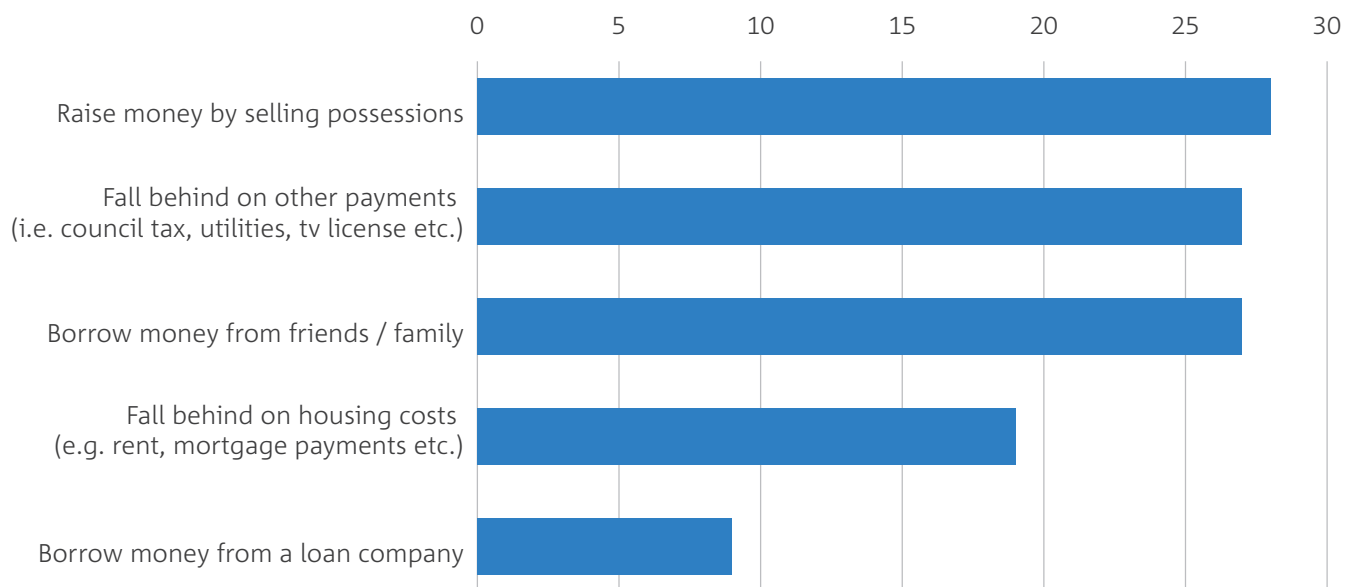
“Losing £20 a week would mean I would have to rely on credit cards etc to be able to just survive. I am terrified of losing £80 a month - I am desperately looking for work but it's so competitive out there and I've not had any success yet.”

Person currently claiming UC

“After a year of [the uplift] we have been more able to live within our means and had to utilise credit and loans less. Losing this money would be likely to cause us to have to choose between getting into debt or going without food at times.”

Person currently claiming UC

Fig2.2 Proportion of people claiming UC saying what they are very likely to need to do if the uplift is removed



3. THE CASE FOR MAKING THE UPLIFT PERMANENT

It would work towards righting a historic wrong

By increasing the value of UC at the start of the crisis the government acknowledged the relationship between benefit levels and financial hardship. As we have seen at food banks in the Trussell Trust network across the last decade, it is clear that benefits before the crisis simply were not providing people with enough for the essentials. With millions more now claiming UC than going into the crisis, the government must build on the financial protection given to people over the last 12 months.

Since 2010, multiple cuts and a long-term freeze to working age benefits have steadily eroded the real value of people's income. The 'benefits freeze' was a policy of not uprating the value of working age benefits in line with inflation for four years (2016/17-2019/20), with benefits kept at the same rate as they were from April 2015. This has led to an effective 6.5% real terms cut in the value of working age benefits over the 5 years.^{xxiv}

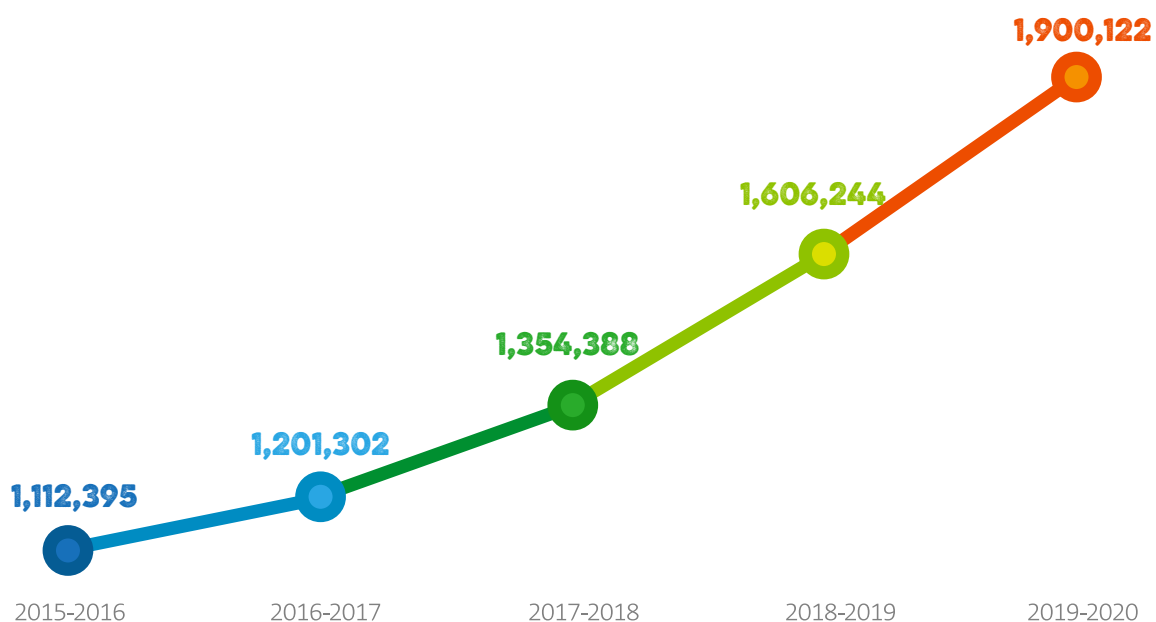
These reforms have substantially altered the landscape of poverty across the country. We at the Trussell Trust have directly seen the impact:

- In 2019/20 food banks in the Trussell Trust's network needed to give out over 1.9 million emergency food parcels, a 71% increase on the level of need in 2015/16 (1.1 million emergency food parcels).
- In the same year over 720,000 emergency food parcels were distributed for children, up from 416,00 in 2015/16.



That is a staggering
1,900 parcels for children every day
distributed in 2019/20

Fig3.1. Growth in emergency food parcels distributed by food banks in the Trussell Trust network



One person who needed support from a food bank in early 2020, before the pandemic, spoke about his experience of benefit levels:

“...It's not even enough to get essentials. When you think about it, out of £56 if I pay my £16 rent, I'm left with £40 a week, and that's supposed to, like you said, feed me, clothe me, buy all my essentials for washing and cleanliness and everything else. It's just not physically possible. It's impossible.”

Person claiming UC interviewed in early 2020 as part of the State of Hunger research programme

Further evidence shows that:

- Around 200,000 people (including 100,000 children) have been pulled into poverty as a result of the freeze.^{xxv}
- The number of people experiencing destitution increased by 91% between 2015 and 2019. In 2019 2.4 million people experienced destitution, including over half a million children (a 77% increase since 2015).^{xxvi}
- Child poverty in the UK has risen by 200,000 since 2015/16 to 4.2 million in 2018/19, equivalent to 20% of children.^{xxvii}

The country has been experiencing an unprecedented crisis for the last 12 months, with millions of people newly claiming UC. But it must be recognised that many people entered 2020 already experiencing poverty and desperately needing support. This uplift represents a lifeline for all people – not just those newly claiming, but those who have needed support since before the pandemic and those who may need to claim for support in the future. Our experience, and evidence across the anti-poverty sector, show that levels of benefits were not sufficient pre-pandemic. It cannot be right to push people's incomes back down to those levels.

Making the uplift permanent would help to end hunger

The uplift represents a welcome first step towards reversing sustained increases in destitution and need for food banks. At the Trussell Trust we have long seen the importance of low benefit income as a driver of need for food banks. Our State of Hunger report found that a £1 increase in the real weekly value of main out-of-work benefits in 2018 would result in 84 fewer food parcels per year in a local authority with an average working age population and population of people seeking work.^{xxviii}

Indeed, we estimate, based on work conducted by Heriot-Watt University^{xxix}, that implementing this uplift in 2019/20 would have **reduced the number of emergency food parcels distributed to people in need by over 280,000**. Extending the uplift to legacy benefits could have cut the number parcels distributed by as much as 570,000.

Other organisations have shown the positive impact of keeping the uplift and extending it to legacy benefits on poverty rates and debt levels. The Resolution Foundation states that if the uplift is made permanent throughout this Parliament (and indexed appropriately with inflation), then relative poverty overall and inequality would both fall during this period.^{xxx} Citizens Advice found that 13% of the people they help with debt on legacy benefits would be pulled out of a negative budget if the uplift was extended to legacy benefits.^{xxxi}

The public supports making the uplift permanent

People across the UK have taken note of the importance of maintaining the uplift and the growing prevalence of poverty going into the pandemic. Our own research reflects this. The majority of people in the UK (54%) think the level of state benefits is not high enough to keep people out of poverty – compared to less than a quarter (22%) of those who think it is.⁶

Research by The Health Foundation found strong public support for the uplift, with 74% being in favour of the increase during the pandemic and only 9% being against. In addition, the majority of the public support making the increase permanent (59%) – suggesting that many understand that the poverty they see is not simply as a result of the pandemic but represents longer trends.^{xxxii}

Underpinning these findings is a longer-term shift in attitudes towards poverty and welfare. The most recent (2019) data from the British Social Attitudes survey shows that, for the first time since 2001, the same proportion of people believe that unemployment benefits are too low and cause hardship than think they are too high and discourage work.^{xxxiii,7}

“the pandemic has occurred at a time when there was already more empathy with the circumstances of the low paid and unemployed of working age – and that voters may therefore be looking to the government to make adequate provision for those whose livelihoods are threatened by the pandemic.”^{xxxiv}

British Social Attitudes

Not only are people concerned about poverty in the UK and the impact that the pandemic will have on those with the lowest incomes, but they identify their government as responsible for addressing these concerns.⁸ People are four times as likely to believe the government is responsible for keeping people out of poverty (59%) as those that don't (16%), and more than half of people (55%) believe the government's actions and policies are the reason behind most poverty in the UK.⁹ Further, a huge majority (86%) think society should prioritise making sure everyone has enough.¹⁰

6 2,004 UK adults aged 18+ were interviewed online by YouGov on behalf of the Trussell Trust 16th – 27th June 2020.

7 Similarly, more people now disagree than agree with the idea that “if welfare benefits weren't so generous, people would learn to stand on their own two feet” – again, for the first time since 1996. In both cases, this follows four to five years of these views trending consistently upwards and it's clear that the public consensus on welfare spending is changing

8 This question just specified ‘The Government’ and some participants may have been thinking about local or regional governments.

9 2,004 UK adults aged 18+ were interviewed online by YouGov on behalf of the Trussell Trust 16th – 27th June 2020.

10 2,004 UK adults aged 18+ were interviewed online by YouGov on behalf of the Trussell Trust 16th – 27th June 2020.

4. A LONG-TERM CRISIS NEEDS A LONG-TERM SOLUTION

Hopes for a quick v-shaped economic recovery have largely faltered due to the impact of successive lockdowns and the economic shutdowns they entail. Fears of a sustained double dip recession drive the case for a longer-term investment in working age benefits to support people locked out of employment. Many employers will exit this crisis drained of financial reserves and increasingly debt laden. In these circumstances it is unlikely that there will be a swift and significant recovery in jobs. The ManpowerGroup Employment Outlook Survey suggests employers continue to be pessimistic about hiring in 2021: while 5% of employers expected to increase payrolls by March 2021, 11% anticipated a decrease and 82% forecast no change, resulting in a Net Employment Outlook of -6%.^{xxxv}

Rather than a swift recovery in 2021, the reality is that the removal of the JRS at the end of April 2021 means that unemployment will spike just as the UC uplift is removed. The Office for Budget Responsibility (OBR) forecasts that the removal of the JRS at the end of April 2021 will drive an unemployment rate of 7.5%, representing 2.6 million people.^{xxxvi} Their worst-case scenario, presented before the sustained lockdown we currently find ourselves in, forecasts that unemployment rates could hit as high as 11% in 2021.

Higher levels of unemployment are unfortunately here to stay for the foreseeable future. The OBR's forecast suggests that the unemployment rate will stay significantly above pre-pandemic levels until 2024. These forecasts again do not consider the sustained lockdown that we now face, which will have further repercussions for a fragile recovery. While different in nature, it is worth remembering that after the 2008 financial crisis the unemployment rate did not recover to pre-crisis levels until seven years later.¹¹

At the time of writing the latest figures show that the vacancies recovery slowed in October to December 2020,^{xxxvii} as the number of redundancies increased by a record 280,000 on the previous year, and 168,000 on the quarter to a record high of 395,000.^{xxxviii} With unemployment only set to worsen in the rest of the year, the government must accept that irrespective of large-scale investment in jobs, significant numbers of people will not be able to find employment this year and support them accordingly.

Refusing to keep this lifeline will fail these people, who will lose their jobs and rely on our social security system as an anchor in stormy seas. At the same time, it will remain a challenging time to move back into the labour market. People will need to be financially supported while they attempt to regain employment, and for some groups accessing employment may be far more difficult than is recognised.

Hoping for an economic recovery also ignores the long-term trends in poverty that urgently needed addressing going into the pandemic.

People will need to be job ready when opportunities arise

With this economic climate it is likely that many people will be chasing limited job opportunities for the foreseeable future. **To succeed in this market, people need resilience, support, and to have good mental and physical health. Removing the uplift will significantly damage all of these and subsequently people's job prospects.**

From our experience we know how tough it can be for people living in poverty to find employment. Unemployment, poverty and hunger often go hand in hand. The uplift represents a lifeline for hundreds of thousands of people on the brink of having to go hungry. Through our State of Hunger research, we spoke to people about their experience of hunger, and the impact it had on them^{xxxix}. They spoke about the powerful change to their physical and mental health, productivity, self-worth, and resilience. Importantly for the government's push to get people back into employment, these impacts could fundamentally reduce their chances of regaining employment.

11 In 2008 the unemployment rate was 5.7% and it fell to 5.4% in 2015. Unemployment rate (aged 16 and over, seasonally adjusted, (2020), ONS), <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/timeseries/mgsx/lms>

"I get shaky, dizziness, feeling sick, over tired. I've got a vitamin deficiency so I need to eat, and then when I don't eat, I faint. Have dizzy turns. Suffer really bad, and then anxiety's got a lot to do with that as well. So, but you've got to do what you've got to do for the sake of the kids. If you don't do it for them, then what's the point. Do you know what I mean?"

Person interviewed in early 2020 as part of the State of Hunger Research Programme

"You get pains in your stomach [when hungry]. It goes beyond just grumbling, but it's not the first time in my life that I've gone through that, so I'm used to it basically. You don't have any energy whatsoever, because it works two ways. You've got your physical energy, but then you've got your mental energy, and when both of them are down, you just... You don't. You don't want to get up. You don't want to move. I shut down and isolate"

Person interviewed in early 2020 as part of the State of Hunger Research Programme

Hunger is not an uncommon experience amongst those that are receiving UC. Even with the uplift, one in three (32%) people claiming UC reported having more than one day in the last month where they didn't eat at all or only had one meal, because they couldn't afford to buy enough food.

The government must ensure that people receive enough income to avoid hunger. This allows people the dignity of supporting themselves and for many may increase the likelihood of taking up employment opportunities in the future.

Keeping and extending the lifeline to all those that need it

The people that food banks support may face additional barriers to accessing employment or may not be able to find employment at all. These people need the security that this uplift represents to avoid being trapped in poverty.



6 in 10 (62%) working age respondents to the State of Hunger survey in early 2020 had a disability

Disability is common amongst households that need support from food banks. Six in ten (62%) working age respondents to the State of Hunger survey in early 2020 had a disability (as defined by the Equality Act 2010), over three times more than in the general population where 19% of working-age adults had a disability in 2017 to 2019. People referred to food banks also differed from the general population with regards to the severity of the disability: while in the general population fewer working age people had their daily activities limited 'a lot' (8%) than 'a little' (11%), more people reported in State of Hunger in early 2020 that disabilities limited their activities 'a lot' (35%) rather than 'a little' (27%)^{xi}.

This is significant when thinking about this population's opportunities for entering employment. The Labour Force Survey tells us that in 2019 disabled people were over a third less likely to be employed than non-disabled people, with an employment rate for disabled people (aged 16 to 64 years) of 53.2% in 2019, compared with 81.8% for non-disabled people.^{xii}

This also impacts on other people within the household, who may have to take up caring responsibilities because of another household member's disability. One in five people who care for someone in their household say that this prevents them from working at all (21%) and a further 16% say that it means they are unable to do as much paid work as they might like.¹²

The government must acknowledge that certain households will find it more challenging to gain employment both in the short and long term. Removing this lifeline will cut their income with very little opportunity to top it up, pushing more of the most vulnerable into poverty and destitution and damaging the government's commitment to make UC work for the most vulnerable people.^{xiii}

The government must also recognise that people on legacy benefits – who are more likely to have disabilities than people on UC - have unfairly missed out on the uplift. This is unacceptable, when last summer a third (32%) of households needing to use a food bank and receiving social security were claiming legacy benefits.^{xliii} It is important that alongside maintaining the UC uplift, it is extended to people on legacy benefits who are disproportionately vulnerable and will struggle more than most in the current very challenging labour market.

Levelling up and the recovery

The support provided by the uplift is desperately needed to support the government's 'levelling up' agenda. The economic recovery is likely to be slower in areas that were deprived going into the pandemic, which have seen higher rates of unemployment and growth in people claiming UC¹³.

Some of the largest increases in people claiming UC outside of London are in English local authorities which have historically been deprived such as Blackpool, Hull and Middlesbrough.^{xliiv} These coastal towns and post-industrial communities are core areas for the government's levelling up agenda. Indeed, research conducted by Heriot-Watt University on behalf of the Trussell Trust indicated that the areas that have relatively higher risks of increased destitution as a result of the crisis include areas that have traditionally been manufacturing hubs - the North, Midlands and Wales, and coastal resorts and services in the South.^{xliv}

The uplift to UC can support the government in its levelling up agenda by acting as a significant direct stimulus to the local economy. In Blackpool for instance, where 20% of the adult population are estimated to claim UC¹⁴, the extra £20 a week represents up to £350,000 a week, or £18.7 million a year, that is directly spent in the local economy.¹⁵ The IFS states that:

'It is clear that money received from Universal Credit is not saved, it is spent'.^{xlvi}

People living on benefits generally use wages or other income, rather than savings, to pay for goods and services. If they face a sudden fall in income they are far more likely to immediately contract their spending than those in higher income deciles.^{xlvii} Removing this uplift will likely significantly damage spending in local economies with higher rates of people claiming UC where their economic activity is far more important. In essence it will apply a significant negative multiplier effect .

However, if the uplift is maintained it could generate significant positive multiplier effects within the local economy. Indeed, one study states that a stimulus targeted at those in the bottom half of the wealth distribution, or the unemployed, is two to three times more effective at increasing spending in the economy than the same stimulus focused on the whole population.^{xlviii}

In order to support the levelling up agenda and provide a direct stimulus to struggling local economies the government should maintain this uplift.

13 Emerging evidence shows that the areas hardest hit by the economic crisis were the most deprived going into the crisis. Research shows that economic recovery may be slower in the most deprived areas due to the link between education and length of unemployment:

- Education and Unemployment: A French-German Comparison, (2003), Lauer, Charlotte, <https://www.econstor.eu/bitstream/10419/23970/1/dp0334.pdf>
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14 Trussell Trust analysis of ONS Mid-Year Population Estimates and number of adults 16+ on UC.

15 Calculated as number of households receiving UC in Blackpool x £20.

5. CONCLUSION

The £20 uplift to UC has been a lifeline to millions, helping those of us who need it most. The UK government did the right thing in putting this in place and showed how quickly it can act to support people. At the start of the pandemic millions were reliant on UC, with many experiencing poverty and destitution. As we head into another year of economic uncertainty the government must continue to do the right thing and support those on the lowest incomes through the challenging times ahead.

In the March budget this year the government has a crucial choice to make.

It can remove the £20 uplift and accept ever-rising levels of poverty, destitution and food bank use. Or it can commit to keeping the £20 uplift, which has acted as a lifeline for millions of people during the pandemic, and build towards a hunger free future in which no one needs support from a food bank.

By doing the right thing, the government can support local economies and those living in them, particularly the most deprived. It can help ensure UC is the poverty fighting machine we know it can be, working for the most vulnerable and targeting resources at those most in need. It can provide security and stability to millions, and show it has heard public opinion in recent debates about poverty and hunger.

Whatever the government decides, it must not forget the 320,000 children who needed to be supported by food banks in 2019/20.^{xlix} It must remember the half a million children who experienced destitution in 2019.^l It must acknowledge the millions of working age adults living in poverty in 2019¹⁶.

The government must make a commitment to the millions of people on UC – and the many more soon to be reliant on this lifeline – to continue to protect them, not only in these uncertain times but in the long term. It must continue to accept that the level of benefits were not adequate going into the pandemic, and if the government chooses to extend this lifeline for just one year it should use this opportunity to review the adequacy of benefit levels beyond this period to make sure no-one has to go without the essentials in the long-term. This will be a vital step in building towards a hunger free future.

There is a groundswell of evidence and public support which points towards the right thing to do - which is to keep the UC uplift and extend this lifeline to legacy benefits.

“It has enabled me to eat better. Before the increase I wasn’t able to buy fresh fruit and vegetables, because they were an extra I just could not afford. I have also been able to keep my gas pre-payment meter topped up this winter, whereas before I couldn’t... The extra £20 has definitely made my life better and I will struggle again when it is taken away at the end of March.”

Person currently claiming UC who was claiming before April 2020

16 In 2018/19 8.4 million working-age adults were in poverty: UK Poverty 2020/21: The leading independent report, (2021), Joseph Rowntree Foundation

APPENDIX – RESEARCH METHODOLOGY

The core evidence from this report is provided by a survey of 1,000 people currently claiming UC. Fieldwork was completed online between 19th – 25th January 2021 on behalf of the Trussell Trust by YouGov Plc. The figures have been weighted by time spent on UC, Household type, Country, Gender, and Age to be representative of people on UC.

People interviewed were asked a mixture of open-ended and closed survey style questions. Open-ended questions were asked before the survey questions on impact to reduce bias. Only people who were currently claiming UC and were also claiming before April 2020 were asked about the impact of the uplift. The unweighted base for this group was 572.

Full frequencies and question wording for the results described in this report are available on request from the Trussell Trust's research team.

All population estimates are the Trussell Trust's own analysis. These estimates are based on multiplying the frequencies from the survey results by the number of people currently claiming UC in GB. Figures for the number of people and age of people are most recently available for December 2020 and are taken from Stat-Xplore.

Household type population estimates are based on multiplying the frequencies from the survey by the number of households currently claiming UC in GB. Figures for the household type are most recently available for August 2020 and are taken from Stat-Xplore. The categories: Single, with child dependants, and Couple with child dependants are used for estimates of the number of families with children. For families with children, figures are estimated using the survey results for people with children in the household. This assumes that the survey was carried out with only one person per household. As this is a panel-based sample this cannot be completely discounted.

Data used for estimates:

Category	Time period	Counts
Number of people aged 16+ claiming UC in Great Britain	December 2020	5,911,783
Number of people aged 55+ claiming UC in Great Britain	December 2020	731,129
Number of households with children claiming UC in Great Britain	August 2020	1,721,342

Other evidence includes:

1. A literature review of available evidence.
2. Analysis of secondary data, including Wave 10 of Understanding Society, and ONS Labour market statistics
3. Emerging evidence from the Trussell Trust's State of Hunger research programme.

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