



14th October 2020

Removing benefit uplift will leave people unable to cover basics, Citizens Advice analysis reveals

Significant numbers of people risk being pushed into a position where they can't pay their essential bills and could face spiralling debts if the uplift to Universal Credit and Working Tax Credit is not extended beyond April 2020. This is according to new analysis from Citizens Advice released today.

Analysis of the people Citizens Advice helps with debt who receive Universal Credit or Working Tax Credit shows that **75% wouldn't be able to cover their essential household bills if the uplift is removed**. This is an increase of 32% points on the current 43% of people who, even with the uplift in place, still have what's known as a 'negative budget'.

What is a negative budget?

A negative budget is where a debt adviser assesses that a person cannot meet their living costs. To do that, they use a tool called the Standard Financial Statement (SFS).

The charity's analysis shows that dropping the uplift would mean a further one in five (19%) of all its debt clients wouldn't be able to pay their bills. Currently 40% of all the people Citizens Advice helps with debt problems can't cover their essential household bills. Removing the uplift to Universal Credit and Working Tax Credit would increase this figure to 59%.

Life on Less than Zero

The findings are taken from the charity's new report Life on Less than Zero which highlights the problems for people struggling with negative budgets and those who are only just getting by.

Among the report's other findings are that self-employed people are increasingly struggling to make ends meet. Nearly three in five (58%) of the self-employed people Citizens Advice helps with debt are now unable to cover their essential household bills, up from 40% last year.

For many people struggling with debts the prospect of paying them off is a distant hope. People Citizens Advice helps with debt have an average of just £20 left at the end of the month to put towards paying back what they owe after living costs are accounted for.

Those with rent arrears and council tax debt have even less. People the charity helps with council tax debt would take more than six years to repay their arrears using all of their available income, whilst it would take seven years for people we help with rent arrears to pay these off.

Make the uplift permanent and include and extend it to other benefits

The charity is calling on the government to make the uplift to Universal Credit and Working Tax Credits permanent.

In addition Citizens Advice is calling for a series of other measures to boost the incomes and reduce costs for people unable to cover their essential household bills. Including:

- Increasing legacy benefits - the charity's research shows that 13% of people it helped with debt who receive legacy benefits (such as Jobseeker's Allowance and Employment Support Allowance) would be lifted out of a negative budget if the uplift was extended.
- Emergency loans and grants for renters - support renters behind due to Covid-19 with emergency government grants and loans to help pay off arrears
- Additional local authority funding - provide councils with funding to make up for lost council tax revenue and amend regulations to help councils collect debt flexibly.
- Build on the existing support in place for low-income households with energy bills - put in measures to prevent people falling into debt with their energy providers, including extending the Warm Home Discount Scheme beyond 2021, ensuring that people who need this support most get it automatically.

John's story

John, who is in his 50s and had worked in the entertainment sector for nearly 30 years, was recently made redundant having previously been on furlough.

His employer wrote to him to explain that due to loss of business he would no longer be on the furlough scheme and would be made redundant. He was offered no redundancy pay.

“It’s so disappointing, I’ve cried my eyes out so many times. I never knew how lucky I was having a job, I never thought I’d hit a hard time like this. I’ve survived five recessions. It’s just hit me like a ton of bricks.”

Since losing his job John has been looking for work, but he doesn’t have good computer literacy skills so this has made applying for jobs hard. He says that his line of work probably won’t pick up until next May but he’s confident he’ll be able to find something similar if and when things return to normal.

He has applied for Universal Credit and was given an advance loan, he won’t receive his first proper payment until mid-October. John doesn’t think he’ll be able to cover his essential bills on just Universal Credit and is worried about the impact of losing a further £20 per week.

“I don’t know what I’m going to do to tell you the truth. If I lost an extra £20 of Universal Credit it would be soul destroying I don’t know how I’d cope. All the money I’ve paid into the system I’m just looking for a little bit back.”

Chris Whitehead, Debt Team Leader, Citizens Advice Newcastle

“For a lot of people with debt problems there is a route out, but for many others there is just the prospect of getting deeper into trouble.

“One of the hardest parts of debt advice is to say to someone there isn’t a route out of it unless their income increases. We do all we can to lower bills, increase benefits and access grants, but if people don’t have enough for the basics they face a prospect of spiralling deeper and deeper into debt.

“Now and going forward the benefits uplift will continue to be a vital lifeline for many.”

Dame Gillian Guy, Chief Executive of Citizens Advice, said:

“The government has taken important steps to support people’s finances, keeping people in their homes and keeping the lights on during this pandemic. But there are still significant numbers of people who can’t even cover the basics and face deeper hardship.

“The government must commit to keeping the current uplift and extending it to other benefits. This will be vital to keeping many families afloat now and in the months ahead.

“The problem of people not able to cover the basics is not a new one, but it needs renewed focus from government. As the economic impacts of the crisis continue to be felt, this may be the sad reality for many more people.”

Notes to editors

1. The legacy benefits included in our analysis are: Income-based and contribution-based Jobseekers Allowance, Income-related and contribution-based Employment and Support Allowance, Income Support, Statutory Sick Pay, Child Tax Credit, and Working Tax Credit. Statutory Sick Pay is also included as it is aggregated with ESA in the Standard Financial Statement.
2. The £20 a week uplift, was introduced by the government in April as a 12-month temporary measure to support low-incomes households with additional costs related to Covid-19
3. Citizens Advice includes the national charity; the network of independent local Citizens Advice charities across England and Wales; the Citizens Advice consumer service; and the Witness Service.
4. Citizens Advice is the statutory consumer advocate for energy and post. We provide supplier performance information to consumers and policy analysis to decision makers.
5. The Citizens Advice Witness Service provides free, independent support for prosecution and defence witnesses in every criminal court in England and Wales.
6. Citizens Advice offers Pension Wise services at 500 locations in England and Wales.
7. Citizens Advice’s services are free, independent, confidential and impartial, and available to all regardless of race, gender, disability, sexual orientation, religion, age or nationality.
8. To get advice online or find your local Citizens Advice, visit citizensadvice.org.uk
9. For consumer advice, call the Citizens Advice consumer service on 0808 223 1133 or 0808 223 1144 to talk in Welsh.
10. We helped 2.6 million people face to face, by phone, email and webchat in 2017-18. For service statistics see [our monthly publication Advice trends.](#)

11. Citizens Advice staff are supported by over 23,000 trained volunteers, working at over 2,500 locations in England and Wales.

Ends.

We give people the knowledge and confidence they need to find their way forward - whoever they are, and whatever their problem.

- The four Citizens Advice West Oxfordshire, Oxford, North Oxfordshire and South Northamptonshire and Oxfordshire and South Vale all exist to provide free, confidential, independent advice in Oxfordshire and they are all members of Citizens Advice, the national charity
- For Citizens Advice general local telephone advice, visit www.caox.org.co.uk.
- Citizens Advice Freephone Adviceline 0800 144 8848 and Textphone: 0800 144 8884
- Citizens Advice in Oxfordshire are supported by more than 670 trained volunteers and 52 paid staff working across 14 advice centres. In the last year, we helped 27,000 people across Oxfordshire with 78,000 issues.
- Citizens Advice is made up of the national charity Citizens Advice; the network of independent local Citizens Advice charities across England and Wales; the Citizens Advice consumer service; and the Witness Service.
- Citizens Advice helped 2.7 million people face to face, over the phone, by email and web chat in 2018-19. We had 29 million visits to our national website. For full service statistics see Citizens Advice monthly publication [Advice Trends](#).