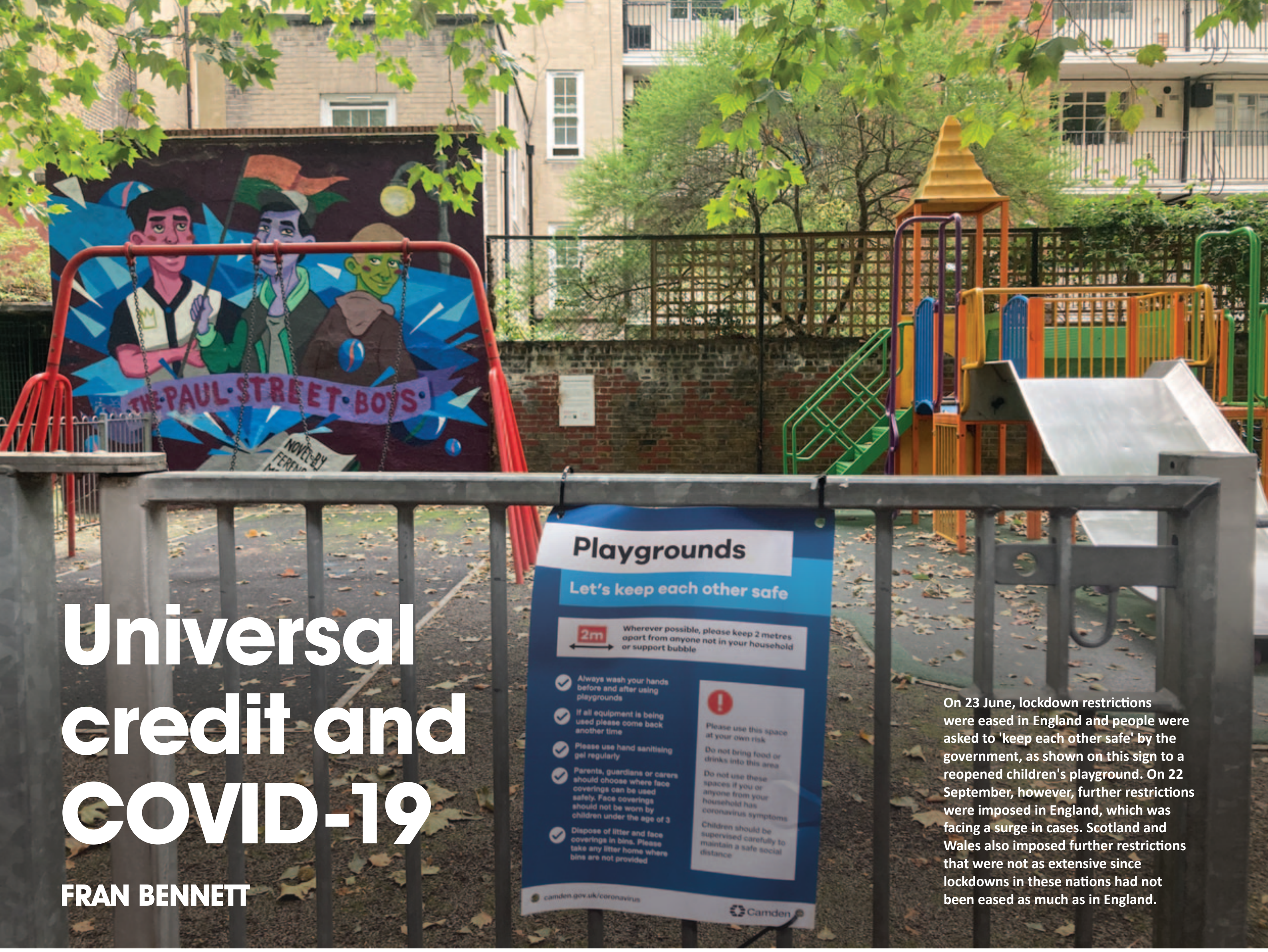

Universal credit and COVID-19

FRAN BENNETT

On 23 June, lockdown restrictions were eased in England and people were asked to 'keep each other safe' by the government, as shown on this sign to a reopened children's playground. On 22 September, however, further restrictions were imposed in England, which was facing a surge in cases. Scotland and Wales also imposed further restrictions that were not as extensive since lockdowns in these nations had not been eased as much as in England.

An anonymous civil servant was quoted in the press on 26 March as saying that the coronavirus crisis 'could be the making of universal credit'.[1] What has happened in recent months to universal credit (UC), which has been seen as the key answer in terms of benefits to difficulties during the COVID-19 crisis?

COVID-19 is changing our present and shaping our future in many ways. One key impact has been on the benefits system. In addition to other measures to support incomes,[2] there have been reforms to benefit policies and processes,[3] and a huge increase in numbers of applicants. Most importantly, perhaps, the tone and content – the politics – of social security debates have been altered, too. Universal credit, now described by the government as the foundation of the UK's social security system, has been at the centre of all these developments.

Temporary increases – for some

First, policy changes included an increase in the UC standard allowance, along with the basic element of working tax credit, of £20 per week from April for a year. This increase was on top of the uprating, which added 1.7 per cent to most UC elements but without making good the previous four-year freeze.

The rationale for the increase was described by the Department for Work and Pensions (DWP) as taking the amount up to the same level as statutory sick pay, so that people were not forced to choose between them, and was explained by the chancellor of the exchequer as strengthening the safety net. The DWP's argument sounds more plausible, in part because the £20 was the same flat-rate addition for single people and couples, and for those with and without children; while statutory sick pay is an individual payment of the same amount to anyone who qualifies. So, couples and families with children have not had proportionate increases in their benefit and are receiving the same as single people. That changes the relative amounts of benefits for different family types, with no coherent justification.

Indeed, there were no measures giving more resources to children specifically, until the government announced that it would extend the replacement for free school meals to cover the summer holidays to those who qualified on

“So, couples and families with children have not had proportionate increases in their benefit and are receiving the same as single people.

This article builds on a blog[4] by the author, available at: blogs.bath.ac.uk/iprblog/2020/04/06/coronavirus-the-making-or-the-unmaking-of-universal-credit low-income grounds. Even that change required the intervention of footballer Marcus Rashford, who drew on his own childhood experience of poverty. As Baroness Ruth Lister noted,[5] this neglect of children's needs is not true of all governments in the pandemic. Germany's, for example, has made a one-off payment of 300 euros per child.[6]

In addition, as CPAG and others including the Social Security Advisory Committee, have highlighted, no similar uplift was made to 'legacy benefits', such as jobseeker's allowance, such an uplifting might have suggested that strengthening the safety net was the key aim. Although the DWP argued that such benefits were harder to increase administratively, as statutory arrangements allow only for an annual uprating decided in autumn, it is unclear how UC and working tax credit differ.

Some claimants on legacy benefits, including child tax credit, may have applied for UC partly because of the recent increase. Even though a number of people may be worse off, they cannot return to legacy benefits because of the 'lobster-pot' effect of UC, which means you can get in but not out again. The DWP only recently included a warning on the UC online form to alert applicants that legacy benefits cease when they claim UC, even if they turn out not to be entitled.

There was also an increase in the local housing allowance for private tenants, to match the thirtieth percentile of the market rent in different areas, also after a freeze in recent years and an uprating of 1.7 per cent in April. That appears to be permanent.[7]

Relaxations of the rules

Although the secretary of state for work and pensions said that she hoped people would nonetheless continue looking for a job, work-search requirements and sanctions, as well as routine face-to-face meetings at job centres, were suspended until the end of June. Conditionality has now been re-imposed. The DWP has been assuring claimants that work coaches will be understanding, but the discretionary nature of UC conditionality means that monitoring this undertaking may be challenging.

For self-employed people, the minimum income floor treats a UC claimant as though they are earning a certain amount after 12 months even if they earn less, and calculates benefit accordingly. In March, the minimum income floor was suspended, initially until mid-November 2020.[8] The government also said that money set aside by self-employed people to pay a tax bill would not count against the capital limit. Also, the 'surplus earnings' rule (payments received in one month may also affect future entitlement) is remaining at £2,500 until March 2021 rather than being reduced, thus preventing more people being affected. Claims are also not automatically closed when surplus earnings wipe out entitlement.

Another relaxation was a three-month suspension of deductions from UC to repay benefit and tax credit overpayments and arrears. These deductions are often an unwelcome shock for new UC claimants, who are taken aback to know they owe anything and surprised at the amounts deducted. Repayments of advances, for initial claims or budgeting loans, were not suspended, however, as that would apparently have involved staff intervention.

'Move to UC'? Not yet

Prior to the pandemic, the DWP was investing significant resources in a pilot in Harrogate of managed migration (officially termed 'Move to UC'). That was an experiment to develop ways of deliberately moving people to UC from legacy benefits and tax credits – a necessary stage of the transition if UC is ever to be fully introduced. But this pilot of managed migration has now been suspended as a result of the pandemic. It is unclear what impact this suspension will have on the much delayed end date of the rollout (currently autumn 2024 or even later).[9]

> **The DWP has been adamant that the fundamentals of UC are not changing, stating: 'the underlying principles of universal credit have not gone away'.[10]**

Key elements of the design and the thinking behind UC survive to live another day, at least for now.[11] There is currently no change to monthly assessment, for example, or to the so-called 'five-week wait', although the Work and Pensions Committee is conducting an inquiry into the initial wait for payment.

The benefit cap has not been abolished to date, either. This arbitrary limit on entitlement, for those who are not disabled and not earning a certain minimum amount, means that many people – especially those with children and/or high housing costs – will not benefit fully or at all from the recent benefit increases.[12] The Resolution Foundation called for the benefit cap to be suspended, or at least for its value to be increased in line with the UC uplift; others, including CPAG, urged the outright abolition of the benefit cap.

In addition, the impact of the surplus earnings rule, though modified as described above, continues. Thus, some claimants have found that the amount they received under the self-employment income support scheme cancelled out any UC they might qualify for, not only for that month but also sometimes for longer. The Social Security Advisory Committee called on the government to take action on this contradictory clash of policies.

Applications are soaring

Before the pandemic, there was clearly some reluctance to claim UC,[13] which the DWP put down to 'scare-mongering'.[14] The increase in claims since lockdown started, however, has been described by the Work and Pensions Committee as 'nothing less than unprecedented'.[15] It reported that on 26 May, new claims (known as 'declarations') since 16 March stood at 2.9 million, and that at its busiest the DWP received 110,000 new applications on one day, compared to an average of 55,000 per week before the outbreak.[16] So much for the ending of so-called 'welfare dependency', which ministers who introduced UC declared was a central aim.[17]

The DWP's declared priority was to deal with these applications and to pay valid claims in full and on time, which it has said it is doing more than 90 per cent of the time.[18] In part, that was achieved because the DWP redeployed more than 10,000 staff to process claims and recruited several thousand more. After receiving more than two million phone calls in one day, the DWP adopted a new tactic: 'don't call us, we'll call you'. Instead of waiting on the telephone for hours, people were asked to leave their number to receive a return call. This tactic has reportedly worked well, with claimants often appreciative of the personal contact and assistance with processes associated with their claim.

Applications are not the same as achieved claims, which are fewer. Figures in June showed that some two-thirds of applications resulted in claims paid – although this was said to be roughly comparable to pre-lockdown proportions. Some people were found to be ineligible, while other claims were closed or withdrawn by the claimant. Some ineligible claims may be from partners in couples who do not realise that the other partner's earnings, or savings, may disqualify them.[19] Neil Couling, the DWP's senior responsible officer for UC, has talked of new claimants' possible confusion about the rules, and about the potential for disappointment concerning the amount of benefit they receive in their first payment.

The politics of UC and COVID-19

Nick Timmins, of the Institute for Government, has suggested that the coronavirus is giving UC 'its moment in the sun'.[20] The minister for welfare delivery, Will Quince, went so far as to suggest that UC is one of the success stories of the coronavirus crisis.[21] As with the general support for the original principles behind UC,[22] this approbation has been largely endorsed by others.[23]

Neil Couling suggests the main reasons UC has coped include automation, simplicity relative to the legacy system, the ability to deal with urgent need, the standard allowance uplift, and UC's flexibility.[24] But substantive policy changes, he warned, must be kept to a minimum to allow successful delivery to continue. So the pandemic may result in policy stasis in UC for some time to come.

Internet technology facilitates universal credit (UC) applications but not every benefit can be claimed online. A claimant, such as this mother, can apply for UC and new-style jobseeker's allowance online but cannot do so for income-based jobseeker's allowance. It could be argued that the key lesson for UC in the pandemic has been the importance to claimants of human interaction rather than the value of automation. [Photo: Shutterstock]

The vaunted prowess of UC is often equated with having 'not fallen over' in the crisis.[25] But this is a low bar, and comparison with the legacy system is sometimes disingenuous. To contrast the current experience with the transfer of housing benefit to local authorities in the 1980s, for example,[26] takes no account of the development of technology in local as well as central government since then. The claim that people would have had to queue to claim jobseeker's allowance is bizarre, given that most claims for this are now online, conditionality and job centre visits were suspended, and many UC claims had to be completed over the telephone anyway, as noted.

Claiming one benefit only may be easier (albeit with the exception of council tax support); but, had the legacy benefits received the investment in technology that UC has enjoyed recently, they might not have 'fallen over' either. Indeed, it could be argued that the key lesson for UC in the pandemic has been the importance to claimants of human interaction rather than the value of automation. In addition, because of the changes described above, the UC that is 'coping' is not the same system as it was before the lockdown. Instead, the suspicion must be that the pandemic is being used by some to try to rehabilitate UC after the barrage of criticisms directed at it beforehand.

There certainly appears to have been a downgrading of other benefits, in particular so-called 'new style' contributory benefits, including jobseeker's allowance.[27] Of the 850,000 increase in the claimant count noted by the Office for National Statistics on 19 May,[28] only 100,000 were jobseeker's allowance claimants. Encouragement to claim appears to have focused on UC, despite the fact that many people might be eligible for contributory jobseeker's allowance if they lost their jobs, and that claiming both benefits is often possible. Not so much UC's 'moment in the sun', perhaps, but instead a dark time for contributory benefits, which, as Rod Hick argues, 'have been deprioritised in political discourse and [now] occupy an ambiguous and uncertain position within the UK's social security system'.[29] While we must hope that the UC increase is permanent (and amounts are balanced up for couples and families), the recent changes in the claiming process and conditionality are arguably even more important when we consider the kind of safety net benefit we might wish to build.

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Footnotes

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