Comprehensive Spending Review – representation by Turn2us

About Turn2us

Turn2us is a national charity that provides practical information and support to millions of people across the country. We work alongside those who have experienced not having enough money to live on to develop practical information and support that helps people cope with life-changing events such as job loss, illness or bereavement. This includes information on the benefits they are entitled to; and the support they can access through charitable grants.

Each year, we give approximately £3m to households struggling to make ends meet and help over three million people towards greater financial stability through our website and helpline. Over seven million people visit the Turn2us.org.uk website over the course of a year; and our helpline which provides guidance to individuals on their benefit entitlement handles roughly 80,000 enquiries. Many of the people we support have been affected by a life-changing event that has affected their income and put them at risk of financial crisis.

Executive summary & recommendations

Millions have had their livelihoods swept out from under them as a result of the pandemic. The Government rightly stepped in and gave people a lifeline with the CJRS and SEISS which protected people's jobs and businesses.

To turn the economic tide in the face of recession, Government must invest in promoting good jobs, employment support, skills and infrastructure, whilst ensuring work incentives support people as recovery takes hold. But this will take time and continuing constraints make route back to work challenging for many.

During this spending period, our social security system has the opportunity to step up alongside our NHS to provide a lifeline for the most vulnerable in our communities; to keep families afloat, reduce the damaging effects of unemployment; address the inequalities that exist for women, people of colour and people who identify as disabled - protecting people from being pulled deep into poverty

Combining the retention of existing measures the government acted decisively to put in place, alongside targeted support for children and emergency local welfare provision, we can increase our financial resilience and rebuild. We urge the government to act now to not only stem the tide of poverty but build a stronger more resilient United Kingdom.

Turn2us's summary recommendations:

1. Bolster people's financial resilience by retaining the £20 per week uplift to Universal Credit standard allowance permanently
2. Maintain the increase to Local Housing Allowance rates to the 30th percentile

3. Provide an additional £262m in ring-fenced funding to Local Welfare Assistance schemes to enable responsive emergency support
4. Additional support for children through increases to Child Benefit or child element of Universal Credit / Child Tax Credits
5. Lift the Benefits Cap

Detailed recommendations

1. Retain £20 per week uplift to Universal Credit standard allowance permanently

The £20 per week uplift to Universal Credit stand allowance has offered a vital lifeline to many individuals and claimants who are struggling to weather the financial storm caused by coronavirus. This additional income has saved many households from making the difficult decision of either paying bills or putting food on the table. This vital boost to financial resilience has prevented many claimants from falling into debt or arrears. If it is taken away it could destabilise many people's finances overnight with major repercussions for our local economies.

We examined the incomes of people eligible for Universal Credit using our Benefits Calculator and compared it to Joseph Rowntree Foundation's Minimum Income Standard to gain an understanding of their financial resilience. We found that claimant's incomes tended to fall well below the amount they would need to maintain a decent standard of living. This indicates that their financial resilience was low, possibly being unable to afford even basic necessities let alone deal with unexpected financial costs such as a broken cooker.

Claimant type	**Minimum Income Standard**	**Average Weekly Income with £20 uplift**	**Percentage MIS is met with uplift**	**Percentage MIS is met without uplift**
Couple, two children	£806.17	£544.61	67.56%	65.10%
Single, no children	£320.69	£170.65	53.21%	47.12%
Single, two children	£707.70	£433.95	61.32%	58.50%

We also surveyed 1,387 of our users across the UK who are on Universal Credit to understand what a £20 per week drop in income would mean to them. The following shows the percentage of people who can currently afford the respective item but indicated that they would no longer be able to afford do so with £20 less income a week:

- Rent/mortgage – 19%
- Essential bills – 44%
- Food – 62%
- An emergency cost of £100 – 43%

Qualitative responses indicated claimants had found the additional support a big help with a large proportion indicating it had helped them with food in particular. Unsurprisingly qualitative comments about the loss of this income reflected the need to cut back on food, particularly healthier options:

> "It would be a struggle to manage for four weeks and probably have to go without food for the last week"
>
> "I would need to choose between paying bills and buying food. I had to do this before the uplift. I have been unwell, have had surgery and lost so much weight afterwards as I was not eating."
>
> "I'll be back to missing a bill in favour of a decent food shop."
>
> "I wouldn't be able to buy as much food meaning I'd have to cut down on what we eat so I won't eat as much so I can still give it to my sons"
>
> "Less healthy meals. And unnecessary worry."
>
> "Poor diet for myself and son."
>
> "I've been able to buy more fresh food and not cheap fatty foods. I'll have to go back to a poor diet and obesity."
>
> "£20 is a lot of money at the moment, it would feed us for a four to five days as a four member household if we hunt around for bargains. It probably will have most effect on if we get any fresh fruit for the family."
>
> "Less food for my children."

A few comments also reflected the fact that the uplift had helped cover additional costs people were incurring due to being out of work or locked down:

> "Living on a tighter budget means less shopping in a week and giving the fact we have to stay home more means more heating and lighting so we would have to cut back on what we use in a week."

The comments also reflected the additional stress and anxiety this support being removed would cause:

> "I would go back to existing rather than living and I know it would increase my anxiety levels for which I am already receiving medication for."
>
> "Really bad. I can't manage now. I've been in lock down for such a long time. I think about dying because of the struggle with money."

And the risk of debt or homelessness:

> "A deepened spiral into debt."
>
> "I would probably be homeless and I am on the verge of being homeless at the moment."
>
> "A huge impact as I already cannot afford my rent so it would send me into arrears quickly."

"Life would be constant juggle, rob Peter to pay Paul."

This valuable lifeline would represent an investment of £9bn into the social security system, keeping 700,000 people out of poverty and reduce the number facing deep poverty by 500,000. Additionally, the uplift to Universal Credit should be met with an equitable rise to legacy benefits, which have a higher proportion of claimants with a disability and carers.

2. Maintain the increase to Local Housing Allowance rates to the thirtieth percentile

The increase in Local Housing Allowance rates so they meet the thirtieth percentile of market rents has also been a vital boost to private renters' financial resilience. As well as increasing the financial resilience of existing claimants, this measure has also reduced the likelihood of new claimants affected by job losses being unable to afford their rent, which would put them at risk of eviction.

Analysis from our Benefits Calculator shows that the proportion of users who still encounter a shortfall is high so additional increases may have significant benefits in increasing financial resilience and decreasing risks of homelessness.

Claimant type	LHA meets rent	LHA fails to meet rent	Total users	Percentage of users with shortfall
Couple, two children	4,337	10,766	15,103	71%
Single, no children	17,506	28,950	46,456	62%
Single, two children	5,392	13,817	19,209	72%
All users	53,072	109,423	162,495	67%

In particular the proportion of single parents and couples with two children who have a shortfall is very high at over 71% for each.

The average shortfall is also significant, meaning users' abilities to pay for other essentials, such as utility bills and food, will be significantly affected by the top up they need to make.

Claimant type	No of users with LHA shortfall	Average weekly rent	Average LHA	Shortfall
Couple, two children	10,766	£228.85	£147.45	£81.39
Single, no children	28,950	£188.82	£113.01	£75.81
Single, two children	13,817	£226.37	£143.90	£82.47
All users	109,423	£195.03	£162.99	£32.04

Maintaining a reasonable rate of housing support is essential to ensuring that claimants have the resources to afford to live in their area without incurring harmful debt.

3. Provide an additional £262m in ring-fenced funding to Local Welfare Assistance schemes

Local Welfare Assistance schemes are a vital form of immediate crisis support to individuals and families which can check economic shocks before they get worse. This reactive form of support plays an essential role in responding to urgent needs beyond the support provided by longer term social security measures such as Universal Credit.

They are also accessed by a lot of people as they try to get back on their feet, such as when they are leaving a refuge, and starting a new life freed from domestic abuse. It's only right that people are given their best chance and not immediately hamstrung by debt to pay for the household essentials they need.

Provision of local welfare in England has significantly declined in recent years. Research by the Children's Society shows that the number of people receiving crisis support has fallen by 75% since central Government devolved responsibility to councils in 2013. In addition, our 2019 survey of over 100 grant-making organisations, with a combined grant-making power of at least £31m per year, found that 71% of respondents said demand for their services has increased since the abolition of the Social Fund in 2013.

In 2010/2011 £218m was spent on the equivalent parts of the Social Fund (equivalent to £283m in 2019/20 prices), compared to less than £41 million spent on LWA schemes in 2018/2019. The reasons for this decline are two-fold: central government funding for LWAs has been reduced, and the funding is currently not ring-fenced, and many councils have allocated the funds to other services. The 2020-2021 local government finance settlement identified £131m of funding to higher tier local authorities in England for local welfare provision. However, this funding is provided on a non-ring fenced basis, and in 2018-2019 only 30% of the possible allocation was spent on LWA schemes.

We recommend that central government provides £242m additional funding for LWA plus an extra £20m to support Local Authorities in administration so that per capita spending would equate to £5.41 bringing funding in England more closely in line with comparable emergency support schemes in the devolved nations:

Country	Spend on scheme (18/19)	Population (2018)	Per capita spend
England	£40,794,467	55.98m	£0.73
Wales	£10,577,817	3.138m	£3.37
Scotland	£35,285,712	5.438m	£6.49
Northern Ireland	£13,765,000	1.882m	£7.31

This additional funding should be provided with a statutory duty on local authorities to run a LWA scheme and framework and guidance on minimum standards for access, eligibility and appeals.

There will be some challenges for Local Authorities who have stopped or significantly reduced their LWA schemes to rebuild their schemes but we are confident that with £20m of support for administration capacity can be rapidly rebuilt across England. This would be underpinned by the existing knowledge that local authorities have of need in their local communities, the relationships they hold with local charity partners to provide effective referral pathways, and the examples of best practice that have emerged in the current response to Covid-19.

4. Increases to Child Benefit or child element of Universal Credit / tax credits

We're particularly concerned about the impact coronavirus has had on children. Not only has their education been disrupted and the attainment gap between rich and poor pupils grown by 46%, but the economic consequences felt by their parents could significantly limit children's life chances.

Research has already suggested the pandemic has had a disproportionate affect on Black Asian and Minority Ethnic, and households where some identifies as disabled. We have a moral duty to ensure this does not permanently impede the life chances of children within these households.

An increase to Child Benefit offers an effective, fast and efficient way of providing additional support to the 12.7 million children who already receive it through existing infrastructure. This increase would make sure that children don't end up being left behind due to the virus, ensuring they have the opportunity to flourish through a £6.6bn investment.

Alternatively, a more targeted approach could be taken by investing in child element of Universal Credit and Child Tax Credit, which would focus support on the lowest income families and have a greater impact on child poverty rates.

5. Lift the Benefits Cap

The Benefits Cap limits support to £20,000 a year outside London or £23,000 within London for households who are not working, or not considered to be working sufficient hours. Since the pandemic began the cap has reduced the support available to many people on low incomes and reduced the impact of the emergency measures the government has put in place.

DWP figures show that the number of households affected by the Benefits Cap has increased from 79,000 in Feb 2020 to 154,000 in May 2020. 87% are families with children and a disproportionately high number of capped households are single parent families.

This policy is trapping many families in dire financial straits at a time when it is particularly difficult to find more work. Prior to coronavirus the cap only led to 5% of capped households being more likely to move into work, due to the majority of capped households having substantial barriers to work due to disability, illness or caring responsibilities. Now that the labour market has changed there is a likelihood this figure has dropped further.

The Benefits Cap is disproportionately likely to impact ethnic minorities, with 40% of people affected being a person of colour, and nearly three quarters of benefit capped households are single parent families. These are again groups that are already at a disadvantage within the labour market and this policy should not set them back further.

If it is not possible to remove the Benefits Cap entirely then it should at the very least be increased by £20 per week so that it does not negate the increase to Universal Credit standard allowance.