The All Party Parliamentary Group (APPG) on Poverty: Call for evidence on maintaining the £20 uplift in Universal Credit

Introduction to Employers For Childcare

Employers For Childcare is a charity and social enterprise which support parents with dependent children to get into and stay in work. Our charity activities include campaigning, lobbying and researching childcare and work-related issues which impact on families. In 2020, we carried out research with over 5,000 parents and childcare providers to explore the challenges they faced over the past year and how Covid-19 has impacted on their work and family life. This research provides us with an important platform for our lobbying work.

We also provide a free, confidential and impartial helpline on all aspects of childcare and social security across the UK, helping families identify what financial support they may be entitled to, and what is the best option for them depending on their circumstances. Last year, our Advisors helped 8,000 people directly and carried out over 5,000 personalised benefit and childcare support calculations for parents. Through this work we are able to provide an informed and evidence based response to this inquiry. We are conscious that the APPG will hear evidence from a wide range of organisations and individuals, therefore while our charity works across the UK, we have focused in our response on the particular impact of this decision in Northern Ireland.

Maintaining the £20 uplift in Universal Credit beyond April 2021

We welcomed the decision to provide a £20 weekly uplift in the Standard Allowance which has helped boost the income of millions of families. We strongly recommend that the Government should make this temporary increase permanent to ensure that individuals and families continue to receive the financial support they need and to prevent financial hardship. Additionally, the uplift should be extended to all equivalent legacy benefits.

The Standard Allowance of Universal Credit makes up some or all of the monetary amount that every Universal Credit receives, whether in or out of work, however currently only those legacy claimants in receipt of Working Tax Credits are benefiting from the £20 weekly uplift. There is a clear discrepancy for claimants who could be in identical household circumstances but in receipt of Income Support, Job Seekers Allowance or Employment and Support Allowance, meaning they are £20 per week worse off than the same circumstances on Universal Credit.

Since the start of the pandemic, there have been significant levels of demand for Universal Credit and research published by the Northern Ireland Research Statistic Agency identified more than 10,000 redundances, making this the highest annual total on record for Northern Ireland[1]. This means that families and households continue to face precarious circumstances with many experiencing job losses and, as a result, reduced household income. In this context, it is deeply concerning that, with an increased number of households depending on Universal Credit support, the Government are not willing to maintain the £20 uplift.

The impact of Covid-19 on households, and their financial security – has not eased. The pandemic continues to affect the ability of people to work, and tighter lockdown restrictions are currently being considered for the new year. The Chancellor has recognised that it will take some time before

[1] https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/redundancies

our economy has recovered from Covid-19. It is therefore only right that the Government maintains and extends the £20 uplift to support families who are at risk of being swept into, or further into, poverty.

From our research with families, we know that a significant proportion of household income is spent on the childcare bill, and in 2020 one third of parents reported that their childcare bill is their largest monthly outgoing, exceeding their mortgage or rent payment[2]. In addition, families in Northern Ireland do not have access to some of the support with registered childcare costs currently available in other parts of the UK. For example, eligible families in England with a three or four year old can benefit from up to 30 hours free childcare per week. No scheme akin to this is available for families in Northern Ireland. Our research also found that families in Northern Ireland can expect to pay a greater proportion of their household income on childcare than households across the UK as a whole[3]. We found that the average cost of a full-time childcare place equates to 35% of the median household income before housing costs. This is amongst the highest in the OECD countries. Therefore, we are concerned that families in Northern Ireland are already spending a significant proportion of their household income on childcare and losing this much needed £20 weekly uplift has the potential to push households into financial hardship.

From our research, we heard from parents who are already experiencing financial hardship and some of which has been exacerbated by the pandemic:

> *"I use my credit card for essentials every month such as petrol and food shopping as I am already in my overdraft and am stuck in a cycle of debt which I cannot escape."*
>
> *"I pay childcare at the start of the month but sometimes before the end of the month I have had to borrow money to buy food."*
>
> *"Reduced groceries and parents not eating proper meals towards end of month before wages."*

Additionally, as Universal Credit is an in-work benefits, this means some claimants could be key workers including nurses, childcare providers, hospital porters and those working in essential retail services. Therefore, by not maintaining this £20 uplift, the Government could be financially hurting our key workers who provide essential services during this pandemic.

Women continue to be disproportionately impacted

The most recent statistics from the Department of Work and Pensions show that there are more women than men claiming Universal Credit[4]. Research from the Women's Regional Consortium found that the design of Universal Credit impacts negatively on women, particularly lone parent families, many of whom have precarious/low-paid jobs and caring responsibilities which limits their time for paid work which is exacerbated by the 5 week wait for a first payment[5]. However,

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[2] https://www.employersforchildcare.org/news-item/very-challenging-and-the-most-stressful-time-of-my-life-major-study-highlights-childcare-challenges-exacerbated-by-covid-19/

[3] https://www.employersforchildcare.org/news-item/very-challenging-and-the-most-stressful-time-of-my-life-major-study-highlights-childcare-challenges-exacerbated-by-covid-19/

[4] https://www.gov.uk/government/publications/universal-credit-statistics-29-april-2013-to-8-october-2020/universal-credit-statistics-29-april-2013-to-8-october-2020#people-on-uc-header

[5] http://www.womensregionalconsortiumni.org.uk/sites/default/files/The%20Impact%20of%20Universal%20Credit%20on%20WomenRevised.pdf

increasing job losses and the need to provide unpaid care is likely to disproportionately impact on women – who are more likely to work in hospitality and retail – sectors which have been negatively impacted by the pandemic. Therefore, the £20 uplift provides much needed income to families, who prior to the Covid-19 pandemic, were already experiencing financial hardship.

Conclusion

As a charity that works with Universal Credit claimants on a daily basis, the evidence is overwhelming that, if the Government is committed to ensuring families are not living in poverty and in supporting the economic and societal recovery from Covid-19, then it must maintain the £20 uplift to Universal Credit beyond April 2021 and extend it to legacy and other benefits. Removing this vital lifeline, at a time when the furlough scheme is also due to end, has the potential to push families into further, or more severe, financial hardship and does not provide the necessary support many rely on and urgently need.