New report reveals hidden complexities of uplift for Universal Credit claimants

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A new report released today shows that the cut in benefit caused by the withdrawal of the £20 uplift in Universal Credit will have a significant impact, especially for claimants without other sources of income. But the findings also highlight deeper, structural issues with Universal Credit which are revealed by the ways in which the uplift affects different groups of claimants.

Analysis from researchers at the University of Bath and University of Oxford, published as an Institute for Policy Research (IPR) policy brief, suggests that the way the uplift was experienced reveals deeper, structural issues with Universal Credit—creating complexity and confusion for claimants.

It found that there was poor communication from the Government to claimants—who were not informed about the increase, or about the intention to make it temporary, until it was ending. And some individuals said they did not receive the full amount of the uplift in their payment.

In April 2020, the starting point for the Universal Credit calculation—the standard allowance—was increased by the equivalent of £20 per week, to help individuals and families through the Covid-19 pandemic. Initially paid for a year, this was extended for another six months. But it was withdrawn this month, despite opposition from charities, think tanks and politicians across the political spectrum.

Drawing on interviews with 63 Universal Credit claimants as part of a project funded by the Economic and Social Research Council (ESRC), the research team found that many individuals, especially those in work, said they did not receive the full value of the £20 extra per week.

This was in part because Universal Credit is means tested on a monthly basis against earnings, with payments often varying each month in a complex relationship with changing income and needs, making it hard for working claimants in particular to know how much they are due. For those in work, Universal Credit is tapered away with monthly earnings (63p for every £1 of net earnings, above any work allowance available). So the uplift was reduced with earnings along with the rest of the award.

In addition, nearly half of all claimants have deductions at source from their Universal Credit for advance loans, overpayments, and arrears. When the standard allowance was increased, these deductions were increased as well, meaning many claimants did not get the full benefit of the uplift. And others did not get all or any of the uplift because their Universal Credit was restricted by the benefit cap.

For couples on Universal Credit—the focus of the research—the uplift was also worth proportionately less than for single claimants, because it was flat rate. For families, this also gave little compensation for the increased costs of having children at home in the pandemic.

Fran Bennett, from the University of Oxford and a member of the research team, explains: "Our findings show that the uplift was welcome, and that claimants did benefit. It was an essential support, especially for those relying on Universal Credit the most.

"But these findings raise questions about how Universal Credit is designed and operates, specifically the complex and confusing way in which the monthly payment is calculated. For many individuals and families Universal Credit is proving not just inadequate in terms of its level but also complicated to navigate."

More information: Report: www.bath.ac.uk/publications/co … nts-october-2021.pdf

Provided by University of Bath