WELFARE—AT A SOCIAL DISTANCE

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Claimants' experiences of the social security system during the first wave of COVID-19

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EXECUTIVE SUMMARY

COVID-19 arrived in the UK early in March 2020. By 23rd March 2020, the UK experienced the first national lockdown. As businesses and livelihoods stalled, an unprecedented number of applications were made for Universal Credit (UC). Drawing on data from the most comprehensive national study examining working-age benefits — i.e. Employment and Support Allowance (ESA), Jobseekers Allowance (JSA) and Universal Credit (UC) — during the pandemic, this report provides an understanding of the experiences of benefit claimants during the first wave of COVID-19.

ABOUT THIS REPORT

In this report, we combine data from two data sources:

- **National survey:** between 21st May 2020 and 15th June 2020 we surveyed 6,431 claimants: 3,306 existing claimants (1,419 on UC, 1,887 on ESA/JSA) and 3,125 new claimants (2,616 on UC, 509 on ESA/JSA). The survey captured a range of information including claim details, support used when claiming, employment situation, income and financial strain and demographic information. The first wave survey is available for wider use in the UK Data Archive.
- **Qualitative interviews:** between June 2020 and September 2020 we carried out 74 in-depth interviews with claimants, focusing on their experiences of claiming, receiving and managing their benefit payments. The sample included a diversity of participants in terms of age, gender, ethnicity, household type, geographical location, employment status, as well as both new and existing claimants.

Through these two datasets, we are able to present a picture that combines nationally representative findings with in-depth insights into the experiences of individual claimants. This report focuses on two key aspects of people's experiences: (i) the process of claiming social security benefits; and (ii) financial adequacy as claimants receive and manage their payments.

THE PROCESS OF CLAIMING

Making an application

The DWP made a number of changes during the pandemic in response to the unprecedented number of new applications for benefits. Overall, these changes helped new claimants to navigate the system: not only did people receive their benefit payments, but many claimants were positive about both the online application process and the DWP staff they spoke to.

However, problems in applying were still widespread (reported by 46% of new claimants) and the benefits system was often described as confusing, with many new claimants highlighting a lack of understanding with regards to eligibility, uncertainty around which benefit to apply for in the first instance, and uncertainty around the

amount of benefit that they would subsequently receive. This uncertainty sometimes led to delays in people applying for the most suitable benefit.

In the short term, there is a need for the DWP to signpost people to the different benefits more clearly, both at the point of application and when informing people that they have been rejected from receiving a particular benefit. In the medium term, it would be strongly desirable to join up the application processes for different benefits into a single portal that helps people decide which benefit to apply for.

Interactions with DWP staff

When claimants could access DWP staff, the majority spoke positively about these interactions; however, there was a concern that some staff were 'reading from a script'. It was also common for claimants to seek supplementary informal advice (outside the DWP) through social media, family, friends and wider social networks, but the extent to which these networks were able to provide accurate advice is unknown. It is therefore vital to ensure that claimants always feel that there is a clear pathway to access DWP staff who are appropriately trained and have detailed knowledge to help them with their specific queries. Additionally, although some claimants appreciated the ability to have meetings online/via telephone, many others preferred face-to-face interactions (at least some of the time), and it will be valuable to introduce an element of choice over this when it becomes possible to provide face-to-face support once more.

Communicating any future changes

The DWP must also recognise the challenges faced in the 'return to normal' (for example, for new claimants the benefits system during COVID-19 is the only one that they have ever experienced). Any post-pandemic changes (e.g. in relation to benefit levels or work-related requirements) need to be introduced carefully – and communicated fully in advance of their implementation – to avoid considerable levels of confusion.

FINANCIAL ADEQUACY

The level of benefit payments

Many claimants were experiencing significant financial difficulties: around half had a severe financial strain (e.g. unable to afford bills or eat fresh fruit/veg daily), and a majority were unable to afford an unexpected expense such as replacing a fridge. One in six new claimants and one in five existing claimants had skipped a meal in the previous two weeks because they could not afford food. It is also noteworthy that new claimants were more likely to be falling behind on housing costs.

Claimants referred to a range of strategies in their attempts to bridge the, often considerable, gap between their basic cost of living and the amount of benefit they received. These strategies included borrowing from banks (using a credit card, an overdraft or a bank loan) or from friends/family, as well as receiving 'gifts' from

friends/family. Food bank use and the use of emergency help from local authorities or third sector organisations were also evident.

During COVID-19 the DWP made changes to the generosity of the working-age benefits system by raising the basic element of UC and Working Tax Credit by £20 per week. Legacy JSA/ESA claimants, who did not receive the uplift, reported the highest levels of food insecurity. We advocate that the £20 uplift remains and is also extended to JSA/ESA claimants. However, our data suggests that, even with the £20 uplift, benefit levels are inadequate for many claimants. As such, in the longer term, there is a need for a wider consideration of the adequacy of the benefits system.

The five-week wait

The waiting period for the first payment caused considerable hardship for some claimants. Although some participants claimed an advance and others felt that they could manage without one, there were many others (17% of all new claimants) who avoided advances because they were worried about benefit debt. However, in many cases they accumulated other debts instead while waiting for their first payment (e.g. borrowing from bank/credit card or friends/family), and over 40% skipped meals or fell behind on their rent/mortgage/other bills before their first payment. Reiterating existing calls to review the waiting period for the first payment, we advocate for its removal.

Deductions, caps and charges

Over 40% of claimants saw their payment reduced due to deductions, caps or charges. The most common deduction from claimants' benefit payments was to repay a UC advance. Other claimants had their payments reduced because of the benefit cap, the two-child limit, the bedroom tax/under-occupancy charge or to repay debts to the DWP/others. Claimants with either caps, charges or deductions were much more likely than other claimants to have fallen behind on their housing costs and skipped meals in the previous two weeks because they could not afford food. Although our research does not focus specifically on the benefit cap, two-child limit and bedroom tax/under-occupancy charge, it is clear from our data that these are associated with significant financial strain and should be reviewed.

LOOKING TO THE FUTURE

In many ways, COVID-19 has been a 'test' for UC in terms of its ability to respond to a significant economic crisis, and we acknowledge the efforts of the DWP in successfully processing a huge volume of new applications. However, there is a need to consider how we measure 'success' within the context of the benefits system. Although it has been successful in processing claims and delivering financial support during the crisis, our evidence suggests that claimants struggled with various aspects of the application process and the adequacy of the system, all of which caused varying degrees of stress, confusion and financial hardship. Success in the benefits system should therefore be defined more broadly than the number of

processed claims to include experiences of all stages of the application process and an assessment of adequacy of payments.

Furthermore, the analysis presented in this report is based on the first wave of our data collection. This report therefore represents a starting point, rather than an end point. We will be undertaking two further waves of the survey, as well as a second wave of qualitative interviews with our existing participants. Our first wave of data collection highlighted that for many new claimants, their ability to cope financially was time-limited, as resources and coping strategies were set to run out in the medium term. Indeed, our first wave of research was conducted between May 2020 and September 2020 and, at that time, 'Autumn' was operating as a milestone in terms of when people hoped to return to employment. However, we have since experienced a complex COVID-19 tier system that has impacted disproportionately on particular sectors of the economy and particular regions of the UK, alongside further national lockdowns (continuing at the time of publication).

Additionally, although we have focused primarily on those making a claim during COVID-19 (new claimants), we have also considered those who were already claiming and continued to claim during the crisis (existing claimants). There are a number of important differences between new and existing claimants in terms of sociodemographic profile, occupational background and housing tenure. Given regional and sector-based variations and also the differences observed between new and existing claimants, significant consideration is needed as to how to provide appropriate support to claimants that reflects these variations, as we gradually move from lockdown through to tiered restrictions and out of COVID-19.

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1. INTRODUCTION

COVID-19 arrived in the UK at the start of March 2020. By 16th March the Government had announced the closure of schools, culminating in the first national lockdown on 23rd March 2020. Businesses and livelihoods stalled, and an unprecedented number of social security claims were made: the 'flagship' working-age benefit Universal Credit (UC) received 1.8 million new claims in the five weeks spanning the end of March and beginning of April.[1]

Prior to the national lockdown, the Department for Work and Pensions (DWP) had already relaxed job search and preparation requirements ('conditionality') on 13th March for anyone claiming benefits who had contracted COVID-19,[2] and on 16th March face-to-face health assessments for benefits were suspended.[3] DWP staffing capacity dropped by about 25% at the start of the pandemic due to COVID-19.[4] However, over the following days the DWP put their business continuity plan into effect,[5] and staff within the DWP were redeployed to process new claims, alongside staff from other Government departments who were transferred to support the DWP. Despite some initial problems, the huge volume of new claims was largely successfully processed, which was made possible by the 'digital by default' UC system, as well as a rapid switch to remote working, redeployment of staff and extra hours worked. For example, it was estimated that DWP staff worked an additional 27,000 hours to support the timely payment of new benefit claims over the Easter Bank Holiday weekend.[6]

Alongside the focus on processing an unprecedented number of new claims, we have also seen adaptations and changes to the coverage and generosity of the working-age benefits system. All face-to-face appointments were suspended,[7] work search/availability requirements were formally suspended for UC, Employment and Support Allowance (ESA) and Jobseeker's Allowance (JSA),[8] and some deductions were paused (although the recovery of advances and conditionality would later return in early July[9]). The 'minimum income floor' for self-employed people was relaxed; Local Housing Allowance was raised (to the 30th percentile of market rents); and the basic element of UC and Working Tax Credit were raised by £20 per week.[10]

Drawing on data from the most comprehensive national study examining working-age benefits during the pandemic, this report provides an understanding of the experiences of benefit claimants during the first wave of COVID-19. **This report not only focuses on claiming social security benefits, but also examines what happens as recipients then receive, manage and spend their money.** By examining the experiences of claimants, we make an assessment of the benefits system's capacity to adapt and respond to unprecedented labour market disruption; in particular, COVID-19 can be thought of as the first economic crisis to test UC. Additionally, we provide an in-depth understanding of the experiences of claimants and how individuals and households have navigated large parts of the working-age social security landscape during such a time of disruption.

Within this report, we are particularly interested in those making a claim during COVID-19 ('new' claimants), but we also consider those who were already claiming and continued to claim during the crisis ('existing' claimants).[11] There are a number of important differences between 'new' and 'existing' claimants, not just in relation to sociodemographic profile, occupational background and tenure,[12] but also because more existing claimants (particularly those receiving legacy benefits) have not benefited from some of the social security crisis measures that were put in place. Our comparisons between new and existing claimants therefore help us (i) see whether crisis social security measures introduced by the DWP have performed as intended; (ii) see how new claimants have experienced aspects of the benefits system (e.g. receiving payments, interacting with DWP staff) relative to those who made a claim prior to the pandemic; and (iii) assess the financial security and livelihoods of claimants during and beyond COVID-19.

1.1 METHODS

In this report, we combine data from a large-scale national survey and in-depth qualitative interviews with social security claimants – that is, claimants of UC, JSA and ESA. By combining these datasets, we are able to present nationally representative findings, supported by detailed insights into the experiences and perspectives of individual claimants.

The national survey

Our aim was to obtain a large representative survey of working-age benefit claimants (i.e. aged 18–64), split between new claimants, claiming since the COVID-19 pandemic started in the UK (in practice, since 1st March 2020), and existing claimants (who were already claiming before this). Using the YouGov panel, we created an initial screening survey to identify new and existing claimants; over 120,000 YouGov participants received the screening questions. Following the screening process, those identified as new/existing claimants were invited to participate in the claimant survey, which was launched on 21st May 2020 and ran until 15th June 2020, creating a nationally representative sample of claimants. We surveyed 6,431 claimants: 3,306 existing claimants (1,419 on UC, 1,887 on ESA/JSA) and 3,125 new claimants (2,616 on UC, 509 on ESA/JSA).[13] The survey captured a range of information including claim details, support used when claiming, attitudes to benefits, employment situation, income and financial strain and demographic information. The first wave survey is available in the UK Data Archive.

The interviews

This report draws on in-depth interviews with 74 social security claimants conducted between June and September 2020. Around three-quarters of the sample were recruited via a specialist fieldwork recruitment agency, while the remaining quarter were accessed via a range of gatekeepers (including local authorities and third sector organisations). All interviews were conducted remotely, either using video conferencing software or via telephone, depending on the participant's preference. Participants received a £20 shopping voucher of their choice as a thank you for

their time. The interview was structured around questions asking about the participant's experiences of claiming, receiving and managing their social security payments. The interviews were audio recorded, transcribed and analysed thematically. To protect anonymity, each participant was given a pseudonym.

The sample

We included a spread of key demographic characteristics, covering a diversity of participants in terms of age, gender, ethnicity, household type, geographical location, and employment status, as well as new and existing claimants. The following provides an overview of the key characteristics of the sample.

- **Gender:** 44 women and 30 men
- **Age:** eight people aged 18–24; 13 people aged 25–30; 17 people aged 31–40; 18 people aged 41–50; 17 people aged 51–60; and one person aged 61–70.
- **Ethnicity:** 55 people described their ethnicity as White (British/English/Welsh/Scottish/Northern Irish); five as White (other); five as Black (British/African/Caribbean); two as Asian British; and two as White and Black African/Caribbean. In addition, three participants identified as 'other' (and subsequently referred to nationality or religion).
- **Geographical location:** London (15 participants); North West (14); South East (14); Yorkshire and the Humber (13); East of England (nine); Midlands (four); North East (two); South West (three).
- **Housing tenure:** private rented (27 participants); social rented (17); owner-occupier (with mortgage) (13); staying with friends/family (11); and owner-occupier (no mortgage) (six).
- **Dependent children:** 31 people had dependent children living with them at least some of the time (with an additional five people with one or more adult children living with them at least some of the time).
- **Employment status:** 48 participants were unemployed and 26 were employed (of these, 24 were self-employed or had been self-employed at the start of the pandemic). Eleven had direct experience of the Coronavirus Job Retention Scheme, and seven had direct experience of the Self-Employment Income Support Scheme.
- **New/existing claimants:** 36 participants were new claimants and 38 were existing claimants (three people with existing claims had either started a new claim for UC or had moved over to UC since March 2020).
- **Benefit type(s):** 59 participants had an active claim for a single benefit (50 UC, six ESA, one JSA, and two Working Tax Credit) and 15 were claiming a mixture of benefits (i.e. between two and five separate benefits). In total, 57 participants were claiming UC.

1.2 REPORT STRUCTURE

The report is structured as follows:

- **Chapter 2** provides an overview of claimants' experiences of making a benefit application, including understanding eligibility, navigating the application process and interactions with the DWP during that process.
- **Chapter 3** focuses on the receipt of benefit payments, including managing the waiting period before the first payment and understanding of payment levels and deductions and other reductions.
- **Chapter 4** provides an overview of claimants' income and outgoings, including a discussion of how the management of these changed during the pandemic.
- **Chapter 5** focuses specifically on how claimants have coped with financial difficulties during the first wave of COVID-19, including providing an overview of levels of financial strain.
- **Chapter 6** provides concluding comments and discusses implications for policy and practice.

2. MAKING A BENEFIT APPLICATION

This chapter provides an overview of three key issues that emerged in relation to claimants' experiences of navigating the process of applying for benefits: (i) delays to making an application; (ii) making an application, including navigating the online system; and (iii) interacting with DWP staff during (and after) that process.

2.1 DELAYS TO MAKING AN APPLICATION

Superficially, the trigger for making an application for working-age benefits is straightforward: a loss of income precipitated by job loss; changes in hours; and/or changes in other personal circumstances. However, our data revealed that the reality was more complicated. People may be waiting to see what happens or weighing up other options; they need to be aware of which payment to apply for and whether they are likely to be eligible for it, and to overcome less obvious 'hurdles', including one's self-perception as a likely or legitimate claimant.

Our survey found that it was not uncommon for new claimants to delay making an application: 36% waited for between a week and a month, and a further 14% waited for more than a month before submitting their application (95% confidence interval [CI] 34–38% and 12–15%, respectively).[14] This leaves a large minority of new claimants (46%, 95% CI 44–48%) who submitted an application within a week of the change in circumstances that led them to make a claim. In our qualitative interviews, we found that there were various reasons for such delays, with some participants citing misunderstandings about how the benefits system worked, including a lack of understanding of eligibility. Indeed, 41% of claimants who had delayed making their claim by more than a month during the pandemic said that they had delayed because they had been unsure of eligibility (95% CI 36–47%):

> **"We didn't do it at first, because we didn't think we'd be eligible, for one… because, at first, we didn't think that we could apply. Our mindset wasn't, 'Yes, let's sign on'. We've never – either of us – have ever signed on in our lives. It wasn't the obvious thing, and it wasn't until… Obviously, on the news and all those press conferences about what you can do to help. Everyone's talking, aren't they? Saying, 'Oh, I've managed to get this', 'I've managed to get that' or 'You would be eligible, you should get it'. It wasn't until the reality struck of absolutely no money coming in."**
> *Patricia, female, 40s, new UC claimant*

It was clear that, for many participants, applying for benefits was not viewed as the obvious, or the first, response to the changes in their personal circumstances. Indeed, in many cases, it was only when other options had been exhausted (e.g. seeking alternative employment, the furlough scheme, getting by on savings or borrowing from family) or when the seriousness of their financial situation became clear that they began the application process:

> **"It wasn't straight away, because my husband said that he was going to see if he could find a different delivery job or something like that, but it ended up being no one was taking anybody on, and no one wanted to employ, and stuff like that… I think it was literally like six to eight weeks later."** *Rachael, female, 20s, new UC claimant*

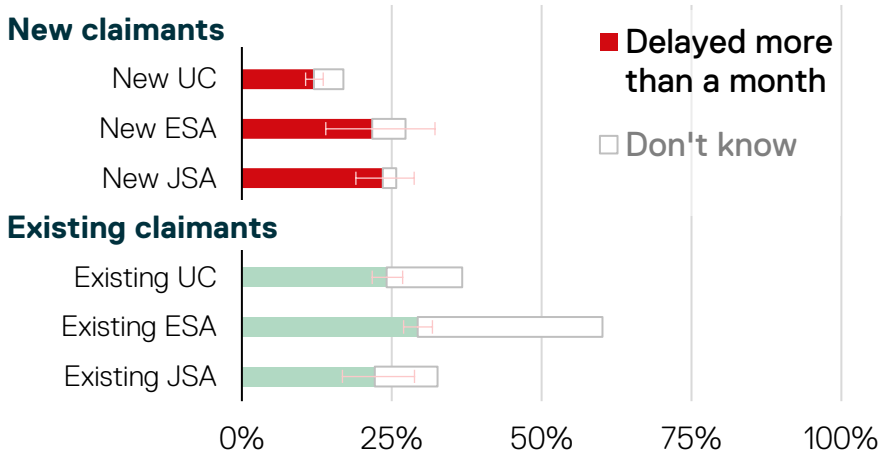
For some participants, delaying their application had become a source of regret once they had come to understand how the benefits system worked.

Of those delaying their application by more than a month during the pandemic, 33% cited stigma-related reasons for the delay (95% CI 28–39%). A small number of interview participants spoke explicitly about the role of stigma in creating a barrier to making the initial application, with benefits viewed as a 'last resort' or not for 'people like me':

> **"I thought it wasn't really for me. The other reason why I didn't apply, I thought it would affect where I can live. Like I said, I didn't think – if I claim benefits, essentially, then the building I live in would be like, 'Sorry, we don't accept people that are claiming benefits', if that makes sense. Even though I've found out you don't even have to disclose that you're getting paid by Universal [Credit]. What else? I feel guilty being on it, to be honest. I think that's another reason. I was like, 'I'll put it off, and it can be a last resort, and I'll use it as a security thing', but I should do everything I can before applying for it."** *Jacob, male, 20s, new UC claimant*

However, delays in applying for benefits seemed to be shorter during the pandemic, at least among UC claimants. As shown in Figure 1, 12% of new UC claimants delayed claiming by a month or more, but this proportion was lower than for both new ESA/JSA claimants (22% and 24%, respectively) and all types of existing claimant (with long delays ranging from 22% to 29%). This perhaps reflected a growing awareness of the five-week wait built into UC's design, a greater sense of urgency to 'get into the queue' at a time when there was a very high volume of applications, and/or potentially increased legitimacy and decreased stigma surrounding claiming during the pandemic.

Figure 1: Delayed for a month or more before claiming benefits



Source: YouGov survey of benefit claimants, new (n=3,056) and existing (n=3,151) claimants. The sample size was 2,575 for new UC claimants; 142 for new ESA claimants; 339 for new JSA claimants; 1,351 for existing UC claimants; 1,590 for existing ESA claimants; and 210 for existing JSA claimants. Delay refers to the time between completing an application and "the change in your circumstances that led you to claim".

2.2 MAKING AN APPLICATION

Ever since UC was introduced, there have been reports of problems with the process of applying and changes made by the DWP to mitigate them.[15] These issues may have increased during the COVID-19 pandemic, because the unprecedented number of new claims in the weeks after the first lockdown in March put an acute strain on the claiming process.[16] For example, the DWP stated that the online verification system faced 'capacity challenges' at first, with widespread news reports and social media images of claimants being placed in queues of tens or hundreds of thousands of people. Those who did not successfully verify their identity online faced parallel problems in verifying their identity manually, with the UC helpline receiving over two million calls on a single day at one point. These challenges were being faced by a cohort of new claimants who (on average) had less prior knowledge about how the benefits system works than existing claimants.[17]

Equally, these problems may have been addressed because of the changes the DWP made in response to the COVID-19 pandemic. Aside from the redeployment of 10,000 staff to claims processing, the DWP introduced a policy of "Don't call us, we'll call you" to avoid the problems of people getting through by phone (from 9th April). Online verification capacity issues were partly resolved by allowing people to use the Government Gateway rather than just Verify (from 17th April).[18]

Additionally, unlike the pre-COVID-19 situation, claimants were not required to physically go to a Jobcentre, nor were they required to sign a Claimant Commitment and be subject to conditionality. Allied to this, new claimants on average had a higher socioeconomic status than existing claimants[19] and therefore may have been more able to navigate the system because of stronger digital skills.

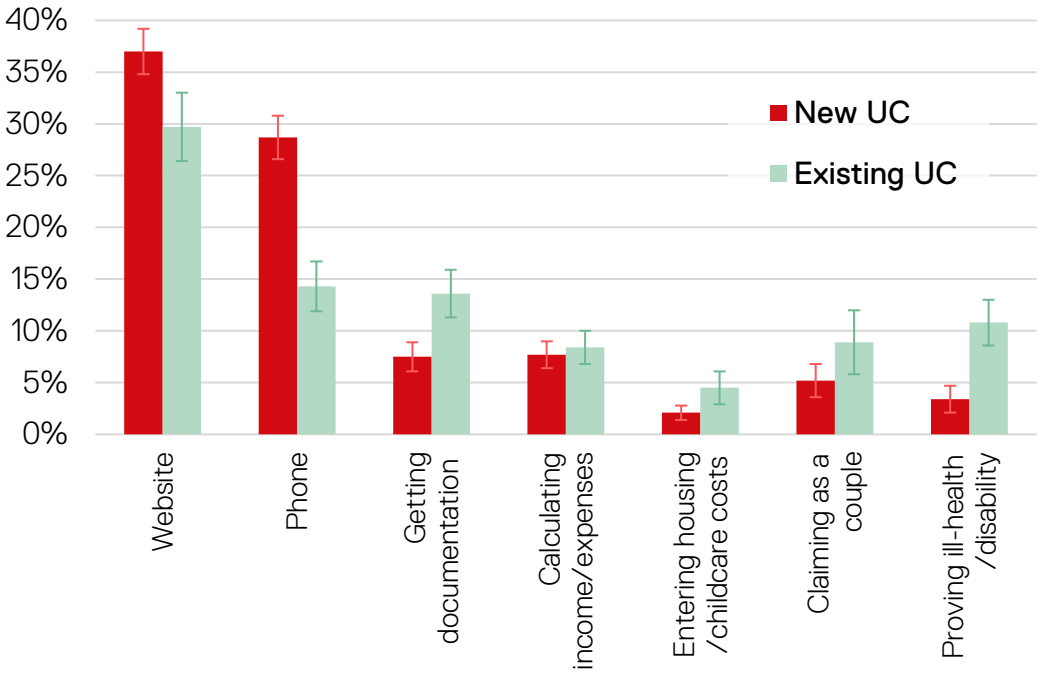
Our survey enabled us to look at how many claimants had experienced problems in applying during the pandemic.[20] Overall, over half (52%) of new claimants had experienced difficulties with at least one of the following aspects of the application process (95% CI 50–54%):

- using the website (if they applied online), including problems with verifying identity;[21]
- telephone accessibility;
- calculating their household income/expenses;
- providing information around housing/childcare costs;
- providing supporting documentation in relation to eligibility or ill health/disability; and
- the joint claims process for couples living together.

This was only slightly higher than the proportion of existing (pre-pandemic) claimants (47% of whom reported one of these problems when applying; 95% CI 45–49%).[22] This will reflect both changes in the challenges of applying and the different profile of new claimants, who were, for example, less likely to be applying for disability benefits (which involves a more complex, multi-stage application process), as well as signalling that the measures put in place by the DWP during the pandemic to process a large volume of applications may have translated into a relatively more straightforward application process.

There were differences between new and existing claimants in relation to the nature of the difficulties they experienced. We show this below in Figure 2, just focusing on UC claimants to make the comparison simpler. This shows that website/phone-related problems were more prevalent among new claimants (particularly problems with the phone), while difficulties providing relevant documentation were more common amongst existing claimants. Additionally, existing claimants were much more likely than new claimants to have experienced difficulties providing evidence of ill health/disability. Again, this is likely to have been due to the composition of the new claimant group, as fewer new claimants are disabled, as well as the temporary suspension of face-to-face health assessments.

Figure 2: Problems when applying among UC claimants



Source: YouGov survey of benefit claimants, new UC (n=2,575) and existing UC claimants (n=1,204).

Difficulties with the application process

Our in-depth interview data enabled us to understand some of these problems in more detail, particularly in relation to difficulties making an application through a web-based system. Firstly, it was evident that for some participants there had been confusion over which benefit to apply for:

> "I went online, and I filled out all my details, and it asks you, I think, what you would like to claim for. So you tick a box, Jobseeker's Allowance, Housing Benefit, Universal Credit was one on its own. I wasn't really sure, to be honest, because there's new style Jobseeker's Allowance, income-based, and I just didn't know what I wanted to apply for." *Debra, female, 20s, new UC claimant*

Additionally, the online applications were reported as taking a long time to complete:

> "The process is just so long-winded because you have to answer the questions, say there's 20 questions, you answer them, then you click OK, and then it goes, 'Right, can you answer these questions?' It's the same questions again, so then you have to do it all over again, then you have log out, then your partner has to log in, answer those questions and then answer the questions again. Then you have to log in again... It's literally like answering the same thing over and over again." *Rachael, female, 20s, new UC claimant*

Indeed, the repetitive nature of the questions within the benefit application was flagged up by a number of participants as very time-consuming, and difficulties were also created in terms of people feeling that their circumstances did not fit within the options available on the form or that there was no option to provide supporting information for particular responses. Difficulties were raised, for example, in relation to questions around housing, income and employment:

> **"It took over an hour and a half because there were, some questions were repeated to do with housing, and I couldn't make sense of what they were trying to ask me. One question was, 'How long have you lived in the property, and who was your previous landlord?' I didn't know what to put in that, or there was a question around, 'When did you move into the property?' The question I was trying to answer was, this was a different landlord, so how am I supposed to put in a date from when I moved in? It seemed as if the questions were very based on tick box options and selecting choices. There was no area to be qualitative in terms of your responses."***Mo, male, 30s, new UC claimant***

> **"It didn't seem that it was this thing that I was entitled to, even though I ticked the boxes, if that makes sense… it was difficult to understand… I just finished that university job and I was like, shit, I'm going to get paid and Universal [Credit] is going to see it and they're going to be like, 'Oh, well, you've got a job', but it wasn't, it was a temporary thing. It was really hard for me to find out, if you have money coming in from odd jobs, for example, how that affects your claim. I was very worried that my claim would be dismissed because they would see that I got paid from this job, which was only for that short amount of time."***Jacob, male, 20s, new UC claimant*

For some participants, difficulties with the automated system were compounded by not having the human interaction they needed to clarify specific aspects of the claims process (see below on interactions with DWP staff), as Tina stated:

> **"…forms don't really faze me, but that's when I'm in sound mind. This just threw me into utter panic because it was like, oh my God, there's no one to ask if I'm doing it right. There's no confirmation of anything. There's no, you've done this wrong, please do it again. You just have to do it and trust you've done it right… that's what I needed, to talk to a human being to either tell me where I'm going wrong or put me on the right path to another human being. I can't deal with these answer phones, that just press this, or press that, and then you go round in circles. You get cut off or your phone dies. It was just a complete nightmare, as far as I was concerned."** *Tina, female, 50s, new UC claimant*

The lack of face-to-face contact was not just a problem for new claimants. Paula, an existing UC recipient, talked about how the 'human element' had been taken away with the removal of in-person meetings. It was evident that these issues had caused

delays in being able to progress with claims, which led to significant delays in receiving payments for some participants.

Where claimants felt unable to communicate their circumstances effectively through the form, they wanted reassurance and clarity on whether their claim would be accepted. If there was no direct contact and it was unclear whether they had followed the correct steps, claimants were left in suspense wondering whether they had not heard anything because the application was progressing or because they had done something incorrectly.

Participants also often described being unclear about how much they would receive. Many of the new claimants we interviewed used search engines to find information or benefits calculators from organisations such as entitledto and Turn2us, but these could be a source of frustration and confusion when the projected entitlement did not match the actual entitlement. Jacob experienced such a mismatch:

> **"I used a claim calculator thing, a link off the government page, and it said that I'm entitled – I get £800 currently – it said on the calculator that I was entitled to £1,000 something. I was like, that's a massive drop. I called. This was quite awful. This was annoying. I called and was like, 'Hi, I've just got my claim. It's £800, but the calculator said £1,000. Maybe I've done something wrong or not'. Factor something in, and it was a bit of nightmare."** *Jacob, male, 20s, new UC claimant*

We should note that although people found these issues frustrating, the new claimants we interviewed often attributed some of these difficulties to the DWP having to respond to an unprecedented number of claimants during the pandemic.

Positive experiences of the application process

It is important to balance these reflections on difficulties with the application process with an acknowledgement that most new claimants described the overall application process as relatively straightforward. For some participants, particularly those for whom this was their first interaction with the benefits system, it was clear that they had anticipated that there would be difficulties but had subsequently found it easier than expected to make an application:

> **"It was quite easy. It was much more simple than I expected it to be, which is why I was a bit gutted that I didn't do it earlier. I think it was just an online form, and I thought I'd have to have my NI number, and I thought I'd have to get my P45 or something from work, I thought I'd have to supply a lot of details, but I didn't. It was just a few personal details, and I think it was just my NI number and stuff, so they could match it with my HMRC account, and that was it really. Once I realised how simple it was, that's when I started to advise all my friends, I think it's time to apply, guys, get in there early, don't make the same mistake I did."** *Helena, female, 20s, new UC claimant*

Some people positively compared the UC application process with their experiences of trying to claim other out-of-work benefits, whether during the pandemic or previously. For example, Megan explained how UC was easier to navigate than her experience of JSA, having applied for both at the start of the pandemic:

> **"Yes, it was quite an easy process to apply. It was a bit harder with JSA because last time when I called it took me four hours to get through. It's easier with Universal Credit because you can do everything online, but JSA was a very bad experience. I mean, I do understand there's a lot of people applying, but I think they should maybe employ more people, especially during these times, because four hours is quite a lot."** *Megan, female, 20s, new JSA then UC claimant*

These positive views of UC drew attention to a number of specific features of the UC application process. Some participants praised the accessibility of the information available online, while others referred to the checklist that helped them to systematically work through the sections of the application form that needed completion:

> **"...once you log in to the account and you're answering the questions, it just kind of goes through a checklist and it's like, right, this is checklist one, so you type in all of the stuff that it's asking you, like your name, your address. Then it kind of checks it off like a tick list. Then you go on to the next one, but when you're going through the process it's quite straightforward and you can see that you've checked everything off."** *Rachael, female, 20s, new UC claimant*

Other claimants referred to the accessibility of the online information available and also the positive nature of contact with frontline staff when it featured in the application process. This offered reassurance to claimants that their application was progressing and they had correctly followed the required steps:

> **"Yes. That was all online, following various government help pages – gov.uk. I found it relatively straightforward, to be honest... I think we were slightly ahead of the curve. We applied relatively quickly before furlough and various other things started coming in. I think we were there for... I think I did it in the middle of the night or at a time when the systems were working nicely. We had no delays. Everything always worked really well. Someone got in touch with me from the local Jobcentre."** Aidan, male, 50s, new UC claimant

While we saw above that some new claimants disliked the lack of face-to-face contact, others spoke positively about the fact that they did not have to physically go to a Jobcentre Plus (JCP) appointment:

> **"I was quite pleased when I found out that I wouldn't actually have to go in [to the Jobcentre], and it was just a phone call in the end. I just looked**

> **online at what I could claim for. I'm old enough to know that signing on is an option. I didn't know what it was called exactly now or how I'd go about it, so I looked online, and it was quite straightforward… it was quite user-friendly."** *Jim, male, 40s, new style JSA claimant*

This was particularly the case for those participants who were fearful of in-person interactions with JCP. For example, Susan was supporting her two autistic sons to navigate the benefits system and manage their money. Both sons were in receipt of a mixture of disability-related payments and had not yet experienced a face-to-face appointment. Susan was concerned about the implications of a return of in-person interactions:

> **"I'm lucky because during lockdown I've missed all that [face-to-face appointments], but they will have to go to an initial appointment because they haven't, and they'll never cope with it, so I don't know what will happen."** *Susan, female, 50s, new UC claimant*

Informal support

Sources of informal support also played a significant role in navigating the application process, with claimants seeking out information through various networks. Social media was a key resource for a number of people; sometimes this took the form of WhatsApp groups in which colleagues or friends shared information or Facebook groups for self-employed people or those working in the same industry. One participant, Megan, mentioned that she had engaged the help of a man on a Facebook forum (who claimed to be an ex-employee of HM Revenue and Customs) who offered to advise and help people with their applications:

> **"When I made my first…? No, I only found a guy on Facebook who used to work for HMRC or something, and I was asking him, 'Can I apply for both? Do I have to give the money back?', like just double-checking that… I searched on Facebook where you can search HMRC and stuff like that, and there was a person who wrote the post saying that he would help everyone with their applications because he used to work for HMRC or something. So he had like 200 people writing to him, and I wrote to him as well, and he actually took the time to message me… the way he was writing that, it was more for people who don't know how to apply or people who are maybe older, and they're not really good with technology or stuff like that. He said he's there just to answer any questions if anyone has any questions. There were people asking all sorts of stuff, like, 'Oh, can I apply if I have a house?' or stuff like that."** *Megan, female, 20s, new UC claimant*

In some cases, employers had sent information to people advising them of their potential benefit entitlements:

> **"We have like a WhatsApp group chat where we have our work conversations, and there were just loads of people sending loads of**

> **different types of things we could apply for. Some things, everyone was eligible; some things, just certain people were eligible for, but we had that support within the company."** *Amy, female, 50s, new UC claimant*

Other claimants had received advice from friends and family who had varying levels of knowledge about the benefits system:

> **"I decided to claim because I spoke to my dad about it, because he's a financial adviser. He said, 'Why don't you claim Universal Credit, because there's been a thing out there for self-employed people."** *Connie, female, 20s, UC claimant*

> **"My sister had just advised me. She was like, just apply for anything because the forms will get backed up, and funnily enough, with UC, it did get backed up at some point, and people were waiting over a month to hear back from them. I was lucky that I was able to manage it, manage to sort it out a bit earlier."** *Helena, female, 20s, UC claimant*

We explore the various forms of support being provided to benefit claimants during COVID-19 in more detail in a forthcoming Welfare at a (Social) Distance report.

2.3 INTERACTIONS WITH DWP STAFF

Communication with the DWP when claiming UC has been primarily electronic, and there were mixed views on the predominance of online/remote interactions. Some participants felt uncomfortable about the extent of automation in the benefits system. As highlighted above, this was often associated with 'just wanting to speak to somebody' about a specific problem, such as struggling with the online journal, or having a phone that was unable to function with the online system. Many interviewees expressed a preference for (at least some) face-to-face interaction:

> **"I think I'm a very tactile person, I like to do things face to face, so I don't overly enjoy talking on the phone, so I think that would have been – obviously, again, it can't happen in this situation, but being able to go down to the Jobcentre and see someone face to face, that would have been great."** *Susie, female, 20s, new UC claimant*

The absence of face-to-face contact was sometimes made worse by the challenges in getting through by phone, as was widely reported during the first lockdown:

> **"I had to ask for help from the Jobcentre because it said, 'Ring the telephone helpline'. So I rang the telephone helpline before completing sections. I remember the telephone helpline was so busy that it was unbearable in terms of people ringing constantly because there were so many people who were affected as a result of this COVID situation. They do say over a million people applied for welfare support, so I kept on ringing, ringing, ringing, and on some occasions I had to wait on the phone line for over an hour. I thought to myself, how much is the phone bill going**

to cost me? Am I just on the line or will I be answered to? So on occasions I would just give up, but I did notice that during the mornings, if I rang, they would be more likely to answer my phone calls and respond to any other questions I had about the form." *Mo, male, 30s, new UC claimant*

That said, a number of interview participants had been impressed with initial levels of responsiveness for call-backs from staff over the telephone, as there was often an assumption that the service would be too overwhelmed to be able to respond quickly. One participant, for example, was surprised to get a call a week after their application (although since that initial contact there had been no further communication):

"I completed that on about the 8th or 9th of July. I got a text message Sunday afternoon from them to say, 'You've got an appointment: telephone interview at nine o'clock on Monday morning', so the very next day... which I thought, well, okay, that's quite efficient. I'm quite impressed with that... In terms of the experience I've had so far, although there's been a fairly noticeable silence, I'm not too upset about that. I appreciate how difficult it must be to cope with the sheer numbers of people. There's a section with the online application which talks about notes for your Work Coach. Well, I've yet to be introduced to my Work Coach." *Douglas, male, 50s, new UC claimant*

Call-backs, when they did come, were most often unexpected, and some participants described how they had clashed with part-time work and had to be rearranged or came as a surprise on a Saturday. When participants experienced a lack of contact, most did not follow up and instead waited for a response, in some instances for up to a month (or indeed did not receive a response at all), with this delay contributing to anxieties about whether a payment would be made.

Despite some of the difficulties experienced in relation to being able to access DWP staff to speak to, when they did come into contact with staff, many claimants experienced these interactions as very helpful in clarifying specific queries in relation to their application. Participants found some advisers to be competent and reassuring when they had been worried or confused, and many referred to the staff member to whom they had spoken by name, further suggesting a lasting positive impression.

However, it was also common for participants to express concerns about an adviser's competence. Some explicitly related an impression of people working directly from a script or 'ticking boxes', which seems likely to reflect the redeployment of relatively inexperienced members of staff to deal with high volumes of applications at the start of the pandemic, which meant that calls were necessarily brief, perfunctory and focused on confirming the details of the application:

"It seems it wasn't explained because they didn't know themselves, to be honest, so I felt like they were confused themselves, so they couldn't really tell me what they needed to do." *Wesley, male, 30s, new UC claimant*

> **"She was reading from a script, and you could tell she was reading from a script, bless her. So I guess she'd been called in to support… Yes, she didn't instil confidence in me that she would be able to help me. She wasn't rude or anything like that, she was a nice enough lady, but I just felt she was reading from a script."** *Veronica, female, 50s, new UC claimant*

Some participants described asking specific questions to which DWP staff appeared unable to provide an answer. For example, Jacob, had been asked whether he was at risk of homelessness, and when he had asked questions about what was specifically meant by this, the staff member on the phone was unable to answer. Jacob had also made a separate query about the amount paid to him (as it had not reflected the amount generated by an online benefits calculator). He had spoken to a different staff member, who also appeared unable to answer this question:

> **"They asked the question, 'Are you at risk of homelessness?' I didn't know what to say. Technically, I'm not going to live on the streets because I can always live at friends' or go back home, but is that classed as homelessness? That was what I asked the question of, and she didn't really know how to answer it …When I asked them [about the payment], they couldn't tell me. The only thing that I know is – I'm guessing, and they've not confirmed it – but that £500 limit a month I read online and on the calculator thing, but when I asked them for a breakdown of everything they couldn't really explain it. I was trying to ask, 'Well, is there something missing, because this calculator said this?'. He was like, 'Well, we can't tell you what's missing."** Jacob, male, 20s, new UC claimant

However, despite these concerns about staff competence, the majority of participants believed that staff were trying their best under very difficult circumstances:

> **"They were really nice people. I didn't feel rushed. I didn't feel intimidated by anything. They've probably rang thousands of people that day, but I felt like they were genuinely interested in my current situation and how I was doing… They explained everything thoroughly to me and always said, 'If you need any more help, give us a call back', so they were really nice on the phone, very approachable."** Connie, female, 20s, new UC claimant

> **"I got the call on Monday morning, and, bless her sweet heart, the lady that phoned me, I would be fairly sure that she was quite new to the role. She admitted she was having technical difficulties. It was also her first appointment on a Monday morning, but she was the loveliest, most patient person."** Douglas, male, 50s, new UC claimant

Indeed, it was rare for participants to have had negative interpersonal experiences of DWP staff. There was a significant amount of praise for DWP staff in terms of their manner and attitude. Participants tended to complain about issues that were

identified as having a systemic cause, as opposed to complaining about individual staff members. It was common for interviewees to convey a sense of empathy for the staff and their predicament – one perspective was that the staff were 'polite and friendly', while it was 'the system' that was at fault.

2.4 SUMMARY

This chapter has highlighted the experiences of claimants in relation to delays to making an application, including navigating the online system, and their interactions with DWP staff during (and after) that process. Although the changes made by the DWP in response to the pandemic (alongside the existing digital by default approach) were largely successful in helping new claimants to apply for benefits, it was evident that a number of claimants still experienced significant confusion as they navigated the system, and a lack of understanding of eligibility and which benefit to apply for was a particular concern. In these cases, it was evident that being able to access appropriately trained staff was vital. Many participants spoke positively about the interpersonal skills of those staff that they had spoken to, but sometimes they had had less confidence in the ability of staff to answer their specific queries.

3. RECEIVING PAYMENTS

This chapter provides an overview of claimants' experiences in relation to the receipt of benefit payments, focusing on (i) the waiting period before the first payment of UC, including uptake of advance payments and (ii) the amounts of benefit they subsequently received, including their understanding of any reductions, caps, charges and deductions that were made.

3.1 WAITING FOR THE FIRST PAYMENT

Claiming an advance (UC claimants only)

For new UC claimants and those moving to UC from legacy benefits, there is currently a waiting period of about five weeks for the first UC payment to be received, reflecting a payment-in-arrears design comprising a one-month assessment period and an approximately seven-day administration period.[23] After this, payments are received monthly in arrears. Concerns about the waiting period before the first payment are widely acknowledged, with evidence of increases in debt and food bank use, as well as effects on health and wellbeing.[24]

UC claimants can apply for an advance payment while waiting for their first payment (this is a loan that requires repayment once their regular payments begin). From our survey, we found that 36% of new UC claimants had applied for an advance payment (95% CI 34–39%) 34.3% had applied and their application was successful, a further 1% had applied but their application was unsuccessful, and less than 1% had applied but were still waiting to hear the outcome of their application at the time of the survey). As we know from other sources,[25] new UC claimants were much less likely to claim advances than existing UC claimants (51% of whom had claimed an advance; 95% CI 48–54%).

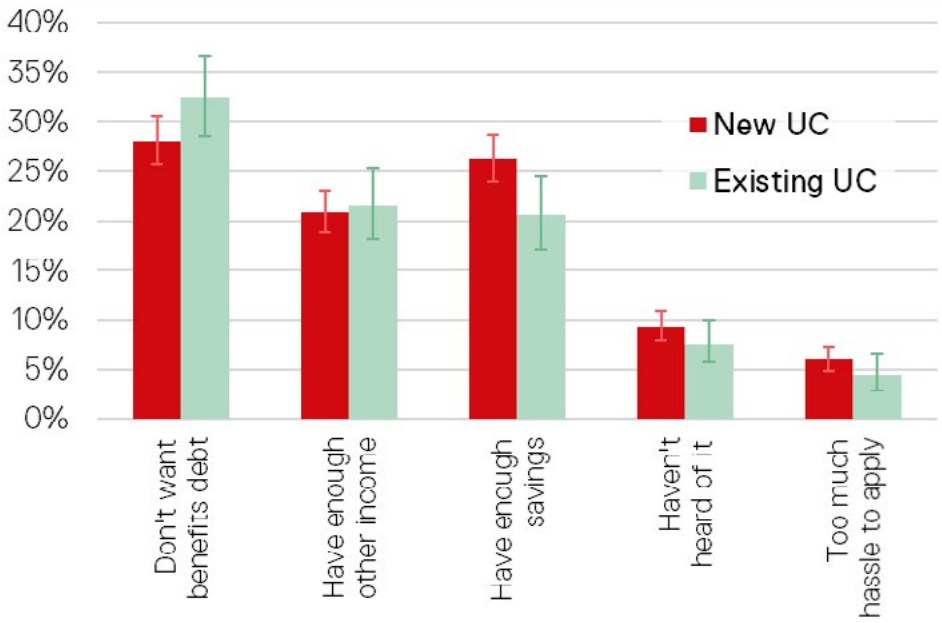
The fact that most claimants did not apply for an advance was rarely because they were not aware of this facility (lack of awareness was reported by only 9% of new claimants, 95% CI 8–11%). Similarly, most of our interview participants who had made a recent UC claim were aware of the ability to request an advance. Claimants became aware in a number of different ways, including referring to online guidance, the claim form itself (e.g. 'a button' on the online system), an email or through a DWP adviser, with some emphasising that they had been told about advances on several occasions. As Patricia stated:

> **"...he did say, 'Are you sure you don't want the advance?' He was super helpful. We said, 'No, we don't. We'd like regular help'. He just said, 'We can advance you some money if you need it now'. He did mention it a few times; he was super helpful – but we were okay. We didn't want to have to take it and pay it back, or whatever. I don't know. Didn't want to complicate anything. We just need a little bit of extra help to tide us over until we start working again."** Patricia, female, 40s, new UC claimant

Instead, people gave other reasons for not applying for an advance. Firstly, some felt that they did not need or want one or that it was inappropriate for them to take an advance when there were others 'worse off' than themselves. For example, in the interview with Ken, he suggested that the facility was for people "more desperate than me", and participant Megan thought it was "just for people who are struggling more".

Additionally, our survey showed that, of the new claimants who did not apply for an advance payment, just over one quarter (26%) said that they did not need an advance because they had enough savings, and around a fifth (21%) did not need one because they had enough earnings (see Figure 3). Nearly half of those not taking up an advance gave one of these two reasons (47%, 95% CI 44–50%).

Figure 3: Reasons that UC claimants gave for not taking up advances



Sources: YouGov survey of new/existing benefit claimants, n=1,633/597 UC claimants who did not apply for an advance. Claimants could choose only one reason; 10% of new claimants and 14% of existing claimants gave other reasons or said 'don't know'.

However, many other claimants said that they had not applied for an advance payment because they did not want to get into benefit debt (28% of new UC claimants). This fear of debt was corroborated in our in-depth interviews. For example, Henry had been warned by a friend not to take an advance:

> **"I think it was explained in an email. I was slightly confused, and I actually asked a friend to explain it in a bit more detail. She kind of advised me to not take it because it's something that you have to pay back."** Henry, male, 20s, new UC claimant

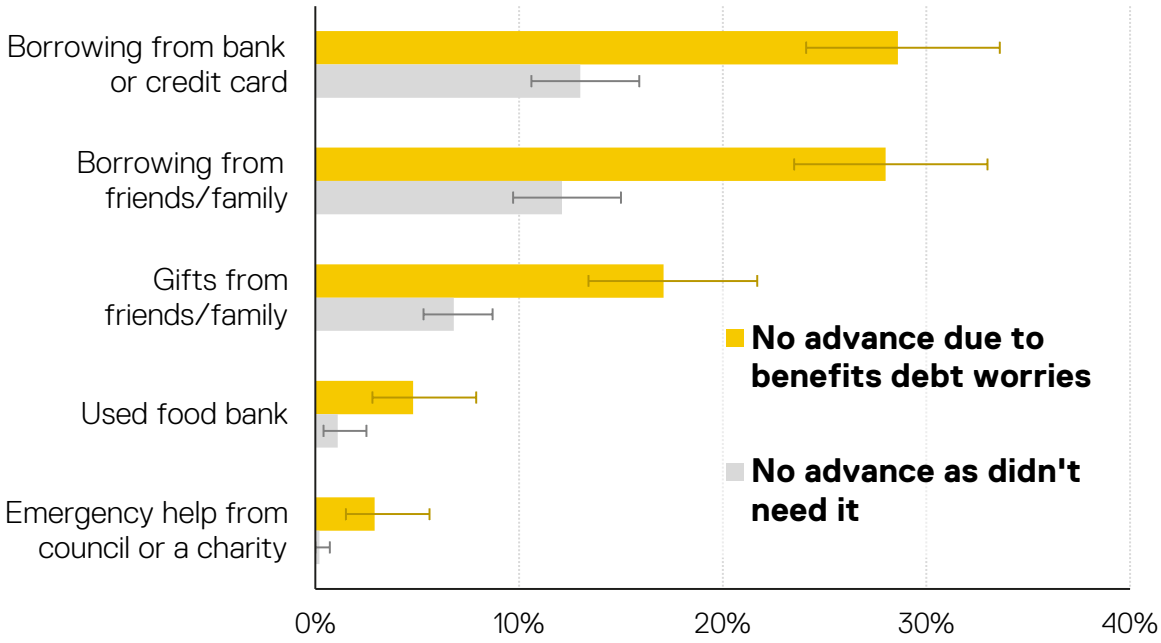
Uncertainty about how the system operated also led to advances not being applied for successfully. One interviewee mentioned that she had initially turned down the

offer of an advance but had not understood that advances after the initial claim were limited to specific circumstances. Weeks later, when she subsequently applied for one, her application was rejected.

Coping financially while waiting for first payment

The previous section shows how many claimants had applied for an advance – but how had those who did not apply for an advance got by financially during their five-week wait for their first payment? From our survey, we found that those who did not apply for an advance because of benefits debt worries had often had to rely on other sources of income to manage financially (as shown in Figure 4 below). Over a quarter borrowed from a bank, showing that choosing to avoid benefit debt could therefore come alongside accumulating bank/credit card debt.

Figure 4: Financial coping strategies of new UC claimants who did not claim an advance during the five-week wait for payment



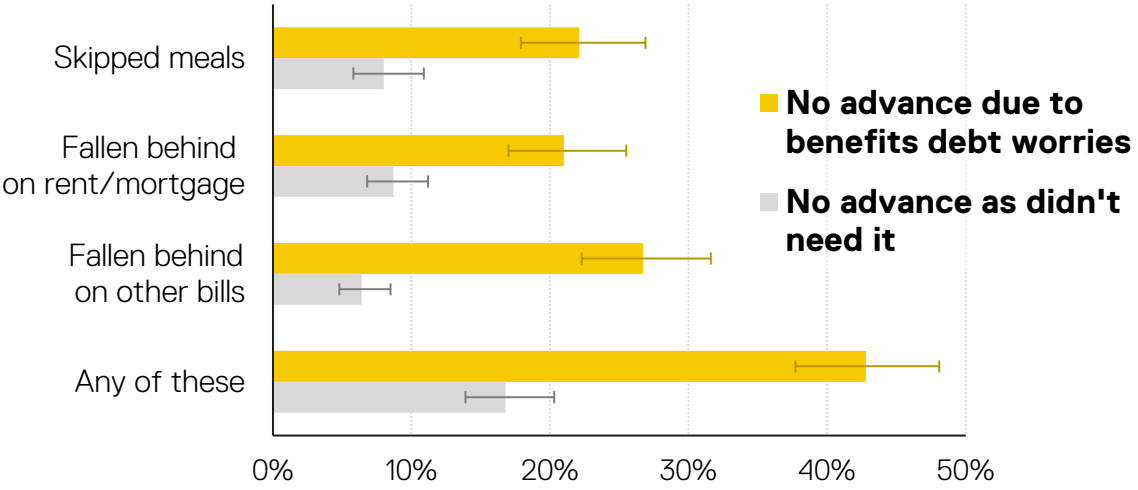
Sources: YouGov survey of benefit claimants, including 442 new UC claimants who did not apply for an advance because they were worried about benefit debt and 777 new UC claimants who did not apply for an advance because they did not need one. This excludes those who did apply for an advance and those who did not apply for an advance for other reasons.

Figure 4 also shows that nearly four in ten (38%) of those who did not claim an advance due to worries about benefit debt relied on friends/family while waiting for the first payment, either through borrowing or gifts; 5% relied on food banks, and 3% relied on emergency help from the council or a charity. All of these strategies were much more common among those who said they did not apply for an advance due to benefit debt worries, in comparison with those who said they simply did not need one. Conversely, 58% (95% CI 53–63%) of those who said they had not needed an

advance used savings, compared with 44% (95% CI 39–49%) of those who did not apply for an advance due to benefit debt worries.

We also explored levels of financial strain while waiting for a UC payment (see Figure 5). This shows that over 20% of those who did not apply for advances due to benefit debt worries were experiencing each of falling behind on their rent/mortgage, falling behind on their other bills/debts, and skipping meals. In total, over 40% of those who had not applied for an advance due to benefits debt worries had experienced one of these financial strains. Unsurprisingly, those who did not apply for advances because they had sufficient other income/savings were much less likely to experience these strains.

Figure 5: Financial strain among new UC claimants while waiting for their first payment



Sources: YouGov survey of benefit claimants, including 442 new UC claimants who did not apply for an advance because they were worried about benefits debt, and 777 new UC claimants who did not apply for an advance because they did not need one. This excludes those who did apply for an advance and those who did not apply for an advance for other reasons.

3.2 PAYMENTS AND DEDUCTIONS

This section considers claimants' understanding of the amount of benefit they received (particularly for UC, where the calculation of the benefit payment is more complex) and what claimants thought about the amount.

Claimants' understanding of the level of payment

On one level, most claimants understood why they received a given level of benefit: only 17% of new claimants and 10% of existing claimants did not even roughly understand why they received the amount they got in their last benefit payment (95% CIs 16–19% and 9–11%, respectively). Understanding was lower among new UC claimants than among new JSA/ESA claimants, but only slightly, and even most UC claimants understood the amount they received (82% for UC vs. 87% for JSA/ESA [95% CIs 80–84% and 82–90% respectively]).

However, the interviews illustrated that this understanding was often incomplete. Although the online journal provided information about the amount (and any related deductions or reductions), it was widespread among participants that there was little sense of why they received the amounts they did in a deeper sense. Many interviewees expressed a sense of confusion about how the amount awarded was determined:

> **"I have no idea. All I know is that the £409 is the maximum that you can get as a single person."** Veronica, female, 50s, new UC claimant

> **"You always feel like they're just picking a number out of a hat. There is some kind of advice online about, well, this is what you could expect as a single person or as a couple, but it's all ifs. It's all, well, if this circumstance matches this... I don't think there's any way you can go into it and say, 'Right, well, I know in six weeks' time this is what I'll get'. You don't, because you don't know what parameters they're working on, and there is nowhere that that is explained clearly."** Stephanie, female, 30s, new UC claimant

A quarter of new UC claimants (95% CI 23–27%) thought that their last payment had been reduced because of other income, redundancy payments or savings. This was double the level of existing UC claimants (of whom only 12% [95% CI 10–14%] had seen their last payment reduced), partly because the job loss that triggered a claim may have come alongside final wages/redundancy payments, but probably also partly because new claimants during COVID-19 were more likely to enter the benefits system from a better financial position.[26]

Most participants understood that the amount of benefit they received was based on their income each month. However, despite understanding the general principle used for calculating the amount, it was more common for there to be a lack of clarity over the precise final figure reached. Often, they had come across this information when calculating their potential entitlement to benefits before making an application (see discussion above):

> **"Yes, it depends on how much I've earnt that month. I thought it was going to get a lot less last month because I got £150. I thought I'd get £150 less than I would in my normal £342, but I didn't, I got maybe about £80 less."** Connie, female, 20s, new UC claimant

The weakest area of understanding among new UC claimants was that their benefit was more generous than usual because of the COVID-19 pandemic – only 18% (95% CI 16–20%) knew this, at least in May/June 2020 in the first wave of our survey. In contrast, a majority of existing UC claimants (53%) were aware of the change in payment (95% CI 50–55%), and a majority of new ESA/JSA claimants (57%) knew that their benefits had not been raised (95% CI 51–63%).

Caps, charges and deductions

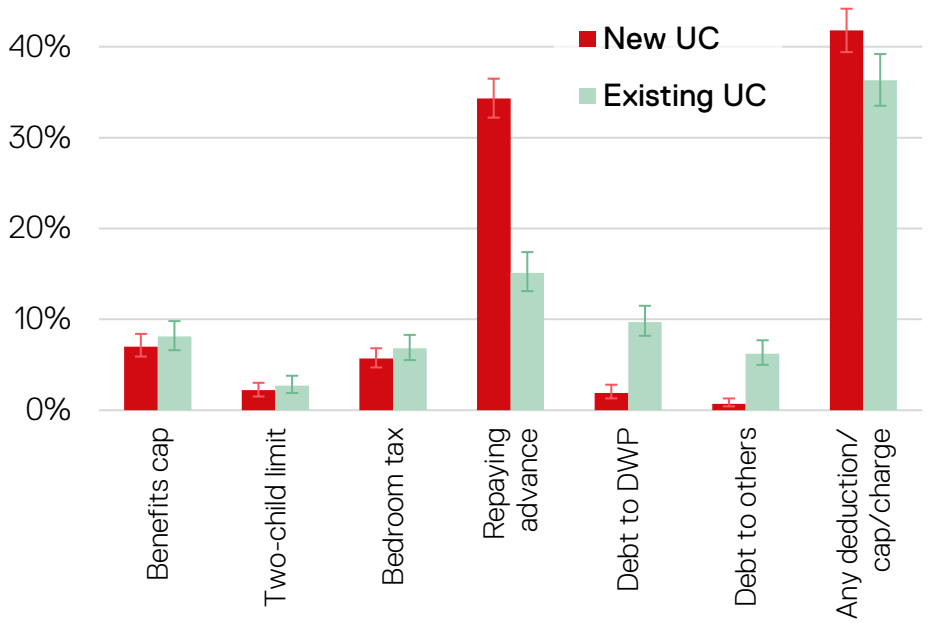
While some claimants received the full 'sticker' amount of their benefit, others found that their payment was subject to a variety of caps, charges or deductions.

'Caps/charges' refer to three ways in which people's payments could be reduced – the benefit cap, the two-child limit and the bedroom tax/under-occupancy charge. This is different to 'deductions', where the benefit that people were eligible for was reduced in order to pay off debts: sometimes repaying UC advances, sometimes paying off past debts to the DWP (e.g. from overpayments of Tax Credits) and sometimes paying off debts to others. The extent of the caps/penalties and deductions that UC claimants experienced is shown in Figure 6.[27]

The most common form of cap/charge/deduction that new claimants experienced was repaying an advance, reported by 34% of new UC claimants. Other forms were reported by smaller minorities of new UC claimants: 7% said their last payment was affected by the benefit cap, 6% by the bedroom tax/under-occupancy charge, 2% by the two-child limit, 2% by debts to the DWP, and less than 1% by deductions for other debts.

In total, 42% of new UC claimants received some sort of cap/charge/deduction in their most recent payment. This proportion was higher than among existing UC claimants, 36% of whom received a cap/charge/deduction – advance repayments were less common, but deductions due to the DWP/other debts were more common.

Figure 6: Caps, charges and deductions reported by claimants in their last benefit payment



Source: YouGov survey of benefit claimants (2,180 new UC claimants and 1,351 existing UC claimants).

Caps/charges/deductions were lower for existing ESA claimants and in particular, new JSA claimants.[28] We also examined whether different groups of claimants were more/less likely to see caps/charges/deductions in their most recent payment (after accounting for benefit type). This showed no systematic differences by gender, age or ethnicity, but disabled claimants were 7% more likely to report a cap/charge/deduction (after adjustment for benefit type and age/gender/ethnicity; 95% CI 4%–10%). Looking at this further, this was primarily because of the bedroom tax, debt repayments to people other than the DWP, and, for UC claimants, particularly because of repaying advances from earlier in their claim.

3.3 SUMMARY

This chapter has highlighted the experiences of claimants in relation to the waiting period before the first payment of UC, including uptake of advance payments and claimants' understanding of the amounts of benefit they subsequently received. It was evident that the waiting period for the first payment was problematic for many claimants. Although some participants claimed an advance payment, and others felt that they could manage without one, there were many others who avoided advances because they were worried about benefit debt. This group had sometimes displaced this debt elsewhere (i.e. by borrowing from other sources) or had been forced to miss meals or had fallen behind on housing costs. Additionally, it was evident that experiences of deductions, caps and charges were linked to the waiting period for the first payment – the most common deduction from claimants' benefit payments was to repay a UC advance. Other claimants had their payments reduced because of a range of other caps/charges, e.g. the benefits cap, the two-child limit, and the bedroom tax/under-occupancy charge.

4. CLAIMANTS' INCOMES AND OUTGOINGS

This chapter provides an overview of claimants' incomes and outgoings, focusing specifically on how their financial circumstances changed following the start of the pandemic. For context, we compare claimants with the general public (excluding benefit claimants), using two further YouGov surveys: one that we conducted specifically for this project, and one that was made available by the Resolution Foundation (see Introduction).

4.1 CHANGES IN INCOME AND OUTGOINGS SINCE THE START OF THE PANDEMIC

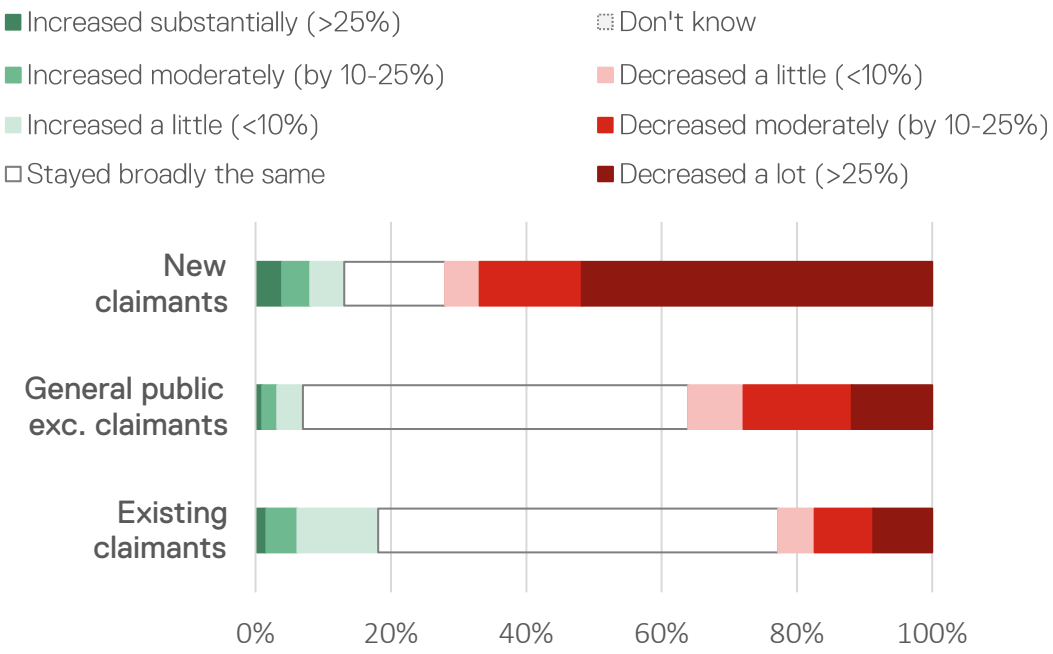
Changes in income

Using our survey, Figure 7 shows how new claimants' incomes changed since the start of the COVID-19 pandemic – that is, from the start of March (when the COVID-19 pandemic began in the UK) to May/June 2020 (when we surveyed them).[29] We found that 72% of new benefit claimants reported that their household income fell over this period, and over half (52%) reported a substantial decrease in income of over a quarter (95% CIs 70–74% and 50–54%, respectively).

A small number of new claimants (13%) had seen their incomes rise since they claimed benefits. We also found this in the case of one of our interviewees, a hospitality worker, who said that they were actually better off on UC (the experience making them reflect on how underpaid they were in their job). People like this are unlikely to have been genuinely better off out of work (they were likely to have been entitled to UC while working); however, this demonstrates that some people are unaware that they would be eligible for in-work support.

Compared with the general public (exc. claimants), twice as many new benefit claimants reported a fall in their household income. New claimants also differed substantially from existing claimants, far fewer of whom had seen their income fall. Indeed, more existing claimants had seen their income rise than among any other groups (18% compared with 7% of the general public exc. claimants). This is likely to reflect the combined effect of a high proportion of this group being less exposed to the labour market shocks of the pandemic (because they were more likely to be already out of work), the suspension of deductions from benefit payments, and the £20 per week uplift in the UC standard allowance and the basic element of Working Tax Credit having a larger impact on their already low household incomes. We should emphasise, however, that, unlike UC/Tax Credit claimants, existing JSA or ESA claimants saw no change in their benefit level.

Figure 7: Change in income since the COVID-19 pandemic started



Sources: (i) general public = Resolution Foundation/YouGov survey of the working-age population, excluding benefit claimants, n=4,786; (ii) new/existing claimants = WASD YouGov survey of benefit claimants, n=3,056/3,151. The sample sizes include (but the figure excludes) 9% of the general public, 11% of new claimants and 17% of existing claimants who did not know how their income had changed.

Looking to our interview data, we found that new claimants' drops in income often came with little warning, with many describing how their employment had abruptly ended. As Amy explained, the fast-food restaurant she worked in closed without warning:

> **Interviewer: "How did they tell you about it?"**
>
> **"Well they didn't really. They didn't tell me. I should have worked on that Friday, and I'd been to work, I think on the – I think I'd been to work on the Wednesday, and we were just having a joke in the staffroom before I left, just saying, 'See you Friday, if we're all still here'. It was a joke. Then it was just shut. So, I didn't go into work."** Amy, female, 50s, new UC claimant

What then often followed was a further period of uncertainty in relation to benefit eligibility and the level of payment, as described above. The resulting level of benefit often represented a substantial drop in household income, as Figure 7 shows. Participants described the shift in mindset and behaviour as they had to move from an income that previously covered their expenses (and, in some cases, allowed some savings) to an income from benefits that was a 'stretch' in terms of covering priority outgoings:

> **"Oh, [the difference between my previous salary and claiming benefits is] chalk and cheese. I was on a pretty decent salary, nothing amazing, but okay;**

> **I'd been there 12 years, so what you start on and what you end up on are fairly different. It was a salary where I was able to pay off everything and put money by each month, so, yes, big difference."** Jim, male, 40s, new claimant, New Style JSA

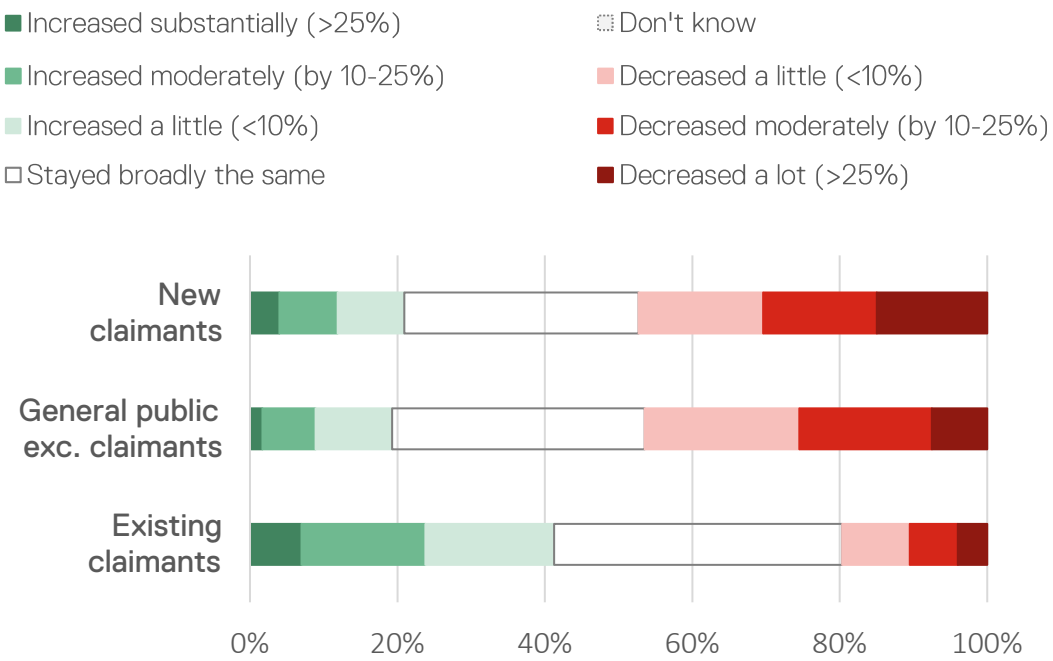
For some of those who were new to the benefits system, it was clear that the level of benefit people received was something that they had not been exposed to before, as was the need to consider lower-paid work in order to return to the labour market. For some, this raised questions about their own value, but it also demonstrates that some new claimants were unaware of the pay and conditions within the lower sections of the labour market:

> **"I didn't even know people worked for fucking £9.30. I didn't know what £9.30 was. I know it sounds arrogant, but I don't mean that."** Ken, male, 40s, new UC claimant

Changes in outgoings

We also wanted to understand how people's outgoings had changed, again compared with the situation before COVID-19 (see Figure 8). Around half of new claimants saw a fall in outgoings, which was due to a combination of the limitations on what money could be spent on during lockdown and deliberate attempts to reduce outgoings in response to the income shocks they had experienced. However, 21% of new claimants saw increasing outgoings over the same period.

Figure 8: Change in outgoings since the COVID-19 pandemic started

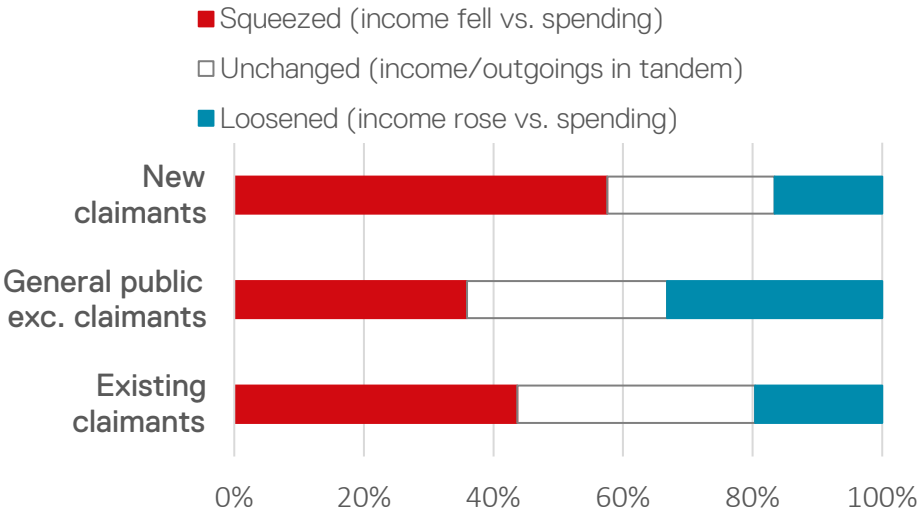


Sources: (i) general public = Resolution Foundation/YouGov survey of the working-age population, excluding benefit claimants, n=4,786; (ii) new/existing claimants = WASD/YouGov survey of benefit claimants, n=3,056/3,151. The sample sizes include (but the figure excludes) 9% of the general public, 10% of new claimants and 14% of existing claimants who did not know how their income had changed.

We can also see that outgoings changed similarly among the general public, although this may well have been for different reasons (as we see later in this chapter). It is also striking that many existing benefit claimants saw rising outgoings (over 40%), far more than either new benefit claimants or non-benefit claimants (both around 20%).

We can put together these changes in income and outgoings to see if claimants' finances were squeezed (their income fell relative to their spending), loosened (income rose relative to spending) or unchanged.[30] As Figure 9 shows, 58% of new claimants saw their household finances squeezed during the start of the pandemic, with only 17% seeing them loosened.

Figure 9: Combined change in income and outgoings since the COVID-19 pandemic started



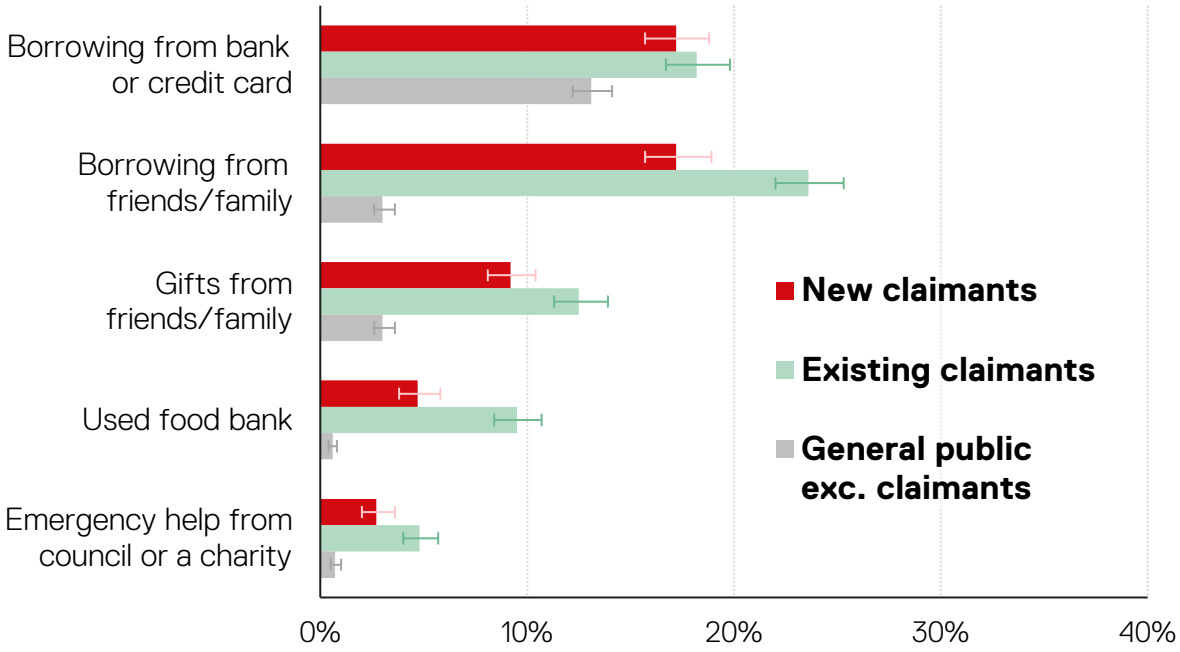
Sources: (i) non-claimants or general public = Resolution Foundation/YouGov survey of the working-age population, excluding benefit claimants, n=4,786; (ii) new/existing claimants = WASD YouGov survey of benefit claimants, n=3,056/3,151. The sample sizes include (but the figure excludes) 11% of the general public, 17% of new claimants and 20% of existing claimants who did not know how their income and/or outgoings had changed.

4.2 MANAGING FINANCIALLY

In the light of these widespread financial pressures, some claimants were able to use savings, which was reported by 30% of new claimants and 14% of existing claimants, but other ways of managing financially were often necessary (see Figure 10). These included borrowing from banks and relying on friends/family (whether through borrowing or gifts). All of these strategies were much more common among benefit claimants than among the general public (exc. claimants). While less common, food bank use and the use of emergency help from the council or a charity were also evident: food banks were used by 10% of existing claimants and 5% of new claimants, compared with 0.6% of the general public (exc. claimants). Emergency help from the council or a charity was used by 4.9% of existing claimants and 2.4% of new claimants, compared with less than 0.6% of non-claimants. Greater reliance on food banks, charitable help, loans and gifts by existing claimants demonstrates the

heightened financial vulnerability of this group relative to newer claimants and the wider working-age population.

Figure 10: How claimants were coping financially at the time of the survey



Sources: (i) general public = WASD/YouGov survey of the working-age population, excluding benefit claimants, n=4,786; (ii) new/existing claimants = WASD/YouGov survey of benefit claimants, n=3,049/3,151.

These strategies could be seen among our interview participants. Some described borrowing, either formally or informally: for example, one participant extended their overdraft, and a small number of others stated that they had applied for Business Bounce Back loans (either to consolidate existing credit card debts or as a 'backup'):

> **"I'm with Halifax, so I've pushed my overdraft to £1,100 so I've been in my overdraft, so they did put a thing out where I think for three months it was interest-free up to £500. I did apply for that again because it had run out. They sent a message round to everybody saying, 'If you need any more assistance then you can put an application online', and then it's just for another three months. So, I have mainly been using my overdraft."**
> Connie, female, 20s, new UC claimant

Many interview participants described receiving financial help from friends or family, which included loans from friends or 'odd bits' of money from family members to help with shopping costs, paying off debts or covering utility bills:

> **"That's where I've been fortunate that I've got a bit of a backup, and my mum has been very generous to me. She's bought my weekly shopping periodically."** Veronica, female, 50s, new UC claimant

> **"It would severely impact me, so I went to a friend, 'Can you lend me a bit of money rather than applying for the advance payment?' She says, 'I can lend you the money, but you pay me back'. So I did that."** Mo, male, 30s, new UC claimant

Some interview participants also had other financial resources that they drew upon: one mentioned that their Personal Independence Payment had been helpful while they were awaiting their UC award (though there was still a significant shortfall each month), and another reported that they had made arrangements to access their pension early.

A number of interview participants (around half of the new claimants who were interviewed) explained that they had experienced a large income shortfall, often of several hundred pounds each month, meaning that they would be in a very difficult position if they did not find employment again quickly. Some also had significant levels of existing debt. One was concerned by several letters from credit agencies that had arrived, and a couple of participants expressed fears of impending bankruptcy:

> **"Now that this isn't possible, you still have these outstanding debts to pay, that... I have received several letters, not from bailiffs, but from credit agencies, that the money is due now, but this will have to be disputed in court. Not unless I find a job where I'm able to work full-time and I can pay that off now."** Mo, male, 30s, new UC claimant

Many claimants made use of their savings, with Tina, for example, describing it being 'horrible' to see them 'eaten into'. Indeed, it was indicated that savings had often been put aside for specific purposes such as buying a house or paying for a wedding, as Jim described:

> **"I put by a little bit of money to pay for the wedding, so that's been deferred, so that's a help, although it's not what I wanted. Yes, I'm certainly not – my savings are going down each month at the moment while I'm paying out a lot more than what's coming in."** Jim, male, 40s, new claimant, New Style JSA

Many participants were aware that many of their financial coping strategies were time-limited. Those drawing on savings said that these would run out soon, often predicting that they had between one and three months of managing in their current position before their savings would be completely depleted:

> **"In three months' time if I'm not [working] then I'm fucked, that's it, I'm gone, I'm bankrupt, that's it."** Ken, male, 40s, new UC claimant

Reducing spending

In response to these significant financial pressures, many new claimants tried to reduce their spending (as we have already seen above), particularly where they had no savings to draw on. Some talked about reorganising their expenditure to cover the 'bare essentials'. 'Bare essentials' meant different things to different people, including,

for example, only buying food; covering utility bills but not credit cards; covering life insurance but suspending other payments (for example, towards a pension or a car); or walking to save money on petrol or public transport:

> **"There's various bills we're not paying. I've got a fairly substantial amount of unsecured debts that is either on payment breaks or payment holidays. I have five creditors that I owe a fair amount of money to. All of them are fully aware, but again they've all been very positive as well, to be fair. We're not paying for that, so we are able to pay essentially bills; the council tax, water, electricity's all coming out all fine. The only people not getting their bit are at the moment the unsecured credit card companies, basically..."** Aidan, male, 50s, new UC claimant

> **"I think that the terms of essential has gone even smaller. I've not been getting transport. I've been walking everywhere if I've needed to go places... I haven't been travelling as much."** Jacob, male, 20s, new UC claimant

A couple of participants had spent significant amounts of time renegotiating or rearranging contracts for various services to minimize expenditure, and another participant described removing rapid payment systems (e.g. Apple Pay) from digital devices to prevent any impulse buying. Often, however, participants' liabilities were fixed and ongoing, especially when they covered essential expenditure, which meant that they could not be renegotiated, and sometimes there was no option but to stop making payments.

A small number of younger claimants greatly reduced their outgoings by moving back in with their parents, and a small number of the younger claimants who were already living with their parents stated that they were no longer paying towards housing costs, although of course these arrangements were contingent on an ongoing cordial relationship between the adult child and their parent(s):

> **"I'm very lucky that I can come back to my parents' house and live reasonably cheaply for the time being. They're not too sick of me yet, telling me that I have to go, so it's just trying to take anything that's around, really... my parents are very nice, they haven't been charging me rent."** Susie, female, 20s, new UC claimant

Alongside reducing outgoings, another strategy was to defer spending, particularly via mortgage/rent and credit card holidays. Some claimants experienced understanding responses from creditors: for example, reporting that their landlords had been understanding of their situation by giving them a month's break from rent payments (to be repaid later) or informing them of the Council Tax Reduction facility. These responses need to be understood within the context of forbearance policies that temporarily paused evictions and repossessions. Others had renegotiated other bills or switched providers to reduce their costs:

> **"What I did do during lockdown was renegotiate all my contracts with, like, Sky and BT and phone them all up and change my deals, and managed to save about £50, £60 a month off both of those, which was quite a lot, actually, to save. I used the time to get better contracts from some of my providers and various insurances I've had to renew over this time, and I'm always good about shopping around for those. Yes, I've tried to be frugal and save money as and where possible. The outgoings aren't as much at the moment because people aren't going out to eat, and I know that's just changed now, but certainly not for the last three, four months, so it's been more do a good shop and buy all your food at home."** Jim, male, 40s, new claimant, New Style JSA

4.3 SUMMARY

This chapter describes changes to claimants' income and outgoings. A significant number of new claimants reported a substantial decrease in their income. Although many of these claimants had also decreased their outgoings over this period, it was evident that they had seen their finances squeezed i.e. income fell relative to spending. Even with the £20 uplift, there was often a considerable gap between their basic cost of living and the amount of benefit they received. Claimants were therefore using a range of strategies to try to manage financially, including adjusting their spending habits, borrowing from banks (e.g. credit card, overdraft, or loan) or friends/family or receiving 'gifts' from friends/family. For some claimants, the gap between their income and required expenditure had led to more severe financial strain, which is discussed in the next chapter.

5. FINANCIAL STRAIN

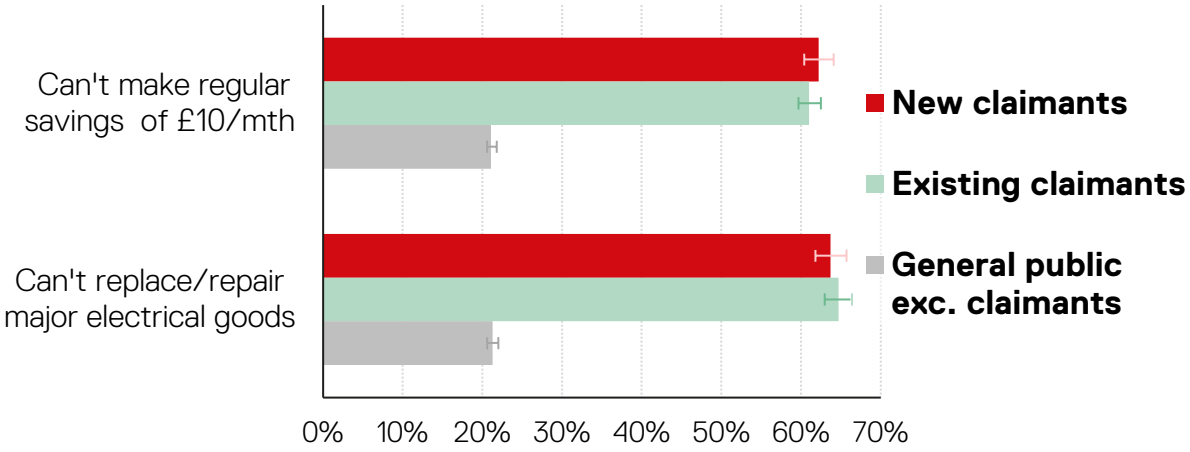
Following on from the previous chapter exploring claimants' incomes and outgoings, this chapter provides an overview of the levels and types of financial strain that claimants were experiencing and whether this varied between different groups of claimants.

5.1 LEVELS OF FINANCIAL STRAIN

Despite the aforementioned coping strategies, it was evident that many claimants were experiencing financial strain, sometimes severely. In this chapter we examine how extensive different forms of financial strain were, comparing these with two general population surveys (one we conducted ourselves and one kindly made available by the Resolution Foundation).[31]

We start by looking at two less severe financial strains (see Figure 11): an inability to make small regular savings of £10 per month and an inability to replace/repair major electrical goods (e.g. a fridge) if they broke. Almost two thirds of new claimants were experiencing each of these, with 64% not able to replace/repair major electrical goods and 62% unable to make regular savings. These proportions were very similar to those for existing claimants but far greater than those for non-claimants, of whom only a fifth reported these issues (21% for each measure).

Figure 11: Broader financial strains among benefit claimants

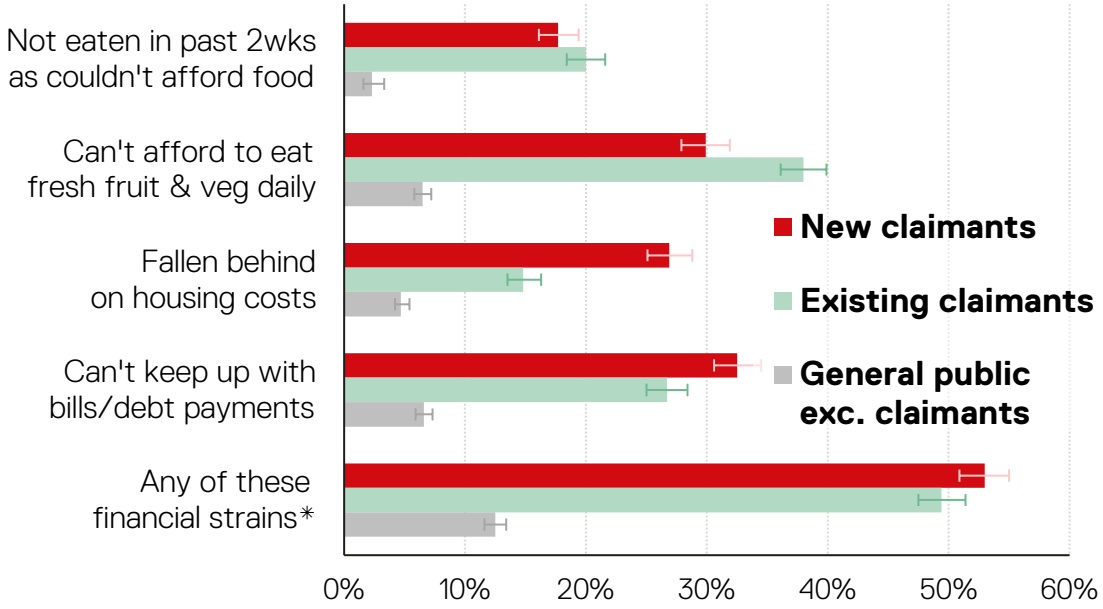


Sources: (i) general public= Resolution Foundation/YouGov survey of the working-age population, excluding benefit claimants, n=4,786; (ii) new/existing claimants = WASD/YouGov survey of benefit claimants, n=3,056/3,151. The bars represent respondents indicating that they could not afford these things; a further 6-9% of respondents for each question said 'don't know'.

More severe financial strains are shown in Figure 12: falling behind on housing costs, not keeping up with bills/debt payments, not being able to afford fresh fruit/vegetables daily and not eating when hungry in the previous two weeks as claimants could not afford food. Noticeable minorities of new claimants (17%–32%) reported each of these. All of these were much more common among new claimants than

among non-claimants. Existing claimants had similarly high levels of financial strain, but new claimants were noticeably more likely to be falling behind on housing costs, which highlights the combination of significant shocks to their incomes alongside fixed housing liabilities. Conversely, existing claimants were more likely to be unable to afford daily fruit/vegetables.

Figure 12: More severe financial strains among benefit claimants



* The combined 'any of these financial strains' category excludes 'not eaten in past 2wks', which was asked in a different survey of the wider public. Sources: (i) wider public for 'not eaten' question = WASD/YouGov survey of the general public, excluding those not of working age and benefit claimants, n=1,429; (ii) general public for other questions = Resolution Foundation/ YouGov survey of the working-age population, excluding benefit claimants, n=4,786; (ii) new/ existing claimants = WASD/YouGov survey of benefit claimants, n=3,056/3,151. The bars exclude a further 2-9% for each question who said 'don't know'.

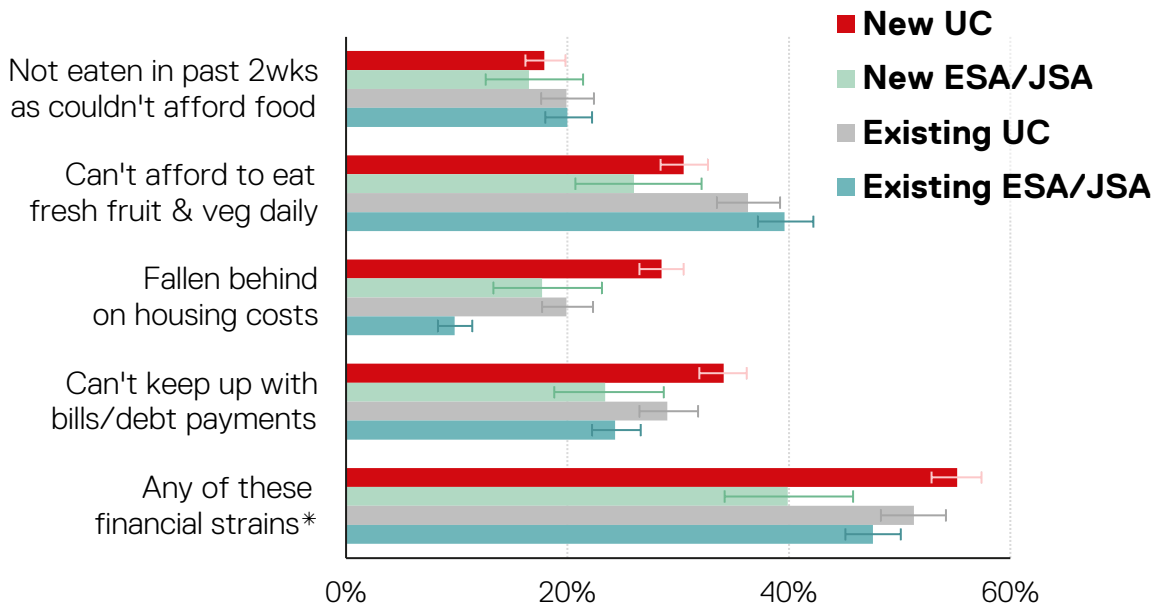
Overall, over half (53%) of new claimants experienced at least one of these more severe financial strains. This proportion was only slightly more than among existing claimants (49%) but was more than four times the proportion of the non-claiming general public (12%). Surprisingly, Figure 13 shows that these financial strains were no lower among UC claimants than among JSA/ESA claimants, even though UC – but not ESA/JSA – was made more generous during the COVID-19 pandemic (see Introduction). This becomes clearer when we explore different types of claimants and different types of financial strain:

- **New UC claimants** were particularly likely to have fallen behind on housing costs (28%) and 34% could not keep up with bills/debt payments – this reflects the sharp and sudden income shocks among many new claimants that we saw above.
- **New ESA/JSA claimants** had lower levels of financial strain, probably reflecting that they had higher levels of household income/savings (as otherwise they are likely to have instead claimed UC).

- **Existing ESA/JSA claimants** had the highest levels of food insecurity – that is, they were (slightly and more imprecisely) more likely to have not eaten in the previous two weeks as they could not afford food, and much more likely than new UC claimants to be unable to afford fresh fruit/veg daily.

Nevertheless, food insecurity was high among new UC claimants: 18% had not eaten when hungry in the previous two weeks as they could not afford food and 31% could not afford to eat fresh fruit/veg daily. In total, 55% of new UC claimants were experiencing one of these financial strains when we spoke to them in May/June 2020.

Figure 13: More severe financial strains among benefit claimants



* The combined 'any of these financial strains' category excludes 'not eaten in past 2wks', which was asked in a different survey of the wider public. Source: WASD/YouGov survey of benefit claimants, n=3,056/3,151. The bars exclude a further 2-9% for each question who said 'don't know'.

Our interviewees described the lived experience of these financial strains. We firstly describe their experiences of housing-related strains, before turning to financial strains more broadly.

Housing-related financial strain

Rent — and mortgage-related shortfalls were particularly concerning to participants: many were behind on these payments, and a number of those interviewed were concerned about potential eviction:

> **"I'm not able to pay my rent, and there's just been such a decrease in my income. How am I going to be able to pay my bills, my rent? I might be homeless soon, or where should I turn to, or I need some support."** Mo, male, 30s, new UC claimant

Those living independently (e.g. not with parents) and responsible for their accommodation were particularly likely to struggle to cover rents/mortgages, as well as other key outgoings. The shape of the local housing market also mattered, as the amount private renters could receive towards housing costs was dictated by Local Housing Allowance, which is calculated in a way that makes it more/less generous in different parts of the country. For example, Jacob, who lived in London, highlighted that the housing element of his payment was not sufficient:

> **"I would hope that the support from a programme, or whatever it's called, Universal Credit, would have been more robust. For example, the limit of how much you can claim for housing, for example, here it's £500 a month. You cannot live anywhere around – I mean, it's not Central London, but I've looked, and, unless I want to live in a cardboard box..."** Jacob, male, 20s, new UC claimant

This was an issue identified by both new and existing claimants. Another participant, Tim, who had difficulty finding adequate work due to a visual impairment, described the challenge of managing on his budget:

> **"A lot of the housing around here is like £900 a month, so if you put two and two together you might be able to rent somewhere, but you've got no money for a deposit, you've got no money for furnishings, you've got no money for electric and bills, you've got no money for food."** Tim, male, 30s, existing ESA claimant

Broader financial strains

For most new claimants, as highlighted in Chapter 4, the amounts received in benefits did not cover their outgoings. For many interview participants, this meant that there was nothing set aside for less frequent, or unexpected, costs, such as buying new clothes or shoes or replacing large electrical items if broken. As Debra described it:

> **"So everything's paid for and we've got food, but that's it. We've not got, you know – I hope the baby doesn't need any clothes in that time."** Debra, female, 20s, new UC claimant

Of the different markers of financial strain that we considered, food insecurity was the most emotive subject for participants and the most difficult to talk about. As well as describing the stresses of being unsure about whether they would have enough food, participants also talked about the stigma of seeking charitable support:

> **"I've been close, I've been very close [to visiting a food bank], but again there's a pride thing there. I know that's wrong because that looks as if I'm judging people who do use it, and I really don't. I've been very close a couple of times but I've not had to in the end, but it's going to happen more and more, and, I dare say, if I'm in the same situation in six months' time, I will have used a food bank a couple of times at least."** Dennis, male, 50s, existing UC claimant

> **"If it wasn't for me being able to get support from the food bank then I'd be in more panic. I'd be in a panic because I don't know how I would be able to do that, so I feel very fortunate. It was quite embarrassing for me to do it, actually, because I've never... I've always been the person that's given... I've never had to rely on charity."** (Erica, female, 40s, existing UC claimant)

This gap between income and outgoings was also experienced by existing benefit claimants who had experienced trying to manage on a low income for longer periods of time. Existing claimants often had little or no savings because they had either exhausted them already or not had any in the first place. ESA and JSA claimants had not benefited from the increased generosity of UC, while many existing UC claimants found a continuing gap between income and expenditure despite receiving higher payments during the pandemic. Dennis and Sandra had both been claiming UC since before the pandemic:

> **"After I've paid my gas, electric, TV licence, internet, because I've got no choice because they make me do everything online, once everything's gone down I'd be left with, it's something, I worked it out, something like £23 a week. That's to buy food and clothes and whatever."** Dennis, male, 50s, existing UC claimant

> **"It just about covers my rent. So before July it would be maybe £25 more than my rent, but now it covers my rent and it may cover some bills, not all my bills, but not anything else, not food or travel, just kind of living costs."** Sandra, female, 20s, existing UC claimant

For one participant, Susan, who had two adult, disabled children, the loss of work and move onto UC meant that the money she had used for support for her autistic sons was now being used to cover rent and other key bills. Susan also reflected on how the monthly-payment design of UC presented budgeting difficulties for her compared with more frequent benefit payments she had received previously:

> **"I was shocked, although I've been on benefits before, because it was all separate and it was all paid weekly or fortnightly. When it's all in one lump sum, it's just like, ahh, that doesn't even cover my rent, that one-month payment which needs to cover the rent, you know. I tend to juggle things, like this week I haven't paid the rent, so it's just, because the gas and electric are due, so I just juggle."** Susan, female, 50s, new UC claimant

5.2 HOW FINANCIAL STRAIN VARIED FOR DIFFERENT BENEFIT CLAIMANTS

We finish this chapter by considering whether different groups were more or less likely to experience financial strain. Drawing upon our survey data, we used logistic regression models to examine differences according to sociodemographic characteristics and whether claimants reported any reductions/deductions. We focus on two indicators: (i) having been hungry and not able to afford to eat in the previous

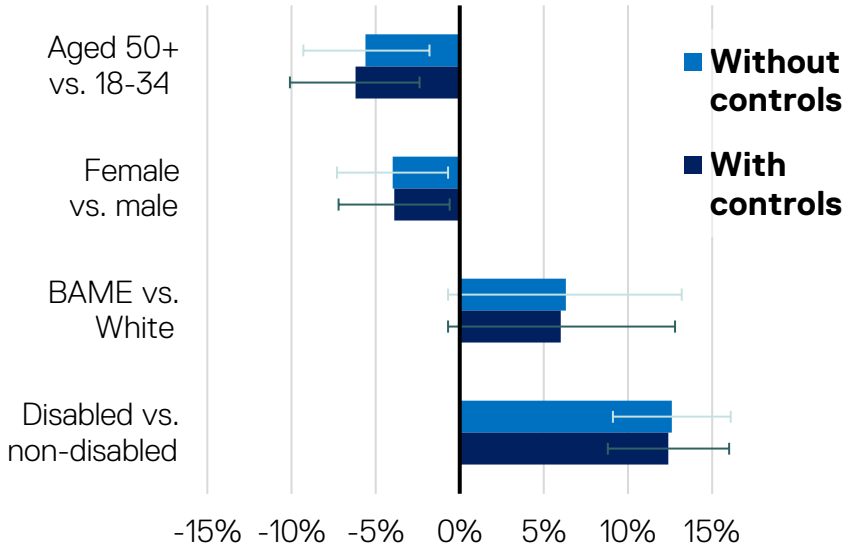
two weeks and (ii) falling behind on housing costs. For each indicator we report two estimates:

- Raw differences between each group relative to the reference group (i.e. without controlling for other observed differences between groups); and
- Differences after holding constant the other socio-demographic characteristics and the type of benefit that people were claiming (split by whether they were new or existing claimants).

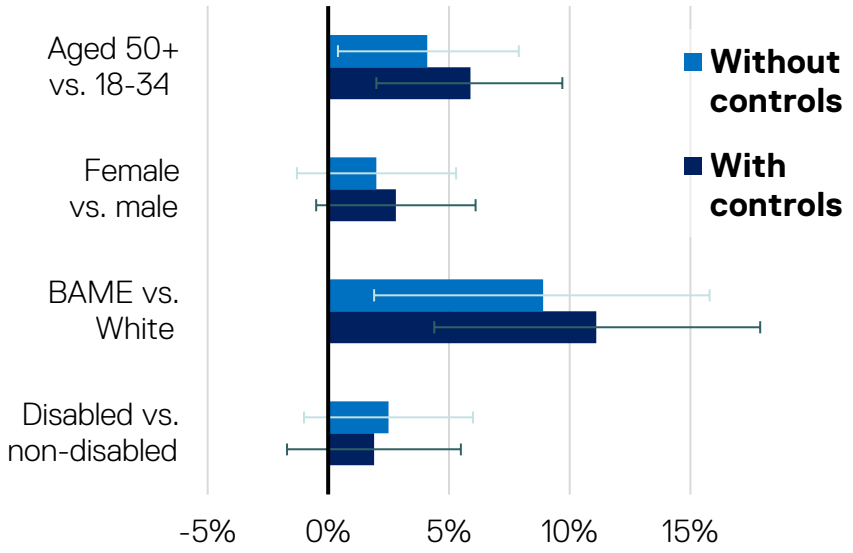
The results by gender, age, ethnicity and disability status are shown in Figure 14. This shows that BAME claimants were possibly more likely to be skipping meals and definitely more likely to be falling behind on their rent/mortgage. Disabled claimants were much more likely to be skipping meals compared with non-disabled claimants. The results for other groups were more mixed. Older claimants were less likely to be skipping meals than those in the 55–64 age range but more likely to have rent/mortgage shortfalls. Women were slightly less likely to have skipped meals but no less likely to have housing cost shortfalls (indeed, to the extent that there was a trend, it was in the opposite direction).

Figure 14: Socio-demographic differences in financial strain among new claimants

Been hungry and could not afford to eat in past two weeks



Falling behind on rent/mortgage

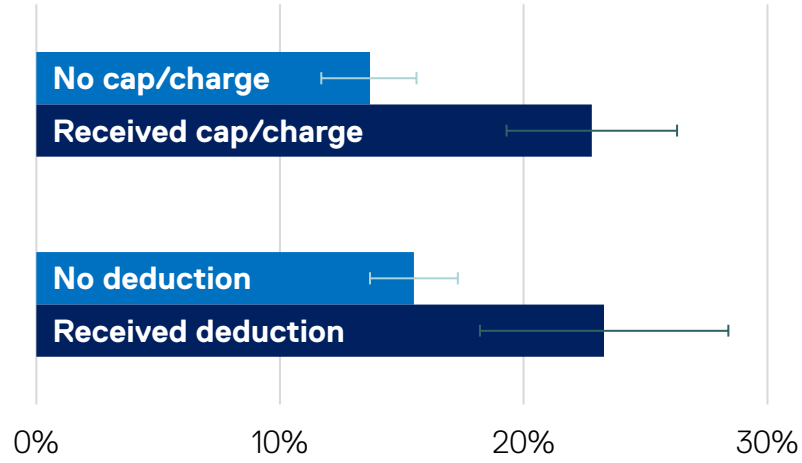


Sources: YouGov survey of benefit claimants, n=3,020 new UC/ESA/JSA claimants. Each bar reports the percentage point difference, controlling for age, gender, ethnicity, disability status and benefit type (UC vs. ESA vs. JSA).

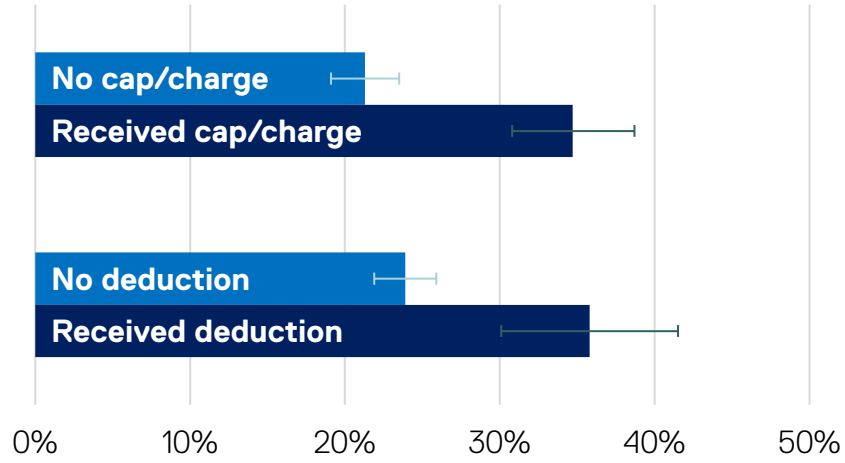
We also looked at how benefit caps/charges and deductions related to financial strain among new claimants after controlling for the above socio-demographic characteristics and whether they claimed UC, JSA or ESA (see Figure 15). This clearly shows that claimants who received either caps/charges or deductions were much more likely to experience financial strain: at least half as likely again.[32] In total, 65% of those with a deduction and 69% of those subject to a cap/charge had some form of financial strain (i.e. struggling to pay bills or food insecurity), compared to 49% of those without a deduction and 51% of those without a cap/charge. This does not necessarily mean that these caps/charges and deductions were the sole cause of this additional financial strain; for example, deductions may reflect long-standing financial struggles. However, it does show how extensive claimants' financial struggles are if their benefits payments are lowered by caps/charges/deductions.

Figure 15: Financial strain and reductions/deductions

Been hungry and could not afford to eat in the past two weeks



Falling behind on rent/mortgage



Source: WASD/YouGov survey of benefit claimants; the analysis focuses on the 295/2,333 who did/did not experience a deduction in their last payment (whether due to a UC advance, an earlier DWP debt, or a debt to someone else) and the 339/2,289 who did/did not experience a cap/charge in their last payment (including the benefit cap, two-child limit, and bedroom tax/under-occupancy charge).

5.3 SUMMARY

This chapter has provided further detail on the financial strains experienced by claimants. Although it was evident that people were using a range of strategies to try to manage financially (see Chapter 4), around half of claimants were experiencing severe financial strain (e.g. unable to afford bills or eat fresh fruit/veg daily), and the majority were unable to afford an unexpected expense such as replacing a fridge. Those who were experiencing benefit deductions/caps/charges were more likely to be experiencing financial strain. However, there were also some differences in relation to different groups of benefit claimants, with disabled claimants more likely to be skipping meals, and BAME claimants more likely to be falling behind on their rent/mortgage.

6. CONCLUSIONS AND POLICY IMPLICATIONS

This report has provided an understanding of the experiences of benefit claimants during the first wave of COVID-19 (and the first wave of our study) – that is, from May to September 2020. Drawing on unique mixed methods data from the most comprehensive national study examining working-age benefits during the pandemic, we have focused on two key aspects of people's experiences (i) the process of claiming social security benefits; and (ii) subsequent experiences as claimants receive, manage and spend their money.

As highlighted previously, our research includes the experiences of both new and existing claimants, reflecting the differences between these two groups of claimants. This report – and our on-going research – thus represent a substantive resource from which to understand claimants' experiences and also the benefits system's capacity to adapt and respond to unprecedented labour market disruption and economic crisis.

This chapter provides some concluding comments, as well as considerations for policy and practice. In line with the two key aspects highlighted above, we focus on the process of claiming and financial adequacy.

6.1 THE PROCESS OF CLAIMING

As highlighted in Chapter 1, the DWP made a number of changes during the pandemic in response to the unprecedented number of new applications for benefits. Our first wave of data collection shows that problems in applying were widespread (reported by 46% of new claimants), but claimants were sympathetic with regard to the challenges to the benefits system raised by the pandemic. Overall, the DWP's changes helped new claimants to navigate the system: not only did people receive their benefit payments, but many claimants were positive about both the online application system and the DWP staff they spoke to. (In a separate report, we also show that the number of people who failed to claim benefits because of problems navigating the system was low.)[33] This is the success story of the benefits system's response to the first wave of COVID-19.

However, this is only one part of the story. The benefits system was often felt to be confusing (for many of our new claimants this was their first interaction with it), with many claimants highlighting a lack of understanding with regards to eligibility, uncertainty around which benefit to apply for in the first instance, and uncertainty around the amount of benefit that they would receive. We also found that this uncertainty could cause delays in applying for the most suitable benefit (or indeed, as we show in a separate report,[34] that those rejected from UC did not consider applying for new-style JSA/ESA, even where they seemed likely to be eligible). In the medium term, it would be strongly desirable to join up the application processes for different benefits into a single portal that helps people decide which benefit to apply for. In the shorter term, it would be relatively straightforward for the DWP to signpost people

to the different benefits more clearly, both at the point of application, and when informing people that they have been rejected from receiving a particular benefit.

To address the complexity of the system, people need human contact: they want to speak to suitably qualified staff to answer specific queries and concerns. It was evident in our research that when claimants could access DWP staff, the majority spoke positively about these interactions (e.g. reporting that staff were kind and personable); however, there was a sense that some staff were 'reading from a script'. We acknowledge that these experiences may reflect the redeployment of DWP and other civil service staff during the COVID-19 pandemic. It was also common for claimants to seek supplementary informal advice (outside the DWP) through social media, family, friends and wider social networks, but the extent to which these networks were able to provide accurate advice is unknown. Moving forward, it is therefore vital to ensure that claimants always feel that there is a clear pathway to access DWP staff who are appropriately trained and have detailed knowledge to help them navigate the benefits system.

In the future – when more routine face-to-face contact is unproblematic again – the DWP will also have to consider which COVID-19-related changes are kept permanently. Although some claimants appreciate the ability to have meetings online/via telephone, many others prefer face-to-face interactions, and it will be valuable to introduce an element of choice over this. The DWP must also recognise that for most new claimants, there will not be a 'return to normal', because the benefits system during COVID-19 is the only one that they have ever experienced. As of May/June 2020, for example, most UC claimants were unaware that the amounts they received were higher because of the pandemic. Therefore, any post-pandemic changes (e.g. in relation to benefit levels or work-related requirements) need to be introduced carefully – and communicated fully in advance of their implementation – to avoid considerable levels of confusion among new claimants.

6.2 FINANCIAL ADEQUACY

Three sets of issues around financial adequacy were particularly important in our research: the level of benefit payments; the five-week wait; and deductions/caps/charges.

It was evident that many claimants were experiencing significant financial difficulties – around half reported a severe financial strain (e.g. being unable to afford bills or to eat fresh fruit/veg daily), and a majority were unable to afford an unexpected expense such as replacing a fridge. One-in-six new claimants and one in five existing claimants had skipped a meal in the previous two weeks because they could not afford food. It is also noteworthy that new claimants were more likely to be falling behind on housing costs, highlighting a mismatch between significant income shocks as this group moved onto benefits and fixed expenditure and financial liabilities. Claimants referred to a range of strategies in their attempts to manage financially, including borrowing from banks (using a credit card, overdraft or bank loan) or from friends/family, as well as receiving 'gifts' from friends/family. These strategies were routinely used by

claimants to bridge the, often considerable, gap between their basic cost of living and the amount of benefit they received. Food bank use and the use of emergency help from local authorities or third sector organisations were also evident.

Alongside the focus on processing an unprecedented number of new claims, we acknowledge that the DWP has made changes to the generosity of the working-age benefits system. More specifically, as highlighted in Chapter 1, the basic element of UC and Working Tax Credit were raised by £20 per week. Legacy JSA/ESA claimants who do not receive the uplift reported the highest levels of food insecurity. That said, our evidence suggests that even with the £20 uplift, benefit levels are inadequate for many claimants. Debates around the £20 uplift are on-going; we advocate that the uplift remains and is also extended to JSA/ESA claimants. However, in the longer term there is a need for a wider consideration of the adequacy of the benefits system.

The five-week wait for UC has also been widely debated. In fact, our data shows that the waiting period is often longer, because a proportion of claimants delay before submitting an application (see above). Some participants claimed an advance, and others felt that they could manage without one, but there were many others (17% of all new claimants) who avoided advances because they were worried about benefit debt. However, while they avoided benefit debt, in many cases they accumulated other debts instead while waiting for their first payment (e.g. borrowing from bank/credit card or friends/family), and over 40% skipped meals or fell behind on their rent/mortgage/other bills before their first payment.

The issue of deductions, caps and charges is linked to the five-week wait: the most common deduction from claimants' benefit payments was to repay a UC advance. Others had their payments reduced because of the benefits cap, the two-child limit or the bedroom tax/under-occupancy charge (which we collectively term 'caps/charges') or to repay debts to the DWP/others (other 'deductions'). In total, over 40% of claimants saw their payments reduced for one of these reasons. Those with either caps/charges or deductions were much more likely than other claimants to have fallen behind on their housing costs and skipped meals in the previous two weeks because they could not afford food.

These issues intersect with one another: if benefits are already a struggle to live on for many people, then it is unsurprising that reducing these payments further (because of either caps/charges or deductions) leaves claimants under considerable financial strain. We recognise that the DWP has taken steps to allow people to pay back UC advances over two years from October 2021, but this is unlikely to be sufficient. Reiterating existing calls to review the waiting period for the first payment, we advocate for its removal. Additionally, although our research does not focus specifically on the benefits cap, two-child limit and bedroom tax/under-occupancy charge, it is clear from our data that these are also associated with significant financial strain and should be reviewed.

6.3 LOOKING TO THE FUTURE

In many ways, COVID-19 has been a 'test' for UC in terms of its ability to respond to a significant economic crisis, and again we recognise the efforts of the DWP in successfully processing a huge volume of new applications. However, we believe that there is a need to consider how we measure 'success' within the context of the social security system. Although it has been successful in processing claims and providing financial support during the crisis, at the same time our evidence demonstrates that claimants struggled with various aspects of the application process and the adequacy of the system, all of which caused varying degrees of stress, confusion and financial hardship. Success in the benefits system should therefore be defined more broadly than the number of processed claims, to include experiences of all stages of the application process and an assessment of the adequacy of payments.

Furthermore, the analysis presented in this report is based on the first wave of our data collection, and we will be continuing to make a significant contribution to the on-going response to COVID-19 through the rapid sharing of data to support policy makers and practitioners in the delivery of social security. This report thus represents a starting point, rather than an end point. We will be undertaking two further waves of the YouGov survey, as well as a second wave of qualitative interviews with our existing participants. Our first wave of data collection highlighted that for many new claimants, their ability to cope financially was time-limited, as resources and coping strategies were set to run out in the medium term. Indeed, our first wave of research was conducted between May 2020 and September 2020 and, at that time, 'Autumn' was operating as a milestone in terms of when people hoped to return to employment. However, we have since experienced a complex COVID-19 tier system that has impacted disproportionately on particular sectors of the economy and particular regions of the UK, alongside further national lockdowns (continuing at the time of publication).

Additionally, within this report, although we have focused primarily on those making a claim during COVID-19 (new claimants), we have also considered those who were already claiming and continued to claim during the crisis (existing claimants). As highlighted previously, there are a number of important differences between new and existing claimants in relation to sociodemographic profile, occupational background and housing tenure.[35] Given regional and sector-based variations, and also the differences observed between new and existing claimants, significant consideration is needed as to how to provide appropriate support to claimants that reflects these variations as we gradually move from lockdown through to tiered restrictions and out of COVID-19.

With this crisis, we have reached a pivotal moment for raising significant questions about our social security system, particularly in relation to adequacy, but also the expectations that we have of claimants.

GLOSSARY

Advance payment (Universal Credit)

An advance payment is an amount of money loaned to Universal Credit claimants at the start of their claim while they wait for their first payment. Claimants can borrow up to a maximum of their estimated first payment and must pay this amount back in deductions from future payments. Advance payments must be repaid within 12 months (within 24 months from October 2021).

Bedroom Tax *(also known as 'under-occupancy charge' or 'removal of the spare room subsidy')*

This is a reduction in Housing Benefit or the housing element of Universal Credit for people who live in council or social rented sector housing and are classed as having one or more spare bedrooms.

Benefit cap

The benefit cap is a limit on the total income a household can receive from certain benefits. There are different levels of cap for those within and outside Greater London, those within couples and single people, and those with and without children. There are exemptions for some claimants in work with high enough incomes, and the cap excludes certain disability benefits.

Benefit deductions

Benefit deductions are amounts of money taken from final award payments to repay debts. Debts include the repayments of advances, other debts to DWP (e.g. from previous Tax Credit overpayments), and repayments to third parties (e.g. rent arrears, council tax arrears, utility arrears or court fines). These amounts are mandatory withdrawals from ongoing benefit awards.

Carer's Allowance

Carer's Allowance is a benefit for those who care for another person for at least 35 hours a week and who receive certain benefits. It is non-means tested and non-contributory, but the amount received is deducted from any Universal Credit award.

Claimant Commitment

The Claimant Commitment is a document that is required to be accepted as a condition of entitlement to Universal Credit (UC). People's work-related responsibilities are recorded in one place, clarifying both what they are expected to do in return for benefits and support and what happens if they fail to comply (i.e. the application of a benefit sanction).

Confidence Interval (CI)

Roughly speaking, the confidence interval (CI) shows the range of uncertainty around a statistical estimate that arises because of random error (e.g. only speaking to a sample of claimants) – in general, smaller samples will have wider confidence intervals. We here refer to 95% confidence intervals to show the range that we can be pretty confident that our survey estimate lies in, despite random

error. It does ***not*** refer to any other sources of error, e.g. any errors in people's memory, or because the sample itself is not fully representative of the general population. (Technically speaking, a 95% CI means that if we did 100 surveys, then in 95 out of 100 of them the true value would lie in the 95% CI. But the plain English definition above is approximately correct, and much easier to interpret).

The Coronavirus Job Retention Scheme (JRS) – 'furlough'

The Coronavirus Job Retention Scheme (often known as 'furlough') is a Government scheme that allows employers who cannot pay the wages of their staff to receive a grant to cover 80% of their wages while they are furloughed. The scheme started in March 2020 for a limited period but has been extended in response to the on-going pandemic and is currently set to run until April 2021.

Department for Work and Pensions (DWP)

The DWP is the government department responsible for social security benefits.

Digital by default

Digital by default is a commitment to digital services as the primary means of service delivery. It is also a commitment by the UK Government to providing digital services that are so simple and easy to use that most people choose to adopt them.

Employment and Support Allowance (ESA)

Introduced in 2008, ESA replaced Incapacity Benefit and Income Support for those who are ill or disabled. Following the application of a Work Capability Assessment (WCA: see below), those determined as 'fit for work' are not entitled to claim ESA but can claim Jobseeker's Allowance (JSA) (or UC if they live in a UC area) and will be subject to conditionality appropriate to those benefits. Those assessed as having 'limited capability for work', but deemed likely to become capable of work, are placed in the Work Related Activity Group (WRAG) and must undertake mandatory steps to prepare for paid work in the future. Failure to undertake personalised work-related activity as specified in the claimant's action plan may result in the application of benefit sanctions. Individuals assessed as having 'limited capability for work and limited capability for work-related activity' due to their levels of impairment are placed in the Support Group (SG) and exempted from any work search and preparation requirements.

Income-based (i.e. means-tested) ESA is currently being phased out and replaced by UC (see below). However, people can still claim 'new-style' ESA if they have sufficient recent National Insurance contributions.

HM Revenue & Customs (HMRC)

HMRC is the UK's tax, payments and customs authority. It is also the administrator of Tax Credits, which are being replaced by Universal Credit.

Housing Benefit

Housing Benefit is a means-tested benefit paid towards the housing costs of those on a low income. It has been replaced by the housing costs element of Universal Credit for those of working age.

Income Support

Income Support is a working age, means tested benefit for those on a low income to cover their living costs. It has been replaced by Universal Credit.

Jobcentre Plus (JCP)

Established in 2002 when the Employment Service and the Benefits Agency were amalgamated, JCP is the government-funded employment agency tasked with helping working-age people find paid employment and delivering social security benefits. It is a part of the DWP.

Jobseeker's Allowance (JSA)

JSA can be paid to claimants who are unemployed and looking for full-time work. It is available for people aged 18 or older (and sometimes 16–17) but below State Pension age. Recipients must have entered into a Jobseeker's Agreement and must be capable of, and available for, work as an employee or as self-employed. Recipients must also be actively seeking work (i.e. taking such steps as they can reasonably be expected to take in order to have the best prospects of securing employment).

There are two types of JSA:

(1) JSA (contribution-based) (JSA(C)). This is a personal benefit paid at a flat rate to those who have paid or been credited with sufficient National Insurance (NI) contributions in the last two full tax years before the benefit year in which they make their claim. It is payable regardless of the amount of any savings or investments held, but the amount payable can be reduced by part-time earnings and occupational or private pensions.

(2) JSA (income-based) (JSA(IB)). This is paid to those whose income and capital (including those of any partner) are below a certain amount. Where appropriate, entitlement to JSA(IB) can arise irrespective of how much (if anything) the claimant has paid by way of NI contributions, and thus a claimant who is entitled to JSA(C) may be entitled to JSA(IB) at the same time. To be entitled to JSA, a person must not be engaged in remunerative work, i.e. working for more than 16 hours a week on average.

Income-based (i.e. means-tested) JSA is currently being phased out and replaced by UC (see below). However, people can still claim 'new-style' JSA if they have sufficient recent National Insurance contributions (similar to contribution-based legacy JSA).

Legacy benefits

Legacy benefits is the term used by Government to describe the group of six means-tested benefits replaced by Universal Credit (see below).

Local Housing Allowance (LHA)

Local Housing Allowance rates are set and used to calculate Housing Benefit levels for tenants in private rented accommodation. Rates are calculated by Valuation Office Agency Rent Officers on the basis of rents being paid for different sized properties by tenants in a local area. In April 2020 LHA rates were increased to

ensure they reached at least 30% of market rents in the area. LHA rates had previously been frozen between 2016 and 2020 and under present plans the freeze will return in 2021.

Minimum income floor (MIF)

The minimum income floor (MIF) is an assumed level of earnings linked to expectations about 'gainful self-employment'. It is calculated on the basis of the National Minimum Wage and the number of hours a claimant is expected to be looking/available for work. If earnings are below the MIF, it is used to calculate the UC award.

'New-style' ESA/JSA

New style ESA/JSA are contributory benefits that those with recent National Insurance contributions can still claim (i.e. they have not been replaced by UC) – see under 'Employment and Support Allowance (ESA)' and 'Jobseeker's Allowance (JSA)' above.

Personal Independence Payment (PIP)

PIP replaced Disability Living Allowance for people with a disability who are aged 16 to 64. PIP is designed to contribute towards some of the extra costs associated with living with a long-term health condition or disability.

Two-child limit

Benefit claimants cannot claim the child element of Universal Credit in respect of a third or subsequent child born after April 2017 (unless special circumstances apply).

Universal Credit (UC)

Initially introduced in 2013, UC replaces four of the existing means-tested social security benefits and the two tax credits for working-age people (Income Support, JSA(IB), income-related ESA, Housing Benefit, Child Tax Credit and Working Tax Credit). The rollout of UC is currently ongoing, and new claims for the old ('legacy') benefits or tax credits will end nationally from February 2019. The remaining claimants still receiving these benefits or tax credits will be moved over to UC in a process managed by the DWP. This managed migration of claimants will take place between July 2019 and December 2023. Claimants on UC with a health condition or disability will have their requirements tailored to meet their capabilities. Claimants on UC with health conditions or disabilities may also be subject to the WCA (see below) to determine their required level of support and engagement.

Working Tax Credit

Working Tax Credit is a means-tested payment being replaced by UC. It is paid to those on a low income working above a certain number of hours per week.

ENDNOTES

1 Letter from Peter Schofield to Chair of the Work and Pensions Committee, 21st April.

2 Gov.uk Press Release: "Coronavirus support for employees, benefit claimants and businesses", 13th March.

3 Gov.uk Press Release: "Face-to-face health assessments for benefits suspended amid coronavirus outbreak", 16th March.

4 https://publications.parliament.uk/pa/cm5801/cmselect/cmworpen/178/17813.htm#footnote-147-backlink

5 Work and Pensions Committee, Oral evidence: The DWP's response to the coronavirus outbreak, HC 178, 25th March, Q17.

6 Work and Pensions Committee, Oral evidence: DWP's response to the coronavirus outbreak, HC 178, 23rd April, Q90, Q70, Q118.

7 Gov.uk Press Release: "Coronavirus support for employees, benefit claimants and businesses", 19th March.

8 All under "The Social Security (Coronavirus) (Further Measures) Regulations 2020" (SI2020/371).

9 Deductions to repay UC advances were not paused during the first lockdown; it was only benefit-related overpayments, social fund loans and third party deductions that were paused. On the reintroduction of claiming back overpayments, see Gov.uk Guidance: "Benefit overpayment recovery: staff guide", 7th July.

10 **McInnes, R.** (2020) Benefits Uprating 2020, House of Commons Briefing Paper 8806, online at: https://commonslibrary.parliament.uk/research-briefings/cbp-8806/

11 With respect to these groups of 'new' and 'existing' claimants, it is worth clarifying that some new claimants were also existing claimants:

23% of new UC/ESA/JSA claimants were also claiming one of these benefits just before the pandemic (mostly ESA/JSA claimants putting in new UC claims), and 15% were claiming another benefit just before the pandemic (tax credits, Income Support, Carer's Allowance, Housing Benefit or Disability Living Allowance/Personal Independence Payment for an adult or child). 20% were not claiming just before the pandemic but had previously claimed UC/ESA/JSA, and a further 6% had previously claimed another benefit. Only a minority (35%, 95% CI 33–38%) had not claimed any of these benefits/tax credits before.

Most of these existing claimants had applied more than a year before the pandemic (65%), and a substantial minority had applied over five years before (27%).

12 **Edmiston, D; Geiger, BB; De Vries, R; Scullion, L; Summers, K; Ingold, J; Robertshaw, D; Gibbons, A; and Karagiannaki, E.** (2020) Who are the new COVID-19 cohort of benefit claimants? Welfare at a (Social) Distance Rapid Report #2. The Welfare at a (Social) Distance project; http://hub.salford.ac.uk/welfare-at-a-social-distance/

13 Note that some claimants will claim multiple benefits (it is possible to claim new-style JSA alongside UC, for example). The categories in the main text are priority-coded: UC, then ESA, then JSA. Claimants may also be claiming other benefits alongside these (e.g. Child Tax Credits).

14 The remainder (5%) were unable to remember.

15 Some of these problems were because the 'digital by default' principle of UC was challenging for people who are digitally excluded (**Beatty and Povey**, 2018; **Cheetham et al.**, 2019; ONS, 2019). In response, the DWP made considerable efforts to help people with weaker digital skills to navigate the system (e.g. by introducing 'Help to Claim', a DWP-funded service provided by Citizens Advice to help people until the first full payment of UC has been received). For more on Help to Claim, see https://wearecitizensadvice.org.uk/help-to-claim-the-story-so-far-63c1ab5510c8

16 House of Commons Work and Pensions Committee (2020) DWP's response to the coronavirus outbreak. First Report of Session 2019–21. London, House of Commons, online at: https://committees.parliament.uk/publications/1558/documents/14743/default/.

17 See https://www.rightsnet.org.uk/welfare-rights/news/item/verification-process-for-universal-credit-is-facing-capacity-challenges-as-477000-claims-are-made-in-just-nine-days; e.g. BBC 25th March, 'Coronavirus: The newly jobless struggle to claim benefits', https://www.bbc.co.uk/news/uk-52028644; Letter 3rd April 2020 from Peter Schofield, DWP Permanent Secretary, to the Chair of the Work & Pensions Select Committee: https://publications.parliament.uk/pa/cm5801/cmselect/cmworpen/correspondence/Letter-from-Peter-Schofield.pdf

18 See https://www.ukauthority.com/articles/dwp-directs-universal-credit-claimants-to-government-gateway/ and https://www.gov.uk/government/news/don-t-call-us-we-ll-call-you

19 **Edmiston et al.** (2020) op cit.

20 Please note that the figures reported in this section are for successful claimants only. Those who had their claims rejected or did not end up submitting an application are not included.

21 New claimants during the pandemic were encouraged to apply online. However, alternative methods – principally telephone and paper applications – were made available for those who were unable to apply online. Among our respondents, 93% of new claimants applied online (compared with 50% of existing claimants having applied online).

22 In late March, various reports indicated that the challenges in the application process were being resolved (https://cpag.org.uk/welfare-rights/resources/e-bulletins/early-warning-system-e-bulletin-april-2020). We therefore compared the prevalence of reported problems with applications before and after 1st April. Our data shows that the proportion of new claimants experiencing any of the above problems declined from 51% prior to 1st April to 43% after 1st April (this difference was statistically significant). On examining changes in specific types of problem, it appears that the main improvements over this period concerned the website (36% of new claimants claiming before 1st April reported problems with the website, compared with 30% of those claiming after 1st April) and the phone system (33% compared with 23%). The proportion of claimants experiencing other types of problem did not decline appreciably after 1st April.

23 https://www.gov.uk/universal-credit/how-youre-paid. Note that there are small 'run-on' payments for some of those moving from legacy benefits to UC: see e.g. https://committees.parliament.uk/publications/2505/documents/24909/default/

24 https://publications.parliament.uk/pa/cm5801/cmselect/cmworpen/204/20402.htm

25 See e.g. **Brewer, M. and K. Handscomb** (May 2020). This time is different – Universal Credit's first recession. London, Resolution Foundation, for their analysis of DWP administrative data.

26 **Edmiston et al.** (2020) op cit.

27 We asked claimants to report which deductions/caps/charges they had received in their last payment. We cross-checked this against whether they had received an advance when they started their claim (in this case, we can infer that they must still have been repaying an advance, apart from in the relatively rare situations in which repayments are deferred by up to three months in 'exceptional circumstances').

The resulting estimates are reassuringly close to the DWP's administrative data:

The DWP's administrative data shows that 40% of UC claimants in May 2020 were receiving a deduction. (They do not split this by new vs. existing claimants). This is not quite comparable to our data, as the DWP figures refer only to those due to receive a payment that month (Stat Xplore data suggests that 12% of UC claimants did not receive a payment in May 2020). The DWP data therefore suggest that 35% of all UC claimants received a deduction in May 2020.

Using the definition in the main text, 29% (95% CI 28%–31%) of UC claimants reported a deduction. However, a further 6% of UC claimants in our survey reported a deduction that they didn't understand. If we add these to the figures in the main text (focusing only on deductions, excluding caps/charges), then 33% of UC claimants reported a deduction (95% CI 31%-35%). This is reassuringly close to the DWP's administrative data.

28 Only 3% (95% CI 1%-5%) of new JSA claimants and 15% (95% CI 13%-17%) of existing ESA claimants reported a cap/charge/deduction in their most recent payment. Levels among new ESA and existing JSA claimants were more similar to those of UC claimants (excluding advance repayments), although because the sample sizes are smaller, our estimates become less precise (22% (95% CI 14%-33%) and 22% (95% CI 17%-29%) respectively).

29 The survey question was, 'Now comparing your situation before the coronavirus outbreak started (i.e. at the end of February 2020) to now… to what extent has your household's income (the money you and any partner have coming in from earnings, benefits and other sources) increased or decreased, or has it stayed broadly the same?'

30 These categories are taken from the Resolution Foundation report by **Handscomb, K. and Judge, L.** (2020), Caught in a (Covid) trap: Incomes, savings and spending through the coronavirus crisis. Resolution Foundation.

31 We compared the mental health and financial situation of unsuccessful claimants with those of the general population. To do this, we used two surveys: (i) a YouGov survey of 6,000 working-age people conducted 6th–11th May for the Resolution Foundation (also funded by the Health Foundation); and (ii) a YouGov survey of 1,600 working-age people conducted 21st May–15th June for the Welfare at a (Social) Distance project. Many thanks to the Resolution Foundation for making their data available for this report.

32 In percentage point terms, those with deductions were 9% (95% 5%-13%) more likely to skip meals and 13% (9–18%) more likely to have rent/mortgage shortfalls; those with caps/charges were 8% (2%-13%) more likely to skip meals and 12% (6%–18%) more likely to have rent/mortgage shortfalls.

33 **Geiger, B. B., Scullion, L., Summers, K., Martin, P., Lawler, C., Edmiston, D., Gibbons, A., Ingold, I., Karagiannaki, E., Robertshaw, D. and de Vries, R.** (2020). At the edge of the safety net: Unsuccessful benefits claims at the start of the COVID-19 pandemic, Welfare at a (Social) Distance, Rapid Report #3.

34 **Geiger, B. B. et al.,** (2020) op cit

35 **Edmiston, D et al.,** (2020) op cit

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