



## Policy Scotland Working Paper

# The COVID-19 Crisis and Universal Credit in Glasgow: January 2021

**Dr Sarah Weakley, Research and Impact Officer, Policy Scotland**

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## Key Issues

**End of the shock, but high need remains:** As of November 2020, there were just over 71,000 people on the Universal Credit caseload in Glasgow – 88% higher than in early March 2020. This represents around 15% of all people on Universal Credit in Scotland (474,881). The majority of the increase to the Universal Credit caseload occurred between March and July 2020; since that time the caseload has stayed consistent at this high level.

**Staying on for longer:** One of the more worrying issues is that very few people have been able to leave the Universal Credit caseload if they started in the spring. 28,000 people in Glasgow who started Universal Credit in the spring have been unable to leave it within six months; some of these people will have been engaging with Universal Credit for the first time. Now 71% of the Glasgow caseload has been receiving Universal Credit between six months and two years. This also illustrates that people who were struggling before the crisis have, unsurprisingly, been unable to move out of poverty.

**In-work crises:** The pandemic has exacerbated the crisis of in-work poverty which appears in UC data, as it is a programme that serves low-income people both in and out of work. Since March, there has been a 127% increase in the number of people in Glasgow in work who have had to access Universal Credit to make ends meet. There has been a 236% increase in the number of people in Glasgow who are in the ‘working with no requirements’ conditionality group; making enough to stay above the conditionality threshold but not enough to stay out of poverty. People in low wage, public-facing sectors are those for whom the labour market crisis has been most severe, and many with insecure contracts may have not been eligible for furlough schemes. There are distinct concerns that the current lockdown period (January 2021) and the end of job support schemes in the spring will lead to even higher redundancies and income crises.

**Conditionality:** 44,000 people on Universal Credit in Glasgow are subject to conditionality – the highest figure on record – which includes both those out of work and those in work but whose income from work is not above the earnings threshold<sup>1</sup>. The sanctions regime resumed in July amidst a labour market with vacancies still lower than pre-crisis levels. These low vacancies are one reason why most claimants have been unable to leave the caseload. New research continues to assert that conditionality requirements are mismatched with the labour market context and needs of claimants and that benefit sanctions are counterproductive, particularly for claimants who are already attached to the labour market.

**Adequacy, debt and long-term impacts:** The level of support in the UK social security system is meagre by design, with eligibility criteria very low so that people who are accessing the system are often doing so as a ‘last resort’ with very little savings or support to fall back on. If Universal Credit is the only source of income for a recipient per month, the majority of this award will go towards housing costs and the amount left for utilities, food and other essentials is therefore often very low. Longer durations on Universal Credit means that people have been living on persistent low incomes, with many households falling deeper into debt and having to go without essentials. The £20 uplift in the Universal Credit standard allowance in March 2020 kept many more families from falling deeper into poverty, but this is set to expire in April 2021 and should be kept and extended to those on legacy benefits to keep people afloat during this continued crisis period.

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<sup>1</sup> £343 per month for a single adult or £549 per month joint income.

# 1. Introduction

This is the third working paper in the series on Universal Credit (UC) in Glasgow and Scotland. It uses publicly available Department for Work and Pensions (DWP) data to investigate the income crisis among low income people who access Universal Credit in Scotland during the COVID-19 pandemic with a focus on data at the Glasgow City local authority level. This supplements labour market data reported at a larger geographic scale. The data contained in this report stretches to late autumn 2020. The longer time horizon of three quarters since the first working paper allows us to see how UC caseload trends illustrate the scale of the crisis and the groups most impacted. This paper reports on these trends and considers the implications of these trends on policy and practice (Section 4).

Many researchers in the summer were concerned about the potential ‘cliff edge’ when the Job Retention Scheme (i.e. furlough) was set to expire on 31 October 2020. As a response the UK government in the autumn put into place the Job Support Scheme (JSS), which provides incentives for employers to retain staff on shorter hours. After notable policy changes JSS is now a ‘functioning short-time working scheme’<sup>2</sup>, that will be able to protect some household incomes through the winter period. For firms that continued to be impacted by national and regional lockdowns, this flexibility is essential. Although this is welcome, the support provided by the Job Support Scheme (and its predecessor) has not been able to fully stem the tide of employment and income crises particularly for those who were not eligible for the scheme. This programme is set to expire in the spring, along with many other coronavirus-specific programmes of support – another cliff edge on the horizon.

The recent labour market report from the Office of National Statistics<sup>3</sup> reported the largest number of redundancies in one quarter across the UK from August to October – 380,000 – and a net decrease in employment. This decrease is driven by falls in employment for men, especially for men who were self-employed, and for younger workers. These figures showed some signs of improvement, however, with more hours worked on average than from the lows of the summer and more people in the UK moving from inactivity to unemployment (which indicates that people are now actively seeking work). The economic crisis that seemed to be improving through the early autumn, however, will likely be dealt an additional blow with the new set of national lockdowns announced in January. At the time of this writing Scotland is amidst a national lockdown similar to the restrictions in March 2020, with the closure of non-essential retail, most hospitality and schools.

The impact of the current lockdown restrictions will not appear in the labour market and Universal Credit caseload data until next quarter. However, research during the first lockdown<sup>4</sup> on families and individuals on low incomes demonstrated the increase in material deprivation, the higher household costs facing families with children at home during lockdown, and the need for people to access additional forms of support such as food banks. The people who were struggling in the first lockdown will still be facing significant challenges.

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<sup>2</sup> Resolution Foundation. 2020. Sorting it out. <https://www.resolutionfoundation.org/publications/sorting-it-out/>

<sup>3</sup> Office of National Statistics. 2020. Employment in the UK: December 2020. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/latest#employment>

<sup>4</sup> There are a variety of research projects and reports that detailed the challenge facing low income people from a variety of different backgrounds and communities during the lockdown in spring 2020. While it is not possible to detail all of the research projects here, in Scotland this includes work in Glasgow and South Lanarkshire from the [Children’s Neighbourhoods Scotland project](#) from the University of Glasgow; the University of Glasgow’s [Scotland in Lockdown project](#); and Treanor’s [evaluation of Aberlour’s Urgent Assistance Fund](#). Work across the UK from the [Joseph Rowntree Foundation](#), the Child Poverty Action Group’s [Early Warning System](#) (and many more campaigns), and the [Trussell Trust](#) also provide detailed pictures of the crisis facing people in the UK. New research from the [Covid Realities project](#) and [Welfare at a \(Social\) Distance](#) speak to the challenges within the social security system more pointedly.

In 2020 many low income families drew down their savings or got further into debt as a result of this crisis<sup>5</sup> – issues that are likely to be exacerbated as this crisis lingers on.

One of the common findings of research in 2020 was that while the social security system was able to adequately address the large influx of claimants to Universal Credit from an administrative perspective, the support provided by social security is inadequate to meet the needs of people in crisis. Universal Credit is a means-tested programme of social assistance and aims to be a short-term programme of last resort for people in crisis – a safety net rather than a social insurance system. It therefore has low income replacement rates, where income from social security replaces just 50% of the average disposable income from work<sup>6</sup>. Therefore, despite the increase in UC entitlements since March, Universal Credit payment amounts provide a very low level of income support for recipients to cover their essentials.

### 1.1. The DWP Claimant Count and limitations of UC data

UC data does not capture the full extent of those who are unemployed, underemployed or those economically inactive. This is due to the nature of the UC eligibility requirements and, for some, the desire to avoid entering a system such as Universal Credit. Work by the *Welfare at a Social Distance* project investigated the people who made an initial claim to Universal Credit in the spring but who were unsuccessful, and found that a majority of those people were unsuccessful due to being over the savings and asset limits<sup>7</sup>.

There are also people in the UK who are unemployed who access New Style Jobseekers Allowance (JSA) which is based on their national insurance contributions and can be accessed for 6 months. Additional information about the number of people in the UK claiming social security due to unemployment can be found in the DWP Claimant Count data, which includes people who receive UC in the ‘searching for work’ conditionality group and people who receive New Style JSA. Most recent figures report that in November 2.7 million people across the UK are in this group. This represents a monthly increase of 2.5% and an increase of 114.8%, or 1.4 million, since March 2020<sup>8</sup>.

### 1.2. Data used in this paper

The data used in this working paper comes from three datasets contained in DWP’s Stat Xplore system, which is publicly available<sup>9</sup>.

- **Universal Credit Claims:** the number of claims made to Universal Credit in one week, from Friday to Thursday. *This working paper contains the most recent data from October 2020.*
- **Universal Credit Starts:** the monthly count of people who have started on Universal Credit, measured from the second Friday in the previous month to the second Thursday in the current month. Starts are a series of statistics used to summarise the number of new claimants to Universal Credit. A

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<sup>5</sup> Brewer, M and Patrick, R. 2020. Pandemic Pressures: Why families on low incomes are spending more during Covid-19. Resolution Foundation Briefing Note. <https://www.resolutionfoundation.org/app/uploads/2021/01/Pandemic-pressures.pdf>

<sup>6</sup> Resolution Foundation. 2020. This time is different – Universal Credit’s first recession.

<https://www.resolutionfoundation.org/publications/this-time-is-different-universal-credits-first-recession/>

<sup>7</sup> Geiger, B et al. 2020. At the edge of the safety net: Unsuccessful benefits claims at the start of the COVID-19 Pandemic. Rapid Report #3: Welfare at a (Social) Distance, University of Salford. <http://hub.salford.ac.uk/welfare-at-a-social-distance/wp-content/uploads/sites/120/2020/10/Rapid-Report-3-Unsuccessful-claimants.pdf>

<sup>8</sup> ONS. 2020. Ibid.

<sup>9</sup> For additional information on all data captured by DWP and the relationship between the two datasets please see DWP. 2020. Universal Credit statistics: background information and methodology.

<https://www.gov.uk/government/publications/universal-credit-statistics-background-information-and-methodology/universal-credit-statistics-background-information-and-methodology#methodology>

person is deemed to have ‘started’ if they have accepted their ‘claimant commitment.’ The count of ‘starts’ simply counts the number of people that have accepted their claimant commitment for the first time for Universal Credit in an assessment period. *This working paper contains the most recent data from October 2020.*

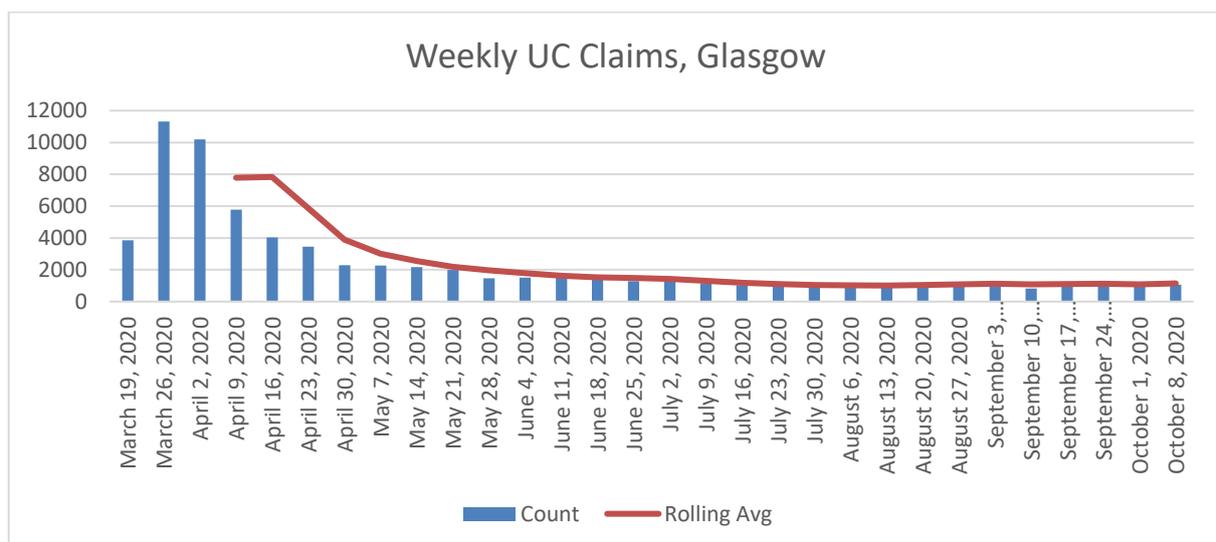
- **People on Universal Credit:** the count of people receiving Universal Credit at a single point in time, the second Thursday of every month. The People on Universal Credit data series counts the number of people who have started a claim for Universal Credit and are on a Universal Credit contract for which no end date has been recorded. Both individuals on a joint claim are counted separately but any dependants are not. This includes joint claimants living in the same household. *This working paper contains the most recent data from November 2020.*
- **Households on Universal Credit:** the count of households receiving Universal Credit at a single point in time the second Thursday of every month, which is comprised of households containing single adults and couples. Universal Credit payments are made one per household. The data used here is on the types of families that comprise the household (e.g. single with no dependents) and the average monthly UC award. Most people who are counted in the People in UC dataset are also captured in the Households on UC dataset. *This working paper contains the most recent data from August 2020.*

## 2. Universal Credit in Scotland

### 2.1 Universal Credit Claims

In the first two weeks of lockdown in late March and early April, over 40,000 weekly claims were made to Universal Credit in Scotland (DWP 2020); over 10,000 of those were made in Glasgow (Figure 1). The number of claims made from July onwards in Glasgow have remained consistent at pre-crisis levels with a rolling average of around 1,000 new claims made per week, with no new major spikes in claim activity since the summer (Figure 1). Since the week of 19 March, a total of 71,000 claims have been made to Universal Credit in the Glasgow postcode area<sup>10</sup>.

**Figure 1: Weekly UC Claims, Glasgow**



<sup>10</sup> Postcode area measurement contains a slightly larger geographic area than the Glasgow City local authority, as it contains all postcodes in Scotland that begin with ‘G’. Although the majority of the postcode is comprised of the Glasgow City local authority, the postcode also contains areas of West Dunbartonshire and smaller areas of Argyll and Bute, East Dunbartonshire, North Lanarkshire, South Lanarkshire, East Renfrewshire and Stirling.

## 2.2 Universal Credit Starts

The most recent three months of data from August suggest again a ‘normalising’ of new entrants onto the Universal Credit caseload in Scotland. There are now around 15,000 new starts to UC per month since August (Table 1). In total since March, just under 280,000 people have made starts to UC in Scotland.

**Table 1: UC Starts, Scotland**

UC Starts, Scotland (March - October 2020)								
	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020	September 2020	October 2020
<b>Scotland</b>	14,644	103,436	71,952	25,028	19,802	14,588	15,017	15,414

Table 2 details the number of UC starts for the four Scottish postcodes with the highest number of starts since March 2020. In each of these postcode areas the number of starts to Universal Credit returned to pre-crisis levels in August. This suggests that the more acute crisis had passed by late summer (and indeed this is what labour market figures suggest) so that far fewer new people are moving on to the caseload as they were through the spring and summer. In the Glasgow postcode area just under 73,000 starts have been made to Universal Credit since March, representing around 15% of all starts in Scotland.

**Table 2: Monthly Universal Credit Starts, four postcodes with highest starts**

Monthly Universal Credit Starts, Glasgow (March - October 2020)									
Postcode	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020	Sept 2020	Oct 2020	March – Oct (count)
<b>Glasgow</b>	3,919	26,812	18,635	6,629	5,350	3,720	3,976	3,932	72,973
<b>Edinburgh</b>	2,435	18,689	15,457	4,497	3,669	2,648	2,802	2,797	52,994
<b>Aberdeen</b>	1,539	8,058	7,186	2,562	1,980	1,679	1,942	2,108	27,054
<b>Motherwell</b>	1,159	8,272	5,206	1,810	1,479	996	1,007	1,055	20,984

Monthly Universal Credit Starts (March - October 2020)

## 2.3 Universal Credit caseload (People on UC)

Claims and starts data illustrate how UC use has changed over the course of this crisis and can give a sense of the scale of income shocks that have occurred since March. When viewing starts and claims data in isolation the picture looks relatively positive, as the peak of people moving on to Universal Credit has passed. However, caseload data in Table 3 captures a point in time and shows the number of people who are in receipt of Universal Credit and on persistent low incomes. Caseload data includes those who are not only new to UC. In Scotland more than 200,000 people entered the UC caseload since the start of this crisis.

Glasgow’s caseload since the beginning of March has grown by 88% to just over 70,000 people (Table 3), with the largest increases between March and July. Edinburgh has seen a sharper uptick by percentage over the crisis – with the caseload more than doubling since March. But by virtue of Glasgow’s higher poverty levels the number of people in Glasgow who receive UC is nearly double that of Edinburgh in November 2020; a local authority area with roughly the same population size. Although it is unlikely that all 33,000 people who are now on the caseload are ‘new’ to UC, given what is known about the dynamics of benefit receipt, there will be some who are interacting with the benefit system in this way for the first time.

**Table 3: People on UC, 5 local authorities with the largest caseloads November 2020**

People on Universal Credit, 5 local authorities with largest caseloads November 2020					
Geography	March 2020	July 2020	November 2020 (p)	% change Mar - Nov	% change Mar - Oct
<b>Glasgow City</b>	37,380	68,016	71,019	88%	89%
<b>City of Edinburgh</b>	14,425	34,948	36,735	149%	154%
<b>Fife</b>	21,846	35,091	35,668	63%	63%
<b>North Lanarkshire</b>	19,543	33,794	33,766	73%	73%
<b>South Lanarkshire</b>	17,466	29,670	29,478	69%	69%
<b>Scotland</b>	264,117	466,417	474,881	79%	80%

From July to November the caseloads increased at a slower and steadier rate, with increases between 1 – 4% month to month. It is expected that the caseloads will not experience a sharp uptick again as in spring 2020, but given the recent stay at home orders for January across Scotland and the UK we may indeed see an increase of those who may move on to UC in the winter due to additional redundancies. Detailed demographic information on the caseload is found in section 3, which starts to unpick the type of recipient, the duration on the caseload and conditionality requirements for Glasgow. These higher caseloads have implications for recipients, devolved governments and frontline services in these local authorities which will be discussed in section 4.

### 3. Universal Credit in Glasgow

#### 3.1 Demographic Groups

##### Age

Labour market data to October continues to show that the economic crisis is having disproportionate impacts on younger workers, as they are concentrated in sectors that have been most disrupted<sup>11</sup>. There is record low employment for people aged 16-24 and the fall in employment for this age group accounts for 62% of the total fall in employment across the UK to October 2020<sup>12</sup>. While employment rates are down for all age groups, the most precipitous decline continues to be for young people. Universal Credit starts data enables us to see which age groups experienced the sharpest impacts from the current crisis and if (and when) the initial impacts subsided.

##### UC Starts

The majority of the UC caseload in Glasgow are between the ages of 25 and 55; therefore, unsurprisingly those age groups have the most starts between March and October (Table 4). Starts for these two age groups have receded to at or below pre-crisis levels in the autumn.

<sup>11</sup> Office for National Statistics. 2020. Employment in the UK: December 2020. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/latest#employment>

<sup>12</sup> Institute for Employment Studies (IES). 2020. Labour Market Statistics, December 2020. IES Briefing. [https://www.employment-studies.co.uk/system/files/resources/files/IES%20briefing%20-%20Labour%20Market%20Statistics%20December%2020\\_0.pdf](https://www.employment-studies.co.uk/system/files/resources/files/IES%20briefing%20-%20Labour%20Market%20Statistics%20December%2020_0.pdf)

**Table 4: Monthly Universal Credit starts, Glasgow by age group**

Universal Credit starts, Glasgow by age group (March - October 2020)								
Age	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020	September 2020	October 2020
<b>16-24</b>	825	3,907	3,963	2,047	1,962	1,078	1,130	1,042
<b>25-39</b>	1,737	12,389	7,676	2,474	1,934	1,533	1,629	1,594
<b>40-55</b>	934	7,466	4,704	1,410	983	734	796	858
<b>55+</b>	410	3,024	2,257	685	462	379	407	439

### *Young people and Universal Credit*

October starts for young people are still 26% higher than start figures from March 2020, but much lower than starts in July (which were 148% higher than in March) (Table 4). One of the potential explanations for this decline in starts despite the continuing poor labour market conditions for this group is the interaction of young people with the education system. It is likely that some of the low income young people who would be eligible for UC may have entered a full time post-secondary course during the autumn<sup>13</sup>, and full time students are ineligible for Universal Credit if they do not have children (with some exceptions)<sup>14</sup>. Therefore young people entering most forms of post-secondary education would be reflected as off-flows from the UC caseload or fewer UC starts. Labour market data also finds a lower than predicted rise in the number of young people not in education, employment or training, but a still declining number of young people employed.<sup>15</sup> This is also likely due to education interactions. Simply put, many young people are choosing to enter education because there are no entry level jobs for which they would have previously entered<sup>16</sup>.

The lack of entry-level or part time employment in hospitality and retail sectors also has a distinct impact on young people in education, who often use this type of temporary employment to make ends meet. Across the UK there has been a large drop in the number of people who are working while studying – down by 200,000 compared to the beginning of 2020<sup>17</sup>. For low income young people choosing to enter postsecondary education now, they may likely fall through the cracks of support from the welfare state while also being unable to successfully attain part time work. This situation has led to further calls for UC support to be extended to low income students<sup>18</sup>.

### *Caseload*

Caseload data reports how many people in each age group are accessing assistance at a point in time (both new and existing recipients). In Scotland the caseloads for each age group increased between 75% - 81% from their counts in early March. The largest group of UC recipients in Scotland is in the 25-39 age group, with 203,600 people on UC, followed by those aged 40-54, with around 127,000 people. Just over 81,000 young people in Scotland were on the UC caseload in early November 2020.

<sup>13</sup> For the purposes of Universal Credit eligibility, a person attending part-time on a full-time course is considered a full-time student (see DWP guidance document).

<sup>14</sup> Department for Work and Pensions. 2020. Universal Credit and Students. Guidance. <https://www.gov.uk/guidance/universal-credit-and-students>

<sup>15</sup> IES. 2020. Ibid.

<sup>16</sup> Resolution Foundation. 2020. Class of 2020: Education leavers in the current crisis. <https://www.resolutionfoundation.org/publications/class-of-2020/>

<sup>17</sup> Institute for Employment Studies. 2020. Ibid.

<sup>18</sup> Child Poverty Action Group. 2020. Mind the Gaps: Social security in a pandemic. (21 August 2020). <https://cpag.org.uk/news-blogs/news-listings/mind-gaps-social-security-during-pandemic>

The percentage increase in the caseload for each age group in Glasgow (Table 5) is largely consistent with the national picture save for the youngest group, which increased by 94% since March. As of November, nearly half the caseload was aged 25-39 (31,000 people) and another quarter of the caseload were aged 40-54 (18,000 people). Around 11,500 young people were receiving UC in early November, which is relatively consistent with the caseload in July. This represents roughly 12% of the population of 16-25 year olds in Glasgow<sup>19</sup>.

For all age groups most of the inflows to UC occurred between March and July 2020. Since then the caseloads have plateaued at these elevated levels, indicating that there has not been an outflow of people from the caseload en masse. Rather, slightly more people are entering the caseload each month than are leaving it.

**Table 4: People on Universal Credit in Glasgow by age group**

People on Universal Credit, Glasgow by age group				
	March 2020	July 2020	November 2020 (p)	% change Mar - Nov
<b>16-24</b>	5,963	11,350	11,545	94%
<b>25-39</b>	17,172	31,215	32,436	88%
<b>40-55</b>	9,849	17,614	18,528	88%
<b>55+</b>	4,403	7,836	8,503	93%

## Gender

The labour market impacts of the current crisis have also varied by gender, which is also reflected in Universal Credit data that captures low income people both in and out of work. The increase in full time employees UK-wide over the quarter August- October 2020 was driven by increase in females in full time work, which was up a record 164,000 to 8.75 million people in the UK. In the last quarter the number of men in full time work decreased by 29,000 to 12.48 million full time employees<sup>20</sup>. According to the ONS, the increase in full time female workers partly (but not fully) offset the decreases in employment driven by falls in part time workers (mostly women) and the self-employed (mostly men).

### *UC Starts*

Before the crisis in Scotland, the number of UC starts were relatively equal for men and women. In April and May, however, the number of men starting on UC in Scotland was much higher than women: roughly 12,000 more in April and 11,000 more in May. Since July there have been relatively equal numbers of men and women starting on UC across Scotland. In Glasgow the trend was similar in the early phases of the crisis and since July there has been slightly more females starting on UC. This may be evidence of a labour market whose major shocks – particularly for the self-employed – were confined to the spring and summer. In total since March, just over 40,000 men and 32,000 women made a UC start in Glasgow – again, however, some of these people will have left the UC caseload after a few months if possible.

### *Caseload*

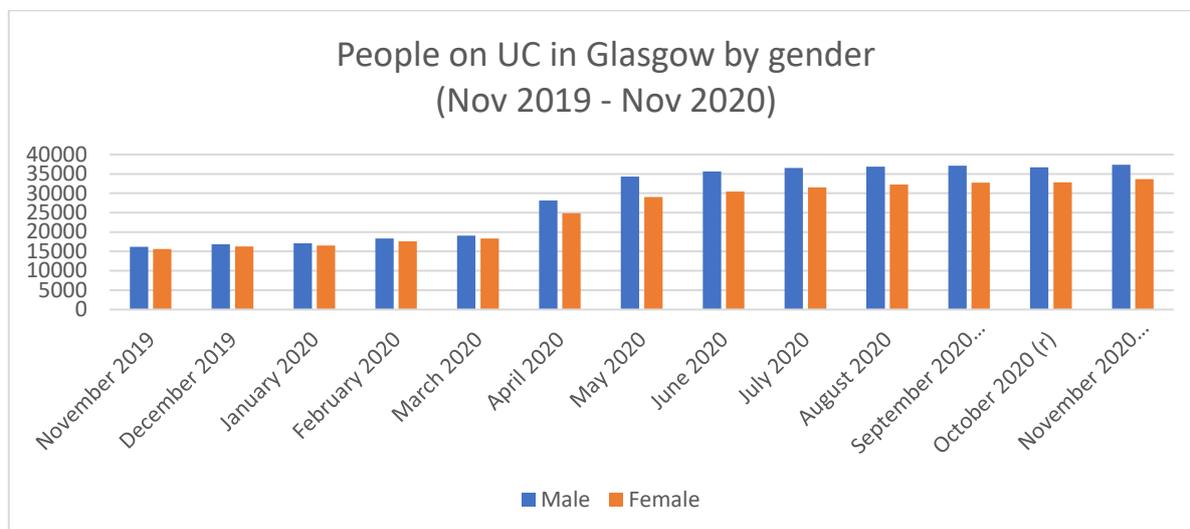
Figure 2 takes a longer view of the entire UC caseload in Glasgow by gender since November 2019. Here the gap emerges prominently in the early April measurement period and continues through the summer. The November figures report men comprising 53% of the UC caseload in Glasgow (37,336 people) compared to

<sup>19</sup> This calculation simply used the number of people on UC in this age group as a proportion of the 2018 mid-year population estimate (accessed via ScotPHO) for those 16-25 (92,690). As the population estimate includes those aged 25, we can estimate that the percentage of young people on UC is at or slightly above 12%.

<sup>20</sup> ONS. 2020. Ibid.

47% percent of women (33,662). This proportion has stayed relatively consistent since the first UC spike in April. What continues to be unique about the Glasgow UC caseload is that it differs slightly from the Scottish picture, which has more equal caseloads of men and women.

**Figure 2: People on Universal Credit in Glasgow by gender, November 2019 – November 2020**



Trends since July suggests that despite decreased starts for men and women, the caseload remains consistent due to the lack of people moving off UC since April. Men in receipt of UC are more likely to be receiving as a single adult household without dependents, which also impacts the other programmes of support they are eligible for at both a devolved and local level. The types of families that receive Universal Credit is found in the 'Households on Universal Credit' dataset, which is detailed in section 3.3.

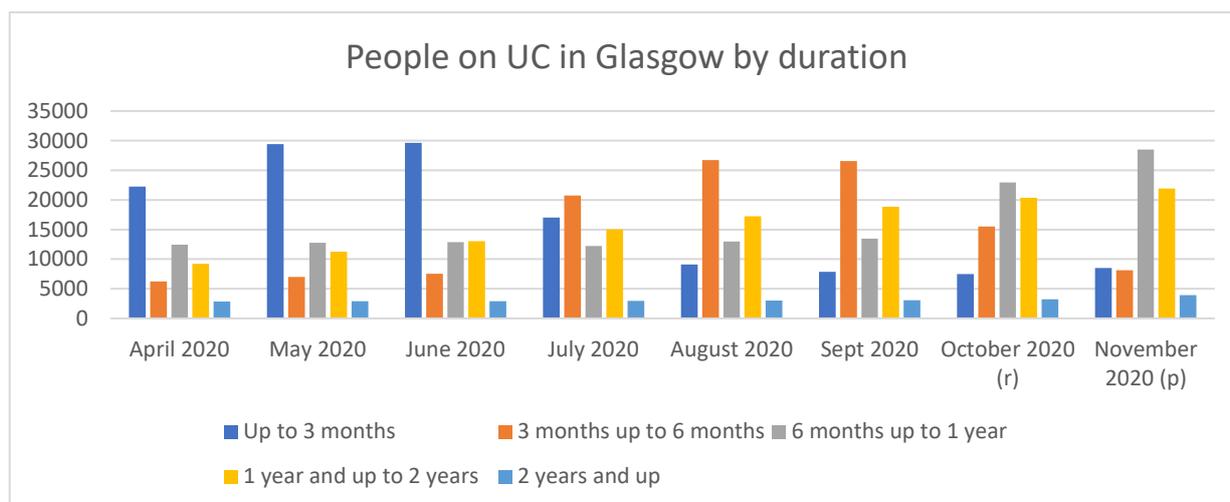
### 3.2 Duration receiving UC and Labour Market Attachment

#### Duration

Caseload data broken down by how long people have been receiving UC (i.e. duration) can illustrate whether many of the 'new' UC recipients in April have been able to exit UC or are needing longer periods of assistance. This data is one way to gauge the persistence of the income crisis facing people in Scotland and Glasgow.

Figure 3 most deftly illustrates how the caseload in Glasgow has shifted to longer durations, as the bulk of the caseload in April was new to the caseload (blue bars) and stayed on through the summer, shifting to the 3-6 month duration period by July (orange bars). The November figures suggest that the majority of the caseload is staying on, moving into the six-month to one-year duration group (grey bars). As this crisis has lingered into the autumn the information contained in these figures are perhaps the most worrying; over 28,000 people in Glasgow who joined UC at the start of this crisis have not been able to leave the caseload within six months. These longer durations buck all previous trends, where in previous years the majority of the caseload contained people who were on UC for six months or less – consistent with how the majority of people cycle in and out of poverty. The Glasgow caseload in November reports 40% of recipients in the six months to one-year duration and 31% in the one-year to two-year duration. This also illustrates that those who were struggling before the crisis have (unsurprisingly) not been able to escape poverty either. The data that comprises Figure 3 is located in Appendix A.

**Figure 3: People on UC in Glasgow by duration**



While it is possible to read the declining inflows to UC and the stabilisation of the caseload in a positive light, the duration figures paint a more worrying picture. The implications of a caseload – and a population – living on low levels of assistance offered by the benefit system are considered in more detail in Section 4.

### Employment Status

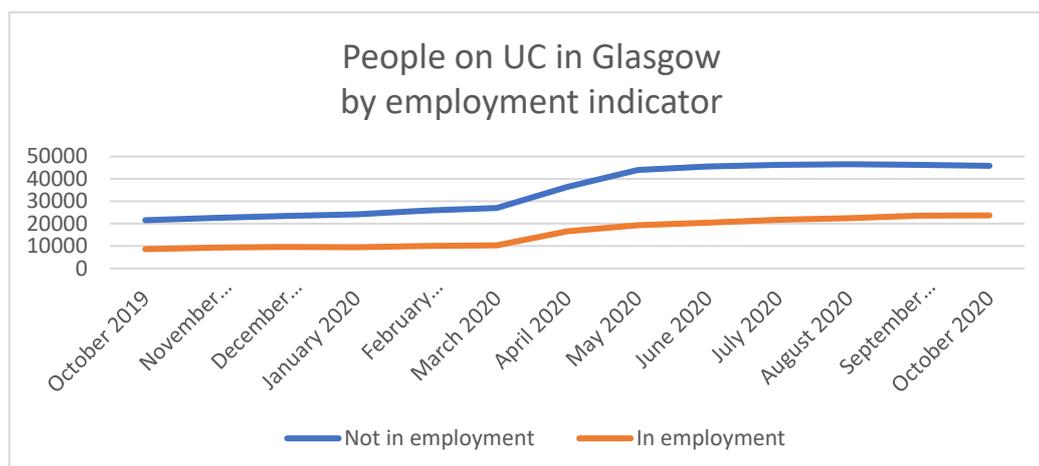
The DWP publishes a quarterly breakdown of the UC caseload by employment status, a simple indicator of who is or is not in employment in the caseload to October 2020. Universal Credit is a benefit that primarily serves those who are not in employment, and in Scotland 63% of the national caseload was not in employment in October (292,062 people, down from 69% of the caseload in March). Changes in the share of the caseload in employment is most notable. The in-work caseload increased by 112% across the country since March compared to a 61% increase in the out of work caseload. Table 5 shows that nationally those in work are the ones still flowing on to UC since July as opposed to a steady or declining ‘out of work’ caseload. This reflects the staggered opening of the economy and the decline in part time work and self-employment noted in the ONS labour market review in December.

**Table 5: People on Universal Credit in Scotland by employment indicator**

People on Universal Credit in Scotland by employment indicator (March - October 2020)								
	March 2020	April 2020	May 2020	June 2020	July 2020	Aug 2020	Sept 2020 (r)	Oct 2020
<b>Not in employment</b>	181,376	246,604	293,044	299,315	301,514	301,137	296,110	292,062
<b>In employment</b>	82,740	126,918	146,384	157,245	164,900	168,909	174,824	175,402

One of the small but notable differences between the Glasgow caseload and the national caseload is the larger proportion of people not in employment. Pre-crisis, 72% of the caseload was not in employment compared to 69% of the caseload nationally. The spike in UC caseload for those not in employment was particularly steep through May, with a plateau in June (Figure 4). Although more gradual, the increase in the number of people in employment on UC in Glasgow increased by 127% from March to October; now around 23,000 people on UC in Glasgow are in employment (see Appendix A for count data).

**Figure 4: People on Universal Credit in Glasgow by employment indicator**



The proportion of people on the caseload out of work and in work has a bearing on the number of people on the caseload in each type of conditionality regime. Universal Credit is the only state benefit system in the world that with conditionality for both recipients out of work and in work, and an increase in the number of those subject to conditionality has impacts on administrative systems, Job Centre Plus job coaches and on the UC recipients themselves<sup>21</sup>.

### Conditionality

The UC caseload disaggregated by the conditionality regime of recipients details the type of people coming onto the caseload based on their current labour market attachment. This can help local and national policymakers understand the employability needs of those on low incomes accessing UC. However, these figures do not fully capture those working or not working on low incomes, as people do not engage with UC for a variety of reasons. This only captures the labour market status of those accessing UC.

People in the 'Searching for work' and the 'Working with requirements' conditionality must adhere to requirements in their claimant commitment to keep receiving their full Universal Credit payment. Conditionality does not apply for those earning more than £343 per month for a single adult or £549 per month joint income; these recipients are in the 'Working with no requirements' group. Uniquely for this crisis, those on furlough are still defined as 'in work' and therefore it is likely that these recipients will be in the 'Working with no requirements' conditionality group as their wages may still be above the threshold<sup>22</sup>.

As of November 2020, the Scottish caseload in the 'Searching for Work' group was 183,305; this is slightly lower than its peak in the August 2020 but almost double the count since the beginning of this crisis. This captures the extent of acute job losses across the country for those on very low incomes who were more likely to work in worst-affected sectors. The largest percentage increases in the group counts in Scotland occurred for those in the 'Working with Requirements' (+122%) and the 'Working with no requirements'

<sup>21</sup> For recent evidence on how conditionality impacts administrative systems and most notably UC recipients see for example: JRF (2020) How well is Universal Credit supporting people in Glasgow; Wright et al (2020) Mental Health, Welfare Conditionality and Employment Support: Policy Recommendations and Key Findings; Wright and Dwyer (2020). In-work Universal Credit: Claimant Experiences of Conditionality Mismatches and Counterproductive Benefit Sanctions; Dwyer et al. (2019) Work, welfare, and wellbeing: The impacts of welfare conditionality on people with mental health impairments in the UK. This builds on earlier evidence of the effectiveness of conditionality and sanctions on employment outcomes in research such as Griggs and Evans (2010) Sanctions within conditional benefit systems: A review of evidence; Whitworth & Griggs (2013) Lone Parents and Welfare-to-work Conditionality: Necessary, Just, Effective?; and Watts et al (2014) Welfare Sanctions and Conditionality in the UK.

<sup>22</sup> For a full description of conditionality regimes and their eligibility requirements see: DWP guidance document on this

(+182%) groups. In November there were just under 165,00 workers across Scotland on Universal Credit in these two conditionality groups.

In Glasgow the picture is similar (Table 6) with now roughly half of the caseload in the ‘Searching for Work’ category (32,203). The most notable difference in the caseload in Glasgow is also among workers receiving Universal Credit. During this crisis the type of person seeking assistance has shifted dramatically: the caseload of the ‘Working with requirements’ group increased by 136% to 11,683 and the ‘Working no requirements’ group caseload increased by 236% to 10,561. These figures suggest many low-wage workers are having to access UC due to a drop in wages that takes them below the threshold for UC.

The evidence here details the deepening in-work poverty crisis in Glasgow; both for those who are working full time on low pay, who are self-employed with a steep drop in income, those who may be temporarily away from work or who are working on temporary contracts. Although Universal Credit data does not capture the full extent of the labour market crisis for all workers, as it only captures those on low incomes, the increases to this caseload suggest that in the recovery period policy and programmes should adjust their interventions to meet the needs of a variety of ‘workers’ that the UC system did not engage with as regularly before this crisis. Section 4 addresses the implications of this shifting caseload in more detail.

More UC recipients than ever are subject to conditionality. Before the crisis the UC system in Glasgow primarily served those not working and those who had no work requirements (primarily due to ill-health and caring responsibilities), which comprised 70% of the caseload. Now almost 61% of the caseload is comprised of those in the two groups (working/not working) subject to conditionality: 44,000 people. The sanctions regime was paused by the UK government from the end of March to the end of June; no UC recipient would be punished via a sanction (i.e. a reduction or pausing of their UC payment) if they did not adhere to all aspects of the claimant commitment. Given the economic shutdown this was a welcome pause. However, sanctions restarted from 1 July, by which time the number of claimants subject to conditionality will have increased to over 3 million (UK-wide). While in recent years the proportion of those sanctioned has decreased, there is a distinct concern that this punitive and ineffective aspect of UC will further harm recipients in a time of slow labour market recovery.

**Table 6: People on Universal Credit by conditionality regime**

People on UC in Glasgow by conditionality regime (March - November 2020)							
	March 2020	% of caseload (March)	July 2020	% of caseload (July)	November 2020 (p)	% of caseload (Nov)	% increase in count (Mar - Nov)
Searching for work	16,933	45%	32,825	48%	32,203	45%	90%
Working – with requirements	4,949	13%	11,501	17%	11,683	16%	136%
No work requirements	9,239	25%	10,954	16%	12,572	18%	36%
Working – no requirements	3,134	8%	8,779	13%	10,561	15%	236%
Planning for work	891	2%	1,245	2%	1,275	2%	43%
Preparing for work	2224	6%	2,691	4%	2,722	4%	22%
<b>Total</b>	<b>37,370</b>		<b>67,996</b>		<b>71,009</b>		

*Estimating claimants with disabilities using UC data*

The DWP does not disaggregate the People on Universal Credit dataset according to disability status. However, we can estimate the number of people who have disabilities on the UC caseload using this data by using the counts of those in two groups: no work requirements and preparing for work<sup>23</sup>. In November there were 15,294 people in these two groups in the Glasgow caseload. The majority of UC claimants in Glasgow do not therefore have a disability.

### 3.3 Family types and average Universal Credit monthly award

The Households on Universal Credit dataset provides additional information about the UC caseload using the unit of the household rather than the individual, the unit in which UC payment is made. Data here is on the types of households by family type that receive UC in Glasgow and the average payment each of these family types receive up to August 2020.

#### *Households on UC by family type*

The Scottish Households in UC dataset in August 2020 reported just over 394,000 households on Universal Credit. The majority of households in Scotland receiving UC are single adult households without dependents, which comprised 61% of the caseload in August. The second largest group of recipients are single adults with child dependent(s), which comprised 22% of the caseload in August. The sharpest increases in caseloads since March 2020 occurred for couple families and for single recipients without children, reflecting the breadth of the income crisis for family types who might not normally be eligible for means tested benefits. (See Appendix A for full data table)

In Glasgow there are just over 59,000 households on Universal Credit as of August 2020 (Table 7). The situation differs from the national picture primarily due to the slightly higher percentage of the caseload who are single adults without dependents; 66% of the caseload in August. Families of all types came onto UC since March, with the sharpest increases (by percentage of their pre-crisis caseload) occurring for single adults and couples without children. The £1000 increase in the standard allowance eligibility criteria is likely one of the reasons why more low-income couples have been able to access UC since March, where they may have been over the income limit before. Despite increases in couples receiving Universal Credit since March, UC still primarily serves single adults without children and single adults with dependents; lone parents comprise around 20% of the caseload.

**Table 7: Households on Universal Credit, Glasgow by family type**

Households on Universal Credit, Glasgow by family type (March - August 2020)								
	March 2020 (r)	% of caseload March	April 2020 (r)	May 2020 (r)	June 2020 (p)	July 2020 (p)	August 2020 (p)	% of caseload August
Single, no child dependant	21,179	62%	30,467	34,674	36,503	37,979	38,945	66%
Single, with child dependant(s)	8,661	25%	9,702	10,340	10,673	10,975	11,301	19%
Couple, no child dependant	1,145	3%	2,633	3,184	3,290	3,281	3,260	6%
Couple, with child dependant(s)	3,189	9%	4,698	5,348	5,486	5,594	5,600	9%
<b>Total</b>	<b>34,181</b>		<b>47,497</b>	<b>53,542</b>	<b>55,945</b>	<b>57,830</b>	<b>59,105</b>	

<sup>23</sup> This method is not entirely accurate because of the inclusion of non-sick or disabled lone parents with children under the age of 1 and other carers in the 'no work requirements' category and the exclusion of sick or disabled claimants awaiting a Work Capability Assessment.

### *Average payment amounts, advance payments and the debt crisis*

The £20/week uplift to the Universal Credit award amounts came into effect in the Social Security (Coronavirus) (Further Measures) Regulations 2020 in March 2020. This flat-rate increase resulted in an effective increase in maximum entitlement for a single adult under 25 of 36% on its 2019 value, and an increase in the rate for a couple with two children of 11%<sup>24</sup>. This uplift is set to expire in April 2021. The continued income crisis and extended income and jobs crisis has led researchers and advocates to call for making permanent the £20 increase to Universal Credit and to extend this increase to those on legacy benefits.

Despite the increase in UC entitlements since March, Universal Credit payment amounts provide a very low level of income support for recipients to cover their essentials, a design feature of a system predicated on a buoyant labour market. In August 2020, the average monthly payment for single adults with no dependents in Glasgow was £520; for couples without dependents, £640; for lone parents, £1,000; and couples with dependents, £1,060<sup>25</sup>. This average amount includes the standard allowances and any additional support in cases of disability, housing entitlement and any advance payments. If UC is the only source of income for a recipient per month, the majority of this award amount will go towards housing costs and therefore the amount left for utilities, food and other essentials is low.

Average monthly amount data gives an idea of how much support recipients generally receive in one month, but the averages are influenced by a small number of recipients with larger awards. Across the UK, more households were in the £300 to £400/month payment band than any other, with over 90% of people in this band single adults without children<sup>26</sup>. The amount that people receive can vary dramatically between recipients based on the amount of income they have from work and if they are paying back any debt from advance payments. Rising debt for low income families, and debt to the DWP in particular, has become a more prominent feature in the experience of low-income families during this crisis. New work finds that across the UK 63% of households who started claiming UC in March-June had to take an advance payment<sup>27</sup>, the amount of which is deducted from future UC payment back over twelve months. The average deduction is roughly £60 a month for advance payments but this will increase for larger families as it is based on expected entitlement. Tax credit overpayment is also a source of DWP debt for families on the UC caseload.

Paying back debt to the DWP makes it harder for families to budget on even lower incomes each month and pushes more families into deeper poverty, leading to calls from sources like the Joseph Rowntree Foundation and the House of Lords Economic Affairs Committee to replace Advance Payments with non-repayable grants and write off historic tax credit debt. Debt to the DWP is often in addition to debt to family members, friends, local councils and other creditors that has increased since the start of this crisis for low income families across the UK<sup>28</sup>. There are also households that are currently not in payment, which means that they are on the

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<sup>24</sup> Resolution Foundation. 2020. This time is different – Universal Credit’s first recession.

<sup>25</sup> Data taken from DWP Stat Xplore, 8 January 2020. Please contact author for data if required.

<sup>26</sup> DWP. 2020. Universal Credit statistics: 29 April 2013 to 8 October 2020 (Updated 1 December 2020),

<sup>27</sup> Patrick, R and Lee, T. 2020. Advance to debt: Paying back benefit debt – what happens when deductions are made to benefit payments? Covid Realities project briefing paper.

<https://media.covidrealities.org/COVID%20realities%20-%20Advance%20to%20debt%2022%20Dec.pdf>

<sup>28</sup> House of Commons Library. 2020. Coronavirus: Impact on household savings and debt.

<https://commonslibrary.parliament.uk/research-briefings/cbp-9060/>; Hanscomb, K and Judge, L (2020) Caught in a (Covid) Trap. <https://www.resolutionfoundation.org/publications/caught-in-a-covid-trap/>; Brewer, M and Patrick, R. 2020. Ibid.

Universal Credit caseload but are not receiving any assistance due to earnings or deductions<sup>29</sup>. Of the 394,089 households in Scotland on Universal Credit as of August 2020, 59,600 were not in payment (15%)<sup>30</sup>.

Taken together, data from the People on Universal Credit dataset and the Households on Universal Credit indicate a continuing crisis of low incomes for many of those in Glasgow whose lives were upended beginning in March 2020. Although the acute income crisis of spring 2020 does not look to have been repeated in October 2020 with the removal of some aspects of the furlough scheme, in January 2021 new lockdown measures in Scotland point to a crisis that will potentially deepen. The final section briefly considers the implications of the data on UC in autumn 2020 for UC recipients and low-income households, local actors and services and national governments.

## 4. Key Issues and Implications

This section considers the policy implications of the data and trends detailed in this paper, for people on UC and low incomes, national governments and local actors.

**Living on persistent low incomes:** duration data shows that many who entered the UC caseload in the spring have been unable to leave it and that those who were receiving UC before the crisis have been unable to exit. As both Universal Credit award data and other research on household income has asserted, living on very low incomes for many months means that families are often unable to afford the essentials. Recent Resolution Foundation work, for example, finds that almost one in three people on persistently low incomes say they cannot afford basic items every day or to turn on the heating when required<sup>31</sup>. This has resulted in a sharp increase in food bank use and the need for households to apply for emergency crisis grants from charities and (if possible) local authorities to survive. Leaders at national and local levels should assess how local crisis systems developed during the initial lockdown in spring 2020 can be resourced and improved as the country faces a sustained income crisis for many months to come. Are all people in an income crisis accessing the support they need? Are referral systems between national programmes, local programmes and third sector support working?

**In work poverty, conditionality and the extended jobs crisis:** The Universal Credit caseload has changed such that now many more people accessing UC are in work but their income has become so low that they need extra support. Given the resounding evidence on the ineffectiveness of conditionality and sanctions for claimant mental health and employment outcomes<sup>32</sup>, the UK government should consider if conditionality is necessary, particularly for those who are working. The nature of the jobs crisis and continued low levels of vacancies points to a mismatch between programme and policy design and the real lives of claimants. The jobs crisis for those in low wage work will likely be further impacted with new lockdowns through the winter. At a local level, leaders should consider what employability programmes need to design and offer now to ensure that when the economy recovers it is possible for people to retrain and enter high quality, well-paying work. This includes considering how the provision of childcare interacts with the location of jobs, which causes distinct concerns for lone parents.

**Design flaws and the debt crisis:** The last nine months have laid bare the design flaws in the Universal Credit system. The most prominent of these include the adequacy of the assistance, the initial five-week wait, and relatedly, the system of advanced payments. The £20 uplift to the standard allowance in March 2020

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<sup>29</sup> DWP. 2020. Universal Credit statistics: background information and methodology.

<sup>30</sup> DWP. 2020. Universal Credit: Households. Universal Credit Official Statistics Interactive Map. <https://dwp-stats.maps.arcgis.com/apps/Cascade/index.html?appid=8560a06de0f2430ab71505772163e8b4>

<sup>31</sup> Resolution Foundation. 2020. Caught in a (Covid) trap. <https://www.resolutionfoundation.org/publications/caught-in-a-covid-trap/>

<sup>32</sup> See footnote 21.

helped thousands of families stay afloat, but action at the UK government level is needed to keep this permanent past April 2021 and to extend it to people on legacy benefits if a further income crisis is to be kept at bay. Even with this uplift, many families are still not able to fully benefit due to deductions taken from their UC payments each month. Over 60% of families across the UK had to take an advance payment during the five-week wait for their first UC award, which then is deducted over 12 months<sup>33</sup>. Additionally, there are just under 60,000 households in Scotland who are on the Universal Credit caseload but who are receiving no assistance. While for some this is due to earnings from employment over the threshold, for many this is due to deductions and sanctions. These debts to the DWP often lie on top of debts to family members, friends and other creditors during an income crisis: across the UK over half of adults from families in the lowest income quintile have borrowed in recent months to cover everyday costs such as housing and food<sup>34</sup>. Scottish systems of support such as the Scottish Child payment, free school meal support and local welfare assistance schemes will be able to help families facing a debt crisis that are not impacted by UC deductions. However, the need for debt support services and welfare rights advice services is clear.

This Universal Credit data reported on in this working paper illustrates the increased levels of need in Scotland and in Glasgow because of this crisis. Higher caseloads will likely remain in the first quarter of 2021 and flaws in the programme design means that more people are likely finding it challenging to cope in conditionality regimes and are having to survive on low levels of assistance due to debt. It will be up to leaders at all levels of government to fill in the gaps in provision for people facing the sharpest ends of this crisis now, and work to advocate for larger changes to the welfare state to improve it.

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<sup>33</sup> Patrick and Lee (2020). Ibid.

<sup>34</sup> Resolution Foundation (2020). Ibid.

## Appendix

**Table A.1: People on UC in Glasgow by duration**

People on Universal Credit in Glasgow by duration, March - November 2020									
	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020	Sept 2020	October 2020 (r)	November 2020 (p)
Up to 3 months	7,893	22,235	29,402	29,654	17,039	9,090	7,876	7,489	8,533
3 months up to 6 months	6,716	6,247	7,009	7,556	20,743	26,717	26,575	15,510	8,139
6 months up to 1 year	12,556	12,461	12,771	12,876	12,234	12,976	13,461	22,952	28,479
1 year and up to 2 years	7,404	9,237	11,246	13,036	15,038	17,258	18,862	20,380	21,948
2 years and up	2,814	2,851	2,902	2,928	2,969	3,036	3,083	3,241	3,922

**Table A.2: People on UC in Glasgow by employment type**

People on Universal Credit in Glasgow by employment indicator, March - October 2020									
	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020	September 2020 (r)	October 2020	% increase since March
Not in employment	27,005	36,432	44,016	45,560	46,283	46,565	46,275	45,873	71%
In employment	10,378	16,596	19,310	20,482	21,736	22,509	23,568	23,706	127%

**Table A.3: Households on UC in Scotland by family type, March – August 2020**

Households on UC in Scotland by family type (March 2020 - August 2020)								
	March 2020 (r)	% of caseload	April 2020 (r)	May 2020 (r)	June 2020 (p)	July 2020 (p)	August 2020 (p)	% of caseload
Single, no child dependant	138359	57%	191228	215722	226558	234800	240498	61%
Single, with child dependant(s)	70342	29%	76788	80596	82553	84460	86341	22%
Couple, no child dependant	9096	4%	20857	24483	24651	24222	23811	6%
Couple, with child dependant(s)	22982	10%	37885	43116	43762	43766	43446	11%
<b>Total</b>	<b>240776</b>		<b>326762</b>	<b>363919</b>	<b>377530</b>	<b>387256</b>	<b>394089</b>	