

Budget 2021: a missed opportunity to make permanent the £20 increase to Universal Credit

[Ruth Patrick](#), [Kayleigh Garthwaite](#), [Geoff Page](#), [Maddy Power](#), and [Katie Pybus](#) comment on the government's decision to extend the £20 uplift to Universal Credit by six months only. They argue that the increase should be a permanent one, as part of a broader commitment to reforming the social security system.

We've learned a lot over the past 12 months of the pandemic. About ourselves, our children, our local areas, but also, inevitably, about our politicians and government. We've learned that our government is sometimes willing to make bold policy decisions, such as the recent announcement of the [extension of furlough into the autumn](#). As part of the 2021 Budget, Rishi Sunak promised that he would 'do everything it takes' to protect 'lives and livelihoods'. His government's budgetary measures simply did not live up to these words.

The decision Sunak announced to extend the £20 uplift to Universal Credit by *just* six months is testament to this. Not only has the government missed the opportunity to properly invest in social security into the longer term, but they have also failed to extend the support provided through the £20 Universal Credit uplift to an [estimated 2.5 million legacy benefit recipients](#). They have further failed by not acting to make those subject to the Benefit Cap eligible for support through the £20 uplift.

These failures on the budget are part of a broader narrative emanating from this government on 'welfare', which continues to rely on divisions between 'deserving' and 'undeserving' populations, and shows an unwillingness to retire old (and arguably ineffective) policy tools, such as [welfare conditionality](#). Both Sunak and Johnson have also shown an unwillingness to think more ambitiously and structurally about the social security system. They have been unprepared to delivery long overdue reform to address issues tied to adequacy and eligibility to social security support, whilst they have also failed to address the [design limitations with Universal Credit](#), which negatively impact on the experiences of existing claimants, and the millions of households who have claimed as a direct result of the pandemic.

Through the Nuffield Foundation funded [COVID Realities](#) research programme, we are working in partnership with over 100 parents and carers living on a low-income, who are documenting their everyday experiences in online diaries and by responding to weekly video questions. The parents are also meeting up together in virtual discussion groups. In these monthly meetings, parents work with us to develop recommendations for change, recommendations which are rooted in their own experiences, that are all too often of insecurity, of poverty, and of a social security system that is failing them.

After the budget, some of the parents we have been working with gave their reactions to the decision on Universal Credit. Dorothy, a single parent to two children, one of whom is disabled, told us:

I am a bit relieved that they have extended the £20 UC payment, but I'm disappointed it is only for six months because I don't think the pandemic is going to go away within six months. The cost of living went up so much from the pandemic and from having children at home. In my eyes, the pandemic is no way near over and the £20 just did not go far enough.

Aurora, a widowed single parent, spoke for many who do not receive the £20 uplift at all:

We as the poorest members of society cannot understand why we've been overlooked yet again. Why have we been ignored? We have already bared the brunt of austerity and continue to do so. That extra £20 would've been going towards feeding us or ensuring we were able to meet the increased costs the pandemic has inflicted on our lives. But we don't receive it at all because our benefits are capped. I'm just thankful to Covid realities for giving us a voice when no one cared.

The Universal Credit decision extends and perhaps makes permanent the insecurity and anxiety that social security claimants face. Now, Universal Credit claimants must wait till the autumn to find out what will become of their £20 a week, which for many is the difference between keeping their heads above water, and finding it simply impossible to get through the week. Winter explained what this feels like and the difference the £20 currently makes to her family:

The proposed change [removing the £20 uplift] is the difference between paying our bills and not being able to pay some of them. And if [a] one off expenses crop up (like new shoes for kids etc) then you can't cover it. Any changes to benefits are very stressful.

From our work with parents and carers, we know how this financial insecurity intersects with, and is compounded by, the insecurity that we all face because of the conditions that the pandemic creates. We also know that the £20 uplift is not a panacea, and it is not enough: families with children urgently need help with the costs of their children, and to address the stubbornly high levels of child poverty. Lexie, who receives the £20 uplift explained:

The £20 is the bare minimum of help to be honest. I know that sounds ungrateful but £20 doesn't cover much these days. By the end of the month, we are still choosing between eating and heating. We have always aimed to do better by our children than what we had but it's almost impossible. No one in today's day and age should be choosing between eating and heating.

As [analysis by the Institute for Fiscal Studies](#) has shown, the £20 uplift to Universal Credit represents the first significant real increase in benefit levels in the last half century for families without children. However, and this is especially important, while a sizeable and significant increase, it has made 'barely a dent' in the decline in the real value of the social security safety net (excluding housing) for childless families as a fraction of earnings levels, which has fallen almost continually for the last 50 years. The picture for families with children, the focus of our COVID Realities work, is more complicated; but there is a broader message that the £20 uplift is only a partial and limited corrective for decades of decline in the real value of social security, which hastened under the 2010-2019 Conservative-led governments, especially due to the freezing of benefit levels. Against this context, it was especially important to make the £20 increase a permanent one as part of a broader commitment to the social security system in the UK.

We have seen the possibility in their pandemic response for the government to be bold, to spend money, and to intervene to protect livelihoods. But there has been a failure to do this on social security, and this failure needs to be writ large in all the analysis of this budget, in the weeks and months ahead. It is a failure of ambition and a failure to do what our society so urgently needs.

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