



3rd Floor North
200 Aldersgate Street
London EC1A 4HD

Tel Irrelevant & Sensitive

citizensadvice.org.uk

6 May 2020

Rt Hon Steve Barclay MP
Chief Secretary to the Treasury
Her Majesty's Treasury
1 Horse Guards Road
London
SW1A 2HQ

Dear Chief Secretary

I am writing to you to share Citizens Advice's new research *Lockdown Lifeline: Ensuring adequate support across the benefits system during the covid-19 pandemic*. I also wanted to thank you for your response to my last letter about our work on benefits levels and appreciate you taking the time to outline the Government's work to tackle household debt.

As you know, Coronavirus has had a sudden and unprecedented impact on people's jobs and incomes, something we've seen first hand at Citizens Advice. More than a third (35%) of the people our advisers helped in the first month of lockdown came to us for advice on Universal Credit.

It's vital that the right measures are in place to protect all groups during this period - including those who have faced a short-term immediate income shock, as well as groups who risk facing longer-term and more severe economic detriment. This becomes all the more critical as the current schemes and changes introduced gradually come to an end.

We welcome the Government's significant steps to help people struggling, such as increasing the Universal Credit standard allowance and Working Tax Credit by £1,000 for one year and other support schemes such as the Job Retention Scheme and the Self-Employed Income Support Scheme.

Patron HRH The Princess Royal **Chief Executive Dame Gillian Guy**

Citizens Advice is an operating name of the National Association of Citizens Advice Bureaux

Charity registration number 279057 VAT number 726 0202 76 Company limited by guarantee Registered number 1436945 England

Registered office: 3rd Floor North, 200 Aldersgate Street, London EC1A 4HD

INQ000641803_0001



3rd Floor North
200 Aldersgate Street
London EC1A 4HD

Tel: **Irrelevant & Sensitive**

citizensadvice.org.uk

However, 76,000 households are currently subject to the benefit cap, and these will disproportionately be households with high fixed costs due to family size or living in an area of high rents. In normal circumstances, claimants would be able to mitigate against this by reducing their outgoings. However, the lockdown measures in place mean that benefit claimants are limited in their ability to move into more affordable properties in order to reduce their housing costs. We believe the benefit cap should be suspended to ensure people can access adequate levels of financial support during this period and beyond.

Another way to help people who are struggling would be to turn advance payments into grants. Whilst they can be a vital lifeline, repaying advances leaves people with reduced incomes in the longer-term. This can create severe financial challenges and have knock-on effects such as pushing people to cut back on essentials, sell personal possessions or take on further debts. We believe turning these into grants will ensure people get the support they need to get through the five week wait, without creating future financial challenges. In the immediate term, the Government should temporarily suspend repayment of advance payments for existing Universal Credit claimants.

Whilst we recognise the costs attached with several of these changes, acting now will help reduce the risk of people building up debt, promoting financial resilience in the longer-term. This would also aid the economic recovery, helping to stimulate consumer confidence which has fallen to lows not seen since the financial crisis in 2009.

The full report is attached which we've shared with your officials and the Department for Work and Pensions. Please do get in touch if you have any questions.

Yours sincerely

Personal Data

Dame Gillian Guy
Chief Executive

Patron HRH The Princess Royal **Chief Executive Dame Gillian Guy**

Citizens Advice is an operating name of the National Association of Citizens Advice Bureaux

Charity registration number 279057 VAT number 726 0202 76 Company limited by guarantee Registered number 1436945 England

Registered office: 3rd Floor North, 200 Aldersgate Street, London EC1A 4HD