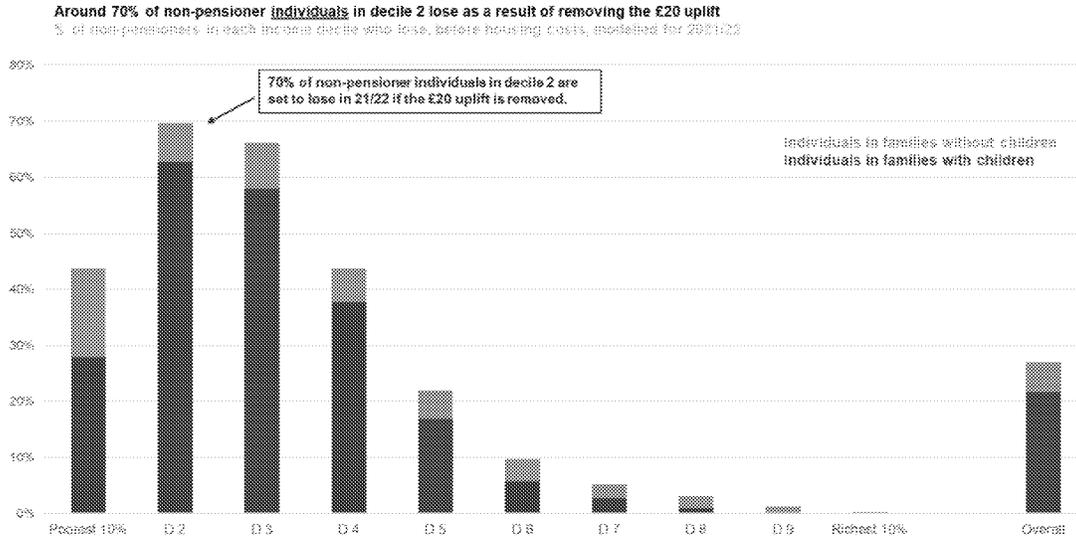


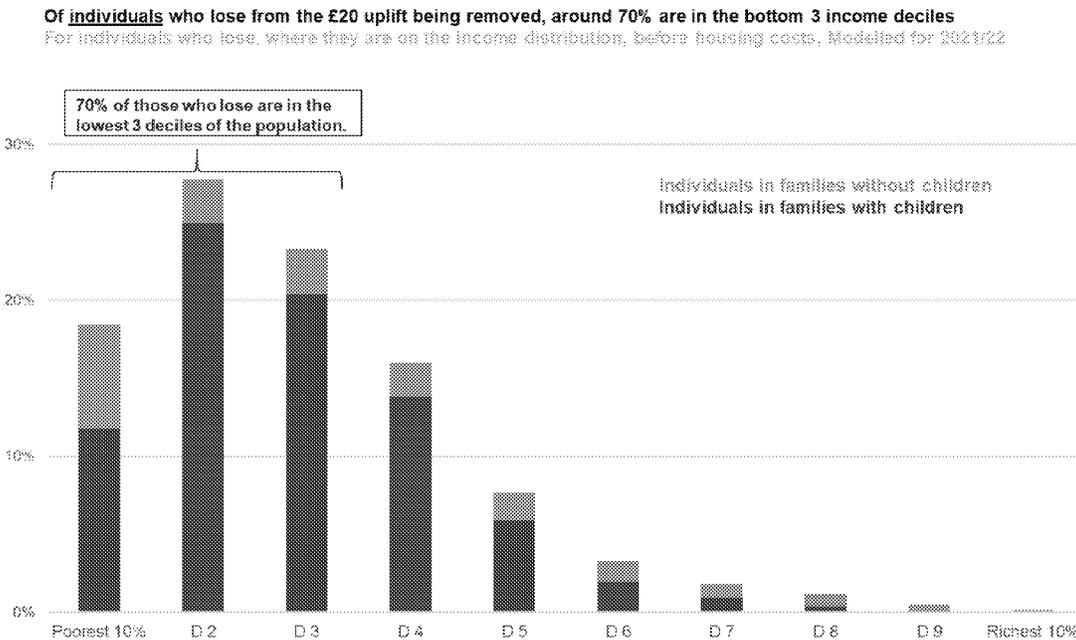
Annex A: Distributional impacts of removing the £20 uplift from UC and WTC in 2021/22

Before Housing Costs – Percentage of individuals (children and working age adults) in each decile that lose



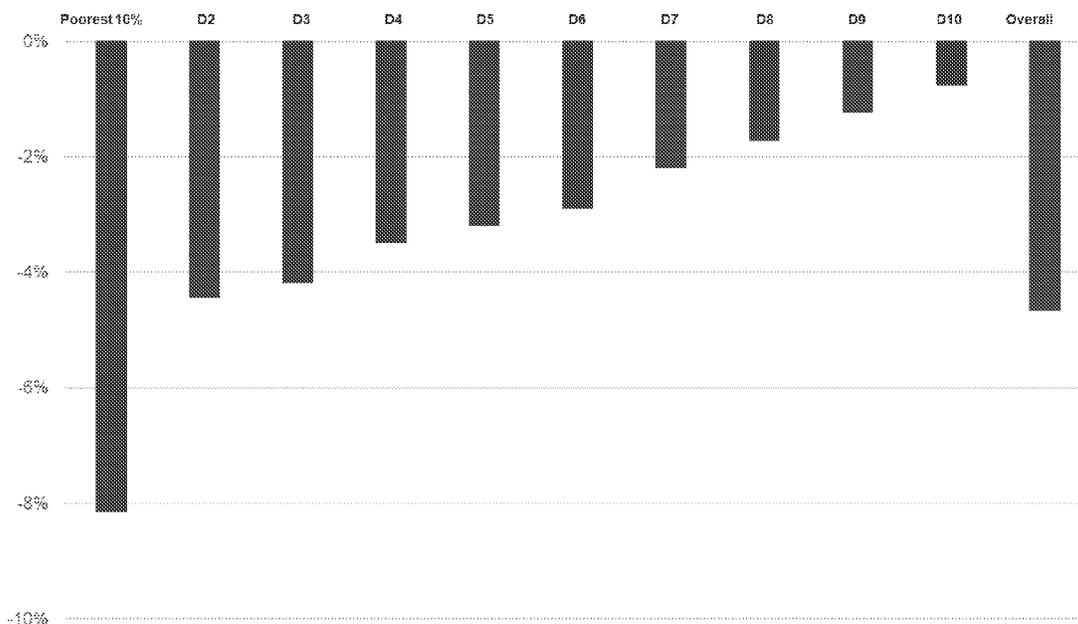
- A majority of some of the poorest individuals in the UK are set to lose out in 21/22 by removing the £20 uplift.
- The vast majority of these are individuals in families with children.
- Around 70% of non-pensioners in the UK in the second income decile (the poorest 10-20% of people) will lose out if the £20 uplift is removed.

Before Housing Costs – of individuals who lose, where are they on the income distribution?



Before Housing Costs – for individuals who lose, what is their average loss?

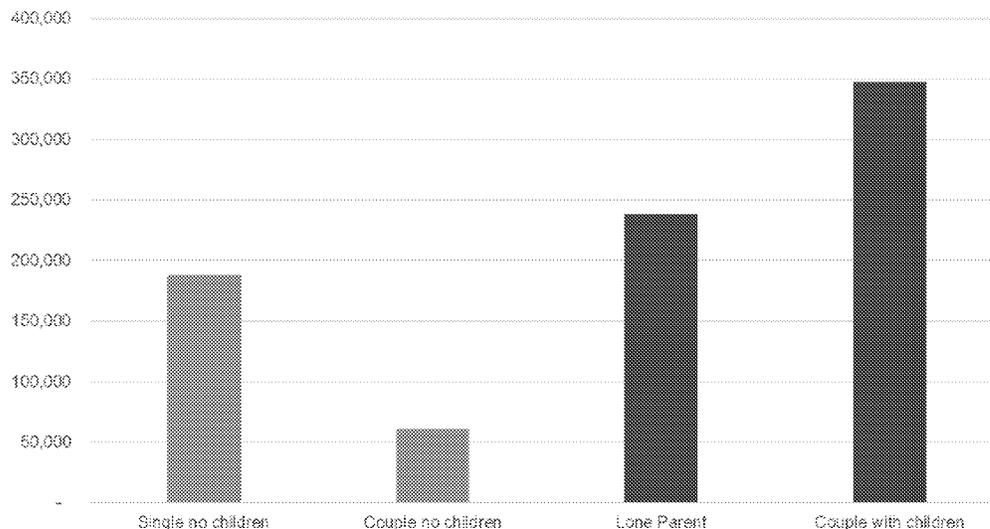
For individuals in the bottom decile who lose from the £20 uplift being removed, they will see their income reduce by 8%.
 Mean % loss in household income for those who lose, before housing costs, Modelled for 2021/22



- For individuals in the bottom decile that lose from the £20 uplift being removed, they will see their household income reduced by 8% on average.
- When looking at incomes after housing costs have been taken into account, the average losses are even higher, particularly for those in the lowest income deciles.

Before Housing Costs – number of individuals moved into absolute poverty

850k individuals would be moved into absolute poverty, as a result of the £20 uplift being removed.
 Number of individuals moving into absolute poverty, before housing costs, modelled for 2021/22.



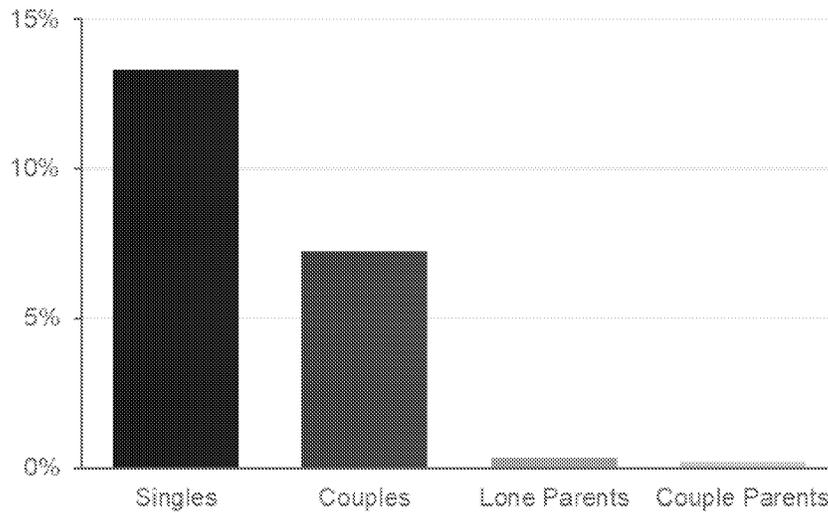
- 850,000 individuals will move into absolute poverty, before housing costs as a result of removing the £20 uplift in UC and WTC.
- The majority of these individuals are in families with children.

The impact of removing the £20 uplift on UC claims with very low income¹ (UC only)

- Removing the £20 uplift pushes 302,000 (8%) additional claims into very low income. These claims contain 317,000 adults and 7,000 children.

Characteristics of claims moved into very low income

Percentage of each family type moved into very low income by removing the £20 uplift, July 2020 UC admin data

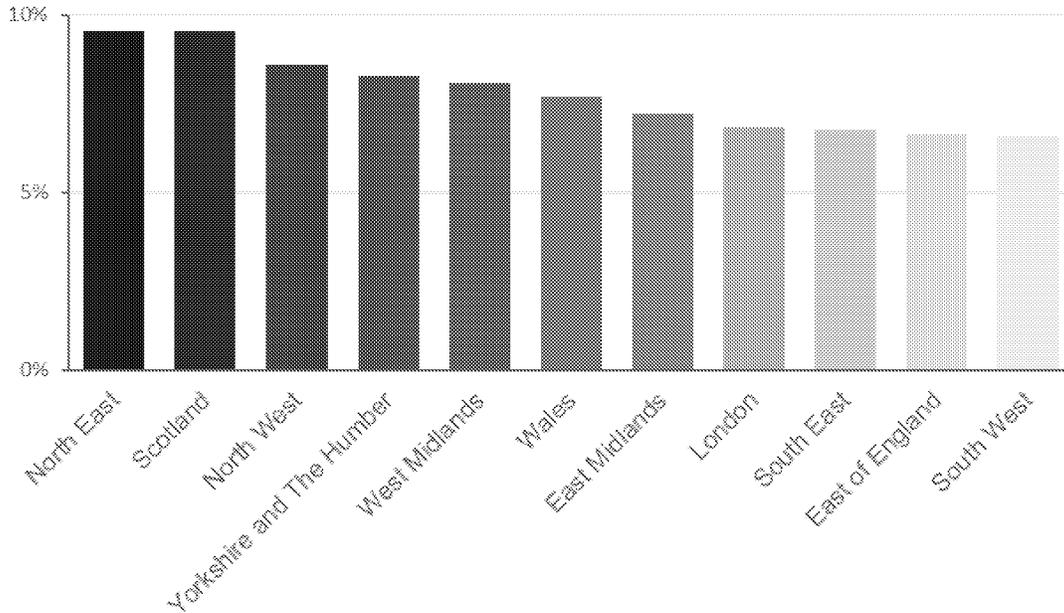


- Mostly singles are modelled to move into very low income if the £20 was removed.
- This is the group that tends to end up at foodbanks² and may have no support network around them.
- Their income is very low because they tend to have large housing shortfalls and/or debt.

¹Very low income is defined as an Equivalised income of less than £92.44 per week after housing costs.

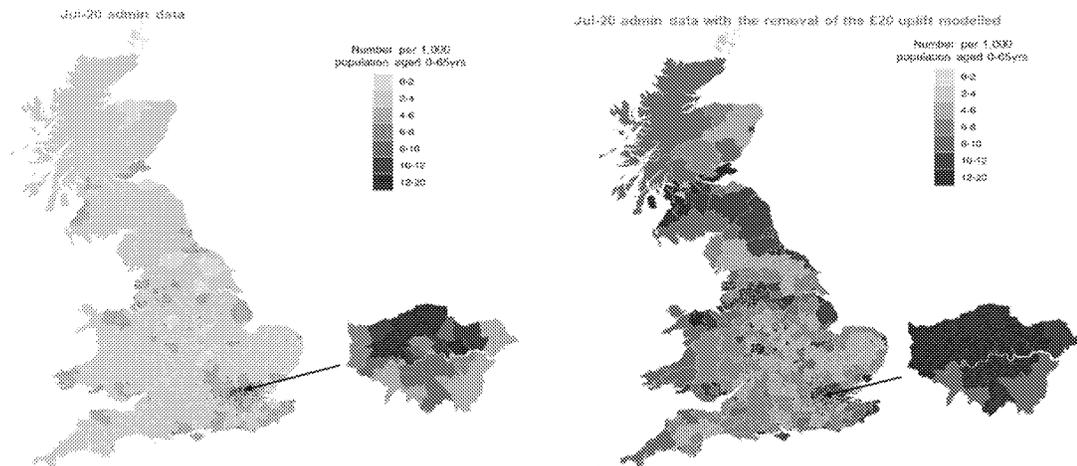
²The State of Hunger report 2019 states: The majority of households referred to food banks were single people without children aged 16+ (58%) and the majority of those lived on their own.

Percentage of claims in each region moved to very low income by removing the £20 uplift, July 2020 UC admin data



Percentage of Local Authority populations aged 0-65yrs, receiving less than £92pw* from UC / Legacy

*Equivalent income: £92pw is for a couple without children, this is equivalent to £34 for a single person without children, and £130pw for a couple with 2 children.



- Those living in Northern regions of England are more likely to move to very low income if the £20 uplift was removed, with 30% of affected claims being from these regions. If the £20 uplift was removed:
 - 44,000 claims in the North West move to a very low income;
 - 28,000 claims in Yorkshire and the Humber move to a very low income;
 - 19,000 claims in the North East move to a very low income.
- The North West, North East, and London appear to have the greatest concentration of claims with very low income if the £20 uplift is removed. This could exacerbate regional differences, especially if these have been widened already by the Covid crisis.