LOCAL NEWS PARTNERSHIPS

Universal Credit

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The Drum Online Media Awards Winner 2020

What’s the story?

Parts of the UK heavily reliant on tourism have been most affected by the Covid-19 jobs crisis, analysis of Universal Credit (UC) claims data suggests.

Experts said many UC claims since the start of the pandemic were from furloughed workers, those in low-wage jobs or on zero-hours contracts, drawing the benefit to top up incomes.

The coronavirus pandemic had exposed "underlying inequalities in the labour market", an economic institute said.

The government said it was boosting welfare support by "billions" to help.

Of the 2.4 million people who began claims in April and May last year, some 1.4 million were still claiming in October and November, analysis of Department for Work and Pensions data shows.

Areas with the highest proportion of claims open six months later include **London**, **north and west Wales**, **north-east Yorkshire**, **Scotland** and parts of **Cumbria.**

The analysis comes as the government considers whether the [£20 weekly increase in UC] introduced at the start of the pandemic should be kept in place beyond 31 March.

This story pack shows:

- How many people started claiming UC at the start of the pandemic
- How the number of people who started claiming UC at the start of the pandemic compares to 2019
- How many people who started claiming UC at the start of the pandemic were still claiming six months later
- The increase in the number of people **in work** claiming UC since the pandemic began

What is Universal Credit?

A means-tested benefit for people of a working age on low income. It replaced:

- Income support
- Jobseeker's Allowance (JSA)
- Employment and Support Allowance (ESA)
- Housing Benefit
- Child Tax Credit
- Working Tax Credit

A single universal credit payment is paid directly into claimants' bank accounts. It is paid every month in England and Wales, but there is the option of payment every two weeks in Scotland and Northern Ireland.
It can be claimed when you are in or out of work.

What was the top-up?

Universal Credit is claimed by more than 5.5 million households. The payment was increased by £20 a week in April 2020 as part of Chancellor Rishi Sunak's early Covid economic response.

The government says the boost was only designed as a temporary response to help those unable to work or struggling due to the lockdown.

The Joseph Rowntree Foundation - a charity which researches poverty - says millions of households face an income loss equivalent to £1,040 a year, and that 500,000 more people will be driven into poverty.

The government says it has made £280bn available to the most vulnerable families, and that additional help will be set out in the March Budget.

What we did:

We analysed official statistics detailing the number of people who were on Universal Credit up to 12 November.

It was sourced from the DWP's Stat Explorer datasets:

- Starts on Universal Credit
- People on Universal Credit

For a more detailed methodology, scroll to the end of the pack.

Guide to the dataset:

Tab1- UC_claimaints_in_work

Local Authority	Percentage point difference from February 2020 to October 2020	january_2019	february_2019	march_2019
East Lindsey	9%	31%	30%	36%
Eden	5%	47%	46%	45%
Ribble Valley	5%	48%	43%	45%
South Northamptonshire	5%	43%	39%	40%
Huntingdonshire	5%	42%	40%	39%
East Devon	5%	41%	39%	40%
South Holland	5%	45%	42%	44%
Teignbridge	5%	39%	39%	41%
East Cambridgeshire	5%	41%	41%	41%
Mid Devon	5%	43%	39%	41%
Wychavon	5%	38%	38%	40%

This sheet shows the proportion of all Universal Credit claimants in each local authority who are currently **in employment.**

The data runs from January 2019 to October 2020.

Column B shows the percentage point difference between the proportion of people claiming UC in employment in February 2020 just before the pandemic struck and the proportion of people claiming UC in October 2020 - the latest set of full figures.

The spreadsheet is colour formatted on a scale of white (lowest) through to dark red (highest) values.

November 2020 figures are provisional and may be subject to revision.

Tab2- UC_claimaints_six months

Postcode districts

Please note this data refers to postcode districts not local authorities, as this is the way the data is stored by the DWP. The best way to find out which areas are covered by a postcode is to search the postcode in Wikipedia.

For example, the **LL Llandudno** postcode covers much of North Wales and a small part of Shropshire.

		New Universal Credit claimants 2019		New Universal Credit claimants 2020	
Area	Region	Apr 19 starts	May 19 starts	Apr 20 Starts	May 20 starts
West Central London	London	79	57	457	666
Southall	London	1493	1181	6417	12933
Slough	South East	750	650	5340	8121
Croydon	London	1260	1033	8183	9455
Blackpool	North West	1474	1044	8171	4998
East Central London	London	83	60	512	777
Halifax	Yorkshire	556	420	3134	2193
South West London	London	1923	1616	11580	22787
Telford	West Midlands	854	633	5072	3159
Worcester	West Midlands	886	633	5820	4500

This sheet shows the number of people (columns I and J) who started claiming Universal Credit in March and April last year - the first few months of the first lockdown.

Columns C and D provide a comparison for the previous year.

Columns K to N show how many people who started claiming Universal Credit in March and April last year **were still claiming six months later**. The columns show both the number of people and the number of people expressed as a percentage. Both figures are a minimum ("at least" that number of people).

Tab3- Total claimants

Area	Region	Total UC claimants Nov20
Kingston-upon-Thames	London	31,500
Harrow	London	47,116
North West London	London	65,088
Bromley	London	21,456
South West London	London	80,613
Guildford	South East	39,180
Luton	South East	33,200
Hemel Hempstead	South East	33,771
Southall	London	48,593
Slough	South East	30,316
North London	London	111,757
East London	London	152,172
West London	London	54,038
Redhill	South East	37,883

This sheet shows **the total number of people** (column D) claiming Universal Credit in each postcode area, up to November last year.

Please note this data refers to postcode districts not local authorities, as this is the way the data is stored by the DWP. The best way to find out which areas are covered by a postcode is to search the postcode in Wikipedia.

For example, the **LL Llandudno** postcode covers much of North Wales and a small part of Shropshire.

Our findings:

1. UC claimants at start of pandemic still claiming six months on

Great Britain:

At the start of the pandemic, from March to May last year, millions of people across the UK started claiming Universal Credit (UC).

We looked at how many people were still claiming six months later as a measure of how the pandemic had impacted the jobs market.

Of the **1.2 million** people who started fresh claims in April, **at least 730,000 (60%)** were still claiming six months later in October.

Of the **1.2 million** people who started fresh claims in May, **at least 670,000 (57%)** were still claiming six months later in November.

In April and May 2019, there were 365,000 fresh claims, compared to 2.4 million new claims in April and May 2020. This represents a seven-fold increase.

The picture varies widely across the UK. The highest proportion of people who started claiming in April and were still claiming six months later came from the north-west of England, Scotland and Wales.

The highest proportion of people who started claiming in May 2020 and were still claiming six months later came from London and the South East.

2. Rising numbers of UC claimants who are in work

The proportion of UC claimants in employment has risen from a consistent **34-36%** for the last couple years to **37%** in June 2020, then **38%** in August and September 2020 while latest figures for October 2020, show **39%** of UC claimants were in employment. The national rate, however, masks big regional variation.

Until July this year there had never been more than one place where the majority of UC claimants were in employment (the Isles of Scilly and Harrogate)

Latest figures for October 2020 revealed it had risen to four areas where more UC claimants had a job than those who did not. Those four local authorities were: **Isles of Scilly, South Lakeland, Richmondshire, Boston**.

The biggest year on year (Oct-Oct) increases in the proportion of UC claimants in employment were in **Darlington, East Renfrewshire, Northumberland, and Mansfield** where there was a shift of eight percentage points.

Nowhere has seen a decrease in the proportion of UC claimants in employment.

Northern Ireland

We have provided similar data for Northern Ireland from its Department for Communities (DfC).

The dataset we have shared, shows the number of Universal Credit claims starts - by household and by number of individual claimants - by month since October 2017.

In Column D, you will see we have combined the number of claimants working - with requirements and the number of claimants working - no requirements as per the DfC's definitions below.

6. Universal Credit Conditionality Regimes

Conditionality regime specifies the category a claimant is in at the end of any given month. Conditionality refers to those work-related activities an eligible adult will have to carry out in order to retain eligibility for Universal Credit. Each eligible adult will fall into one of six conditionality regimes based on their capacity and circumstances. Different members of a household may be subject to the same or different requirements. As circumstances change claimants can also transition between different levels of conditionality.

The conditionality regimes within this publication have been taken from the Universal Credit Full Service system (UCFS) and renamed in order to aid the reader. 'No work requirements' covers the UCFS category 'no work related requirements', 'planning for work (light touch out of work)', 'preparing for work (work preparation and work focused interview)', 'searching for work (intensive)', 'working with requirements (light touch in work)' and 'working no requirements (no work related requirements)'. Conditionality Regimes are detailed in the following table:

No work requirements	Not expected to work at present. Health or caring responsibility prevents claimant from working or preparing for work.
Planning for work	Expected to work in the future. Lone parent/lead carer of child aged 1. Claimant required to attend periodic interviews to plan for their return to work.
Preparing for work	Expected to start preparing for future even with limited capability for work at the present time or parent of a child aged 2. The claimant is expected to take reasonable steps to prepare for working including Work Focused Interview.
Searching for work	Not working, or with very low earnings. Claimant is required to take action to secure work - or more/better paid work. The Work Coach supports them to plan their work search and preparation activity.
Working - with requirements	In work but could earn more, or not working but has a partner with low earnings.
Working - no requirements	Individual or household earnings over the level at which conditionality applies. Required to inform Department for Communities of changes of circumstances, particularly if at risk of decreasing earnings or losing job.

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In Column E we calculated a percentage of claims from individuals in employment, which have risen seven percentage points between March 2020 at the start of the pandemic to August 2020.

The number of UC claimants has risen from 86,000 in March 2020 to 132,000 in August.

The overall number of UC claimants **in work** has more than doubled over that same time period, from 18,680 in March 2020 to 39,000 in August 2020, according to the DfC’s data.

Expert comment:

Richard Burge, Chief Executive of London Chamber of Commerce and Industry, said:

“London has the highest unemployment rate in the country, with the fastest unemployment growth, and also the largest amount of people on furlough.

The capital’s businesses have suffered the perfect storm of losing revenue usually provided by international and domestic visitors, commuters, and business travellers.

Central London especially has a high dependency on its cultural, tourism, and hospitality sectors, and so many of these businesses haven’t been able to operate properly for nearly a year now, if able to open at all.

It’s no surprise therefore to see large claimant numbers for Universal Credit, nor a continued reliance upon it. That will seemingly remain the case until vaccination roll-out, and Test and Trace, is effective enough to support economic recovery.”

The Chamber has published a report into the impact of the pandemic on the capital.

Labour’s London Assembly Economy Spokesperson, Leonie Cooper AM, said:

“These figures paint a horrendous picture of the toll Covid has taken on people’s livelihoods and businesses. We’ve felt the impact of the pandemic so acutely in the capital, where 1.3 million Londoners were already in in-work poverty before Covid struck – a 50% rise in the last decade.

“We need Ministers to take urgent action. London’s unemployment rate is now the highest in the country, having climbed to 6.5%. We know that some Londoners are hit harder than others, with black men in the capital being twice as likely to be unemployed as their white counterparts.

“Government support to help those unemployed is falling short. We see this with Kickstart which has funding for 120,000 placements, and which had filled just 1,868 – 1.5% of those – by mid-January.

“The Government must deliver job creation schemes that are fit for purpose, and we need Ministers to urgently mend the holes that have been poked through the welfare system over the last decade. The first point of action the Government must take is to keep the £20 weekly uplift in Universal Credit beyond April. Government must also scrap the five-week waiting period for initial payments.

“And they don’t have to stop there. There’s so much they can do to help London’s unemployed – for example by raising Local Housing Allowance to help cover rent – it just takes political will.”

Powys County Council

Powys County Council Leader, Councillor Rosemarie Harris said; “Like all parts of the country the county has been hit hard by Coronavirus. In March we invoked our business continuity plan to concentrate on business-critical activities.

“We have been very active supporting Powys businesses with a Support Local campaign and have distributed more than £66m in COVID grant funding to nearly 9,500 businesses.

“The council with its neighbour Ceredigion Council has agreed heads of terms on the Mid Wales Growth Deal with Welsh and UK Governments which will trigger £110m investment into the region. A strong and vibrant economy is a priority in the council’s Vision 2025 Corporate Plan.”

Richmondshire District Council

Prior to the pandemic, Richmondshire was already one of the areas with the highest proportion of UC claimants in work. This is a reflection of our low wage economy, with a lot of people working in seasonal tourist related employment.

This position will have been made worse during the pandemic due to those seasonal tourist jobs being particularly badly affected by lockdown measures across the country.

Richmondshire continues to ensure all entitled claimants are paid the covid grants they are entitled to as well as council tax reduction from the Government hardship fund.

Minesh Patel
Principal policy manager at Citizens Advice UK.

Q: Broadly speaking, how has the pandemic impacted the way people use Citizens Advice?

A: At the start of the pandemic, we saw a huge surge in people coming to us for advice about Universal Credit or employment more generally - mirroring the trend of more people applying for the benefit. Seven out of every 10 people coming to us didn't need support previously, so we had lots of people who weren't used to the benefits system applying for the first time and needing help with things like eligibility and how much they were entitled to.

Advisors have been supporting a whole range of people including more younger people and more self-employed people, showing the impact this crisis has had.

As well as that - two-fifths of people we've been helping on Universal Credit are in some sort of work, so this might include people who have been furloughed or people on low wages, for example people on zero-hours contracts, who need Universal Credit to top up their income.

We’ve definitely seen a rise of people seeking advice on benefits while in some sort of work and I think that’s to do with the impact of this crisis. Overnight, loads of people lost their job or saw a drop in their hours.

Our advisors are telling us a lot of the people coming to us are on the furlough scheme and need Universal Credit to top up. There has also been a rise in people in insecure work during this pandemic. There is a lot of evidence to show people in insecure work will be on lower wages on average than workers in more secure employment.

While our advice for Universal Credit claimants has stabilised somewhat, we are still seeing our Universal Credit page is being viewed once every ten seconds and that really demonstrates people are still very worried about their income.

Why do you think there has been a rise in longer term claimants living in London?

According to our own data we’ve seen a real mix of people across the country. And that’s indicative of the uncertainty this crisis has had on a range of businesses, not just hospitality and tourism but also more retail, leisure and gyms.

We’ve got a situation where we’ve currently got almost five people on out-of-work benefits going for every vacancy that’s available. We hear day-in-day-out that people are really struggling to find a job or to increase their hours.

I think one of the reasons we are seeing more of a rise with people in London who are on benefits longer term can be explained by the impact to the gig economy. People working in delivery, cleaning and industries where people are more likely to be on zero-hours contracts. But I think it is a really varied picture and will very much depend on the local economy.

More generally, the rise in people claiming for longer is really to do with the fact our labour market has been really badly hit. We’ve seen a huge drop in vacancies and we know it is going to take a long time for the job market to recover, especially when unemployment is set to peak at 2.6 million by the middle of the year.

We hear from people who have had to completely pivot from one sector to another and people will need time in those instances to retrain and get the experience they need.

What are your views on the cessation of the £20 Universal Credit uplift?

We are supporting more people on Universal Credit that also have a debt problem as well, so in November, almost a fifth of people who were on benefits also needed help with a debt issue. I think that's showing this crisis has really affected their ability to keep up with their rent and to keep up with costs.

We are really worried about the removal of the £20 a week uplift to Universal Credit and working tax credits and what that could mean for claimants. Across our own data, we are seeing that three quarters of people in that group wouldn't be able to cover their costs if that financial support was removed.

Our advisors tell us it can be the difference between putting food on the table and empty cupboards; the difference between paying that energy bill and falling into arrears. There is a real worry here at Citizens Advice that if that support doesn't continue past April there will be people falling into debt and at risk of eviction or homelessness. These are problems that will be difficult for the individual but will also be a further cost to local government later down the line.

We know maintaining the uplift will be a sizeable investment and we think it's really important to sustain households and support economic recovery. It's really important to realise that by putting money in people's pockets that money can be spent in local economies.

The benefit cap is also something, anecdotally, that our advisors are picking up on. We know that DWP data shows 170,000 households have had their benefits capped and this will particularly impact larger families and families with high housing costs in cities like London.

The government should be looking at whether the cap should be temporarily paused or whether it needs to be increased in line with the £20 a week boost.

Emma Congreve, Knowledge Exchange Fellow at the Fraser of Allander Institute at the University of Strathclyde, Scotland. She leads the Institute's work on poverty, inequality and inclusive growth.

Q: Do you think the reason we see a similar number of new claim starts in April and May just because of different notice periods for different types of occupations perhaps or is it just coincidence and the impact of the pandemic becoming clearer across the economy in May?

A: It could have been a mix of factors of which you mention a couple and I think making too much of a distinction between April and May could be problematic. It was a very sudden shock, and whilst some businesses will have immediately closed, it will have taken others a while to work out what to do (and what support they were going to get and how quickly they would get it). Added on to that, people who were made unemployed also had to then work out what they were going to do…so that occurred over April and May and no doubt at different rates depending on people and place. It was the same shock though.

It also depends on when people started making their claim to UC (some people may have delayed applying until they really had to), and how long it took for that claim to be put through the system.

Worth remembering also that there is the gradual transition of people from legacy benefits (e.g. JSA) that are moving on to UC. That might have accelerated during the pandemic if there were changes in circumstance for people – plus some may have been incentivized to do so by the £20 uplift that wasn't applied to legacy benefits.

Q: On rising numbers of Universal Credit claimants who are in employment

A: This is a tricky one – but not unsurprising that number haves gone up a bit. For employees this is likely to be either due to furlough or non-furlough reduction in hours worked that is putting their pay below UC thresholds. The self-employed may also be making up a portion of these. Not sure if it is spread of a 'new' issue. It could just be a longstanding issue of low pay in sectors that have been particularly affected meaning they are more likely to tip over the threshold into being able to claim UC. That is a general message we've been telling – the pandemic has exposed a number of underlying inequalities in the labour market.

It would probably be worth looking at the percentage of total labour market in those areas to see how significant an issue it is in these areas. Were they starting from a low base? Also, are these areas where more people have been furloughed rather than lost their jobs? It could be a good news story rather than a bad!

Q: How unusual are the patterns we're seeing in six-month plus Universal Credit claimants?

A: Given the shock we've seen to the economy, and the lack of a sustained recovery since the pandemic started, it is not surprising that the number of people who have been on universal credit for six months or longer has increased. This is a sign that the social security system is working as it should be and providing financial support for households who have seen their income fall either due to being made unemployed, or due to being put on furlough or reduced hours. Until we have confidence in a sustained recovery, it is unlikely that the labour market will expand significantly and these numbers will come down.

Q: Can you explain the geographic trends? Why was Scotland/the North West of England initially struck in April, do you think? Why did that seem to then affect London and the South East in May 2020?

A: There will always be some regional variation in which parts of the country sees shocks first, and in this case, industries that were immediately affected and had employees with contracts easily terminated (e.g. tourism) are likely to have been more prevalent in some parts of the UK. Although I'm not sure the difference between the northwest/Scotland and the south of England is hugely of note – it's not something we've picked up as far as I know.

Q: Do you think these figures show different patterns for members of the gig economy and those who were in long-term unemployment?

A: The main pattern most likely stems from sector. And then contracts will no doubt come into play. Obviously some gig economy workers have seen an increase in demand for their services.

Q: Are we seeing the start of a trend with rising numbers of people in employment also claiming Universal Credit? Why might that be rising?

A: The increase in those in employment but also claiming Universal Credit is likely to be a result of the furlough scheme where employees may only receive part of their pay, reduction in hours worked if in an affected sector and not furloughed, and probably the self-employed as well who haven't been able to access SEISS. There may also be households where one adult has lost their job, making the household eligible for UC even though there may still be another adult working (although clearly on relatively low pay). The fact that these people have retained contact with the labour market is positive, and was one of the reasons why the furlough scheme was introduced. However, the fact that what may actually have only been a relatively small reduction in pay is enough to tip them over into UC eligibility does imply that their incomes were fairly low in the first place/

Q: Is this level of claims sustainable? What might happen when furlough stops later this year? What other factors might influence the numbers of claimants?

A: We would expect the number of claims to UC to reduce as and when the economy starts to grow, and employers have confidence that the recovery will be sustained. When this will be is of course unclear. It is important that furlough is not withdrawn too early – and it seems unlikely that it will be given the fact that it has lasted this long. However, as furlough is withdrawn and other support for business wanes, there will be some firms that find themselves in an unsustainable position and hence unemployment could increase. The extent to which firms elsewhere will be expanding and taking on new workers will define whether or not UC claimants fall or grow. As to whether the level of claims is sustainable – there does not seem to be any particular concern over the UK's fiscal position, and although there will be those arguing for a reduce in spending, this is unlikely to be imposed on the financial markets in terms of increased borrowing costs in the foreseeable future.

In relation to Scotland in particular, I've attached the SG's most recent briefing on UC which might be helpful: https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2021/01/universal-credit-scotland-dashboard-2021/documents/universal-credit-scotland-dashboard-january-2021/universal-credit-scotland-dashboard-january-2021/govscot%3Adocument/Universal%2BCredit%2BScotland%2BBulletin%2B-%2BJanuary%2B2021.pdf

Peter Matejic, deputy director for evidence and impact at the Joseph Rowntree Foundation.

The Foundation has recently published its yearly UK Poverty report, which assesses the "nature and scale of poverty" across the UK.

Q: What were the key findings from the UK Poverty Report?

A: Before the pandemic struck incomes were already falling for the poorest and what we saw during the pandemic was those who already had the lowest incomes were worst hit. So certain ethnic groups, sectors and areas of the country, which were already poorer have seen their situations worsen. What we are keen to see happen is, when we get out of the pandemic, a recovery that works for all, especially for those groups that were already left behind

Q: Why are we seeing such a rise in people claiming Universal Credit while in work?

A: I think it's a sign of two factors. One is that the pandemic has had a massive effect on the labour market - so lots of people have been furloughed, lots of people have reduced their hours and lots of people have lost their jobs and had to take up more lower paid jobs.

So, in a way, it is to be expected that the earnings have gone down. What we are worried about is, this could be a temporary phenomenon as the furlough scheme is due to wind down at the end of April. Quite a lot of these people on Universal Credit at the moment are in one of these precarious situations where they might be on furlough or the business they work for is working out how to survive. The fact the number of claimants has gone up - and the proportion in work has gone up - is worrying because that means earnings have fallen. But we think it could get worse if lots of those people claiming Universal Credit in work after the end of the furlough scheme move over into the category of out-of-work claimants.

Q: What trends are we seeing in the job market?

A: One of the things we have seen is the number of vacancies available are a lot lower compared to last year. So if you do lose your job there is a lot more competition for any of the vacancies. And also it is quite uneven across the country. What we are seeing is that some of the areas with the highest Universal Credit claims are the areas with the lowest number of vacancies.

If you've lost your job in an area with very few vacancies, there is very little you as an individual can do to get a job if there is very few around and there is huge competition for them. People we've spoken to say they are feeling really under pressure to try and make ends meet and that's why there will be this need to, post-lockdown, look geographically at which areas are bouncing back quicker and which sectors. City centres that are quite restaurant heavy, depending on what's allowed post-lockdown, may find it harder to recover than other areas. The government will need to think geographically and think about how it can unwind the furlough scheme without bringing about a big spike in unemployment.

We would recommend the furlough scheme doesn't just end with a cliff edge that is on one day and off the next. We need to try and think - are there certain sectors that need support for longer? Are there certain areas of the country that need support for longer? As you can see there is evidence that some areas are recovering faster than others.

Q: What has the last nine months of the pandemic been like for people struggling to make ends meet?

A: We have a grassroots poverty action group that advises us on the report and its members' experiences of poverty. And we have heard some really powerful stories, not just of resilience, but also how the pandemic has affected people.

For instance, one member worked as a security guard at big events. Since no events have happened he has lost his job and lost his earnings and is trying to think about what he can do to make ends meet. We have also heard that the system needs to be a bit more compassionate so we saw a really good response with the £20 uplift.

Q: Why do you think the £20 Universal Credit uplift should remain in place?

A: What we've seen is the £20 uplift has been a lifeline for people who've received it. We've heard so many claimants and recipients of universal credit who have faced extra costs since the start of the pandemic. Some have lost their jobs and are suddenly having to cope on a much lower income. It's just not right to take £1,000 a year away from six million struggling families when we see the jobs market is really tough.

We also don't think it makes economic sense either for the government to withdraw that money because those families will spend that income in the businesses and help that cycle of growth and recovery. While the health effects of the pandemic will end with vaccination, the economic effects will remain in place.

The £20 a week uplift follows six years of benefit freezes or below inflation increases, so the value of the key out of work benefit has been eroded during that time. We do think it has fallen too far.

Another report last year showed a 50 per cent increase of people in destitution, so we think that the benefit needs to be strengthened. We do think that, for the next financial year at least, the uplift should continue and also we think some of the people on legacy benefits like Employment and Support Allowance (ESA) and Jobseekers Allowance (JA) have been left behind totally. We don't think it's fair to leave those families in a much worse place than a family who live down the road.

How can the government work to tackle poverty when we come out of the pandemic?

Housing is a key point. What we saw pre-pandemic was a massive expansion of the private rented sector. That really is an expensive and insecure tenure, that can work for some, but we are seeing an increasing proportion of what people earn being spent on housing costs. That's an issue we think can be solved by building more social housing.

We think progress needs to be made in the social security system and the labour market. How do we support the right type of jobs to come back? Is there a way we can make the zero-hours and gig economy less precarious for the people in it? There have been lots of trends in the labour market that have been good, such as flexible working and working from home. THe question is, can we maintain the good stuff and get back to normal in some other areas. It's a question of what society do we want to see post-pandemic. Do we want one that's like the one before where the poor were being left behind? Or do we want one where we are building back together?

Nye Cominetti, senior economist at the Resolution Foundation think-tank, focussed on improving the living standards of those on low-to-middle incomes

Q: With a cohort of Universal Credit claimants being supported via the Job Retention Scheme, how difficult will it be for them to re-enter the world of work if the economy begins to reopen again later this year?

A: Long-term unemployment is something that rises in recessions and it's a reason why governments put things in place to support those groups. But a new feature of this recession is that we've got groups of people who have been on furlough for a long period of time. Now that's really good in the sense that their incomes are being protected. In many cases those people will return to work, so they will restart their working lives as they were.

But some of those people won't return to work and they will be made redundant. We've done a survey of that group and we've found they are more likely to be concerned about losing their job in the coming months. If they do, they will be in a fairly similar position to someone who has been long-term unemployed in some respects in that - they haven't been working for much of the past year. So there is a strong case to suggest those groups should be offered the same support we would usually give to the long-term unemployed.

Why is it that London appears to have such a high proportion of people claiming UC for six months or more?

A: Overall it's been a crisis that has affected the whole country. Some previous crises have been much more concentrated geographically in their impact.

The kinds of sectors that have been affected the most in this crisis, such as hospitality, the leisure sector and non-supermarket retail - those are jobs that exist in all parts of the country.

However, we do find in the data there has been a relatively big impact in London. Universal Credit claimants in London are more likely to have been on it for a long period of time - but also we can see London has been more affected by the proportion of workers placed on furlough, the number of jobs that have been lost and the number of vacancies. The reasons for that are probably to do with the fact people aren't going into offices at the moment. There are many jobs in London that are associated with people going into the office, so that's sandwich shops near your office or pubs and bars that are really relying on that trade from people coming into the centre of London. The general consistent pattern is places that rely on people travelling to them have been the hardest hit.

How should the government support those long-term claimants and reopen the economy?

The biggest decision that the Chancellor has to get right is how the Job Retention Scheme is withdrawn. As of January, we think there are around four-and-a-half million people on furlough and that's as the country went back into lockdown. The big question is, how do you withdraw that support in such a way that people don't end up being made redundant?

The basic theory is, you will need to withdraw it in line with the recovery of the economy. We saw last autumn that the scheme was set to be withdrawn in October - and yes, at that point there had been a summer of some recovery. But the economy was still in a very weak position and we saw that have an impact on redundancies. Redundancies rose to four times their normal level over that autumn period because many employers expected the scheme to end, were experiencing weak demand and decided to make an adjustment. We don't want to repeat that mistake again.

We have to withdraw it at a slower pace so employers can take people back into the workforce. There are two ways to do that. You either increase employer contributions at a steady pace, or you increase the number of hours you require people to work to access the scheme. There can't be any cliff edges. If for example, the hospitality sector isn't allowed to reopen along with everything else, that sector needs to still have access to the furlough scheme.

Q: Do you think the £20-a-week uplift for Universal Credit claimants should remain in place?

A: We absolutely think the right thing to do would be to extend that £20 uplift. It came in at the start of this crisis and it was a recognition that that benefit was too low.

In real terms, adjusting for price increases, It was at the levels of the early 1990s and it hadn't kept up with increases in pay or wider living standards in that period. It's not a generous benefit - I think we need to remember that. Removing it is the wrong thing to do for families that have been hit by this crisis. We've done some work showing that those people on Universal Credit are more likely to be behind on their bills. Many are expecting to go into debt or go further into debt in the coming months.

Also, in a macro-economic sense, we know that households on low incomes are likely to spend all of the money they are receiving in income. So reducing their income at a point we are trying to foster an economic recovery is absolutely the wrong thing to do.

A Department for Work and Pensions(DWP) spokesperson said:

"Universal Credit has been a lifeline for millions affected by the pandemic and will play a vital role as we build back better to recover our record breaking jobs market.

"Claims still open after six months in 2020 cannot be compared with 2019 as claims not in payment are being left open for longer during the pandemic to ensure people are able to access support quickly should they need it.

"We are committed to supporting the lowest-paid families, which is why we're spending hundreds of billions to safeguard jobs, boosting welfare support by billions and have introduced the £170m Covid Winter Grant Scheme to help children and families stay warm and well-fed during the coldest months."

Further notes to editors from the DWP

- The Chancellor announced a temporary £20 increase to Universal Credit in March 2020, and this runs until the end of March 2021.

- As we have done throughout this crisis, we will continue to assess how best to support the economy, which is why we will look at the economic and health context at the time.

- As it stands, spending on working-age welfare in 2020 was – at over £100 billion – already set to be at its highest level on record, both in real terms and as a % of national income.

- With Universal Credit, no one has to wait five weeks for their money as urgent advances are available.

- Throughout this crisis, the UK Government has helped millions of people to continue to provide for their families as part of its Plan for Jobs to protect, support and create employment.
- An unprecedented £280billion support package has been provided to safeguard jobs in every region and nation of the UK, with support now extended until the end of April 2021.
- This builds on the nine million jobs already protected through the furlough scheme, £13 billion provided for the self-employed, and billions of pounds in tax deferrals and grants for businesses.

Case study:

The Welsh county 'over-dependent' on tourism

By Local Democracy Reporter Gareth Williams

Future tourism strategies should move away from attracting sheer numbers of visitors to ensuring that local communities benefit to the greatest possible extent, council chiefs have suggested.

With a report warning of an "over dependence" on low paid jobs within tourism when compared to other industries and areas of the UK, concerns were raised that the county cannot cope with "unsustainable" visitor numbers as seen in parts of north Wales last summer.

Despite tourism contributing over £1.35bn to the Gwynedd economy before the pandemic – employing over 18,200 people with 7.81m visiting annually – councillors also concluded that a sustainable industry was only possible with the consent of local people.

But with covid-19 meaning that foreign travel continues to be impossible for most, the council leader conceded that the massive surge in visitors last summer had resulted in negative impacts on both the local environment and the perception of many locals.

While 2020 showed a drop of between 50% and 60% in the value of tourism to Gwynedd, more and a “different type” of visitor were said to have converged on the county within a much shorter window than previous seasons.

In light of such “unprecedented” visitor numbers to Snowdon and resulting in traffic safety concerns due to dangerous parking along busy highways, the council leader told Tuesday’s Education and Economy Scrutiny Committee meeting that such “unsustainable tourism” could not continue to be accommodated.

Cllr Dyfrig Siencyn went on to say: “Setting a new direction is vital and I believe that the industry itself sees the need to be more reflective of our society generally

“I’ve been personally accused of being anti-tourism despite growing up in a home which was let out as a Bed & Breakfast, and it’s right that we remember it’s an important industry for us.

“But the pandemic has perhaps shown we’re almost wholly reliant on tourism in rural areas such as Gwynedd and have very little choice, which drives us to create a much more varied economy rather than all our eggs being in one basket.

“We’re told that £1.3bn is generated from tourism yet still have some of the lowest income levels in the country, how do you reconcile that?

“We need a hospitality industry that offers good careers and good salaries, and we need to work on improving the quality of the industry in Wales as a whole.”

Committee members heard that the authority was continuing to lobby the Welsh Government on the potential of a modest “tourism tax” on overnight visitors, but despite concerns that “tourism imbalance” was placing more pressure on the main “honey pots,” one member also urged caution on placing too much emphasis on last summer’s extraordinary circumstances.

Methodology

For claimants in work

We used Stat-Xplore's 'People on Universal Credit' dataset, selecting employment by status, and by local authority (LA), generating totals for each LA-status combination for each month. Percentages were generated by dividing each LA category total by the overall LA total.

For claimants hitting 6 months

If the change in the 6 to 12 month category between September and October is X, and if X is greater than 0, then X equals people who have moved up from the 3 to 6 month category and are therefore hitting the 6 months threshold since starting in April

If the change in the 1-2 years category over the same period is Y, and is also greater than 0 (i.e. it increased due to people previously in the 6-12 months category hitting 12 months), then Y is the minimum number of *additional* April claimants needed to compensate for those moving out of that category

Adding X to Y gives a minimum figure for the number of claimants moving into the 6-12 months category in October. This figure is only a minimum as it does not factor in that any claimants leaving the 6-12 months category for other reasons will also need to be replaced by 6 month claimants (if the number is increasing).

This calculation is repeated for other periods, e.g. May entrants hitting 6 months in November.

The Department for Work and Pensions (DWP) said some UC claims were deliberately being left open for longer during the pandemic rather than closed to avoid having to restart the claims process for people who needed urgent support suddenly.