

# The influence of Covid-19 on people applying for benefits

## Introduction

This paper draws on the work of two charities to show the impact of the coronavirus crisis on people seeking benefits and people on low incomes. The data comes from surveys of users of the [Turn2us Benefits Calculator](#) and a survey of 900 frontline practitioners from [Buttle UK](#). The analysis has been carried out by the charity think tank [NPC](#).

It finds:

- The impact of the coronavirus crisis on people seeking benefits is primarily due to redundancies, but almost as important are temporary closures of workplaces and self-isolation.
- Black, Asian and other minority ethnic people are disproportionately likely to be trying to access benefits because they cannot work due to self-isolation or from being at high risk from the virus.
- Almost a quarter of people in the least deprived areas of the country, who are searching for benefits, are currently unable to afford food.
- Despite holding up well through the first phase of the crisis, the well-being of people looking to access benefits began to drop markedly towards the end of the summer.

The key questions these findings raise for charities / funders / policymakers are:

- Does a focus on redundancies and people who have been made unemployed hinder your understanding of who has been affected by the crisis and how to help them?
- How are you targeting your support to the regions and communities that need it most? What data and evidence are you looking at and is it sufficiently granular?
- Material support for people who are struggling is vital, and will support their well-being, but what steps are you taking to monitor well-being itself and to understand why it is declining?

We present these findings ahead of the Spending Review, to help inform the debate around how economic support for those impacted by the coronavirus crisis should be designed and delivered.

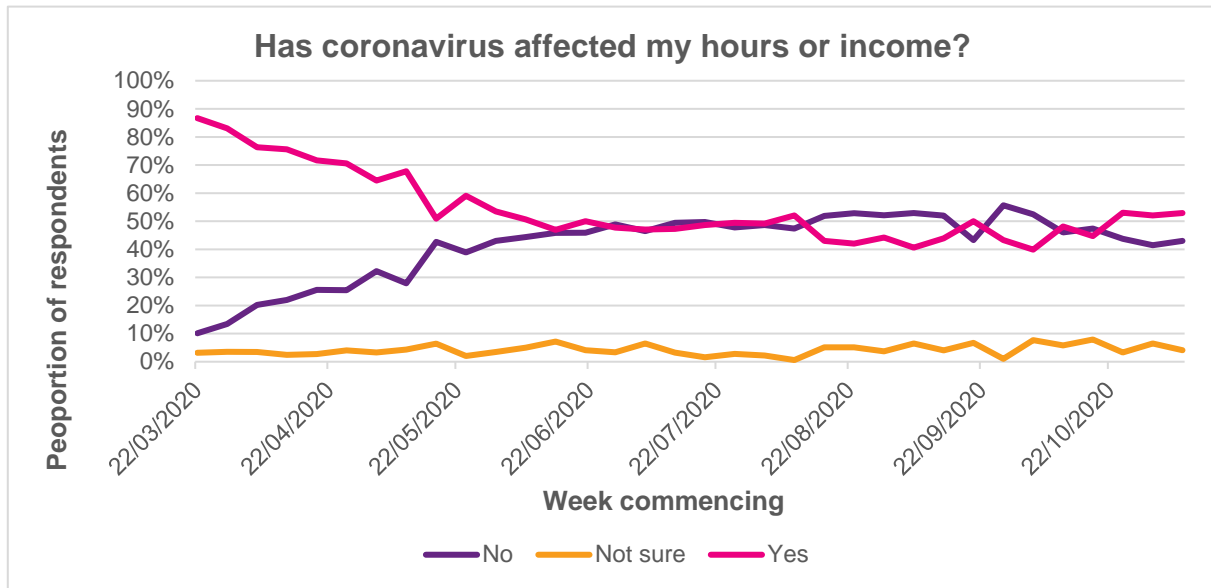
## Despite government support, restrictions are driving up Covid-19 related use of the Turn2us Benefits Calculator

At the beginning of the crisis, in March, almost 90% of Turn2us Benefits Calculator user were reporting that 'coronavirus had affected [their] income.' Overtime, this dropped rapidly to around 50%, and remained between 40-50% over the summer and early autumn, perhaps reflecting the impact of the easing of restrictions and the government's support schemes. However, the proportion of users reporting a coronavirus related impact on their income went consistently over 50% again for the first time at the end of October, which roughly coincides with the introduction of the tier regulations across England.<sup>1</sup>

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<sup>1</sup> [https://en.wikipedia.org/wiki/COVID-19\\_tier\\_regulations\\_in\\_England](https://en.wikipedia.org/wiki/COVID-19_tier_regulations_in_England)

Figure 1: Responses to the Turn2us Benefits Calculator survey on the impact of Covid-19 on income since the crisis began.



These results suggest restrictions may be driving users to the Turn2us Benefits Calculator, and then on to the benefits system. We hope this consideration is being factored into decisions about how to support those affected by the coronavirus restrictions.

## Rising redundancies, especially among the most vulnerable, are worrying

Figure 2 shows the breakdown of those who said coronavirus had impacted their income in the Turn2us survey. It helps us understand the circumstances of those whose income has been affected, and how. It shows that initially, the impact of coronavirus on Turn2us Benefits Calculator user’s income came from temporary closures of workplaces. This coincided with much greater use of the Benefits Calculator and reflects the scale and severity of the first lockdown, which seems to have brought more people, who do not usually need to think about benefits, to the Benefits Calculator (see our previous work on this data [here](#)). But since this point, as Benefits Calculator use returned to more normal (lower) levels, we have seen redundancy become the leading single cause of impact on income.

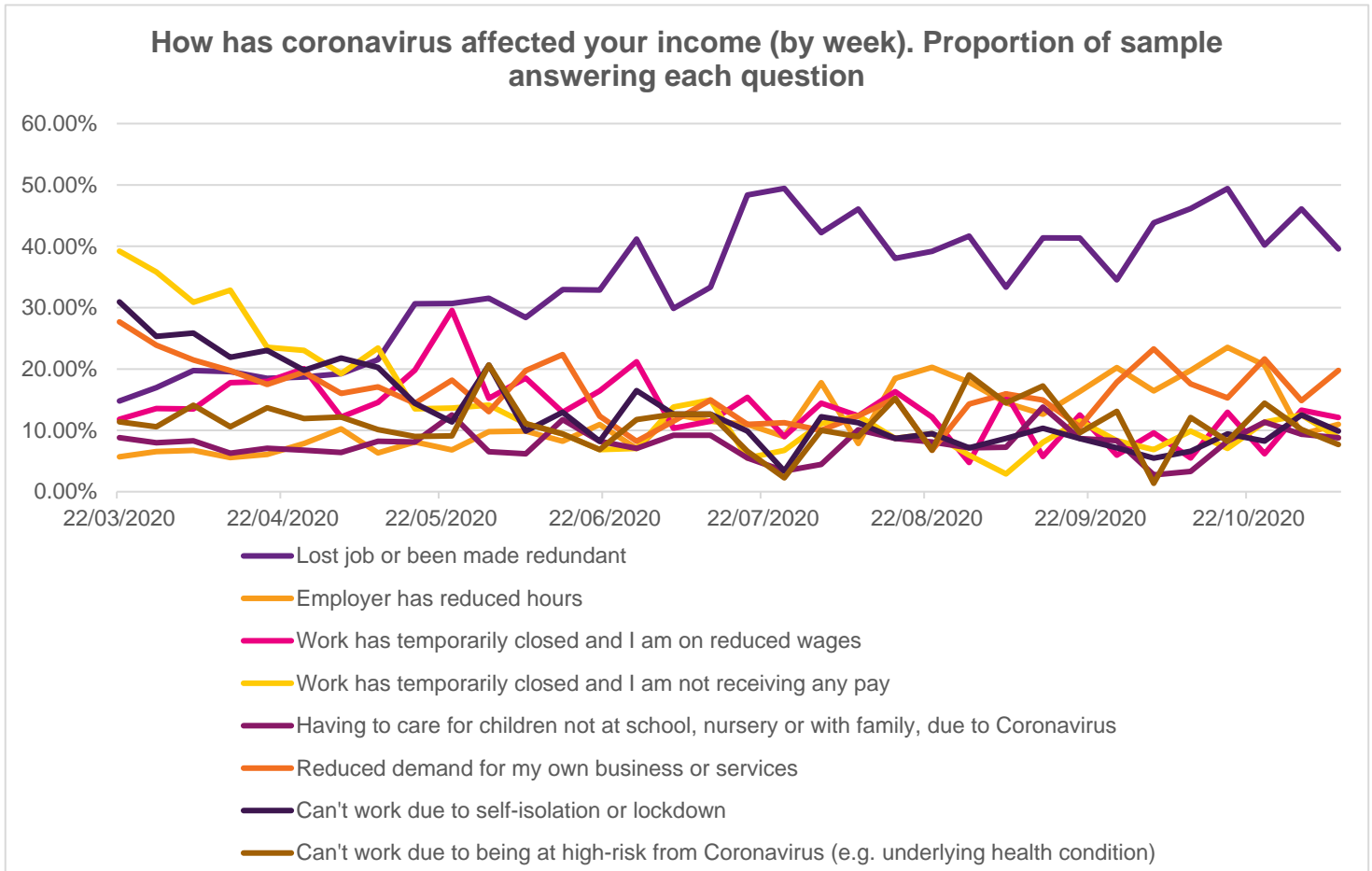
This finding chimes with different data from Buttle UK, who undertook a survey of 1,000 frontline social work, education, housing, health and voluntary sector workers across the UK. Respondents to this survey reported 10% of vulnerable families they worked with losing their jobs, far outstripping the national average of 0.4% since the crisis began.<sup>2</sup>

*‘A lot of our families have lost their jobs and, even before Covid-19, live hand to mouth and so there is no spare money if there is a financial blip.’*

Buttle UK survey respondent

<sup>2</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/redundancies>

Figure 2: Responses to the Turn2us Benefits Calculator survey on the reasons for Covid-19 impacting income since the crisis began.



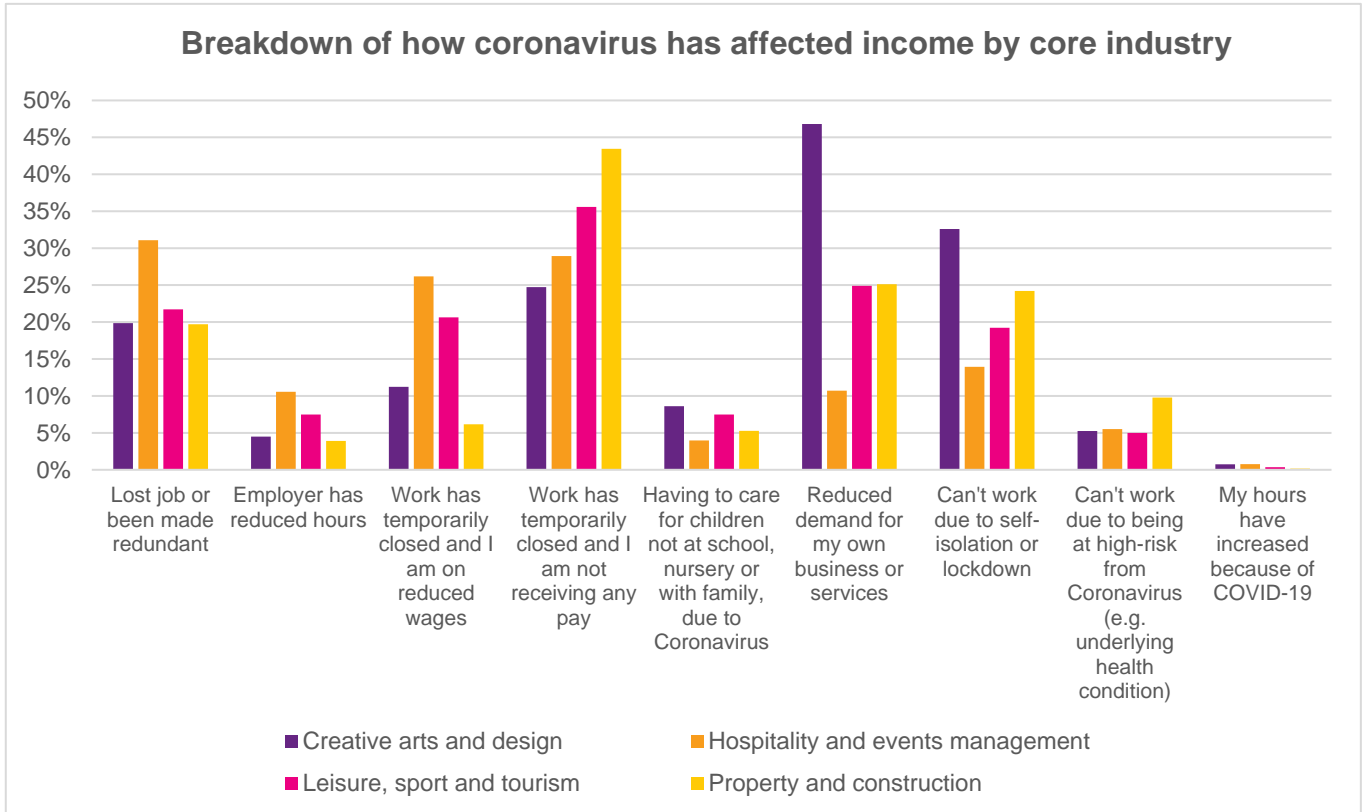
However, a focus only on redundancies hides at least half of the problem and may cause policymakers to overlook groups who need support. Clearly redundancy is an important issue but policymakers, charities and funders must not overlook the broad range of other reasons people are seeking to use the benefits system.

## The worst affected industries are being hit by redundancy, temporary closure and self-isolation

Close to 90% of users of the Turn2us Benefits Calculator from the leisure and tourism, property and construction, creative art and design, and hospitality and event management industries reported a coronavirus related impact on their income, reflecting the patterns seen in other studies. Taken together, these four industries, out of 23 possible responses, represented 21% of those whose income was affected. However, within them, the impact on income broke down quite differently.

Redundancies were most commonly reported among those in the hospitality and event management industry (around 30% of respondents versus around 20% of respondents from the other three industries), while a reduction in demand for 'my own business or service' was creating issues for those in the creative art and design industry (around 45% versus between 10-25% of respondents from the other three industries). The property and construction industry had the highest rate of respondents saying that 'work has temporarily closed and I am not receiving any pay.'

Figure 3: Responses to the Turn2us Benefits Calculator survey on the reasons for Covid-19 impacting on income since the crisis began, split by self-reported industry.



These responses highlight the fact that, while people may not have been made ‘redundant’ in the legal sense of the word, the crisis has still put them out of work and impacted their incomes. There is support for the self-employed available, but we call upon the Chancellor to address the long-term impact that loss of income (or reduction) will inevitably have on households across the country.

The availability of support schemes is a temporary ‘patch’ that will not fix the medium and long-term, total or partial loss of income that many have suffered. Plus, for those who might have lost their job, there is great uncertainty around the ability to find a new one in the current economic climate.

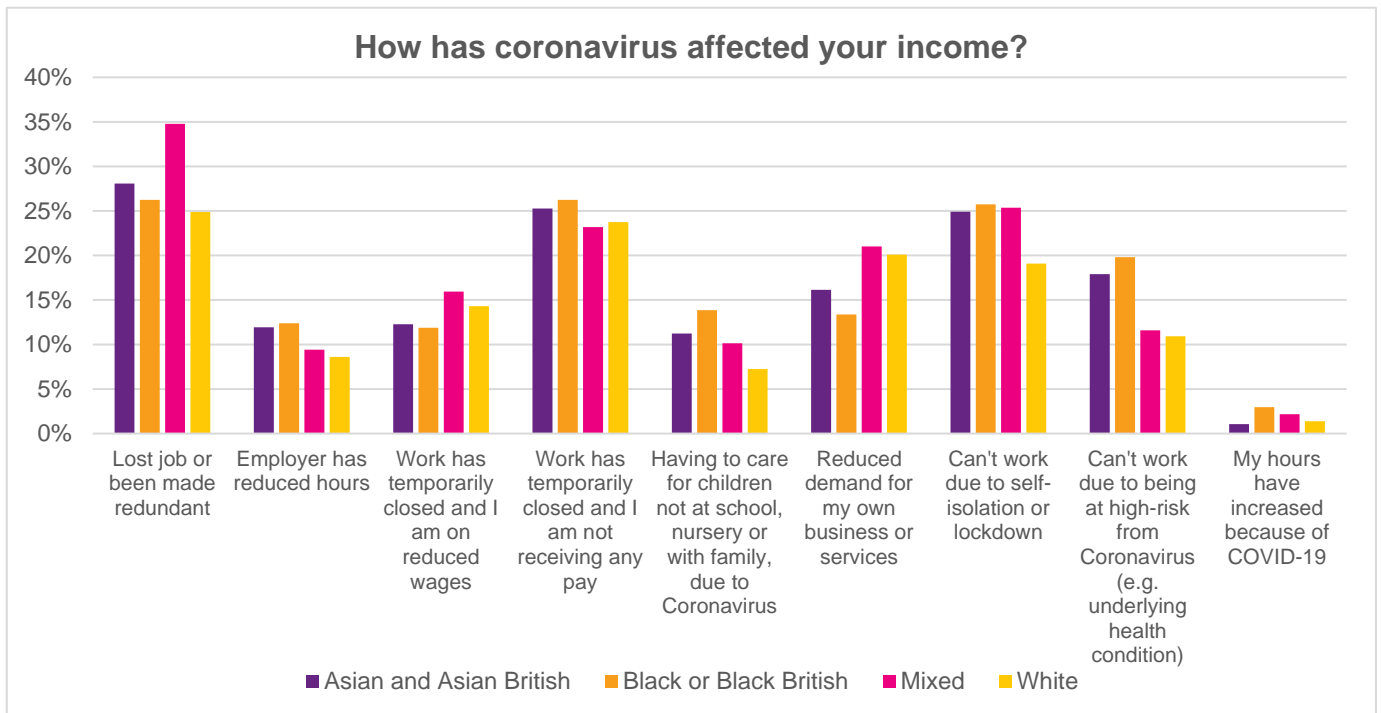
*‘Furlough has impacted on families as it has significantly impacted on the income the family receive ... [there are] more families borrowing money from family / friends or companies.’*

Buttle UK survey respondent

## Different ethnic groups have been differently impacted, with more Black, Asian and minority ethnic people pushed into self-isolation

If we look at the category of people who said their income has been affected by coronavirus through the lens of ethnicity, we see only a small overall variation of around 5% between different ethnic backgrounds. ‘Black or Black British’ were the least likely to report a Covid-19 related impact on their income, at 62% of respondents, and the highest was ‘Mixed’ at 67%. ‘White’ people, the majority of the sample, were the second least likely to report an impact, at 63%. However, there were noticeable differences in the ways people from different ethnicities reported experiencing the causes of Covid-19 related income impacts.

Figure 4: Responses to the Turn2us Benefits Calculator survey on the reasons for Covid-19 impacting on income since the crisis began, split by self-reported ethnicity.



'Black or Black British' and 'Asian and Asian British' people were more likely than 'White' people to say that they had been unable to work due to being at high risk of a health issue. All other specified ethnicities were around 5% more likely than 'White' people to be unable to work due to self-isolation.<sup>3</sup> We know that health and economic inequalities are related, and policymakers should be thinking about how they can break the connection as much as possible, where the inequality is influenced by the crisis and the measures taken in response to it.

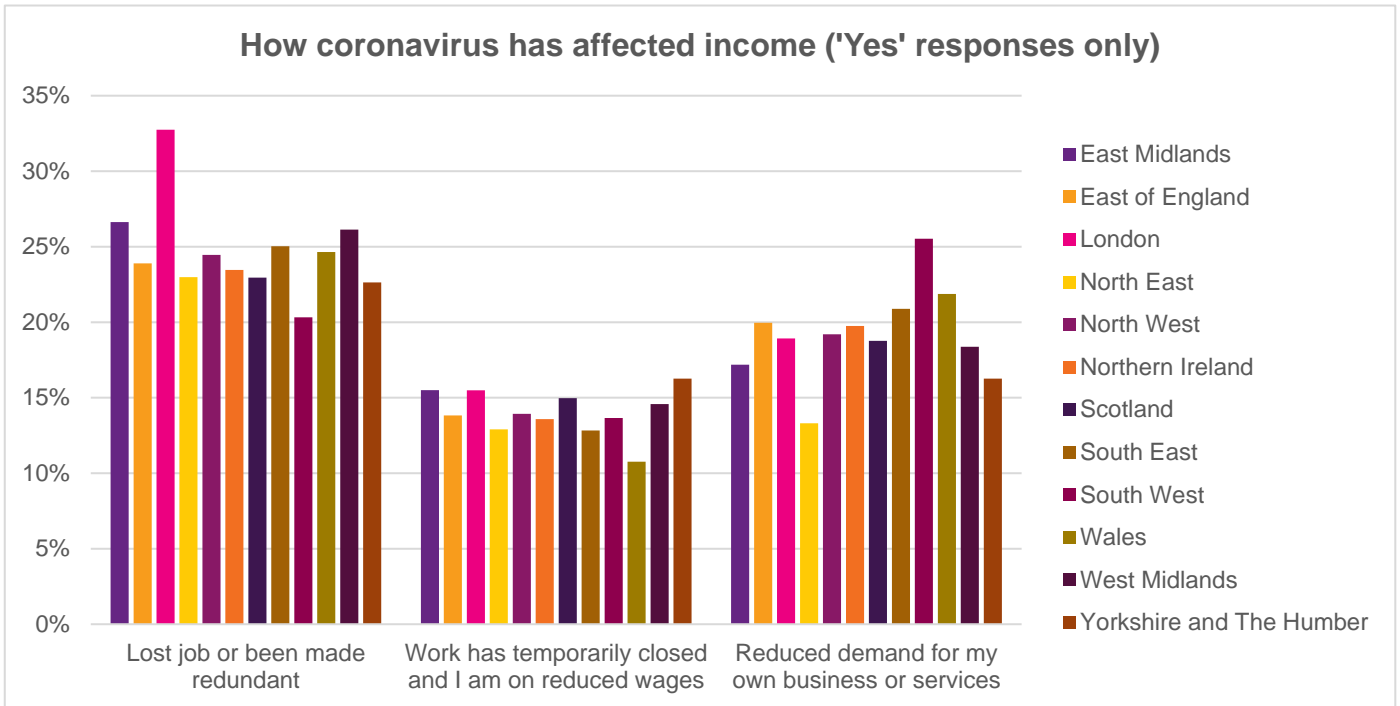
Another finding to draw attention to is that 'Black' people were the most likely to have had their income impacted due to childcare responsibilities, around 5% more than 'White' people. We are concerned, firstly, that people get the childcare support they need, but also that this finding may mean that schools serving predominantly 'Black or Black British' children are being closed more than other schools in the UK. The government should be alive to inequality in the challenges to educational attainment that come out of this crisis.

## Redundancies and other impacts are distributed unequally around the UK

Responses to the survey also suggested that impact on incomes has different drivers depending on the region. London seems disproportionately affected by redundancies, while the South West has been most people affected by loss of demand for the user's business or services. The South East has the highest proportional impact from temporary closures.

<sup>3</sup> Excluding the categories 'other' and 'preferred not to say', which are indeterminate and returned low sample sizes.

Figure 5: Selection of responses to the Turn2us Benefits Calculator survey on the reasons for Covid-19 impacting on income since the crisis began, split UK region / nation.

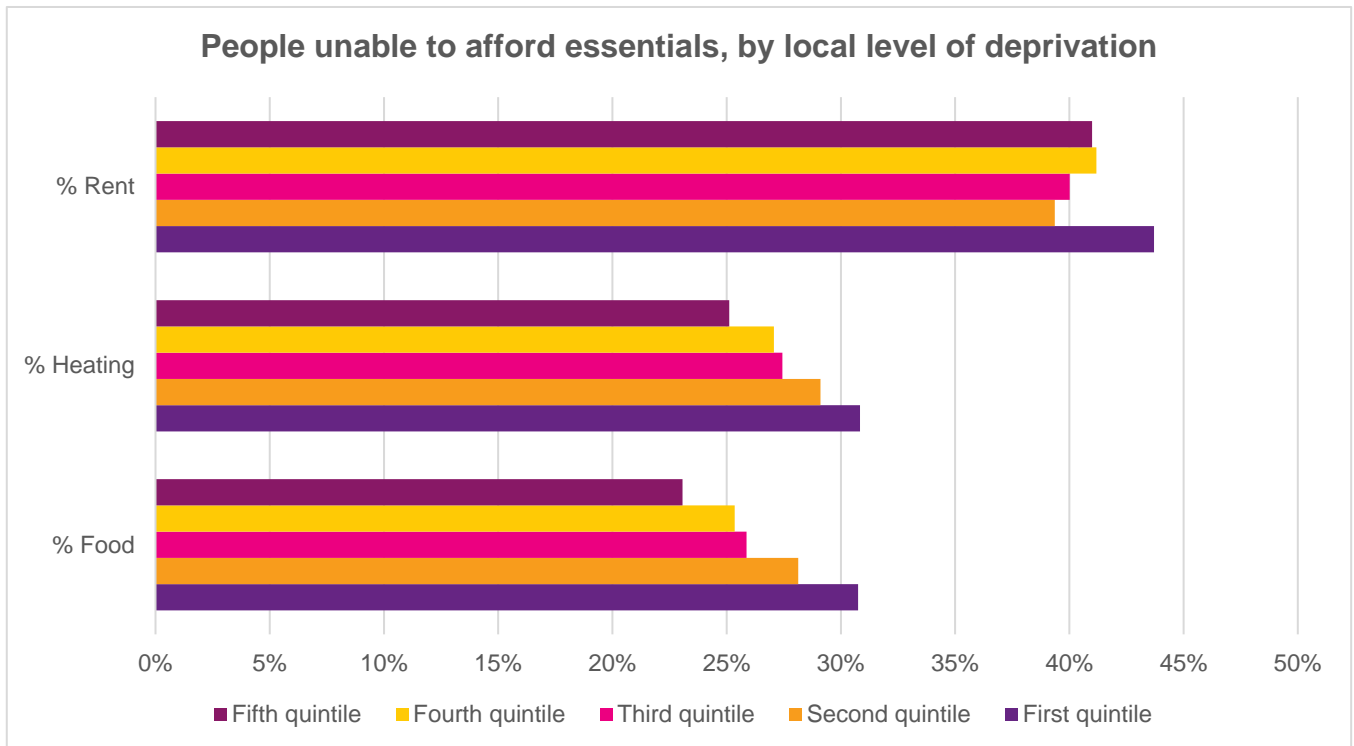


These differences no doubt reflect the structure of the local economies of these places (the South West has the second highest proportion of self-employed people in the country for example) but they may also reflect the structural changes that the crisis is bringing.<sup>4</sup> The findings on London in particular challenge the perception that it is more economically resilient than the rest of the UK. Understanding these regional differences is the first step to tackling the local issues and we advocate for support for people trying to access benefits that are better tailored to the situation in different regions.

4

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/selfemploymentbynuts1region>

Figure 6: Responses to the Turn2us Benefits Calculator survey on affordability of essentials (all respondents) in 2020.



When we compare users of the Turn2us Benefits Calculator, by the deprivation of the local authority in which they live, we also see that, even in the most affluent areas of the country, significant proportions of people are unable to afford essentials during the pandemic. Almost a quarter of people in the least deprived areas of the country, who are searching for benefits, are currently unable to afford food, and more than 40% are unable to afford their rent. While minorities and disadvantaged groups have borne the disproportionate financial and social impact of Covid-19, this highlights that the financial shock of the pandemic is being felt across the entire country.

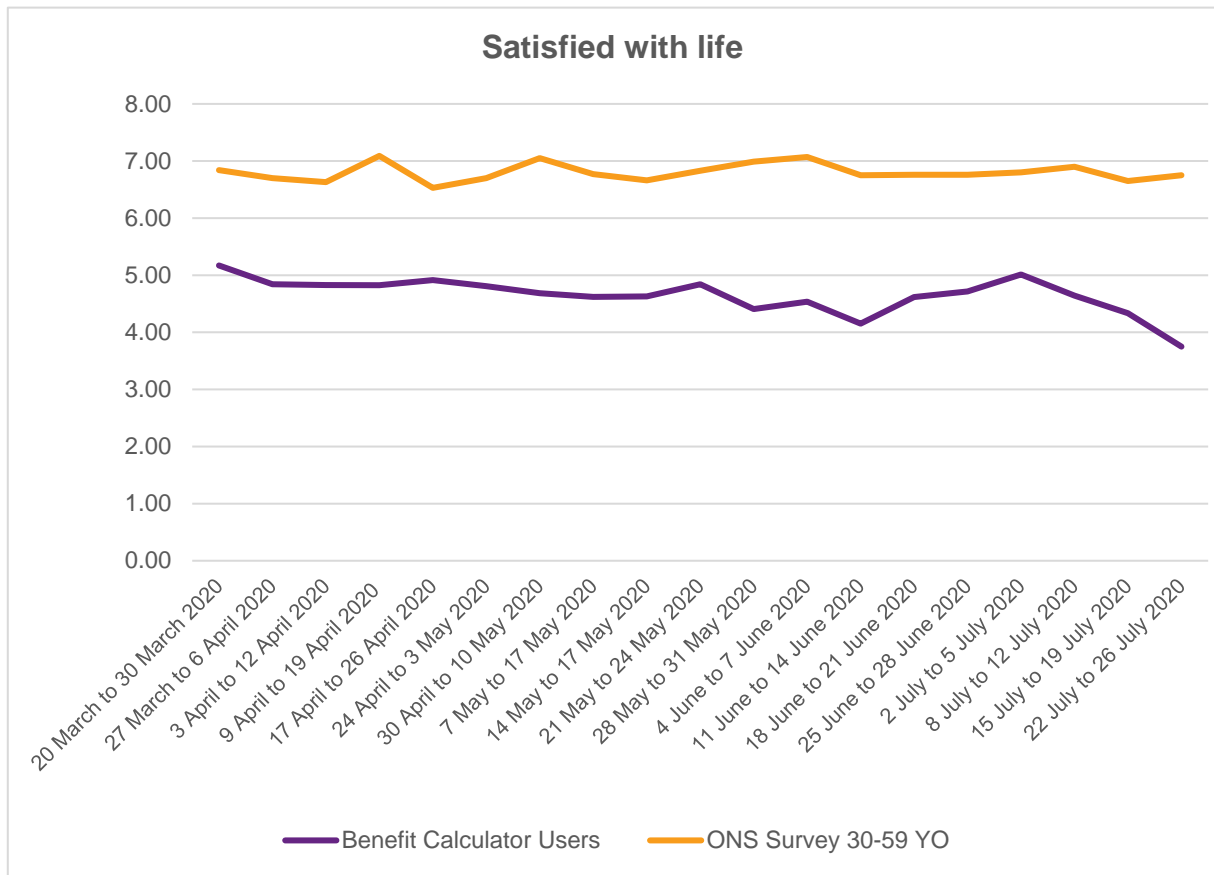
## The hard times are getting harder

Users of the Turn2us Benefits Calculator generally report well-being that is lower than average for the UK population. Despite this, the figures held relatively steady, at that lower point, throughout most of the crisis.

However, towards the end of the summer, before the tier restrictions were announced, well-being started to decrease. Average ratings of 'Happiness', 'Life Satisfaction' and 'Life Worthwhileness' all hit their lowest points of the year between 22 and 26 July, while reported anxiety also started to trend upwards in this period (the last period for which we have data).



Figure 7: Average of responses when asked for life satisfaction out of 10 since the crisis began, from all the Turn2us Benefits Calculator survey respondents, set against ONS survey of the same question, from 30-59 year olds.



These recent shifts are quite marked, considering the stability through the darkest days of the crisis. It is imperative we start to understand what is causing them, and that the government understands that quality of life for people who are looking to access benefits is decreasing rapidly, from a low base.

*‘Priorities changed overnight and being able to feed the family and cover fuel costs became the focus. Some families where this had never been an issue previously did not know how to access support etc, so children were having to do without. This was an additional factor over them being withdrawn from everything they knew, school, nursery, friends, clubs etc.’*

Buttle UK survey respondent

## About this briefing

This briefing is a joint venture between the anti-poverty charities [Turn2us](#) and [Buttle UK](#), and the charity think tank [NPC](#). Its goal is to take data directly from charities on the issue of poverty in this country and to put it into the hands of those working to empower and strengthen communities—be they charities, funders or policymakers.

For more work like this, view our [data dashboard](#) for interactive quantitative data on the crisis. [Get in touch](#) for more information or if you are interested in joining the partnership.

## Methodology

Turn2us: This data was collected from 22 March 2020 to 8 November 2020, with a sample size of 10,903 responses, via a user survey that is completed after someone searches for benefits information on the Turn2us website.

Buttle UK: This data was collected in June 2020, with a sample size of 908 frontline workers from across the UK, via a survey that was sent out to Buttle UK's referral agency network.

For more information please contact Thomas Collinge, Policy Manager at NPC via [Tom.Collinge@thinkNPC.org](mailto:Tom.Collinge@thinkNPC.org)