

National organisations & the impact of Covid-19: Poverty Alliance briefing, 22nd April 2020

About the Poverty Alliance

The Poverty Alliance is Scotland's anti-poverty network. Together, we influence policy and practice, provide evidence through research, support communities to challenge poverty and build public support for the solutions to tackle poverty.

Our members include grassroots community groups, activists who are experiencing poverty, academics, large national NGOs, voluntary organisations, statutory organisations, trade unions, and faith groups.

Background

Covid-19 has, in a relatively short space of time, had a profound impact on the lives of every person and community across Scotland. While this impact has been all-encompassing, early indications suggest that it will be most keenly felt by people living on low incomes.

In response to the crisis, the Poverty Alliance has been engaging with member organisations from across our network. This briefing provides a snapshot view of national organisations on both the immediate impacts of the crisis on people living in poverty across Scotland, as well their key concerns and priorities in the short and long-term.

It draws upon a survey of Poverty Alliance members in early April, one to one discussions and a members meeting which took place on 14 April. An earlier briefing based on the experiences of grassroots Poverty Alliance members, and people with experience of poverty, can be found [here](#).

Immediate impacts of Covid-19 on people on low incomes

National organisations in the Poverty Alliance network are working to support people living on low incomes through the Covid-19 crisis and beyond. Already, they have identified a range of immediate impacts that are being felt by people and communities across Scotland.

These include:

- Increasing income crisis: The most significant impact felt by many people and households has been an immediate cut in income. For many of the 60% of adults living in poverty in Scotland who are in working households, the crisis has seen a cut in income (e.g. furloughed workers only receiving 80% of their wages) and/or of their hours.

Poverty Alliance member organisations that provide services to people living on low incomes are reporting growing and unprecedented demand for those services and of more people being pulled into income crisis in the last month. Organisations who provide cash grants to families in crisis are reporting significantly increased demand and are now having to provide grants from their own funds (rather than from Scottish Government funding that has been awarded in response to the crisis, for example).

As well as accessing emergency cash support where available, organisations are reporting that individuals are relying more on cash support from friends and family and are cutting back on items like food and heating.

While steps have been taken by the UK and Scottish Governments to boost incomes, for example by increasing the Universal Credit standard allowance and working tax credits and by boosting the Scottish Welfare Fund, it is clear from the evidence and experience of organisations working nationally in Scotland that the social security system is failing to protect people experiencing income crisis. For example, as of yet there has been a lack of targeted social security support for families with children at either the UK or Scottish level.

- Access to food: One of the most prominent features of the impact so far has been the increasing levels of food insecurity, with organisations reporting serious challenges for many people on low incomes in accessing food.

While for many people (particularly disabled people) their access to food may be limited due to logistical challenges – such as not being in the ‘shielded’ category (and therefore not being eligible for home meal deliveries) but still being at higher risk from the virus, or living in areas with limited access to shops – for many the challenge is financial. With significant numbers of people seeing their incomes cut, it is becoming harder for households to afford the food they require. With food insecurity already at high levels across Scotland, the current crisis is exacerbating this experience yet further.

There have also been reports that access to Scottish Welfare Fund community care grants have become more restricted in recent weeks owing to the impact of the lockdown measures. Given that many people use these grants to cover the cost of new fridges, for example, any restriction in access could lead to people finding it even more difficult to access food given they could potentially be left without the facility to store that food.

- Inconsistency in support for families on free school meals: The speed of the response from the Scottish Government in supporting local authorities to – at a time of school closures – continue to support children on free school meals is welcome, as is the Scottish Government’s recommendation to local authorities that providing financial support should be a guiding principle of their response.

However, it is clear that – while many local authorities have adopted a welcome cash-based response to this gap in provision – others have chosen approaches that are less effective and potentially more problematic. Some local authorities are requiring families to pick meals up from schools while others are providing vouchers that limit the choice of recipients. For example, vouchers that can only be used in one chain of shop or that cannot be used online can severely limit the options of many families living on low incomes, particularly those living in rural areas and those without their own means of transport.

- Challenges in accessing Universal Credit: The onset of the Covid-19 crisis has led to unprecedented numbers of people applying for Universal Credit. Poverty Alliance member organisations are reporting concern over people’s ability to submit their Universal Credit claim due to challenges in getting through to telephone helplines,

which risks further delays in providing people with the financial support they need to keep them afloat.

There is also serious concern that the huge numbers of people who have made Universal Credit applications in the last month represent just the 'tip of the iceberg', and that significantly more people will be applying in the coming weeks and months. It is believed, for example, that many people who are in work (but who have seen their hours or wages significantly reduced) have not yet applied.

There are also ongoing concerns around access to Universal Credit for people who are self-employed and for students who have lost their jobs but who are not eligible for Universal Credit because they do not have children or a disability.

- Gaps in employment protection programmes: Member organisations who provide employment advice have reported significant spikes – in some cases a doubling - in the numbers of people seeking advice and support. Despite the reassurances provided through the UK Government's Job Retention Scheme, there is still uncertainty among many workers about their employment rights during this period. For example, there is still a lack of clarity around the rights of groups like contract workers.

Additionally, there are concerns that, while the UK Government's Job Retention Scheme is welcome, there are still gaps through which many low-paid workers may fall through. For example, while the commitment to paying 80% of furloughed workers' wages is positive, it still means a potential 20% cut in income for workers whose employers do not top-up the 20%. For low-paid workers, this can represent a sizeable cut in their income which Universal Credit is often both unable and ill-suited to bridge.

There are also concerns over the gaps that exist in the UK Government's support scheme for self-employed workers, for example the lack of support for people who have been self-employed for less than one year.

- Employment issues: Aside from issues associated with the UK Government's scheme for employed and self-employed workers, there are a number of other work-related issues facing workers on low incomes.

Poverty Alliance member organisations that engage directly with employees report issues around who is or is not classed as an essential worker, with people often being asked to go into their workplace – potentially putting themselves at risk – despite that work not being genuinely essential.

There are also concerns around the disproportionate impact and risk being faced by women. Women make up the majority of health and social care workers but also make up the majority of workers in industries most adversely impacted by lockdown measures (e.g. retail and hospitality) and so are facing a disproportionate impact from the crisis on a number of fronts.

There may also be different experiences for men and women who are now working from home. With women often taking on the majority of responsibility for care, there are huge challenges for women – particularly lone parents - seeking to balance

childcare with working from home. There is a risk that this could have longer-term implications for women in the workplace.

- Housing and homelessness issues: The action taken by the Scottish Government to pause evictions has been welcome, as has subsequent guidance that has been issued to sheriff officers not to proceed with evictions that were already in process. However, there are still reports of illegal evictions and/or threats of eviction from private landlords.

Many of the 'gatekeeping' issues that had been apparent in some local authority areas – most notably in Glasgow – have for the moment ceased. This is a consequence of people who were previously rough sleeping now being accommodated in hotels. However, a lot of the hotels in which they are being accommodated do not have fridges or adequate cooking facilities; thereby providing an additional barrier to accessing food and potentially further heightening risk.

There are also some concerns over the potential housing challenges faced by people in prison who are due for release, who are already at heightened risk of experiencing homelessness. Ordinarily, many would be accommodated in private B&Bs, however given that many of these B&Bs will now be occupied there is a risk that they could be left without anywhere to stay.

- Equality and human rights impacts: There is a clear sense from Poverty Alliance member organisations that not everyone is or will experience the Covid-19 crisis in the same way, with particular groups – particularly women, disabled people and people from black and minority ethnic backgrounds – having significantly different experiences. There has been welcome recognition of this in some respects, for example the additional support provided by the Scottish Government to organisations working with women experiencing domestic abuse.

However, some concerns have been raised over the lack of involvement of disabled people in the emergency planning process, which it is believed has resulted in some aspects of the response not meeting the needs of all disabled people. For example, there has been a lack of guidance and clarity on personal protective equipment for disabled people who employ personal care assistants.

Several concerns have also been raised regarding the experiences of people with long-term conditions and unpaid carers – both groups who are at increased risk of experiencing poverty - during the crisis. Some, for example, have been contacted by GP practices and asked to sign 'do not attempt CPR' forms; an inappropriate and distressing action.

With local authorities under increased pressure, there have been reports that there have been cuts made to social care packages, potentially meaning that people's needs are not being met.

- Support for people in the asylum system or with no resource to public funds: Some positive steps have been taken in relation to protecting asylum seekers in Glasgow experiencing destitution, who are now largely being accommodated in hotels. More people are also now accessing asylum support who were previously destitute.

There are ongoing issues being reported, though, for people with no recourse to public funds, who are not eligible for income-based benefits and who are therefore at extreme risk of destitution during this period. Local authorities have now been given guidance confirming they can accommodate people who have No Recourse to Public Funds, who they may not have accommodated in the past.

Key policy priorities and longer-term concerns

National organisations in the Poverty Alliance network are continuing to identify a range of short and long-term policy priorities that can help to loosen the grip of poverty on people's lives in response to the Covid-19 crisis. Alongside this, they are also identifying particular concerns about the longer-term impact of the social and economic upheaval that is currently taking place.

These policy priorities and longer-term concerns include:

- Social security response: The current crisis has shone a light on the need for a strong social security system that can provide protection to people experiencing income cuts and crisis. It has also shown that government can take immediate action to strengthen the social security system, like the welcome step of increasing Universal Credit standard allowance.

Poverty Alliance member organisations are clear, though, that additional action is required by the UK and Scottish Governments to bolster the social security system. Even with the increases in Universal Credit and working tax credits, this still does not fully mitigate the significant and damaging social security cuts that have occurred since 2015. There have, as yet, also been no increases in 'legacy benefits' such as Jobseekers' Allowance. Additional and urgent action is therefore required, including increasing child benefit, ending the two-child limit and ending the five week wait for first Universal Credit payments.

At the Scottish level, there is a desire for the Scottish Government to utilise the social security levers at its disposal to boost incomes in response to the crisis. Existing channels such as the Best Start Grant and Best Start Foods could be utilised for this. The additional investment that has been made by the Scottish Government in the Scottish Welfare Fund has been welcome, but here too there is scope for further investment expressly focused on providing support for particular groups (e.g. families with children) and for longer periods of time.

- Impact on women's equality: A theme in crisis responses from around the world has been – on the part of those coordinating the response – a de-prioritisation of women's issues and a lack of focus on rights considerations. The inclusion, within the Coronavirus (Scotland) Act, of a principle of equality and non-discrimination was therefore welcome.

There is, though, a need to maintain a focus on the gendered impact of the crisis, given the clear risk that it will exacerbate and entrench existing gender inequalities. The crisis has already brought to the fore existing issues that women face in the labour market, for example, and has highlighted the undervaluation of workers in sectors that are disproportionately made up of women, such as social care. An increased focus on addressing these issues is therefore essential.

Similarly, there are concerns that previous commitments made by governments that would be of particular support to women experiencing poverty may fall off the policy agenda in the longer-term. For example while Poverty Alliance member organisations are accepting of the need to delay the roll-out of the Scottish Government's expansion of free childcare entitlement, there is a strong belief that – given its importance to women living in poverty, and particularly to lone parents - there is a need to deliver this commitment as soon as is feasibly possible once the worst of the current crisis is over.

- Increasing levels of debt: Given the increasing numbers of people experiencing cuts to their income, there are concerns that a longer-term debt crisis could develop in the coming months.

An additional factor deemed likely to contribute towards increasing levels of personal debt is the huge number of additional people now making Universal Credit claims, given the five week wait for first payments that the evidence shows already leads to higher levels of indebtedness.

- Housing: The action that the Scottish Government has taken to ban evictions has been welcomed by Poverty Alliance member organisations. There remain concerns, however, that when the current crisis ends or eases there may be a rapid spike in the number of evictions that take place.

There is a need, therefore, to ensure continued protection for tenants beyond the point at which the current protections end, as well as additional support – for example further increasing Local Housing Allowance – to mitigate again expected rises in rent arrears.

- Longer-term economic planning: Given the significant and necessary substantial increase in public spending that has occurred in response to the Covid-19 crisis, there is a concern among Poverty Alliance member organisations about the potential that, in the longer-term, there may be a return to the austerity policies that have driven rising levels of poverty across the UK in the last decade.

The impact of the public spending cuts that followed in the years after the 2008 financial crash act as recent proof of the damage that such a policy agenda can have, with the need to resist the longer-term re-invigoration of this agenda in response to the Covid-19 crisis needing to be of paramount importance for all policy-makers.

Summary

While still at the relatively early stages of the Covid-19 pandemic, it is already apparent that the social and economic impact is being felt by people living on low incomes. Those who were already living in the grip of poverty are seeing that grip tighten, while many more people risk being swept into poverty. Welcome action has been taken at all levels of government – local, Scottish and UK - to lessen and mitigate this impact. But it is clear from Poverty Alliance member organisations working at the national level that more action must be taken if we are to avert a rising tide of poverty that threatens to overwhelm people and communities across Scotland.

The problems that the crisis has shone a light on are not new. Our social security system has, for many years, failed in its duty of protecting people from harm. It was not the current crisis that created a labour market too often built on low-paid, insecure work. Yet what the current crisis does do is demand that we address these problems, both in the short and long-term. In the weeks and months to come, it is essential not only that all levels of government continue to take action to keep people's heads above water, but also that voices and concerns of organisations working across Scotland with people experiencing poverty help to inform all local and national response

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