



# LIFT THE BURDEN

TACKLING THE GOVERNMENT DEBTS  
FACING PEOPLE AT FOOD BANKS

## ABOUT THE TRUSSELL TRUST

We're here to end the need for food banks in the UK.

We support a UK-wide network of more than 1,200 food bank centres and together we provide emergency food and support to people locked in poverty, and campaign for change to end the need for food banks in the UK.

You can read more about our work at [trusselltrust.org](https://trusselltrust.org)



# INTRODUCTION

As the economic storm triggered by Covid-19 continues to unfold, more of us are needing support from social security to make ends meet. With benefit levels so low, we need every penny just to keep our heads above water. Yet we're seeing increasing numbers of people at Trussell Trust food banks unable to afford the essentials while being forced to pay benefit debt straight back to the UK government.

**Our findings suggest that almost half of all households arriving at food banks during the pandemic are repaying debts to the UK government,** a significant rise from before Covid-19 hit. It is now more common for people arriving at food banks to owe debt to the government than to private lenders or family and friends. This isn't right.

To help relieve the pressure on those struggling this winter, we're calling on the UK government to pause repayment of benefit debts so people on the lowest incomes can keep every penny of their benefits to help afford the absolute essentials, reducing their risk of needing to turn to a food bank for help.

## COVID-19 AND GROWING LEVELS OF FINANCIAL HARDSHIP

Since the pandemic hit there has been an unprecedented increase in the number of people relying on the social security safety net and other forms of support. During this time the number of people supported by Universal Credit in the UK has increased by 90 per cent, from 3 million in March 2020 to 5.7 million in October.<sup>1</sup>

At the same time, food banks across the country have seen historic levels of need. Food banks in the Trussell Trust's network saw a shocking 47% increase in need during the crisis, building on record need experienced during the same period last year.<sup>2</sup> There were 2,600 food parcels provided on average for children every day in the first six months of the pandemic. These figures are the tip of the iceberg, as many people will have been helped by other organisations providing emergency food.

We know that the vast majority of these people are already being supported by our social security system.<sup>3</sup> So why are so many people still not able to afford essentials?

First, levels of main income replacement benefits are already very low – going into the crisis they were not far above the threshold of destitution.<sup>4</sup> This means people have limited financial resilience to withstand unexpected costs or life crises.

Second, it is common for this income to be reduced further through benefit deductions. Taking money off already low levels of benefits can push people into destitution and needing to turn to a food bank.

These deductions can take up to a third off people's benefit incomes. Of particular concern is how deductions have become an increasingly common experience for people forced to use food banks during the crisis.

This can also help explain why the £20 uplift to Universal Credit – while vital in mitigating the impacts of the crisis – has not been enough to turn the tide of rising food bank referrals.

1 DWP, Universal Credit statistics: 29 April 2013 to 10 September 2020, (2020), <https://www.gov.uk/government/statistics/universal-credit-statistics-29-april-2013-to-10-september-2020>

2 Trussell Trust, 2,600 food parcels provided for children every day in first six months of the pandemic (2020), <https://www.trussell-trust.org/2020/11/12/2600-food-parcels-provided-for-children-every-day-in-first-six-months-of-the-pandemic/>

3 Our State of Hunger work found that in 2018 86% of people using food banks in the Trussell Trust network reported receiving state benefits. Trussell Trust, State of Hunger (2019), <https://www.stateofhunger.org/wp-content/uploads/2019/11/State-of-Hunger-Report-November2019-Digital.pdf>

4 The rate of Job Seeker's Allowance/UC standard allowance for single adult householders aged 25+ was just above destitution level in 2017; Joseph Rowntree Foundation, Destitution in the UK, (2018), <https://www.jrf.org.uk/report/destitution-uk-2018>

## The scale of benefit debt

People commonly end up with benefit debt to the UK government for two reasons: because they needed to take out an advance payment loan to get them through the five weeks of waiting for their first Universal Credit payment; or because their benefits have been overpaid in the past. Many people have both types of debt.

| Advance payment debts   | Benefit overpayment debts   |
|---|---|
| People need to take out an advance payment when they can't afford to go five weeks without income while waiting for their first Universal Credit payment. The existence of the five week wait means people who are already struggling without savings are forced to take on debt in order to make ends meet. Figures from the DWP show 1.3 million advances were paid between March and June 2020. <sup>5</sup> | This debt arises due to administrative error on the part of the government. In many cases these are years old, and many people may be unaware they even exist until they move onto Universal Credit. The problem of overpayments is current and growing: last year (2019/20) overpayments reached their highest ever level, with £1 in every £10 in Universal Credit paid incorrectly. This means £1.7 billion of debt to the government has been put on Universal Credit claimants in just one year, and is expected to grow even further in 2020/21. <sup>6</sup> |

These are far from the only kinds of debts that people owe to government – council tax debt is particularly prevalent with an estimated 2.8m households in England estimated to have fallen behind on council tax payments since the pandemic begun.<sup>7</sup> However our findings in this briefing only relate to debts which are recovered by the Department of Work and Pensions through the benefits system in the form of ‘deductions’.

The prevalence of these kinds of deductions is high. Latest data from August 2020 showed that 41% of Universal Credit claims (1,847,000) had a deduction (excluding sanctions and fraud penalties)<sup>8</sup>:

- 26% for only advance repayments,
- 10% for advance repayments and deductions for other debts (e.g. third party deductions),
- 5% for benefit overpayments<sup>9</sup>

While third party deductions can be a preferable method for certain people to repay things such as utility bills and rent arrears, there should be real concern about the other kinds of deductions being taken at this scale.

This picture of a rising tide of debts people owe to the UK government has continued during the crisis, and is particularly pronounced when we look at people who have needed to turn to food banks.

<sup>5</sup> DWP, Universal Credit declarations (claims) and advances: management information (2020), <https://www.gov.uk/government/publications/universal-credit-declarations-claims-and-advances-management-information>. These figures include 238,030 budgeting payments.

<sup>6</sup> Public Accounts Committee, Department for Work and Pensions Accounts 2019–20 (2020), <https://committees.parliament.uk/publications/3503/documents/33555/default/>

<sup>7</sup> Citizens Advice, Excess debts - who has fallen behind on their household bills due to coronavirus? (2020), [https://www.citizensadvice.org.uk/Global/CitizensAdvice/Debt%20and%20Money%20Publications/Excess%20Debts\\_who%20has%20fallen%20behind%20on%20their%20household%20bills%20due%20to%20coronavirus%20plus%20methodology\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/Debt%20and%20Money%20Publications/Excess%20Debts_who%20has%20fallen%20behind%20on%20their%20household%20bills%20due%20to%20coronavirus%20plus%20methodology).pdf)

<sup>8</sup> Question for Department for Work and Pensions, UIN 113275, tabled on 9 November 2020 <https://questions-statements.parliament.uk/written-questions/detail/2020-11-09/113275>

<sup>9</sup> Question for Department for Work and Pensions UIN 113277, tabled on 9 November 2020 <https://questions-statements.parliament.uk/written-questions/detail/2020-11-09/113277>



# THIS RISING TIDE OF BENEFIT DEBT DEDUCTIONS IS PUSHING PEOPLE TO FOOD BANKS

Benefit levels are only just enough to keep our heads above water, and sometimes not even that. People need every penny to which they're entitled just to afford the absolute essentials like food, shelter, heating, lighting, warm winter clothes or toiletries. This is why high levels of deductions for people on such low incomes is so concerning.

This kind of government debt recovery was already hitting people hard before Covid-19. In February 2020, 37% of households arriving at food banks were in debt to the Department of Work and Pensions. This number – already far too high – has shot up during the crisis.

**Our most recent figures show that nearly half (47%) of the households our food banks supported in the summer were in debt to the DWP** – meaning that, for the first time since our surveys began, the most common form of debt among people using food banks is debt to the government, ahead of private lenders and families and friends.

During the summer we also found that 73% of people receiving Universal Credit were repaying an Advance Payment at the time they visited a food bank – despite clearly being unable to afford the essentials. This is up from 51% before the pandemic.

## Proportion of people arriving at food banks in debt – before and during Covid-19<sup>10</sup>

| Source of debt  | Early 2020 | Mid-2020 |
|---|------------|----------|
| Friend or family  | 48         | 43       |
| Department of Work and Pensions (e.g. benefit advance.) | 37         | 47       |
| Private lender (e.g. credit card, payday loan etc.)     | 30         | 43       |

The Trussell Trust has long highlighted the problems the five week wait creates and how it can push people into debt from the start of their claim. While advance payments were designed to address the challenges of the wait, these have simply turned an immediate shock of hardship into a prolonged lower level of income. This can have equally dramatic effects on people's ability to afford essentials.

In 2018, 94% of all people arriving at food banks are destitute.<sup>11</sup> It is unreasonable for them to be expected to repay these debts while they cannot afford the basic essentials to get by.

It is not just the number of people facing deductions that is startling, but the scale of those deductions too. At present, people can have up to 30% of their standard allowance deducted.<sup>12</sup> Analysis by Heriot-Watt University carried out in 2018 suggested that around a quarter of people at food banks subject to deductions were losing more than a quarter of their usual benefit income<sup>13</sup>. This can also combine with shortfalls in Housing Benefit to push people under.

<sup>10</sup> This is based on a survey of 435 people using food banks in our network across the last week of June and into July 2020. The survey was distributed through the same sample of food banks that took part in an equivalent survey of 716 people in January and February 2020. This allows us to compare across the two time periods.

<sup>11</sup> Trussell Trust, State of Hunger (2019) <https://www.stateofhunger.org/wp-content/uploads/2019/11/State-of-Hunger-Report-November2019-Digital.pdf>

<sup>12</sup> This is scheduled to reduce to 25% by autumn 2021.

<sup>13</sup> Analysis by Heriot-Watt University for the Trussell Trust

*They [DWP] take £41 a month for the advance, then £41 for tax credit overpayment ... I get £68 less Housing Benefit because I live with my 18 year old son [non-dependant deduction] ... I had to take out [doorstep] loans because I had no money*

(female, single parent)<sup>14</sup>

As the Centre for Social Justice has highlighted, the private sector has improved its practice significantly, fairly assessing people's ability to pay before recovering debts.<sup>15</sup> Not only is this fairer, but it also helps people to get on their feet and repay debts more effectively over the long-term.

These deductions from the DWP cannot be considered fair or affordable on any definition used by responsible private lenders – they should not be considered fair or affordable by government either. It's leaving people destitute and that's not right.

## THE HEAVY TOLL THIS TAKES ON PEOPLE'S MENTAL HEALTH

We know that being pushed into destitution can have a serious impact on people's mental health. In State of Hunger (2019) we heard in interviews the negative effects that lacking food can have on people's emotional well-being and their self-esteem.<sup>16</sup>

However, the level of mental health need seen at food banks appears to have risen significantly during the current crisis. The proportion of people referred to food banks citing a mental health problem in their household increased from 51% in early 2020 to 72% in June and July.<sup>17</sup>

Organisations like the Money and Mental Health Policy Institute have highlighted the relationship between poor mental health and debt, and there is evidence that mental health problems are more prevalent among people facing the burden of deductions.

We know that people with mental health problems are significantly more likely to be having to repay debts to the government. **53% of households arriving at food banks where someone was living with mental health problems reported they owed money to the DWP through a loan.**<sup>18</sup> This compares to 30% of households which did not report anyone with mental health problems. For certain conditions, such as anxiety, this is even higher.

*My mental health, it relates directly to my financial situation ... it [not being able to make payments] just plays on your mental health, doesn't it?*

(male, single)

<sup>14</sup> Trussell Trust, State of Hunger Research Programme, (2019)

<sup>15</sup> Centre for Social Justice, Collecting Dust: A path forward for government debt collection (2020) <https://www.centreforsocialjustice.org.uk/library/collecting-dust>

<sup>16</sup> Trussell Trust, State of Hunger (2019) <https://www.stateofhunger.org/wp-content/uploads/2019/11/State-of-Hunger-Report-November2019-Digital.pdf>

<sup>17</sup> Trussell Trust, Lockdown, lifelines and the long haul ahead (2020), <https://www.trusselltrust.org/wp-content/uploads/sites/2/2020/09/the-impact-of-covid-19-on-food-banks-report.pdf>

<sup>18</sup> This is based on a survey of 435 people using food banks in our network across the last week of June and into July 2020. The survey was distributed through the same sample of food banks that took part in an equivalent survey of 716 people in January and February 2020. This allows us to compare across the two time periods.

## People arriving at food banks during current crisis with mental health needs who are repaying loans to the DWP

| Recorded household mental health need | Repaying a loan to the DWP |
|---------------------------------------|----------------------------|
| Depression                            | 65%                        |
| Stress                                | 54%                        |
| Anxiety                               | 67%                        |

## OWING MONEY TO THE GOVERNMENT CAN COMBINE WITH OTHER FORMS OF DEBT TO PUSH PEOPLE UNDER

This picture of an escalating government debt crisis for those using food banks is compounded when we look at wider debts and the low financial resilience too many households face.

During the crisis, just one in four (27%) households arriving at food banks weren't behind on any of their household bills. This is a similar figure to early 2020 (26%).<sup>19</sup> However, those households that are in arrears seem to be more seriously so. Those using a food bank during the pandemic are more likely to be in arrears to two or more sources (48% vs. 41% in early 2020) or three or more (32% vs. 22%).

This supports the view of other organisations that we are facing a mounting debt crisis. StepChange has estimated that £6.1 billion of debt and arrears was accumulated in the first 3 months of the pandemic.<sup>9</sup> Turn2Us has found that one in three people (34%) have had to use some form of debt to get by since March 2020, with 6.4 million (12%) people using multiple forms of debt, such as a credit cards, overdrafts and loans.<sup>20</sup>

## THE UK GOVERNMENT HAS RECOGNISED THE PROBLEM – BUT FURTHER ACTION IS NEEDED

Before the pandemic hit, the Department of Work and Pensions had taken some welcome steps towards relieving the burden of heavy government debts and inflexible recovery practices. In the March 2020 budget, it was announced that the maximum amount that can be deducted would fall from 30% to 25%, and the repayment period for advances would extend from 12 to 24 months. However, these measures will not take effect until autumn 2021, much too late to help people suffering right now.

<sup>19</sup> Trussell Trust, Lockdown, lifelines and the long haul ahead (2020), <https://www.trusselltrust.org/wp-content/uploads/sites/2/2020/09/the-impact-of-covid-19-on-food-banks-report.pdf>

<sup>20</sup> Turn2Us, Weathering the storm: how Covid-19 is eroding financial resilience (2020) <https://www.turn2us.org.uk/T2UWebsite/media/Documents/Communications%20documents/Weathering-the-storm-How-Covid-19-is-eroding-financial-resilience-Exec-Summary-Final.pdf>

At the beginning of the crisis the government took some further action, providing immediate relief by suspending several kinds of deductions including benefit overpayments. The suspension only lasted between April and July, however, and as we entered a second wave of Covid-19, too many people are being forced to repay debts to the DWP despite struggling to afford the costs of essentials.

With almost half of all households using food banks repaying debts to the DWP, the UK government must go further and introduce greater protections over the winter and beyond.

## We are calling on UK government to:

### Immediately suspend all benefit debt deductions during the winter months

This would help ensure that people on the lowest incomes across the UK can keep every penny of their benefits to help afford the absolute essentials, instead of needing to turn to a food bank for help. This should be in place until fairer levels of repayments can be introduced in the Spring Budget.

This would reduce the pressure facing individuals and families across all nations of the UK. This suspension would cover debts such as Advance Payments and benefit overpayments which come as a result of the five-week wait or from administrative errors. This would not include third party deductions, which can have a role in helping people avoid being evicted or having their electricity cut off. These should be prioritised over the recovery of government debt.

### Bring forward planned easements to deductions to help people struggling during the crisis

The planned reduction in the maximum amount that can be deducted to 25%, and the extension of the repayment period for advance payments from 12 months to 24 months are both welcome. But these will not take effect until autumn 2021 – too late to help people struggling right now.

The government should bring forward these changes to at least the Spring, alongside including advance payments in the new 'Breathing Space' scheme which launches in April 2021. These combined measures would help people struggling to afford essentials much quicker than planned.

### Commit to a new UK Government Debt Management Bill to put debt collection on a fairer footing in the long-term

The government must ensure that government debt collection is joined-up and in line with private lenders' practice, ensuring repayments are affordable and fair. A Government Debt Management Bill has been recommended by a range of organisations including the Centre for Social Justice as a way of achieving this.

This could include carrying out affordability assessments, better considering the combined impact of multiple debts, and writing off historic debts due to tax credit overpayments.

### Provide greater resilience for people on low incomes by making the £20 uplift to Universal Credit permanent and extending to legacy benefits

We know that low benefit levels can compound the impact of deductions and make people more vulnerable to their impact. The increase in the value of Universal Credit Standard Allowance at the start of the pandemic was warmly welcome, but the UK government must commit to extending this beyond spring 2021.

With a third of people arriving at food banks on legacy benefits, it is important this lifeline is extended to these groups too.



**Lead author:** Rory Weal

### **Acknowledgements**

Thank you to Heriot-Watt University for carrying out research which informed this report, including a survey of people using food banks. Thank you to Step Change and other partners who have fed into report development. Most importantly thank you to the volunteers and people using food banks who have helped make this research possible, including by sharing their experiences.

**December 2020**

## Contact us



Unit 9, Ashfield Trading Estate,  
Ashfield Road, Salisbury SP2 7HL



[enquiries@trusselltrust.org](mailto:enquiries@trusselltrust.org)



01722 580 180

**[www.trusselltrust.org](http://www.trusselltrust.org)**



[twitter.com/trusselltrust](https://twitter.com/trusselltrust)



[facebook.com/trusselltrust](https://facebook.com/trusselltrust)



[instagram.com/trusselltrust](https://instagram.com/trusselltrust)

