



Citizens Advice briefing

Covid-19 pandemic

We give people the knowledge and confidence they need to find their way forward and use our evidence to show how things can be improved for people.

Summary

- **The government has now moved into the Delay phase of its coronavirus action plan.** The focus has rightly been on public health, NHS readiness, and targeted support.
- **People's finances are at huge risk, and temporary emergency measures are needed.** 3.7 million people can't cover living expenses for a week if they lose their main source of income. 7.4 million people are over-indebted.
- **It's vital that we support the financial and social resilience of individuals and families.** If people can't afford to self-isolate without fear of debt, disconnection, or eviction, this could undermine the public health response. And in the long-term there is a risk that a temporary crisis could then translate into lasting economic harm.
- **Because the situation is fast-moving, we present a range of options - some appropriate now and others appropriate only if or when the crisis escalates.** All the measures presented would be temporary and some could apply for only a short period at the peak of the pandemic.

What's the current situation?

At Citizens Advice we know well that many families in England and Wales go into this crisis with little resilience - around 7 million people have no savings at all. It is in everyone's interests that we help vulnerable people through these difficult times. Visits to our coronavirus advice pages have increased fourteen fold in the past week as the potential implications hit home.

Why is change needed?

The impact of this crisis will be widely felt. But some groups are particularly exposed:

- **People in 1.5 million jobs who earn below the Lower Earnings Limit (LEL)** necessary to earn Statutory Sick Pay (SSP).
- **Up to 5 million self-employed people**, particularly those who haven't made sufficient national insurance contributions to qualify for contributory Employment and Support Allowance (ESA).
- **Those in negative budgets (where somebody is unable to meet their living costs)** - 3.7 million adults whose household couldn't cover living expenses for under a week if they lost their main source of income, alongside 7.4 million people with significant debt burdens.
- **People who face higher energy and other essential costs** as a consequence of having to self isolate or stay at home to look after dependents, or children if schools are closed.

Our package of temporary measures is focused with these groups in mind.

The Government's emergency measures should prioritise:

- **Legislating to provide Statutory Sick Pay (SSP)** for people earning less than the Lower Earnings Limit **at 80% of their wage** and temporarily increase SSP and the level of benefits to support people facing sustained drops in income.
- **Changes to Universal Credit**, by suspending the Minimum Income Floor for all self-employed people, making advance payments a grant for those advised to self-isolate and make use of repayment pauses for benefit debt and third party deductions.
- **Extending the existing Cold Weather Payment** to provide support for self-isolating households paying higher energy bills in receipt of Universal Credit or legacy benefits.
- **Legislating to suspend section 21** to temporarily stop no-fault evictions for private renters and **amend grounds under which section 8 can be used to ensure** people aren't being evicted as a consequence of being in arrears due to coronavirus.

Additional measures to take forward

This crisis will require a substantial response. Alongside the priority measures above, the following changes would also support people's financial resilience and security.

Mortgages and other debts

- Require firms to offer mortgage and loan holidays, with no higher costs and options for how delayed payments are repaid, and ensuring credit ratings aren't affected.
- Industry-wide forbearance for all other major financial debts, such as credit card bills and payday loans.
- Amend council tax regulations to ensure people do not become liable for their full annual bill when they miss a payment.
- Councils should avoid using court and enforcement action to deal with non-payment of council tax.

Employment

- Suspend national insurance contribution requirements for contributory ESA.

Housing

- Issue guidance to landlords on how to treat renters in arrears.
- The Social Housing Regulator should write to all housing associations setting out expectations of support for people with rent arrears.

Essential bills

- Ensure suppliers have processes in place for people who are self-isolating or staying at home to top up legacy and smart prepayment meters.
- Suspend telecoms disconnections for the period of the crisis.

Consumer protection

- Ensure intelligence sharing is working across the enforcement landscape.
- **Banning unsolicited marketing** on products that make claims about helping consumers deal with coronavirus.

Further briefing is available on request. Please contact Lara Stanley
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