

MPs' coronavirus briefing:

We need a lifeline to help people keep their heads above water

The implications of the coronavirus COVID-19 outbreak will be far reaching and impact all corners of our society, affecting people's jobs and livelihoods as well as the tragic loss of life and impact on our health. The Government has rightly committed to some bold and compassionate measures that will offer security to families in this time of turmoil. But there are many people, people who are already in poverty and people who could be swept into it, who will not yet be feeling like they have been offered the lifeline they need to weather this storm. This briefing calls on the Government to go further than its current measures and offer security to those of us who are not yet covered by the initial steps.

Dave Innes

Head of Economics

Recommendations - the Government should:

1. Provide as many people as possible with the security of staying in work by extending the Coronavirus Job Retention Scheme to all workers taking time off work because of underlying health conditions, and extending the Scheme to those reducing working hours as well as those who are being granted a leave of absence ('furloughed').
2. Get more money into people's pockets to hold them steady by increasing the level of Statutory Sick Pay to align with the Job Retention Scheme, extending eligibility for Statutory Sick Pay to low earners, and strengthening the social security system so that it provides an anchor we can all rely on at this turbulent time.
3. Make sure people can meet their housing costs by temporarily increasing the Local Housing Allowance (LHA) to cover median rents, and completely lifting the national LHA cap to ensure that people in all areas of the country receive extra support to meet their housing costs.

Introduction

The coronavirus outbreak will have far-reaching implications right across our society. The Government has instructed us all to make drastic changes to our way of life to help limit the spread of coronavirus, protect public health and support the NHS.

In addition to the impacts on some people's health and the tragic loss of life, the outbreak is also affecting people's jobs and livelihoods. Our social security system, like other public services, is a vital lifeline helping many of us weather this storm. Millions of workers across the country have suddenly had to stop working or work much less, whether to look after children who are no longer in school, because they are in a high-risk group, or because their employer is having to close temporarily. Families across the country are wondering how they will manage financially as well as how to keep themselves safe. We need the anchor of a strong social security system to prevent more of us being swept into poverty, debt and hardship.

We are entering this period with 14.5 million people across the country already having been swept into poverty, including 8.1 million people in working families. Workers caught up in poverty are more likely to have insecure jobs, with fewer rights and employee benefits, and less savings to help keep them afloat when they are faced with additional unplanned costs or gaps in income. They are more likely to be in poor health, disabled, and/or caring for others than people who are better off. The services people on low incomes need to prevent them getting cut adrift, such as free school meals, food banks and advice teams, are at risk of disruption. Many will ordinarily rely on grandparents for informal childcare arrangements and childcare out of hours, and less than one in ten low-paid workers have the option of working from home (Resolution Foundation, 2020). People who were already struggling to get by are being buffeted by waves of additional costs, with higher bills from being at home more and the rising price of many essentials in the shops.

The situation has also brought into focus the crucial contribution many people in low-paid jobs make to our society. Those working in food retail, delivery, health and social care are being called on as key workers to discharge vital, frontline services for our country. It is unimaginable that we could weather the storm as a country without their vital contribution keeping us on course, so we must pull together to ensure they get the support they need to keep their heads above water.

The Government has announced bold and compassionate policy measures to tackle the economic effects of the outbreak. It has created a Job Retention Scheme to pay businesses to keep workers on, increased the amounts many people turning to the social security system will receive, and increased support for housing costs.

These measures are all welcome. But there are many people who will not yet be feeling like they have been offered the lifeline they need. We are calling on Government to go further than their current measures and offer security to those not yet covered by their initial steps. This includes many low-earning workers and those taking time out of work because of health concerns. It is only right that people are not dragged into deeper hardship because they follow Government advice. Our social security system must provide an anchor we can all rely on at this turbulent time.

This briefing lays out what the coronavirus outbreak means for people in and at risk of poverty, what the Government has done so far to offer them security, and what must be done next.

What will coronavirus mean for people in and at risk of poverty?

Living in poverty means facing constant insecurity and stress, worrying about covering the bills and keeping a secure home, being buffeted by the currents of low pay, high costs and poor health, often whilst caring for others. Financial insecurity and fear for the future will be at the forefront of people's minds at the moment.

We are entering this period with 14.5 million people across the country already caught up in poverty, including 8.1 million people in working families. This is the highest number of people in poverty since at least 1961 (although the proportion of people in poverty was higher in the 1990s). In addition, the latest data shows average incomes of the poorest fifth of people have been falling since 2016/17.

The latest data out today shows in 2018/19, around 6 in 20 children, 4 in 20 working-age adults and 3 in 20 pensioners were in poverty, with poverty increasing since 2013/14. Work was not providing a way out of poverty, with for instance over 7 in 10 children in poverty being in a working family, which is the highest proportion on record.

In recent weeks, the Government has instructed us all to make drastic changes to our way of life to help limit the spread of coronavirus, protect public health and support the NHS. These recommendations focus on social distancing wherever possible, and self-isolation when individuals and their recent contacts are showing symptoms of coronavirus. Some groups without symptoms must also follow more stringent guidelines, with self-isolation for those most vulnerable - including pregnant people, those aged over 70, and people with certain underlying health conditions.

The necessary steps which the Government is taking to limit the spread of the virus will have significant economic impacts. For many people, following Government advice means not working. Others are seeing their hours cut or their business lose some or all of its income. For the 8.1 million people in working families in poverty, and even more who are just about getting by, losing any income from work would pull them into serious hardship and insecurity.

People's budgets have already been under increasing pressure for several years, with costs rising whilst benefits are frozen. Prices of many essentials now appear to be rising steeply in some places, whilst people who are spending more time at home face higher bills. This means that many people will not be able to weather the most significant financial shocks caused by coronavirus without robust support. We also need to be looking ahead to how we emerge from the public health outbreak. Recent years have seen record numbers of people across the country in work. Returning to high numbers of people in work as quickly as possible once we are out the other side will give the economy the best chance of bouncing back quickly and people's incomes recovering. Keeping people in jobs even if they unable to work temporarily should be a high priority, alongside ensuring that all of us have the lifeline we need to stay afloat and that people who are struggling are not dragged into debt, unacceptable hardship or risk losing their home as a result of this national crisis.

What has the Government done so far?

The Government is responding to a very fast-moving situation. The Chancellor delivered a budget speech to the House of Commons barely two weeks ago at the onset of the coronavirus outbreak promising to do ‘whatever it takes’ to support the economy. Just over a week later, the set of measures he announced seemed like they would barely scratch the surface of what was needed. He has since announced further bold measures aimed at keeping businesses and the self-employed afloat, supporting people’s incomes and helping people meet their housing costs.

Support for businesses to keep people in work

The Government has announced some bold measures to support businesses that would otherwise have to close down in the next few months, and to help businesses keep people in work. These included a £330 billion package of funding and business support measures that will make significant progress towards helping businesses stay afloat through the next few months.

The Government has also made keeping people in work a key priority. On Friday 20 March, the Chancellor announced the Coronavirus Jobs Retention Scheme (CJRS), which pays businesses 80% of workers’ wages, up to £2,500 per worker per month, to help workers who would otherwise be laid off. Those shielding because of extreme health risks are also eligible. This is warmly welcome because it meets and exceeds the 75% subsidy which JRF was calling for. This scheme holds the potential to provide certainty to many people and businesses, to ensure they can weather the next few weeks and months of uncertainty.

On Thursday 26 March a further Self-Employed Income Support Scheme was announced providing direct cash grants to the self-employed equal to 80% of their profits, up to £2,500 per month. JRF has been calling for help for the self-employed who are losing their incomes, and this scheme goes a long way towards meeting that need.

Supporting people’s incomes and providing help with housing costs

The Government has also begun to act to strengthen the support provided to people’s incomes and to offer more support for people to meet their housing costs by:

- Broadening access to Statutory Sick Pay (SSP) to employees who isolate based on Government advice, paying it from the first day people are off sick rather than them having to wait until the fourth day, and reimbursing small and medium sized businesses for up to two weeks of SSP per employee.
- Increasing the Universal Credit and Working Tax Credit standard/basic allowance by £20 per week.
- Suspending the ‘Minimum Income Floor’ in Universal Credit for all self-employed people affected by the economic impacts of coronavirus, allowing them to access support on the same basis as employees and those not in work.
- Making ‘New Style’ (contributory) Employment and Support Allowance available from the first day, rather than the eighth day, for people unable to work because they are sick with coronavirus or self-isolating.
- Increasing support for private renters by raising Local Housing Allowance rates in Universal Credit and Housing Benefit to the 30th percentile of local rents.

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- Providing a three-month mortgage holiday for home-owners affected by the coronavirus and protecting renters from eviction for three months.

Some people still need more protection

The measures introduced so far are welcome. But they don't provide adequate protection for some of those who are highly likely to struggle to stay afloat in the months ahead.

The situation has laid bare the inadequacy of Statutory Sick Pay and the weakness of the anchor provided by the social security system to hold people steady. The Job Retention Scheme will help to prevent many job losses, but some workers will still have their hours cut or be unable to work due to health risk factors. It is only right that all of us should be able to rely on vital public services, including social security, as a lifeline in these extraordinary times.

The Coronavirus Job Retention Scheme offers protection for workers where their employer loses business and therefore will find it difficult to pay their wages until the situation improves. Those given official advice by the NHS to shield due to health risks are also eligible. However, it does not currently help workers who need to reduce their hours, or those who suspend working because the Government have advised following strict social distancing measures as they have underlying health conditions putting them at higher risk from the virus. It is also currently unclear whether the scheme will cover those off work to look after children no longer in school or nursery.

The vast majority of low-paid workers are not able to work from home (Resolution Foundation, 2020). Those with children to care for may face a severe loss of income and those with health risks are caught in an impossible situation of going against the public health advice aimed at protecting themselves and others, or suffering financially. As a society we cannot stand by and allow this to continue. A system designed with these incentives will not only be incredibly difficult for families and individuals to navigate, it could also undermine the Government's commitments to safeguarding public health. This section highlights two key groups of workers who still lack adequate protection.

Those caring for children now not in school or childcare

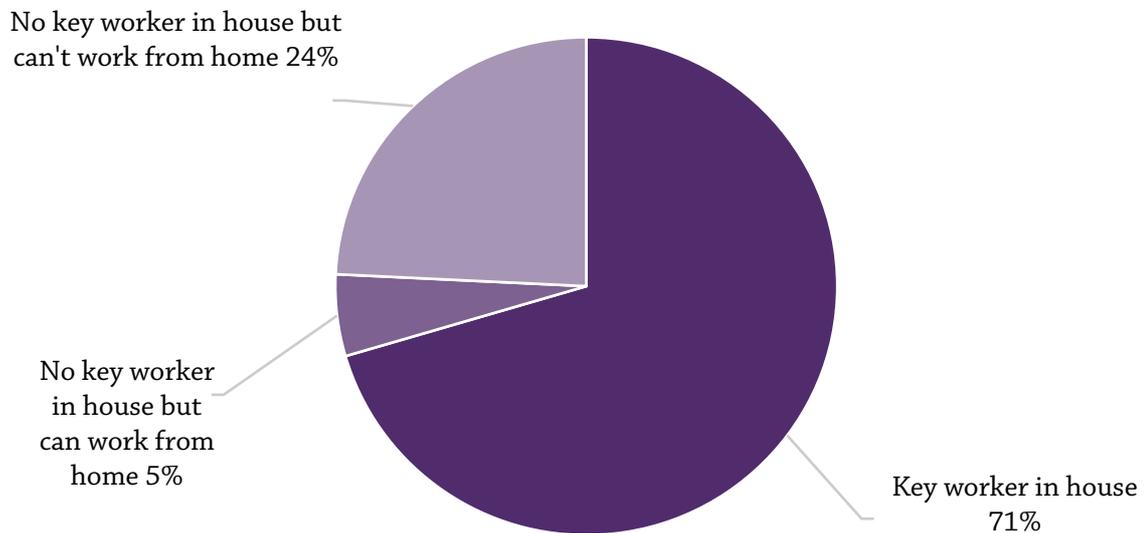
With schools and nurseries closing for all but children of key workers, many parents across the country now have to stay at home to look after their children during the week. Fitting in working from home around childcare is much less likely to be an option for low-paid workers; less than one in ten low-paid workers are able to work from home compared to nearly half of the highest paid (Resolution Foundation, 2020).

It is currently unclear whether workers having to temporarily take time off work to look after their children will be covered by the Coronavirus Job Retention Scheme if their employer was not planning to temporarily lay them off.

Looking solely at the impact of extended childcare responsibilities, we estimate that approximately 3 million workers could be needed for childcare while schools and nurseries are closed. This is because of situations where there is a child under 11, but no key worker in the household. Of these, half a million should be able to work from home, reducing the chance they'll need to take time off work. Others will be workers who have been temporarily laid off because businesses have had to pause trading. But there is still

likely to be a significant number of workers faced with the prospect of taking leave from work for childcare.

Position of workers with young children (under age 11)



Source: Labour Force Survey (2019), Resolution Foundation analysis of ISER Understanding Society

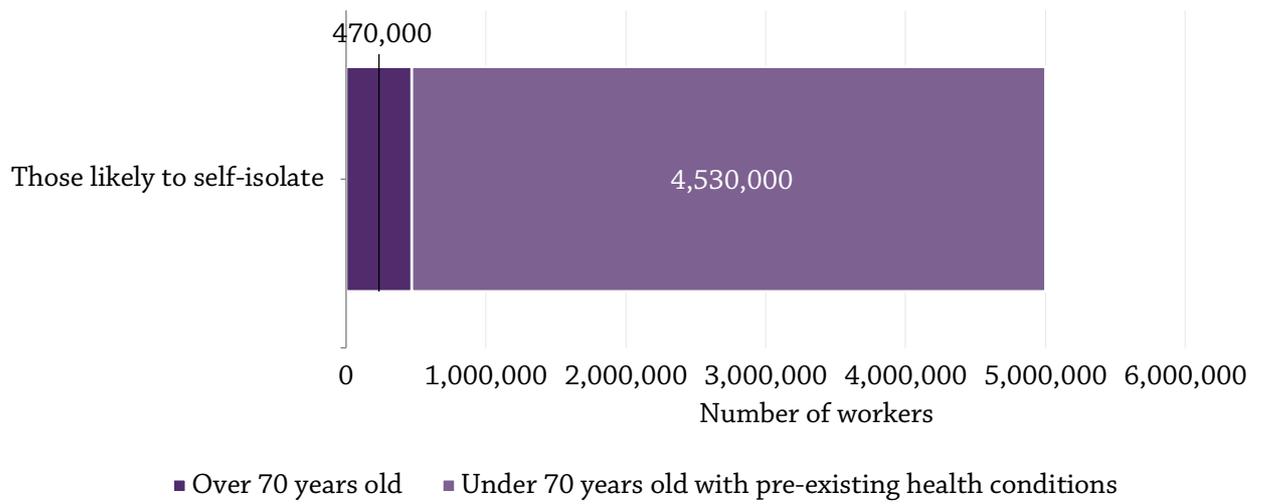
There is much uncertainty about exactly who is a key worker. We estimate that up to 16 million people in work could be classified as key workers, nearly half of the workforce, and that most workers with young children actually have a key worker in the household. However, others have estimated a smaller number of key workers, so it may be the total number of workers with young children unable to work, or having to work from home, is greater than our 3 million estimate.

Those following more stringent social distancing guidance

Our analysis suggests that in addition to the 1.5 million people advised to shield because of extremely high risk, there will be many more workers who will need to follow more stringent social distancing guidance than the rest of the population due to age or a pre-existing health condition. It is currently only those who have been officially advised to shield that are entitled to statutory sick pay or eligibility to join the Job Retention Scheme. Those otherwise following advice for more stringent social distancing have not been offered the same protection despite many being off work because they cannot work from home, for example a 71 year old who works in a supermarket, or someone with a respiratory condition working in a warehouse.

We estimate there are 470,000 workers over 70, and an additional 4.5 million with a health problem that could put them at higher risk. Of those under 70 who are at risk, the most common health problems are related to the heart, blood pressure or circulation, which affect two in five of these workers.

Composition of those likely to self-isolate due to high risk



Source: Labour Force Survey (2019)

What needs to be done now?

The Chancellor has promised to do ‘whatever it takes’ to support the economy through the turmoil of the next few months. He has reacted quickly with a bold and compassionate set of measures that will offer security to many businesses and workers across the country. The Government now needs to act fast to extend this compassion and justice, to make sure everyone in or at risk of poverty across the country is offered this same security. The three priorities should be to offer all workers the security of staying in work, getting more money into people’s pockets to hold them steady, and making sure people can afford their housing costs and stay in their home.

Provide further security to keep as many people as possible in work

Through the Coronavirus Jobs Retention Scheme the Government has introduced ambitious support for workers. This scheme should mean that millions of workers who would have been at risk of losing their jobs will be paid at close to their normal wage and have a job to go back to as we emerge from the coronavirus outbreak.

The Government must now build on the ambitious Coronavirus Job Retention Scheme to ensure all employees forced into an extended leave of absence from work will be equally protected.

Within the scheme the Government has proposed, there should be greater clarity around the offer of support available to employees who are unable to work due to circumstances outside of their control, but whose employers may not have closed their workplaces or furloughed them. This will include those with new caring responsibilities because of school or nursery closures, and workers recommended to keep stricter social distancing rules due to their age or certain long-term health conditions, but who sit outside of the 1.5 million contacted by the NHS.

We warmly welcome the Government’s compassionate move to include the 1.5million people given shielding advice by the NHS into the category of ‘furloughed’ workers, so they can be covered by the Coronavirus Jobs Retention Scheme. Now we would like to see the same clarity for the circa 5 million workers who have been recommended to observe stricter social distancing because of their age or health. For those in public-facing roles which could put their health at risk, for example a cashier in a supermarket, we would like to see the scheme extended so they fall within the eligibility criteria. This is the right thing to do, if more vulnerable people working in these frontline roles are to be supported to safeguard their health.

We would like to see Government **extend the CJRS to cover workers who have been advised to observe stricter social distancing due to their age or health and whose jobs would put their health at risk, for example, those in public-facing roles and roles that cannot be done from home.**

The Government should also **clearly communicate expectations for how employers should support parents who now have extended childcare responsibilities.** We welcome the employer guidance on Gov.uk which recommends considering how the CJRS could be used in these circumstances, and would like to see this recommendation made part of the central guidance for employers on the scheme.

“Due to the current coronavirus panic and jobs now being very precarious (my husband works in the travel industry) we have had sleepless nights and stress.”

Female, London

We warmly welcome the Government’s clarifications around how the Coronavirus Job Retention Scheme will be used to support both agency workers and those on Zero Hours Contracts. This clarity is key in giving workers and businesses across the UK reassurance, and ensuring as many workers as possible receive immediate income security based on the hours they typically work. However, there may be workers, particularly agency workers and those on flexible-hours contracts, whose employers respond not by laying them off but by reducing their hours, and currently they are offered no protection by the Job Retention Scheme. It will be critical to closely monitor how employers respond to see if reduction in hours, either because of a fall in need for workers, or for childcare reasons, is a key element of how employers respond. If this is the case, further support might be needed. One option would be for the Job Retention scheme to cover 80% of the difference in the wage between workers’ usual and current hours. Under the currently proposed scheme workers who see their hours fall will be given much less protection than workers who are given a leave of absence, also creating a potential perverse incentive for businesses to give workers a leave of absence rather than reduce their hours.

Finally, the Government must start the Coronavirus Job Retention Scheme as quickly as possible. Speed will be incredibly important in protecting people from losing work and supporting employers to maintain their workforce. If Government is expecting businesses to take out an immediate loan to ensure their employees retain job and income security, to be back-paid following the introduction of the Coronavirus Job Retention Scheme, then we must see greater communication around employers’ obligations when taking these loans. If Government is expecting employers to support their staff with this money, this must be made clear. Loans to business should be dependent on employers not laying off staff before the Coronavirus Job Retention Scheme is introduced, to make sure workers as well as businesses are being kept afloat by these loans.

Increase financial support through Statutory Sick-Pay

The Government needs to get money into people’s pockets to hold them steady. Statutory Sick Pay is one of the more responsive routes to get this financial support directly to employers and employees. The Government has made very sensible changes to make sure more people have access to it, and more quickly, but it still doesn’t provide adequate support to those taking time off sick or to self-isolate. We propose two further steps:

The Government should **extend eligibility for Statutory Sick Pay to low earners by removing the weekly earnings threshold on SSP to make it available to workers earning under £118 per week.** This will allow people earning less than £118 a week to follow public health advice around sickness and self-isolation, whilst also having support to meet their essential living costs. The estimated cost of doing this is £95 million per week for each 100,000 newly-eligible workers who need to receive it.

The Government should also **temporarily increase the level of Statutory Sick Pay so it aligns with the Government’s new Coronavirus Job Retention Scheme.**

This means increasing SSP to 80% of earnings up to a limit of £2,500 per month. Employers should be able to get this fully reimbursed by Government. Currently, the difference in the amount being proposed through SSP versus the Coronavirus Job Retention Scheme could lead to strange incentives where employers are better off pursuing one scheme over the other. Temporarily increasing the value of SSP, so that it matches the Coronavirus Job Retention Scheme, will remove this discrepancy, and ensure that sick employees are genuinely incentivised to self-isolate by making sure they won’t lose income due to following public health guidance.

Building on ambitious support for self-employed people

Following the announcement of the Coronavirus Jobs Retention Scheme, to support the employed, self-employed people across the UK were hopeful that they would receive equivalent support. With this in mind, the Chancellor is right to recognise the importance of supporting each other during these difficult times and to extend support to the self-employed on low and middle incomes. JRF has been calling for help for people losing their incomes, and the Self-employed Income Support Scheme (SEISS) announced on 26 March goes a long way towards meeting that need.

This builds on the Chancellor’s welcome announcement on 20 March that the 'Minimum Income Floor' (MIF) in Universal Credit will be suspended for all self-employed people affected by the economic impacts of coronavirus. This will allow self-employed people to access support through Universal Credit on the same basis as employees and those not in work, which combined with the SEISS scheme will help with potential loss of business income as a result of the impact of the public health measures.

Self-employed people need to be able to weather the storm for themselves and their families when they are not able to work. It’s also crucial to ensure that people with limited or no savings aren’t forced to go out to work because of the length of time it will take to get this system up and running. **We hope the Government will recognise this issue and move at pace to deliver on their commitments to the self-employed, by ensuring vital funds reach them as soon as possible.**

Self-employed people who have claimed Universal Credit prior to the 26 March announcement of SEISS, or who need to make a claim to cover lost income through March to May while waiting for the first grant (due 1 June), need clarity on how the payment will interact with their Universal Credit claim. The Government should make clear that neither SEISS nor Universal Credit payments will be clawed back from people who are entitled to both forms of support, although SEISS payments will count as earnings under the usual Universal Credit calculation rules.

Government should strengthen support available via social security

Beyond support channelled via businesses, an increased number of people in and out of work will need further support to help them stay afloat on a temporary basis as they face higher costs with fewer opportunity to increase their earnings.

“There is nothing to buy – we have to go shopping multiple times and can’t afford to buy in bulk. We can’t rely on takeaways as they’re too expensive and

we're supposed to be supporting our immune systems by eating healthily. In the shops, the only stuff left is junky stuff too."

Female, Scotland

"Food banks are closing as they have no food, community meals have closed down and the community takeaway service is closed. A lot of them rely on volunteers who tend to be elderly, and donations to the food bank aren't as helpful when you can't even buy the stuff."

Female, Scotland

The quickest and most efficient way to provide this support is to ensure our social security system is an essential public service rooted in compassion, which we can all rely on when circumstances risk pulling us under. We must strengthen this lifeline by speeding up access to cash and increasing the support available during this turbulent time. The following measures will help to do this:

Deductions from benefits should be suspended for a temporary period of at least 12 months for all new and existing claims. Deductions can currently be made for repayments of a range of debts or if someone has been sanctioned.

This suspension would also apply to repayments of Universal Credit advance payments, which are Government loans available to help people get through the minimum five-week wait for their first Universal Credit payment. The repayment suspension would allow new Universal Credit claimants to access support quickly with no immediate requirement to repay.

On 20 March the Chancellor announced that some social security payments will be increased for 12 months from 6 April 2020. The standard allowance in Universal Credit and basic amount in Working Tax Credit will be increased by £20 per week. This is a welcome step, which recognises that this public service requires strengthening at this crucial time. But the Government must go further to ensure all of us are able to afford to follow the public health steps necessary to beat the pandemic:

The standard allowance in Universal Credit and personal allowance in Jobseekers Allowance, Employment and Support Allowance and Income Support should be increased to £150 per week for a single person and £260 per week for a couple over this period (with similar proportional increases in the young person rates and the basic amount in Working Tax Credit). These levels are approximately equal to the after-housing cost poverty lines for single adults and couples without children respectively. Relative to the levels in place prior to 20 March, this would cost £5 billion over three months, or £20 billion over a year.

School closures are putting extra cost pressures on families with children, particularly those who receive Free School Meals (FSM). The Government's recent announcement of a national scheme in England that schools can use to provide supermarket vouchers of £15 per week to their FSM pupils is a welcome acknowledgment of this. However, families need support to be as fast, flexible and dignified as possible, particularly given potential difficulties of using vouchers at shops during this period and the public health imperative to stay at home and reduce unnecessary journeys.

“Vouchers are not the best use of getting support to families as they are limited in choices and it further stigmatizes people.”

Female, Teeside

The most effective way to ensure that families can afford essentials, including food, is by boosting their income directly. The Government should be topping up the incomes of low-income families with children by an amount that at least makes up for the loss of FSM. **The child element of Universal Credit and Child Tax Credit should be increased by £15 per week** over this period.

Making sure people can meet their housing costs and stay in their homes

At a time when we are asking people to spend more time at home, we should ensure that all of us have somewhere stable to live.

We welcome that the Government has given renters and home-owners real protection against losing their homes by introducing mortgage holidays for three months and banning all evictions. The ban on evictions will help to protect those who would otherwise be made homeless during this global pandemic, forced to look for new housing or be placed in inappropriate temporary accommodation, against public health advice. We also welcome that the Government has taken some steps towards supporting renters with their housing costs by re-setting Local Housing Allowance so it is once more in line with the 30th percentile of local rents, providing improved support for renters to meet their housing costs.

These measures will provide much needed breathing space for families, ensuring they are not worrying about losing their homes.

However, more should be done to ensure that those who need help to meet their housing costs have the right level of support. The Government must ensure that the ban on evictions is complimented by adequate support for people to meet their housing costs during these uncertain times, and that the breathing space the ban provides allows people to get back on their feet as the impact of COVID-19 eases. This is particularly important since 63% of private renters do not have any savings.

First, the **Government should temporarily increase Local Housing Allowance (LHA) so that it covers median rents.** Increasing LHA rates to cover the bottom 30% of local rents takes a welcome step in ensuring the support renters can claim to cover their housing costs does have some reference to the actual cost of rents, following several years in which the link between support and rents had been broken and the gap between the two had grown very significantly. However, this step will still leave the majority of renters paying housing costs which are far higher than the support available. This is not a time at which any of us believe it is safe for large numbers of people to have to move house or face homelessness because loss of income leaves them unable to keep up with their rent. It is vital to keep people in secure homes whilst this crisis continues.

Second, the Government must **completely lift the national cap on the amount of LHA which can be paid.** The National LHA Cap places a maximum limit on the LHA cap in any Broad Rental Market Area (BRMA), the geography used to determine local LHA rates. The Government has already raised the cap so that from April 2020, the national caps will be linked to local rental markets by setting the caps at the maximum outer London LHA rates plus an additional 20%.

However, there are still five BRMAs in London that are constrained by this national cap (as shown in the table below). The gap between LHA and the 30th percentile of local rents is highest for Central London, with the average monthly gap being £864, and is highest again for large households, with gaps of £1,382 and £1,715 for three- and four-bedroom properties respectively.

To ensure that reforms to LHA help all renters to meet their housing costs, the Government must ensure that **national LHA caps are lifted for at least the period of this temporary increase.**

Monthly gap between LHA and 30th percentile of local rents

Broad Rental Market Area (BRMA)	£					Average per BRMA
	1 bedroom with shared facilities	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	
Central London	0	449	772	1,382	1,715	864
Inner East London	0	41	10	80	0	26
Inner North London	0	96	70	231	223	124
Inner South West London	0	16	0	30	120	33
Inner West London	0	0	0	29	0	6

Source: <https://www.gov.uk/government/publications/local-housing-allowance-lha-rates-applicable-from-april-2020-to-march-2021>

Third, the Government should temporarily **lift the household benefit cap.** Unless this is done, many people will not receive the additional help provided by the increases to LHA or other benefit rates. Around 76,000 families already see their support reduced by the benefit cap and more will likely be impacted by it during the coronavirus outbreak. Those affected are more likely to get into rent arrears and the last thing we need is a sharp rise in debt and possible evictions in the aftermath of the outbreak. One of the Government's main policy objectives for the benefit cap is to encourage people into work. However, people are unlikely to be able to quickly find and move into a new job during this period, so the benefit cap will simply act to cut off the immediate support many families will need right now without achieving the Government's objective.

Finally, we must **extend the support currently available to home-owners, to ensure that nobody loses their home because of coronavirus.** We welcome the Government's announcement that banks will be providing three-month mortgage holidays to mortgage holders, which will provide security to home-owners facing uncertainty with their work. However, more can be done to support households who will continue to face financial impacts after this initial breathing space. Currently the support for mortgage costs through the social security system is limited when compared to the support available for renters. At a time when many home-owners will be concerned about meeting their housing costs, the Government should look to **reduce the wait times to be eligible for Support for Mortgage Interest (SMI)** to immediately after the three-month holiday period.

Conclusion

The Government has already shown it is willing to take bold actions to protect businesses and people during the coronavirus outbreak. Now is the time to do 'whatever it takes' to offer security to everyone in our society faced with the prospect of hardship. The proposals outlined here would strengthen the systems that can protect all people in and at risk of poverty from the turmoil that lies ahead.

Notes

We defined poverty as equivalised household income, after housing costs, of less than 60% of the median. Poverty data comes from the Department for Work and Pensions Households Below Average Income dataset released on 26 March 2020, available at: <https://www.gov.uk/government/collections/households-below-average-income-hbai--2>

Labour market estimates are based on the latest quarter of data available in the Labour Force Survey, quarter four of 2019. Changes in the labour market, including seasonal effects could mean the labour market looked slightly different going into the health crisis.

We use evidence on those able to work from home presented in the recent Resolution Foundation analysis of ISER Understanding Society data: Resolution Foundation (2020), 'Doing what it takes', available at <https://www.resolutionfoundation.org/app/uploads/2020/03/Doing-what-it-takes.pdf>

We define key workers by industry (SIC 2007) based on the recently published Government guidelines on critical workers: <https://www.gov.uk/government/publications/coronavirus-covid-19-maintaining-educational-provision/guidance-for-schools-colleges-and-local-authorities-on-maintaining-educational-provision>

Given the guidance is not specific, estimates differ based on interpretation of the guidance. For example, the IFS have based their definition on occupation and more conservative assumptions leading to them identifying a smaller group of key workers: IFS (2020), 'Key workers: key facts and questions', available at <https://www.ifs.org.uk/publications/14763>

About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation is an independent social change organisation working to solve UK poverty. Through research, policy, collaboration and practical solutions, we aim to inspire action and change that will create a prosperous UK without poverty.

We are working with private, public and voluntary sectors, and people with lived experience of poverty, to build on the recommendations in our comprehensive strategy - [We can solve poverty in the UK](#) - and loosen poverty's grip on people who are struggling to get by. It contains analysis and recommendations aimed at the four UK governments.

All research published by JRF, including publications in the references, is available to download from www.jrf.org.uk

To meet one of our experts to discuss the points raised please contact:

Dave Innes: Head of Economics
dave.innes@jrf.org.uk