BRIEFING | SOCIAL SECURITY | DEEP POVERTY AND DESTITUTION

Independent process to ensure Universal Credit covers essential costs

No logical calculation of essential costs underpins benefit rates, leaving families going without. An independent, evidence-led advisory process would fix this.

Published on: 30 January 2026
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Reading time: 18 minutes

1. Introduction

Most people would expect Universal Credit to be based on a logical calculation, such as the cost of life's essentials, but it never has been. This is leaving families going without food, utilities and vital household items.

The Government should implement an independent, evidence-based advisory process to recommend minimum rates that reflect the cost of essentials.

This briefing explores UK and international examples that inform potential models for this. They demonstrate that bringing independent advice into the benefit uprating process is feasible, desirable, and urgently needed to help ensure everyone can at least afford essentials in hard times.

2. Why an independent advisory process is needed

Most people would expect levels of support from our social security system to be based on a logical calculation — perhaps some proportion of average earnings or the cost of food and bills. After all, the system was founded on Beveridge's principle that benefits should guarantee a minimum income needed for 'healthy subsistence' (Beveridge, 1942). Shockingly, however, benefits have never been set according to any logical calculation.

Having started out below Beveridge's recommended levels (Timmins, 2017), today's benefit rates are simply the result of years of successive changes, each shaped by the rate in the year before, inflation, welfare cuts and freezes, or political considerations. They have never been linked to any objective measure, or set based on the cost of what households need.

Without an evidence-based foundation, the annual process for uprating Universal Credit is rendered effectively arbitrary, as the updated rates never reflect the real cost of essentials. This has enabled a substantial shortfall between the amount people receive and what basic items actually cost, fuelling poverty, hardship and the need for food banks.

UC's basic rate falls well short of essentials

We live in one of the wealthiest countries in the world, and yet millions of people here in the UK are going without the essentials we all need to get by. Everyone's circumstances can change. Losing your job, needing to care for a sick family member, breaking up with your partner — these are things that can happen to any of us.

Universal Credit should offer support to anyone who falls on hard times. Its basic rate (the 'standard allowance') forms the foundation of this support and should at least cover the cost of life's essentials, such as food, heating and vital travel. However, without a precedent for what benefits should be benchmarked to, it has been allowed to erode over time. While the cost of living continues to rise, the basic rate of benefits has fallen by 9% in real terms since 2010 (Porter, 2025).

From April 2026, the standard allowance for a single person aged 25 or over will be just £98 a week, or £154 for a couple (DWP, 2025a). These are below even the destitution income thresholds of £105 a week for a single person and £160 for a couple, which help define the most severe form of material hardship (Ayed and Bramley, 2026).

Furthermore, our estimates for 2026/27 of the amount needed to afford essentials, including food, clothing, and household bills, indicate that a single adult needs at least £120 a week and a couple needs £205 (JRF and Trussell, 2026). Against this benchmark, Universal Credit's standard allowance leaves single-adult households facing a shortfall of at least £22 and couples a shortfall of £51, forcing families to skip meals, switch off essential appliances and turn off their heating just to get by.

The Universal Credit Act 2025 mandates small above-inflation increases to the standard allowance each year from 2026/27 to 2029/30.[1] This was a direct response to the Government's own explicit acknowledgement that the value of the standard allowance is so inadequate that it is 'contributing to hardship and destitution' (DWP, 2025b). The Act requires that by 2029/30 the standard allowance must rise to at least 4.8% above the level it would have reached had it risen solely by inflation since 2025/26 (Universal Credit Act, 2025). In today's money, that means a rise to around £100 a week for a single person aged 25 or over in 2029/30.

While these above inflation rises are welcome, they are still fundamentally arbitrary; they are not based on any assessment of adequacy or any clear target level, meaning it is very likely that families will still be left facing a deficit and going without essentials.

The case for an independent process

Ultimately, the power to set benefit levels should remain with ministers and parliament. However, given the systematic failures of the current approach, there is a clear case for reforming the system to help ensure that Universal Credit rates are at least based on the actual cost of essentials.

This is why we are calling for an independent process that draws on research, including from people with direct experience of living on a low income, to advise ministers and parliament on how much Universal Credit needs to be, at a minimum, to afford essentials. This would provide timely, impartial evidence to inform the yearly uprating debates (or potentially more frequently during times of high inflation). The integration of an independent process would significantly strengthen our benefit system's ability to protect people from hardship when they fall on hard times. It also forms a core pillar of the Essentials Guarantee, a policy proposal popular with the public (JRF and Trussell, 2026) and backed by a coalition of over 100 charities and other organisations (JRF and Trussell, 2025).

Existing independent bodies have laid the foundation for lasting policy change. For example, the Low Pay Commission, set up in 1997, used impartial expert advice to pave the way for the national minimum wage (LPC, 2019), now deeply embedded in the UK and supported by all major political parties. More recently, the Government has consulted on a new independent advisory body to support implementation of its fair pay agreement in adult social care under the Employment Rights Act (DHSC, 2025). Introducing an independent process to advise on Universal Credit rates would build on this precedent, creating a stronger safety net to shield people from destitution.

Parliament's Work and Pensions Committee recently underscored this point, recommending that the Government should make use of independent advice to support its decision-making on benefit levels (Work and Pensions Committee, 2024).

It proposed that the Department for Work and Pensions (DWP) could commission independent research, either via an independent body, such as the Social Security Advisory Committee, or ad-hoc, to help it assess whether benefit levels are meeting its objectives in relation to living costs.

This briefing explores a range of UK and international examples that help inform potential models for an independent process to advise on Universal Credit rates. First, we examine the domestic and international precedents for independent processes that support government decision-making, particularly those that guide governments on setting values for policy parameters or operate within welfare systems. Second, we provide a brief overview of countries that link parts of their benefit systems to the real-world cost of essentials.

While this briefing does not take a view on which (if any) of these provides the right model, it highlights real examples which demonstrate that bringing independent advice and consideration of essential living costs into the benefit uprating process is perfectly feasible and desirable. Collectively, these help illustrate how the Government could implement an independent advisory process to ensure adequate support is available when people fall on hard times.

3. Independent advisory processes

Social Security Advisory Committee (United Kingdom)

The Social Security Advisory Committee (SSAC) was established in 1980 to provide the UK Government with impartial advice on the social security system. Primarily, it is responsible for scrutinising draft regulations that affect welfare, ensuring legislation is of the highest quality, and considers all potential consequences (SSAC, 2025). As an independent statutory body, it is sponsored by the DWP, which oversees the appointment of the committee's members. It is made up of a maximum of 15 representatives from academia, policy, business and the third sector.

Although the government is not bound by any recommendations made by the SSAC, it must submit any draft legislation to the committee for review. The SSAC's subsequent response must be presented to parliament alongside the proposed legislation, providing expert insight on the impact any changes would have.

The committee can also produce independent advice at the request of the Secretary of State for Work and Pensions or on its own initiative. While the SSAC has never considered the adequacy of Universal Credit's standard allowance, its current remit provides a solid foundation for further external review of the welfare system in the UK.

Economic Inclusion Advisory Committee (Australia)

Established in 2023, the Economic Inclusion Advisory Committee (EIAC) provides the Australian Government with expert recommendations on tackling disadvantage. Its primary function is to provide government with a written report on economic inclusion, including the sufficiency and sustainability of income support, at least 2 weeks prior to each federal budget (EIAC, 2025). The committee is a permanent independent statutory body, comprised of economists, academics, philanthropists and community advocates.

The EIAC has carried out a wide range of research, including on the adequacy of benefit rates, their impact on work incentives and the economic benefits of increasing them. For example, in its first report, ahead of the May 2023 Federal Budget, the Committee recommended large increases to the base rate of unemployment benefits and related working-age payments (EIAC, 2023). In that budget, the Government did not choose to fully adopt the advised rate increases, though it did deliver a substantial uprating to benefit payments. In subsequent years, the Government has selectively implemented uplifts to benefit rates following committee reports, albeit not as far as recommended (EIAC, 2025).

Welfare Expert Advisory Group (New Zealand)

New Zealand recently implemented substantial benefit reforms, including significantly increasing the basic rate of benefits, following recommendations by the Welfare Expert Advisory Group (WEAG). This was a one-off independent committee, mandated by the Government in 2018, to conduct a wide-ranging review of the social security system. Its final report drew upon commissioned research, literature reviews, data analysis, and public consultation (WEAG, 2024). The WEAG had 11 members, including academics, economists, community representatives and people with lived experience of the welfare system.

The proposed benefit increases were successfully implemented by the Government in a series of steps between 2019 and 2022 (New Zealand Treasury, 2021). The rates recommended by the commission were based on budgets drawn up for ‘core expenditure’ (such as food, clothing, rent and utilities) and for spending at a slightly higher level allowing for minimal ‘participation’ spending (like playing sport and cheap presents for family) (WEAG, 2019a). Core expenditure was largely based on actual costs and/or spending by low-income households and some expert judgement of desirable spending for an acceptable minimum standard of living (WEAG, 2019b).

While the commission was broadly successful in influencing benefit increases, many of the wider reforms proposed by the report have been paused, delayed, or dropped entirely by different governments in the years since 2018 (Ministry of Social Development, 2025).

Low Pay Commission (United Kingdom)

The Low Pay Commission (LPC) runs an annual review of minimum wage levels. The commission gathers and analyses evidence, consulting with workers and employers before recommending minimum wage rates. These recommendations are only advisory, and as such the Government has no responsibility to adopt them. However, with a few exceptions, the Government has consistently implemented the commission's updated wage rates (LPC, 2025). The LPC is a non-departmental public body sponsored by the Department for Business and Trade, consisting of 9 Low Pay Commissioners, covering employee, employer and academic backgrounds, supported by a secretariat (LPC, 2024).

The LPC's original remit was to recommend minimum wage levels, taking into account the impact on businesses, the labour market and the wider economy. It was primarily concerned with setting rates as high as possible without negatively affecting employment rates. This evolved to incorporate setting a course toward the Government's target of a minimum wage equal to two thirds of median pay, and most recently, to take into consideration the rising cost of living (DBT, 2025).

Pay Review Bodies (United Kingdom)

Eight Pay Review Bodies (PRBs) recommend pay levels each year for a range of public sector workers in the UK, including teachers, NHS staff and police. These are independent advisory non-departmental public bodies that commission, receive and assess evidence before publishing their recommendations on rates of pay, which the Government ultimately retains discretion over (Office for the Pay Review Bodies, 2023). They usually have 6 to 8 members, appointed through the public appointments process, and are supported by a secretariat provided by the Department for Business and Trade.

Each year, a PRB receives their remit from the Government, setting out specific issues to provide recommendations on and what factors the PRB should consider when making them. For example, the School Teachers' Review Body usually needs to recommend teacher pay levels, having regard to (among other things) rates of teacher recruitment and cost pressures facing schools (Department for Education et al., 2025).

Climate Change Committee (United Kingdom)

In 2008, the Climate Change Act established the Climate Change Committee (CCC), an independent statutory body designed to advise UK and devolved Governments on climate mitigation and adaptation. Comprised of academics and industry specialists, it does not have a mandated composition, with each member instead chosen based on their technical expertise (CCCEP, 2018).

As set out in the 2008 legislation, the committee is required to report on carbon budgets, long-term emission targets, UK climate change risks, and adaptations for climate change. The Government is then obliged to respond to these reports, forcing it to publicly justify its climate policy, providing greater accountability and technical justification for ambitious action regarding climate change.

For example, in 2019, the CCC advised the Government that the UK should aim to reach net zero greenhouse gas emissions by 2050 in order to comply with commitments it made as part of the 2016 Paris Agreement. In the same year, parliament passed legislation enshrining this commitment in law (DBEIS et al., 2019). In the years since, the committee's reports to parliament have referenced this target, assessing the effectiveness of progress towards it and recommending interim carbon emission targets, which the Government has always adopted (CCCEP, 2018).

4. International examples of basing benefits on essential costs

Japan

Japan's Public Assistance benefit sets a minimum living standard (minimum living expenses) for households according to factors such as the number and ages of family members, and tops household incomes up to this level if it falls short. In 2005, it was decided to set the Public Assistance minimum living standard at around the same level as the average spending by the bottom decile of the general population, adjusted for family size and ages. This is reviewed every 5 years by a committee of the Social Security Council (Deeming, 2020).

USA

The Supplemental Nutrition Assistance Program (SNAP) is a federal programme that provides financial assistance to low-income families to help cover the cost of food. It is administered by the United States Department of Agriculture (USDA) under its Food and Nutrition Service (FNS), but the benefits themselves are delivered on a state-by-state basis (John Hopkins, 2025).

The amount deposited into an individual's SNAP account is based on the Thrifty Food Plan (TFP), the least expensive of 4 USDA-designed nutritious diets. The TFP is created using factors such as current food prices, typical United States (US) dietary patterns, nutritional guidelines, and food nutrient density. This plan serves as a benchmark ‘basket of goods’; the cost of purchasing food in line with this plan determines the maximum SNAP benefit, which is then adjusted according to household size (FNS, 2025a). This maximum is reviewed at the beginning of each fiscal year by the FNS. The rate of benefits is consistent across 48 states, with higher rates provided in Hawaii and Alaska to reflect elevated food prices in those regions (FNS, 2025b).

While the logical process underlying SNAP rates provides access to essentials for families in need, the benefits themselves are restrictive; families can only spend them on certain food products such as fruit, vegetables and meat. Furthermore, the delivery mechanism (an electronic benefit transfer card that can only be used in certain retailers) imposes limitations on families in need and undermines their dignity.

Sweden

Under Swedish law, individuals facing financial hardship are entitled to benefits that ensure a ‘reasonable standard of living’ (Sveriges Riksdag, 2025). Sweden’s principal social assistance benefit is designed to deliver this and consists of 2 components. The first is livelihood support, which includes the riksnorm (national standard) to cover daily expenses, alongside a separate allowance for reasonable housing costs. The second part is a discretionary supplementary support, provided on a one-off basis to meet specific essential costs such as prescription charges or funeral expenses.

The riksnorm is determined annually by the central government based on the Swedish Consumer Agency's detailed price and consumption surveys (Socialstyrelsen, 2025). These surveys generate normative estimates of household spending on typical expenses, including food, clothing, hygiene, leisure, and phone bills. Using this data, the National Board of Health and Welfare determines the level for the riksnorm, which local authorities may then adjust to reflect individual circumstances such as income, savings and household composition.

Canada

Social assistance schemes in Canada vary by province and territory, but benefits are broadly intended to cover basic living costs, although the extent to which this is actually achieved ranges by region (Maytree, 2025).

For example, Prince Edward Island provides a Basic Unit Rate for expenses such as food, clothing, household and personal requirements. In 2018, the Auditor General reported that the Government of Prince Edward Island had targeted the provision for food related benefits to be 70% of the average cost of Canada's National Nutritious Food Basket, a measure which also feeds into the calculation of Canada's official poverty line (Auditor General, 2018).

Furthermore, in 2019, Canada established the National Advisory Council on Poverty (NACP), an independent advisory body designed to guide government towards its target of a 50% reduction in poverty by 2030 relative to 2015 levels (Statutes of Canada, 2019). The council publishes a yearly report on progress towards this target, advising on measures to achieve poverty reduction. While the council's remit does not include recommending benefit levels, it has repeatedly advocated for a minimum income floor above the poverty line, which would affect employment income, income support, and social assistance benefits (NACP, 2022).

5. Conclusion

We can’t always deal with what life throws at us on our own, which is why we need a social security system that at least protects us from going without essentials. But the basic rate of Universal Credit currently falls far short of the cost of essentials because it is not set according to people’s needs or any logical calculation of the cost of bills. The current uprating process allows our safety net to be detached from reality, resulting in large income shortfalls that drive destitution and food bank need.

Instead of simply uprating last year’s arbitrary amount each year, we need an independent process to recommend rates that at least reflect what people need. This should draw on evidence of what things cost, including insight from people with direct experience of having to get by on a low income. Even the small above-inflation supplements to the standard allowance from the Universal Credit Act 2025 are ultimately arbitrary amounts lacking a clear logic or destination.

Existing independent bodies, such as the SSAC, LPC and CCC in the UK, provide strong precedents for advisory processes that allow government to retain discretion while receiving expert advice. The examples from Australia and New Zealand demonstrate the merits of such systems, as parliaments have seen success in implementing expert advice on benefit rates to reduce poverty. Other countries, including Sweden and the USA, highlight methodologies used to link benefit rates to the cost of essentials. Together, these examples demonstrate that bringing independent advice into the setting of benefit rates in the UK is feasible, desirable and urgently needed to help ensure everyone can at least afford essentials in hard times.

Note

1. The Universal Credit Act 2025 also halves and then freezes the value of Universal Credit's health element for new claimants until 2029/30.

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How to cite this briefing

If you are using this document in your own writing, our preferred citation is:

Porter, I. Richardson, I. (2026) Independent process to ensure Universal Credit covers essential costs. York: Joseph Rowntree Foundation.