

Policy responses

The 28 per cent

CV19 Financial Impact Tracker

Recent history

The impact of COVID-19 on financial wellbeing

@PFRC_UK
@SharonBCollard





Real income growth **stalled** 2017-18

Institute for Fiscal Studies, 2019

"The social safety net has been badly
damaged by **drastic cuts**"

Philip Alston, 2019

Welfare reform has led to an increase in
psychological distress

Wickham et al, 2020

2016:
*26m people
financially
resilient*

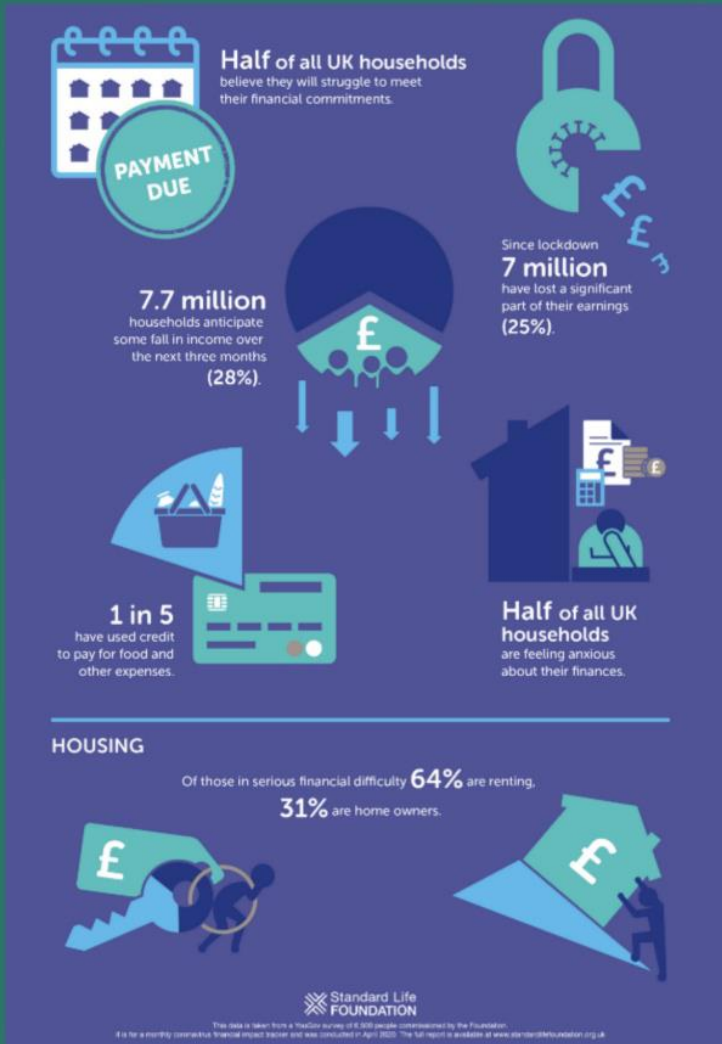
*13m people
financially
squeezed*

*12m people
financially
struggling*

COVID-19 Financial Impact Tracker

- Commissioned by Standard Life Foundation
- Monthly tracker conducted by YouGov
 - Asks **6,500 people** across the UK about how CV19 has affected their household finances and its likely impact over the next 12 months
 - Income, bill payment, borrowing, debt, savings, paying for essentials
- University of Bristol team designed the survey and analysed the data
- This presentation focuses on **first three weeks** after lockdown
- For the full report: www.standardlifefoundation.org.uk/our-work/coronavirus-finance-tracker2/coronavirus-finance-tracker/april

UK big picture



In serious financial difficulty

11%

Struggling to make ends meet

17%

Potentially exposed financially

37%

Financially secure

35%



- 62% financially secure
- 30% potentially exposed
- 8% struggling or in serious difficulty

Who are the 28 per cent?

In serious financial difficulty

3.1m households (11%)

Under 50 (64%; cf 48% all)

Single people; single parents

Tenants (64%; cf 30% all)

Poor health/disability (24%)

Struggling to make ends meet

4.8m households (17%)

Under 50 (60%)

Couples; children

Tenants (48%); homeowners

Poor health/disability (17%)

Low, insecure incomes

	In serious financial difficulty	Struggling to make ends meet	All households
Drop in household income since crisis	50%	38%	25%
Income dropped by one-third or more	38%	15%	11%
Out-of-work benefits pre-crisis	35%	19%	11%
Self-employed	22%	16%	13%
Gig economy	14%	11%	8%

Under severe financial stress

	In serious financial difficulty	Struggling to make ends meet	All households
Struggle to pay for food/essentials	87%	26%	15%
Constant struggle to pay bills	83%	16%	12%
Any arrears	66%	31%	17%
Thinking about my financial situation makes me anxious	95%	79%	49%

Borrowing to manage

	In serious financial difficulty	Struggling to make ends meet	All households
Didn't have any savings to draw on	68%	45%	22%
Used credit for food/other expenses	64%	43%	19%
Sought advice about financial situation	37%	17%	10%
Requested details about advice/support	36%	18%	10%

Policy responses, policy gaps

- Furlough scheme, self-employment support
- Increases to Universal Credit, Working Tax Credit, Local Housing Allowance
 - But **not** income-based JSA, ESA; PIP, Child Benefit
 - Pre-crisis, out-of-work benefits at **lowest ever level** relative to earnings
- Some issues raised at recent **APPG Debt and Personal Finance**
 - Aggressive government debt collection (council tax, benefit overpayments)
 - Policies to tackle debt established in silos - exacerbate the problems
 - Benefit caps, average rent rules causing issues for homeowners, middle income households impacted by COVID-19
- COVID-19 has exposed entrenched **socio-economic inequalities**

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