



**East Herts**

# **Covid-19 one year on: The impact of the pandemic in East Herts**

15 June 2021

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*Citizens Advice East Herts is a local independent charity (part of the national Citizens Advice network). We provide free and independent advice to anyone on anything.*

# Executive Summary

As a local charity offering free and confidential advice on all issues, we have seen first-hand the impact of the pandemic on the local community. From 23rd March 2020 to 17th May 2021 we **helped 9,725 people, up a third on the previous year**.

Despite Government measures to limit the most severe financial impacts of the pandemic, nearly **2 in 5 households lost income** because of the crisis, with **1 in 10 across the country losing 80% or more**<sup>1</sup>. At Citizens Advice East Herts we have seen **a surge in demand for help with benefits, specifically Universal Credit**. From January to March 2021 we **issued more foodbank vouchers than ever before**.

Recent Citizens Advice research ([‘Delivering Debt Advice during a Pandemic’](#)) shows that 1 in 3 households (45% of people with children) lost household income as a result of Covid-19. Over a third of these had run down their savings.

From 23rd March 2020 to 17th May 2021, we saw a **66% increase in the number of enquiries relating to employment**, with people coming to us with questions about furlough and job security.

*“I was shielding and unable to work due to my health condition. My employer had put me on sick pay, and I could not manage financially on £95.85 per week. I received a leaflet through my door with the number for Citizens Advice, so I called to see if there was anything I could do. They told me that I was eligible for furlough and could increase my weekly income by around £150.” (Client)*

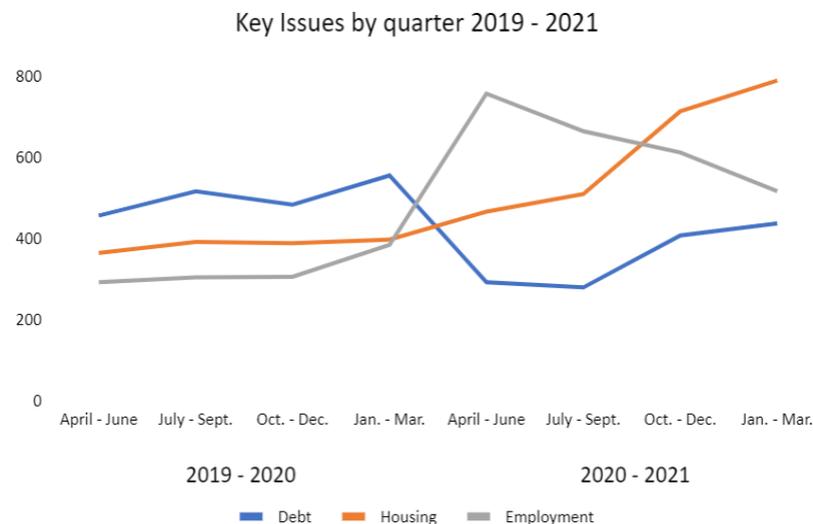
We also saw a **61% increase in people coming to us for help with housing issues**, mainly linked to the private sector. These included advice on evictions, landlord harassment and poor-quality housing.

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<sup>1</sup> [Citizens Advice, ‘Lockdown Lifeline: Ensuring adequate support across the benefits system during the Covid-19 pandemic’](#) (10 July 2020).

National Citizens Advice data shows there has been a 36% increase in the number of people seeking help with all types of problem in the private rented sector (31,700 in January - April 2021 vs 23,400 people in January - April 2020)  
[Press release - 27 May 2021]

As lockdown restrictions begin to ease, we are seeing client needs change. Whilst employment issues surged initially, they are now decreasing, and housing and debt issues are on the rise.



Whilst some economic forecasts are positive about the post pandemic ‘bounce back’, many have highlighted the long-term uncertainty and its implications. A recent quarterly economic forecast from the British Chambers of Commerce notes, “Beyond the strong short-term outlook, notable economic scarring from the pandemic is projected to weigh on economic activity once government support winds down and drive an uneven recovery across different sectors and groups of people.”<sup>2</sup> **For many people, their problems are only just beginning. Demographic groups that were at a disadvantage before the crisis have been affected more than others, exacerbating existing inequalities.**

Going forward, we expect to see clients needing more specialist support on debt, employment, benefits and housing. We are committed to providing independent and trusted advice to help people find a way forward.

*“I would not have been able to have coped with the last year without the help of Citizens Advice. They have been absolutely crucial to my wellbeing.” (Client)*

<sup>2</sup> [BCC briefing \(Q2 2021\)](#).

# Introduction

On 23rd March last year the country went into lockdown and at Citizens Advice East Herts we moved to providing our free advice service remotely. Over a year on, as the country starts to 'unlock', we can begin to reflect on how the coronavirus pandemic has affected people in East Herts, how we've been helping and what some of the challenges might be for the future. For the purposes of this report we will draw on our internal data from 23rd March 2020 (the start of the first lockdown) to 17th May 2021 (the first key 'unlocking' date for England). We will highlight the major areas - employment, benefits, housing and debt - where we have seen the highest demand for client support and expect to see demand rise as we move into a 'new normal'.

## Our response to lockdown

Whilst our small offices had to close in response to lockdown, our support did not stop. We switched to a remote working service within 48 hours, helping people by phone (introducing a local number in addition to our Hertfordshire Adviceline), email and web chat and later introduced video advice. We continued to provide face to face appointments for those who needed them and identified vulnerable clients to call. We worked with partners to introduce a new online referral tool, '[East Herts Frontline](#)', to ensure people got the help they needed as quickly and easily as possible.

From 23rd March to 17th May we helped people with over 19,000 issues, including redundancy advice, benefit claims, food vouchers and domestic abuse. We helped many of our clients to access government services that they would otherwise have struggled to connect with. In purely financial terms we have helped our clients to be an average of £3,682 better off as a result.<sup>3</sup>

## How demand has changed

Covid-19 has caused huge upheaval and change for all of us but if you're young, BAME, in insecure work or private rented housing, you're far more likely to have suffered financially due to the crisis. This is reflected in the large increase in demand for our free advice service locally and nationally. From 23<sup>rd</sup> March 2020 to 17<sup>th</sup> May 2021, we supported **9,725 people** with free and confidential advice – mainly by phone, email and web chat; **29% more** than for the previous year.

Covid-19 has caused a shift in the problems which people come to us for help on and the mix of people accessing our service. We have seen more demand from younger people and those traditionally in work. We have seen a decline in the proportion of clients with long-term health issues, disabilities or poor mental health (though this partly reflects reduced

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<sup>3</sup> Citizens Advice, '[Life Through Lockdown: What Citizens Advice data tells us about the year everything changed](#)' (March 2021)

data capture as a result of remote working). This report seeks to summarise what we have seen, how we have responded, and some of the issues and challenges ahead.



More than half of Citizens Advice clients in the last year said their issue was affected by the pandemic



9/10 clients said our advice helped them to move forward



6/10 felt less stressed, depressed, or anxious as a result

*"We've spoken to people who've never used Citizens Advice before, never claimed benefits, and have had a steady income for years. Suddenly, they feel as if the rug's been pulled from under them and don't know what to do. We're here to listen, support and then help them find a way forward, and it's always rewarding when you hear the relief in someone's voice at the end of a call." (Adviser)*

## Employment

We are **helping more clients with employment issues than ever before**. Since the pandemic hit, **1 in 6 clients have asked us about an employment issue**. We have seen a **60% increase** in clients seeking advice about redundancy.

A Citizens Advice national survey, published last summer, found that it was the most vulnerable sections of society that were disproportionately facing redundancy. **1 in 4 disabled workers, 1 in 2 workers classified as clinically extremely vulnerable to the virus, and 2 in 5 workers with caring responsibilities** had either been made redundant, had entered into formal redundancy proceedings, or had had informal redundancy discussions with their employer.<sup>4</sup>

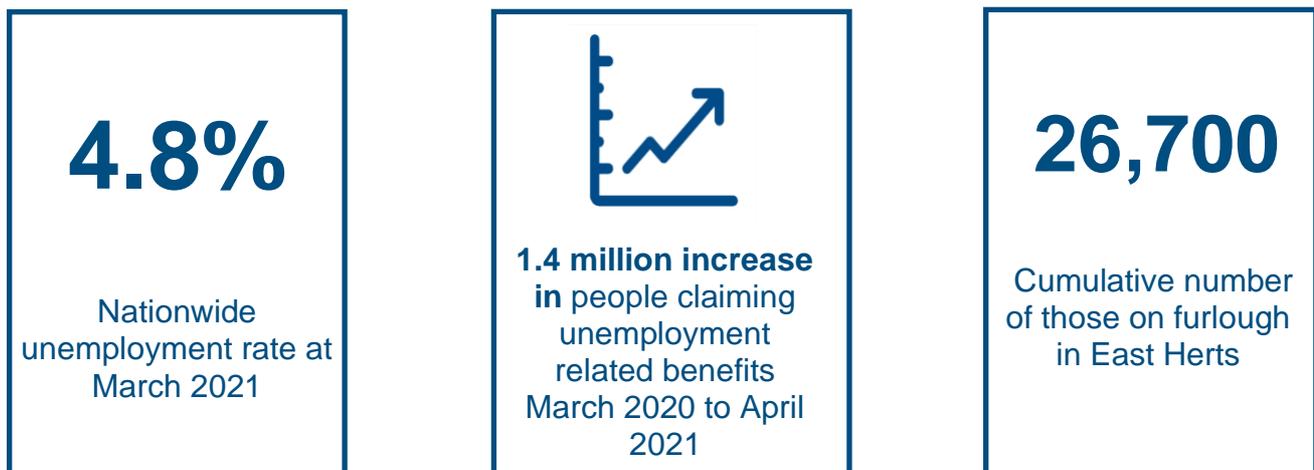
Thankfully for workers, the furlough scheme was extended past the planned 31st October 2020 end date (currently due to be phased out by the end of September 2021). From 1st September 2020, the scheme supported 70% of salaries for hours not worked, reducing to

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<sup>4</sup> [Citizens Advice, 'An Unequal Crisis' \(6 August 2020\)](#)

60% from 1st October 2020. Since 1st November 2020, employers with a PAYE scheme have been able to claim 80% of an employee's usual salary for hours not worked, up to a maximum of £2,500 per month. Provisional figures showed that **26,700 East Herts workers were furloughed at the beginning of June.**<sup>5</sup>

Despite the furlough scheme keeping many in jobs that might have otherwise been lost, **nationwide redundancy increased by a record rate to 14.2 per thousand in the period July to November 2020**<sup>6</sup>. In January to March 2021 the redundancy rate decreased but it remains much higher than pre-pandemic levels.<sup>7</sup> Since February 2020, the largest falls in payrolled employment have been in the hospitality sector, among those aged under 25 years, and those living in London. The **number of people claiming unemployment related benefits increased by 1.4 million between March 20 and April 21**<sup>8</sup>.



### **Job losses hitting the young, the low-paid, and those from deprived areas**

The UK's average monthly pay (excluding bonuses) increased by 4.6% in January to March 2021<sup>9</sup>, compared with the same period of the previous year. However, this suggests that **the jobs that are being lost in the economy tend to be lower-paying ones**, held by those who can least afford to lose them. **Young people are more likely to have been furloughed than the average worker**, at least in part as they are more likely to be employed in accommodation and food services. This sector has seen the greatest drop in employment. The next greatest losses have been in the wholesale and retail,

<sup>5</sup> [HMRC Coronavirus Job Retention Scheme 3 June 2021](#)

<sup>6</sup> [ONS. 'Employment in the UK: February 2021'](#)

<sup>7</sup> [ONS. 'Employment in the UK. May 2021'](#)

<sup>8</sup> Coronavirus: Impact on the Labour Market – [House of Commons briefing paper](#) (24 May 2021)

<sup>9</sup> [ONS – Average weekly earnings in GB, May 21](#)

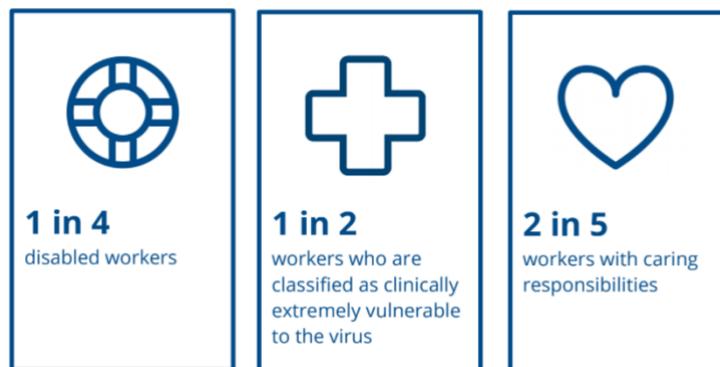
manufacturing, and arts sectors - apart from manufacturing, all of these have median wages lower than the UK average<sup>10</sup>.

In the combined area of Hertfordshire and Bedfordshire, employment has shrunk by 2.3% in the year to February 2021<sup>11</sup>, and of the clients we saw about redundancy, 18% were under 35<sup>12</sup>. **Clients asking us for advice on employment issues also tend to come from areas of greater deprivation.** Over the past year we helped 1,580 clients with 2,785 employment issues.

The latest economic forecast from the British Chamber of Commerce notes that the UK's unemployment rate is expected to peak at 6% in Q4 2021, after the furlough scheme expires. **Youth unemployment is expected to lag behind the wider recovery with the UK's youth unemployment rate projected to average 10.1% higher than the overall unemployment rate** across the forecast period, 25% higher than the pre-Covid average. Output from catering and hospitality are forecast to only return to pre-pandemic levels in Q2 2023.<sup>13</sup>

## Concerns about discriminatory employment practices

A national Citizens Advice survey published last year found that disabled workers, those with caring responsibilities, or those shielding were disproportionately affected by redundancies<sup>14</sup>.



This group is set to represent a significant proportion of our caseload going forward. **Whilst the number of unemployed and physically disabled or permanently sick people in East Herts makes up only 2% of the population, this group constituted 10%**

<sup>10</sup> [BBC, 'Firms planned record 800,000 redundancies last year'](#) (24 January 2021)

<sup>11</sup> ONS, 'Earnings and employment from Pay As You Earn Real Time Information, UK: February 2021'

<sup>12</sup> Citizens Advice Casebook. 52 of 296 clients where age was disclosed. 118 clients did not give their age

<sup>13</sup> [BCC Quarterly Economic Forecast \(Q2 2021\)](#).

<sup>14</sup> [Citizens Advice, An Unequal Crisis](#) (August 2020)

**of our clients from 2019 to 2020** which suggests that even pre-pandemic they were disproportionately struggling<sup>15</sup>. 24.4% of these individuals experience a physical impediment while 25.1% experience disability relating to mental health<sup>16</sup>.

The Government has confirmed<sup>17</sup> that it will go ahead with its 2019 manifesto commitment to establish an employment watchdog - a 'Single Enforcement Body'. This should help to address some of the concerns regarding unfair employment practices but given that legislation is needed to bring this into force it will be some time before its impact is felt.

### **From furlough to redundancy?**

The Government's furlough scheme has been extended a number of times, which has been a welcome relief to those struggling with the financial implications of lockdown. However, there is a risk this delays, rather than prevents, the pain when jobs are ultimately lost. Furthermore, the lack of a clear plan for what happens when the furlough scheme ends leaves workers across the country with significant uncertainty, making financial planning difficult. There is a risk of vulnerable workers being unfairly selected for redundancy, especially since furloughed workers struggle to engage in the redundancy process on the same basis as non-furloughed workers.

Despite the rollout of the vaccines which, at time of writing, had been administered to nearly 71.6m people<sup>18</sup> it will likely be some time before the economy rebounds and starts adding rather than losing jobs. At the time of publication, the Government has delayed the lifting of all legal restrictions on social contact to 19 July, if conditions are met. It is unclear how quickly, and how well the economy will rebound after this time.

Unemployment forecasts for 2021 have already been revised a number of times, reflecting the uncertain nature of the times. The Office for Budget Responsibility's latest prediction - post Budget - is a peak of 6.5% towards the end of 2021<sup>19</sup>. What is more certain is that for many people, there will not be a simple return to what they were doing before March 2020, and many of those people will rely on services like Citizens Advice to help them navigate a way forward.

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<sup>15</sup> Citizens Advice East Herts Advice Needs Analysis 2020

<sup>16</sup> Citizens Advice Casebook data for 1st May 2020 to 30th April 2021

<sup>17</sup> <https://www.gov.uk/government/consultations/good-work-plan-establishing-a-new-single-enforcement-body-for-employment-rights>

<sup>18</sup> [Coronavirus](#) vaccinations in the UK. Reported up to 14th June

<sup>19</sup> [OBR Economic and Fiscal Outlook, March 2021](#).

## Kayleigh's Story

'Kayleigh' had a health condition so was unable to go to work during the shielding period. She was paid her full salary during this time but on return to work had her wages significantly deducted without notice. She was facing significant financial hardship when she came to us for help. We advised her that she should contact her employer to discuss a more reasonable repayment plan, working with ACAS (Advisory, Conciliation and Arbitration Service) if needed. Since then Kayleigh has had her deduction repaid and has made a repayment plan with her employer that she can manage.

## Benefits

Even before the pandemic, 1 in 10 adults in Great Britain said they could not cover their costs for longer than a week if they lost their main source of income.<sup>20</sup> The **pandemic has pushed many people into deeper poverty and others, who were previously 'just about managing', into poverty for the first time.** More families and individuals have come to rely increasingly on benefits to help make ends meet.

Despite the furlough scheme, the pandemic has seen a steep rise in the number of people claiming benefits. **In March 2020, 2,902 households in East Herts were claiming Universal Credit. By February 2021, that number had soared to 7,282<sup>21</sup> - an increase of 151%.**

**1 in 10**

Adults said they couldn't cover their costs for longer than a week if they lost their income – pre-pandemic

**151%**

Increase in households in East Herts claiming Universal Credit March 2020 - February 2021

**1/3**

Around a third of clients that we saw about benefits needed help claiming Universal Credit

<sup>20</sup> ['Walking on Thin Ice – the cost of financial insecurity'](#) (2018)

<sup>21</sup> [DWP StatXplore](#)

The Government boosted some Universal Credit benefits to help those struggling financially due to the pandemic, but the complexity of the system meant many clients had little understanding of what benefits they could claim, and the curb on face-to-face interviews at JobCentre Plus offices made this even trickier. **Almost a third of clients we saw about benefits<sup>22</sup> needed help claiming Universal Credit.**

We also found that **people claiming benefits were in more desperate need than usual.** Of the clients we helped claim Universal Credit for the first time, 18%<sup>23</sup> also needed help securing an advance payment to tide them over the usual five-week waiting period - four times the number in the previous year.

The number of employees has fallen by 740,000 since the start of the crisis, and the number of people claiming out-of-work benefits has skyrocketed to 2.6 million - the highest level in over 25 years.

[‘Roadblock to recovery: Why the rules in Universal Credit are creating barriers to work’, June 2021]

Our research found that young people in particular have become reliant on benefits in the absence of employment. **The number of people aged 18-24 claiming unemployment benefits increased from 1.3% to 5.7% in East Herts** between March 2020 and February 2021<sup>24</sup>.

## Not just the unemployed affected

The extension of the Government’s furlough scheme saved many from becoming entirely reliant on benefits in the short term. However, the **number of people claiming Universal Credit almost doubled to 6 million** from the start of the pandemic.<sup>25</sup> In East Herts, **43% of Universal Credit claimants in March 2021<sup>26</sup> were in employment**, suggesting that many of those that still have jobs or are on furlough, are nonetheless on low incomes. As we noted in the last section, those that have lost their jobs since the start of the pandemic have tended to be those on low incomes to start with, and thus less likely to be able to cope with income shocks.

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<sup>22</sup> Citizens Advice Casebook report C6: 3,078 benefits clients, of which 1,299 were for UC

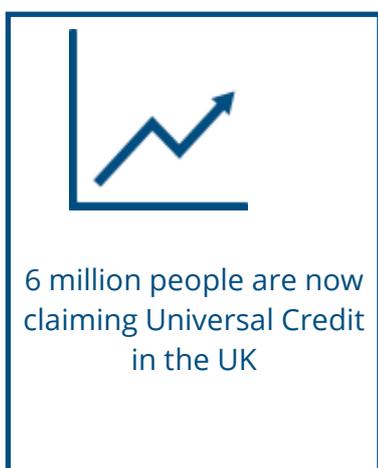
<sup>23</sup> Citizens Advice Casebook report C3a: 840 UC clients were helped with an initial claim, of which 151 required an Advance Payment. For the same period in 2019-20, 841 UC clients were helped with their claim, of which 39 required an Advanced Payment; a 400% increase.

<sup>24</sup> [Herts Insight](#)

<sup>25</sup> [‘Universal Credit statistics, 29 April 2013 to 8 April 2021’](#) (18th May 2021)

<sup>26</sup> 3,743 employed out of 8,770 UC claimants in East Herts in March 2021 ([DWP: Stat-xplore](#))

**More than 1 in 3 low-income households with children saw their outgoings increase during the pandemic**, according to surveys conducted by the Nuffield Foundation. Having children at home required higher spending on food and energy, while remote schooling was particularly expensive for families that had to buy laptops or arrange broadband access. On top of this, the cost of food and essentials increased for many, whilst restrictions on household mixing prevented access to wider family and community support.<sup>27</sup> Meanwhile, wealthier households that typically spend more of their income on leisure activities have been able to save more during the lockdowns, **exacerbating pre-existing inequalities**.



## Helping clients to navigate the benefits process

Of the 9,725 clients we helped at Citizens Advice East Herts from 23<sup>rd</sup> March 2020 to 17<sup>th</sup> May 2021, **over a third needed help with benefits or Universal Credit**<sup>28</sup>. 65% of people we helped make a claim for UC were seeking help with their initial claim<sup>29</sup>.

The lack of opportunity for face-to-face interaction during the lockdowns made the task of getting the right support particularly difficult. Determinations for benefits such as Personal Independence Payment (PIP), Universal Credit, and Employment and Support Allowance (ESA) are more difficult with social distancing, and if claimants are unable to do it over the phone, they often face delays in benefits being paid. Clients have required significant specialist guidance from our Advisers to help them navigate the process. **From 23<sup>rd</sup> March 2020 to 17<sup>th</sup> May 2021, each benefit client we helped was on average £5,202 better off as a result, or a total of £691,824 across our client base**<sup>30</sup>.

<sup>27</sup> Based on two surveys of over 6,000 working age adults, conducted by the Nuffield Foundation in May and September 2020. [Nuffield Foundation, 'Extra costs of food, energy and remote learning piled financial pressure on low-income families during lockdown'](#) (12 January 2021)

<sup>28</sup> Citizens Advice Casebook C6

<sup>29</sup> Citizens Advice Casebook C3a: 840 initial claim clients out of 1,299 all UC clients

<sup>30</sup> Citizens Advice Casebook C2a

## Jennifer's Story

Jennifer was shielding due to health issues. One of our advisers called her to check if she needed any support. The conversation highlighted that she was eligible for Attendance Allowance and Severe Disability Premium. The adviser helped her fill in the forms over the phone and she's now receiving an extra £156 per week to help her pay for the support she needs in the home.

## John's Story

John was very confused and distressed when he contacted us. He had serious health and mental health issues, including depression and anxiety. He was trying to claim Universal Credit (UC) but was hindered by his lack of IT skills, equipment, and uncertainty about his employment status. He had got into debt and was worried about paying his rent and buying food. We were able to arrange a food bank delivery for John and, with his permission, contacted the Job Centre on his behalf and helped complete his UC application.

## Continued pressure on personal finances

As with the extension to the Coronavirus Job Retention Scheme, the Universal Credit uplift of £20 per week, which the Chancellor brought in as part of a series of temporary measures to support people struggling financially post pandemic, was extended by the Budget and is due to run to the end of September. This was welcome news to those claiming Universal Credit, many of whom had to claim for the first time due to the pandemic. The Joseph Rowntree Foundation - a charity which researches poverty - said that without the uplift millions of households would have faced an income loss equivalent to £1,040 a year and 500,000 more of those already in poverty would be plunged into deep poverty<sup>31</sup>. However, Universal Credit provides a low rate of income substitution for most claimants, so the uplift only goes so far. A recent Resolution Foundation study found that 61% of families claiming Universal Credit say they will struggle to keep up with or will fall

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<sup>31</sup> [Joseph Rowntree Foundation – Keep the lifeline](#) (September 2020)

behind on bills over the next few months.<sup>32</sup>



It remains to be seen how the Government will transition away from these measures. What is clear is that while the economy takes some time to recover from effectively having been shut down for large parts of the last 16 months+, the recovery of personal finances for those who have been unable to work or are on low incomes will take just as long, if not longer. This promises to make the work of Citizens Advice East Herts and other support services even more critical over the coming year.

## Housing

### An existing problem exacerbated by the pandemic

Hertfordshire has some of the highest house prices in the UK. Property prices have become increasingly unaffordable, having soared by an average of 40% between 2012 and 2018, compared to the UK average increase of 20%<sup>33</sup>. Latest data from the ONS<sup>34</sup> shows that the average house price in East Herts is 12.7 times average earnings. Mean monthly rent is £1,046. In East Herts there were 2,125 households on the waiting list for social housing in December 2020, the fourth highest district in Hertfordshire.<sup>35</sup>

Even accounting for the boost to Local Housing Allowance during the pandemic, the amount typically still falls well short of the private rental cost of a one-bedroom property in much of

<sup>32</sup> [Resolution Foundation - 'The debts that divide us'](#) (February 2021)

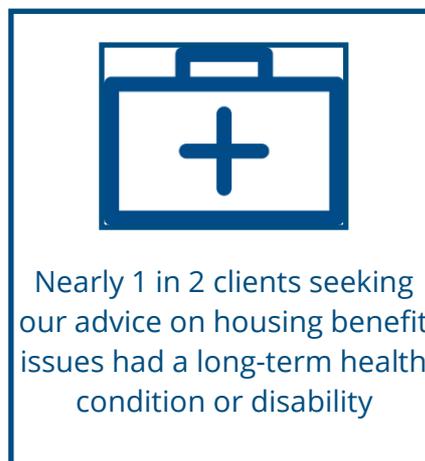
<sup>33</sup> Hertfordshire Community Foundation, '[Hertfordshire Matters: A needs analysis report for Hertfordshire Community Foundation](#)' (23 June 2020)

<sup>34</sup> [ONS House Price Data](#), March 2021

<sup>35</sup> Hertfordshire Community Foundation, '[Hertfordshire Matters: A needs analysis report for Hertfordshire Community Foundation](#)' (23 June 2020)

East Herts. Vulnerable and socially disadvantaged groups have struggled disproportionately with housing costs since the start of the pandemic, with 2 out of every 5 clients seeking advice on Housing Benefit issues having a long-term health condition or disability.

The pandemic has heightened social vulnerability - **58% of people currently behind on rent arrears were not in arrears pre-pandemic.**<sup>36</sup> **We have seen a large** spike in the number of people asking us for help with rental arrears as a result. **Almost 1 in 5 clients we saw between 23rd March 2020 and 17th May 2021 had an issue associated with housing, up 61% on the previous year.**



Over the period of this report **Citizens Advice East Herts has helped clients gain an average of £4,031<sup>37</sup> more in housing benefit** and helped raise awareness of eligibility for council tax reductions and discretionary housing payments. **For many, that represents the difference between being able to afford essential items like food and clothing and/or keeping out of debt.**

### **Young hit the hardest**

The situation is especially stark for young people, who are least likely to be in secure accommodation and employment. Following a change in 2011, the age at which someone could claim the higher amount of Local Housing Allowance was raised from 25 to 35. Those under the age threshold are only entitled to the Shared Accommodation Rate. Whilst exemptions apply, for instance for those with children, this means that people under 35 living alone and struggling to make their rent due to a lockdown-associated income shock were in the unfortunate position of trying to find shared accommodation

<sup>36</sup> Citizens Advice – [How the pandemic is leaving private renters with unmanageable debt](#).(January 2021)

<sup>37</sup> Citizens Advice Casebook

in the midst of the pandemic.

## Homelessness

Despite the support measures that were put in place (increased notice period, ban on evictions (to end May), mortgage payment holidays etc), at least 130,000 households in England were made homeless during the first year of the pandemic<sup>38</sup>. Domestic abuse and the loss of temporary accommodation were the most common triggers.

*“The ban (on evictions) didn't stop tens of thousands from facing homelessness...During the pandemic, the most common triggers were no longer being able to stay with friends or family, losing a private tenancy, and domestic abuse.”*

*Polly Neate, Chief Executive of Shelter*

The outlook for the year ahead looks very challenging and we are seeing housing issues continue to rise. The need to protect people from evictions will likely be higher over the coming months than at the start of the crisis, as savings have been depleted and debts accrued.

**The pandemic ban on bailiff-enforced evictions expired at the end of May and the number of tenants who could be affected is huge. A survey for the Joseph Rowntree Foundation (JRF) suggests 1m households are worried about being evicted over the next three months, half of them families with children.** 400,000 households have either been served an eviction notice or been told they may be evicted. 450,000 are behind with their rent. Tenants relying on housing benefit are already under extra pressure as the benefit cap and reintroduction of a freeze in Local Housing Allowance rates leaves them facing growing shortfalls against their rent. Notice periods have now been reduced to just four weeks for tenants with more than four months of arrears, and four months more generally. Those four months expire in September at the same time as the furlough scheme and the temporary £20/week uplift in Universal Credit are due to end. **The loss of a private rented sector tenancy was already the leading cause of homelessness before the pandemic**, so this suggests escalating pressure on the system.

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<sup>38</sup> [The Guardian, 14 June](#)

## Mohamed's Story

Mohamed's sickness and disability benefits had been cut, leaving him unable to pay rent and council tax. We helped her to get her benefits reinstated and to claim for Universal Credit. Mohamed is now secure in his home.

Citizens Advice estimates that for over half of private renters who are currently behind on rent, a £600 grant would be enough to lift them out of arrears. **However, for the average Citizens Advice client with rental arrears, it would take them an average of 7 years to pay it off on their own.**<sup>39</sup> Citizens Advice East Herts will help clients to manage their rental arrears as much as possible, balancing these against other debts that have accrued during the pandemic, but for many - without a significant intervention to provide support - the spectre of eviction, and all the associated stress will loom large for years to come. This includes thousands of households that were up to date on their rent payments before the pandemic struck and have suffered huge income shocks due to the lockdowns. We hope to increase our capacity in this area so that we can try to address the growing client need for support but given the pressures that were already in place pre-pandemic, housing remains a significant challenge for the county.

## Debt and arrears

**Prior to the pandemic, 1 in 20 adults across the country reported that they were struggling to pay usual household bills<sup>40</sup>. Since the pandemic this has risen to over 1 in 10.** Between March and June 2020, 72% of those seeking debt advice at local Citizens Advice across the country had less than £100 left after paying their essential living costs, including 40% who had no money left at all. Of those who have fallen behind on their bills, 1 in 3 have had to run down their savings, and 1 in 5 have had to sell their possessions to make ends meet<sup>41</sup>.

At Citizens Advice East Herts, we saw a decline in clients coming to us with debt issues during lockdown<sup>42</sup>, likely due to restraint by creditors. The moratorium on evictions and

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<sup>39</sup> [Citizens Advice – How the pandemic is leaving private renters with unmanageable debt \(January 2021\)](#)

<sup>40</sup> [ONS](#)

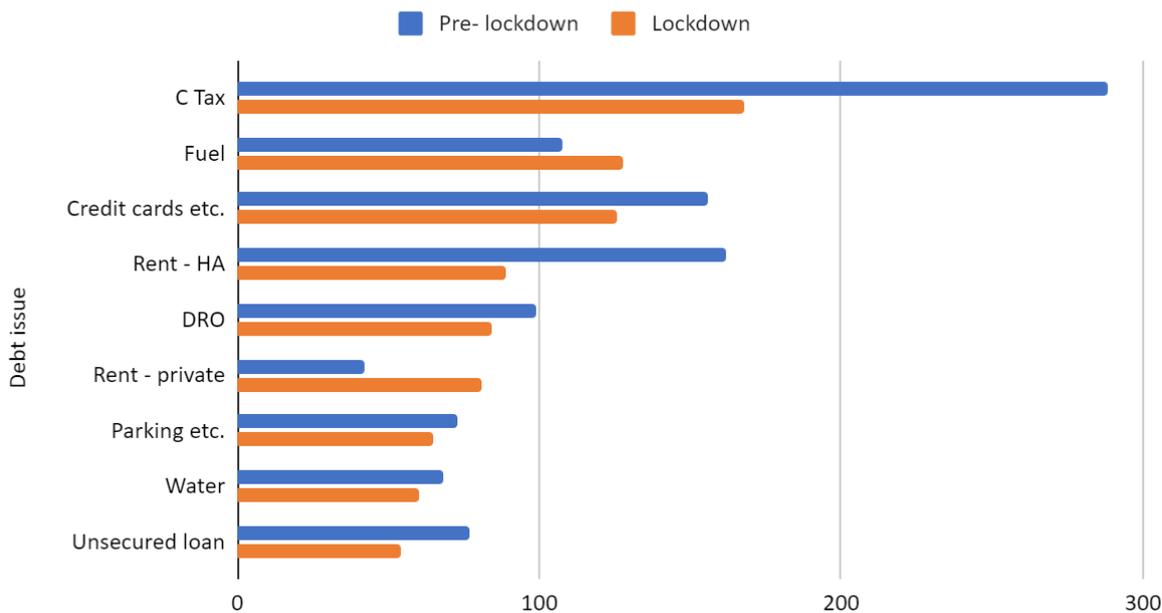
<sup>41</sup> [Citizens Advice](#)

<sup>42</sup> Casebook - Our clients reported 1,565 debt issues during this period, a 25% decrease compared to the same period in the previous year

bailiff action has now ended and we are starting to see debt issues begin to rise again.

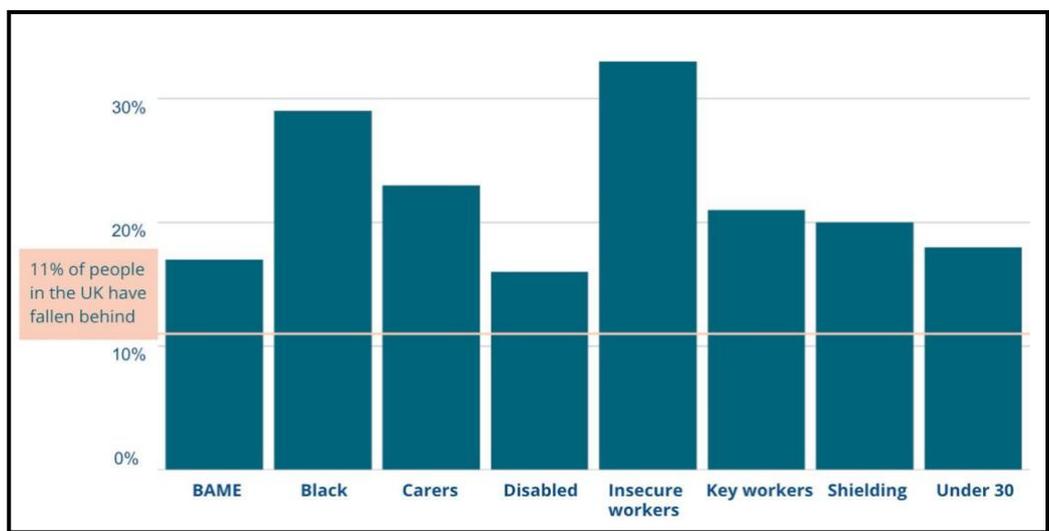
The chart below provides an overview of our clients' debt issues during lockdown and for the same period the year before. Creditor restraint is illustrated by the more than 40% drop in both Council Tax arrears and Housing Association rent arrears. This drop is much greater than the average 25% decrease in debt issues. By contrast, **issues with private rent arrears debts have surged, up 93%, and fuel debts have increased, up 18%.**

Key Debt Issues Pre- lockdown and Lockdown



### Debt burden not shared equally

Citizens Advice research suggests that at the national level, 6 million UK adults have fallen behind on at least one of their bills during the pandemic. It also notes that those who have played a key role in the coronavirus response, and those who have been directly affected themselves, are significantly more likely to have fallen behind on a bill payment.



For the average client that Citizens Advice helps with debt problems, it would take at least **30 months to pay back just their priority debts**, assuming that they spent their entire disposable income on repayments each month. Enforcement charges, debt interest, and the cutting off of services can compound this problem for clients, and so being marginally behind on payments can, over time, snowball into huge sums.

## Life in arrears

Whilst Universal Credit has helped many people to secure some much-needed income during the pandemic, many people have struggled with the five weeks' wait which the move to this benefit entails. Most suffering a sudden and unexpected income shock do not have the equivalent of five weeks' income to tide them over while waiting for their first payment. For those that don't have such savings, or can't borrow from friends and family, the choices are stark: go without essentials, go into debt (either by taking on new debt, or defaulting on payments), or get a Universal Credit advance.

**Of those clients we have helped to claim Universal Credit through our Help to Claim service in East Herts since the start of the pandemic, 18%<sup>43</sup> have also needed an advance loan, up 400% on the previous year.** The Nuffield Foundation's figures<sup>44</sup> from August 2020 suggest that nearly two thirds of those who have claimed Universal Credit since the start of the pandemic had some sort of deduction from their payment, usually because of an advance<sup>45</sup>. **Deductions from Universal Credit can be up to 30% of the standard allowance**, leaving struggling families unable to make ends meet. As most deductions are due to advance payments, it is often the first few months of payments that are then reduced, when people are already finding it most difficult to adjust to new financial circumstances.

### Sarah's Story

Sarah is a single parent with a young child. She came to us for help with debts of over £27,000. We're working with Sarah to help her get back on her feet. Sarah says: *"My confidence has improved, and I feel so much better. I am looking forward to having a better life once all my debts are resolved."*

<sup>43</sup> Citizens Advice Casebook report C3a: 840 UC clients were helped with an initial claim, of which 151 required an Advance Payment

<sup>44</sup> [Nuffield Foundation, 'Advance to debt'](#) (7 January 2021)

<sup>45</sup> Nuffield Foundation, 'Advance to debt' (7 January 2021)

The introduction of the new '[Breathing Space](#)' scheme will give people some temporary protection from most types of debt collection while they take action to get on top of their debts. Our debt advisers will continue to work with clients to find the best way forward. That might involve applying for Breathing Space to buy some time while choosing the right debt solution to fit individual circumstances. **86% of our debt clients said we helped them find a way forward and 46% said their mental health improved.**



## Conclusion

It has now been more than 14 months since the Government put the country into the first lockdown to stem the spread of Covid-19. Temporary measures such as the Universal Credit uplift and the furlough scheme will continue to provide some support in the short term but for some the problems are only just beginning. It is worth noting some of the trends in how people have been affected by the pandemic:

- **Lots of people claiming benefits are making a claim for the first time.** The unprecedented rise in Universal Credit claimants across the country since March 2020 suggests many of those people would not need to claim were it not for the pandemic and its associated effects. 65% of the people we advised on Universal Credit in the last 14 months were new claimants.
- **The financial consequences of the pandemic are exacerbating existing inequalities.** Demographic groups that were at a disadvantage before the crisis have been affected by it to a greater degree than average, across a range of outcomes. This includes ethnic minorities, those with caring responsibilities, the disabled or long-term sick, the young, and those we now consider to be 'key workers'. **People in these groups are significantly more likely to have fallen behind on household bills than the average person nationwide.**
- **An issue in one area can quickly lead to related problems.** For example, having a sudden drop in income, whether you lose your job or not, can quickly lead to debt problems, which can cause issues down the line with access to housing. People

need tailored support in tackling issues and finding a way forward. **Those who've come to us for help in the second half of the last year have sought advice on 11% more issues than in the first six months of the crisis.**

- **Much of the pain is still to come.** Although most households do not have the luxury of substantial savings, some of those who have lost income because of the pandemic will have been able to draw on small reserves, or borrow from family and friends. As the financial effects of the pandemic continue, more of those will have been used up. Small arrears that might have been manageable in the short term are likely to have escalated, perhaps incurring financial penalties, disconnections from services, and evictions from housing if they are not addressed. Temporary government programmes have provided a lifeline, but as yet there is no clear plan for how to transition once these come to an end. **6 million Britons are already behind on their bills, and around one in ten of our clients have asked us for help in managing their debts in the last six months.**<sup>46</sup>

## **We'll continue to be here to help those who need us**

Forecasts suggest unemployment will rise over the course of the year, while short term measures which people have used to see them through the crisis - such as drawing on savings, borrowing money, or going without essential items - will not be sustainable in the long run. Ultimately the furlough scheme will come to an end, with many workers unsure about whether that will mean a return to work, or turning to the benefits system. As we saw with the first lockdown, clients turn to us more than ever in times of uncertainty. What *is* certain is that we will continue to provide free, expert, impartial advice, working with partners to ensure people have the support they need.

*"Thank you for giving me resources, guidance and above all, hope."*

(Client)

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<sup>46</sup> Citizens Advice, 'Life Through Lockdown: What Citizens Advice data tells us about the year everything changed' (March 2021)

# Acknowledgements

Thanks to Citizens Advice Hertsmere who shared their publications *'All Hands on Deck'* and *'Staying Afloat'* which we have drawn on when writing this report.

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Thanks to all those who help to fund our free advice service and those who have helped us to meet some of the unexpected costs of responding to the pandemic.

## Further Information

Citizens Advice is a local independent charity, part of the national network. As a charity we have to fundraise to cover the costs of delivering our free advice service. For further information on the work we do, how we can help or how you can get involved please see our website [www.citizensadviceeastherts.org.uk](http://www.citizensadviceeastherts.org.uk).

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