

# Citizens Advice response to the Work and Pensions Committee inquiry on DWP's preparations for changes in the world of work

June 2020

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## About Citizens Advice

Citizens Advice provides free, confidential and independent advice to help people overcome their problems. In 2018-19, we helped 2.7 million people face to face, over the phone, by email and web chat. We provide support from over 2,550 locations across England and Wales.

Since the rollout of Universal Credit began, Citizens Advice has helped over 590,000 people with Universal Credit, including through its Help to Claim service. We have [published several reports](#) on Universal Credit based on our client data, insights from frontline advisers, and interviews with clients.

The geographical scope of this response covers England and Wales.

## Introduction

Coronavirus has had a significant impact on people's jobs and incomes. Over two fifths (41%) of households have reported lost income because of this crisis, with nearly 1 in 10 (8%) households reporting losing 80% or more.<sup>1</sup>

The Government has taken some welcome steps to shore up people's incomes during this period, which include the introduction of the Job Retention Scheme and the Self-Employment Income Support Scheme, and increasing the value of certain components of the benefits system. It's right that we now look towards gradually rebuilding our economy, doing this in a way that doesn't lead to another surge in cases of coronavirus.

But this will be a slow return to business as usual. Whilst we saw record employment prior to this crisis,<sup>2</sup> we now have a substantially weaker labour market. As of 14 June 2020, the number of vacancies fell by 367,000, remaining nearly half a million below pre-crisis levels and more than 600,000 below this time last year.<sup>3</sup> The Office for Budget Responsibility has also warned that unemployment could rise by 2.1 million in the second quarter.<sup>4</sup> The labour market has been affected in different ways across the country, with the number of unemployed people per job vacancy in England the highest in the north-east of England.<sup>5</sup>

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<sup>1</sup> Poll of 2,009 adults conducted on behalf of Citizens Advice by Opinium (carried out between 13-19 May)

<sup>2</sup> Institute for employment studies (2020) [Weekly vacancy analysis: Vacancy trends in week-ending 14 June 2020](#)

<sup>3</sup> Office for National Statistics (2020) [Labour market overview, UK: May 2020](#)

<sup>4</sup> Office for Budget Responsibility (2020) [Coronavirus Reference Scenario](#)

<sup>5</sup> Institute for Employment Studies briefing for JRF (2020) [Weekly vacancy analysis: Vacancy trends in week-ending 17 May 2020](#)

It is against this backdrop, that the Department for Work and Pensions (DWP) will need to consider how to best support groups that have been particularly impacted by the crisis, such as those 'shielding', young people and people caring for children. Investment in benefits will be important to ensure people can make ends during this period, as well as tailored support for individuals to take up employment. It will also require measures to protect and enforce employment rights.

Our response to this consultation outlines further detail on these areas, setting out a number of steps as to how our benefits system and clarity of employment status can best enable people to move into, and progress in, work in a safe and appropriate way.

## **Recommendations for Government**

Review benefit rates for younger claimants (across areas such as the standard allowance within Universal Credit and the Local Housing Allowance).

Temporarily lift the 'no recourse to public funds' restriction for those subject to immigration control.

Temporarily suspend the Habitual Residence Test from the application process for benefits such as Universal Credit.

Publish guidance to clarify what assets are or aren't included as business assets when calculating a claimant's capital as part of a Universal Credit claim.

Ensure claimant commitments are reflective of a claimant's individual circumstances (such as whether they are shielding or having caring responsibilities) and the local labour market. This should consider things such as retraining where there are low vacancy levels, as well as setting job-search restrictions to roles where somebody could work from home.

Provide decision-makers with clear guidance on what constitutes a 'good reason' to leave a job due to coronavirus.

Review the design of Universal Credit to see whether it is succeeding in encouraging people to progress in work - both in terms of work incentives (through things like the work allowance) and ways in which to provide individuals with greater income stability.

Take preventative action to discourage breaches of employment rights, including issuing clearer guidance to businesses on their obligations under employment law.

Consider a statutory definition of self-employment.

## Response to questions

**Question: What do we know about the possible, likely impact on the labour market? For example:**

- **Are some sectors or types of jobs more likely to be affected than others?**
- **Are some groups of people more likely to be affected than others?**
- **Is it likely that there will be a reduction in the number of jobs available?**

This crisis has had a disproportionate impact on certain sectors of the economy such as retail and hospitality. Our evidence suggests that there are certain groups who are not only likely to be more affected by these changes, but who may also face restrictions or barriers to the level of support they can receive from the benefits system.

### Young adults

There is evidence to suggest that younger adults are likely to be disproportionately affected by the current economic crisis. For example, there are large proportions of young adult workers in the retail and hospitality sectors<sup>6</sup> which have been hardest hit by lockdown, and they are more likely to be low-paid and/or in insecure work than older workers.<sup>7</sup> The unemployment rate for under 25s is higher than the unemployment rate for the population as a whole before the crisis began,<sup>8</sup> and younger adults also historically face higher unemployment during economic downturns.<sup>9</sup>

At the same time, younger adults are generally entitled to lower rates of benefits such as Universal Credit and contributory Employment and Support Allowance.<sup>10</sup> They also receive less help with their housing costs, which may be harder to reduce during this period, e.g. if they are shielding. Single people under 35 are typically only entitled to the 'shared accommodation rate' of the housing element of Universal Credit,<sup>11</sup> meaning people under 35 living alone may face a significant shortfall between their housing costs and their Universal Credit entitlement. We are already seeing evidence of this across our service - between 1 March - 21 June 2020, 1,141 people under 35 came to us for help with issues related to Local Housing Allowance (LHA) rent restrictions. Under 35s now make up 40% of people presenting to us with this issue,<sup>12</sup> compared to 36% in January and February 2020.

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<sup>6</sup> New Policy Institute (2017) [Young Adults and the Minimum Wage](#)

<sup>7</sup> Resolution Foundation (2018). [The kids aren't alright: a new approach to tackle the challenges faced by young people in the UK labour market](#)

<sup>8</sup> House of Commons Library (2020) [Youth Unemployment Statistics](#)

<sup>9</sup> New Policy Institute (2017) [Young adults and the minimum wage: the case for lowering age eligibility](#)

<sup>10</sup> As of 6th April, a single claimant under age 25 receives £67.17 less per month in their standard allowance than those 25 and over.

<sup>11</sup> This is set at the rate of a room in the bottom 30% of local rental prices. This applies to those who don't live in shared accommodation.

<sup>12</sup> Based on our advice data from 1 April 2020- 21 June 2020

This presents a strong case to review the level of support available from the benefits system for younger adults - both to help deal with the current financial impact, and beyond - as we enter a context where the labour market will take time to recover.<sup>13</sup>

### Jamal's story

Jamal is 20 years old. He lives together with his partner and their 11 month old baby in privately rented accommodation.

Jamal made a joint claim for Universal Credit after he was unable to work due to coronavirus government guidance. His rent is just under the average rate for the area and caring for a young child means he is exempt from the shared accommodation rate. However, help with housing costs won't cover it all. Jamal will have to make up the £101.98 rent shortfall, as well as cover his family's living costs, out of a monthly standard allowance of £488.59 plus the child element of £235.83. He will be £105.45 worse off per month than a couple over the age of 25 with a child and worries how he will make ends meet.

### Recommendation

- The Government should review benefit rates for younger claimants (across areas such as the standard allowance within Universal Credit and the Local Housing Allowance).

## Migrants and people with irregular status

Most migrants face some restrictions on their ability to access benefits, ranging from people from the European Economic Area (EEA) needing to demonstrate that they have settled status or the right to reside to access benefits, to many non-EEA nationals without indefinite leave to remain having no recourse to public funds (NRPF). People with irregular status (including people born in the UK to undocumented migrant parents, people that have failed to seek asylum, and people who have overstayed their visa) are typically unable to access any kind of state support.

Research carried out by The Oxford Migration Observatory suggests that up to 1.376 million people in the UK have NRPF.<sup>14</sup> This is against a backdrop where migrants are likely to be disproportionately affected by the current crisis, as they are more likely to

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<sup>13</sup> Office for Budget Responsibility (2020) [Coronavirus Reference Scenario](#)

<sup>14</sup> The Migration Observatory at the University of Oxford COMPAS (June 2020) [People with valid leave to remain other than ILR or citizenship at the end of 2019 \(for those issued visas from 2004 onwards\) and with their asylum application pending](#). Analysis of Home Office data undertaken by the Migration Observatory. It is not possible to tell from the data whether individuals are currently in the UK, or whether they are facing hardship. People with pending asylum applications are not included in this estimate.

work in sectors affected by the lockdown<sup>15</sup> and to be in low-paid<sup>16</sup> or insecure work or self-employment<sup>17</sup> than UK-born people. While some migrants will be able to access the Job Retention Scheme and the Self Employment Income Support Scheme, there will be other migrants who won't be covered.

It is clear that this is an area of concern for migrants. Views of the Citizens Advice web page 'Accessing UK benefits if you're subject to immigration control' rose by 104% in the 8 weeks after lockdown was announced, compared with 8 weeks before lockdown was announced. More than 10,000 people viewed this web page between 23/03/2020 and 18/05/2020.<sup>18</sup> Some clients with no recourse to public funds (NRPF) have felt compelled to continue working even if they are in the 'higher risk' or 'shielding' groups, living with someone instructed to shield, or exhibiting coronavirus symptoms, as they know they will be unable to access benefits if they stop working. For some, neither Statutory Sick Pay or income from the Job Retention Scheme is enough to live on without additional income from benefits.<sup>19</sup>

EEA nationals have also told us about problems with pending Settlement Scheme applications and failing the habitual residence test (HRT)<sup>20</sup> despite meeting all the criteria, and in some cases, having settled status. These concerns have increased during the current pandemic, with 31,882 views for our web page on checking whether you can pass the HRT for benefits between 14 March - 14 June 2020, a 52% increase on the 10 weeks prior.

These problems are compounded by the fact that international travel restrictions can prevent migrants from returning to their home country. This presents people at high risk of hardship and destitution. We have seen cases where clients are at risk of eviction and homelessness (in some cases illegal eviction has been threatened), as well as instances where people are going into significant levels of debt in order to avoid jeopardising their immigration status by attempting to claim benefits.<sup>21</sup>

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<sup>15</sup> IPPR (2020) [Migrant workers and coronavirus: risks and responses](#)

<sup>16</sup> JRF (2017) [Foreign-born people and poverty in the UK](#)

<sup>17</sup> IPPR (2020) [Migrant workers and coronavirus: risks and responses](#)

<sup>18</sup> 23/03/20 to 18/05/20 compared with 13/01/20 to 09/03/20

<sup>19</sup> The government has announced that people who have been shielding will no longer need to do so from 1 August 2020. It will be important to ensure that people are not forced back into work they feel is unsafe.

<sup>20</sup> People from EEA countries who want to apply for benefits need to show they have the right to claim. They can do this by passing the Habitual Residence Test (HRT). People taking the HRT need to show that the UK, Ireland, Channel Islands or Isle of Man is their main home and they plan to stay, which is known as being 'habitually resident'. They also have to show they have a 'right to reside', providing evidence about their work, family and personal situation.

<sup>21</sup> Citizens Advice, [Nowhere to turn. How immigration rules are preventing people from getting support during the coronavirus pandemic](#), (June 2020)

## Kadiatou's story

Kadiatou has NRPF and was working as a cleaner on a zero-hours contract before the start of the coronavirus pandemic. She is not receiving any payment from the cleaning agency employing her, and they have so far declined to answer her messages asking for clarity about furlough (she only started her job in early March).

She has severe asthma and is therefore currently unable to seek new employment, as she needs to shield at home. She has fallen behind on her rent payments and is being chased by her landlord. Prior to the pandemic, she already had council tax and utilities arrears. Kadiatou has run out of money for food, and she is feeling very distressed and overwhelmed by her situation. She contacted Citizens Advice to ask to be referred to a food bank and mental health support.

## Recommendations

- The Government should temporarily lift the 'no recourse to public funds' restriction for those subject to immigration control.
- The Government should temporarily suspend the Habitual Residence Test from the application process for benefits such as Universal Credit.

## Self-employed people

Self-employed people are another group that are likely to be disproportionately impacted by the employment market. Whilst we welcome the steps the Government has taken to partially cover self-employed people's incomes during this period through the Self-Employment Income Support Scheme, there will be self-employed people who won't qualify for this scheme, including those who have been self-employed for less than a year. Greater clarity is needed on support available for this group through Universal Credit.

Public guidance on Universal Credit eligibility says the maximum amount people can have in savings when applying for Universal Credit is £16,000. This is a form of means-testing access and ensures that those with substantial savings are not able to apply for support before they use those savings. However, this may prevent some self-employed people from applying for the benefit. This is because self-employed people often save up over the year in order to make tax payments when the time comes for self-assessment. It is therefore possible that there will be self-employed people who have capital in excess of £16,000 to pay a future tax liability.

Legislation is clear that business assets are disregarded while a claimant is working in the business. However, what's not clear is whether lump sums saved for tax and other bills count as business assets.

## Recommendation

- The Government should publish guidance to clarify what assets are or aren't included as business assets when calculating a claimant's capital as part of a Universal Credit claim.

## Questions:

- **Are DWP Work Coaches well equipped to advise people who are looking for work on new and emerging sectors and jobs?**
- **How could DWP improve the training and advice it offers to jobseekers?**
- **What support, advice and training should DWP offer to people who are looking to progress in work, or take up more hours?**

## A more flexible approach to benefit conditionality

People on benefits like Universal Credit and Jobseeker's Allowance (JSA) are usually assigned a work coach, with whom they agree a claimant commitment. This sets out what somebody is required to do to prepare for and look for work, or to increase their earnings if they are already working.

On 30 March, work-related requirements were paused for 3 months.<sup>22</sup> Since 1 July, the DWP have started contacting people on benefits to either agree a claimant commitment or review an existing one.<sup>23</sup> After this point, benefit conditionality (where applicable) will resume. DWP data for May 2020 shows 2,331,621 people on Universal Credit were placed in the group where they are required to seek work, while a further 854,695 people were working but required to take steps to increase their hours or earnings.<sup>24</sup>

Whilst we support one of the aims of Universal Credit to encourage people to enter and progress in work, the complexities of people's lives can make this significantly harder - and the current pandemic has exacerbated existing employment barriers, whilst also creating new ones.

People in the 'shielded' and 'moderate risk' groups, as well as people caring for children, are groups that could face particular barriers to seeking work. Tailoring claimant commitments will be particularly important for these individuals to ensure they aren't faced with work-related requirements they are unable to fulfil.

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<sup>22</sup> House of Commons Library, [Coronavirus: Claiming welfare benefits \(update\)](#) [accessed: 29 June 2020]

<sup>23</sup> See <https://www.bbc.co.uk/news/uk-politics-53223474>

<sup>24</sup> Analysis of Department for Work and Pensions (May 2020) People on Universal Credit, Stat-Xplore.

## People in the 'shielded' and 'moderate risk' groups

One particular group who could face barriers to employment are those who are clinically extremely vulnerable - which includes individuals with specific medical conditions such as certain cancers and severe respiratory conditions - who were asked to stay at home since the start of this crisis.<sup>25</sup>

From 1 August 2020, shielding requirements in England will come to an end and people in this group will be able to return to work.<sup>26</sup> People shielding in Scotland will be required to shield until 31 July 2020,<sup>27</sup> whilst people in Wales will be asked to do so until 16 August 2020.<sup>28</sup>

Beyond this group, those at moderate risk of coronavirus due to certain health conditions (such as diabetes or heart disease) may also struggle to find work that doesn't put their health at risk, limiting people to jobs where they can work from home. This will also depend on factors such as somebody's access to technology and digital skills, as well as the type of sector(s) within which they're equipped to apply for jobs.<sup>29</sup>

In polling we carried out with the general population,<sup>30</sup> people in both the 'shielded' and the 'moderate risk' groups were much more likely to report that they had applied or expected to apply for benefits (43% of people in the 'shielded' group and 27% in the 'moderate risk' group), compared to those who were not shielding or at moderate risk from coronavirus (13%). Where people in these groups are unable to meet the requirements set out in their claimant commitment, they could be faced with the impossible choice of taking on a job that compromises their health, or risk facing a sanction for not meeting job-seeking requirements.

Those receiving benefits who are living with or caring for people in the 'shielded' group or 'moderate risk' group, may also struggle to take steps to seek employment, particularly as lockdown measures will have reduced the availability of other caring options, such as support from other family members. They may also be concerned that job seeking activities and employment outside the home could increase their risk of contracting coronavirus and passing it on to those for whom they are caring.

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<sup>25</sup> Public Health England, [Guidance on shielding and protecting people who are clinically extremely vulnerable from COVID-19](#), updated 23 June 2020 [accessed 29 June 2020]

<sup>26</sup> Ibid

<sup>27</sup> Scottish Government, [Coronavirus \(COVID-19\): shielding support and contacts](#) [accessed 29 June 2020]

<sup>28</sup> Welsh Government, [Guidance on shielding and protecting people defined on medical grounds as extremely vulnerable from coronavirus \(COVID-19\)](#) [accessed 29 June 2020]

<sup>29</sup> Resolution Foundation (2020) [Doing what it takes](#)

<sup>30</sup> Survey of 2,009 UK adults conducted on behalf of Citizens Advice by Opinium (carried out between 13-19 May)



## People caring for children

Those caring for children could also face particular difficulties during this period. On Universal Credit alone, just under half (45%) of all households have dependent children, three quarters (74%) of which are single parent households.<sup>31</sup>

Whilst schools in England reopened in June, this will be a phased process focussing on specific school years.<sup>32</sup> In addition, several local authorities have been unable to guarantee that schools in their area will open to more pupils.<sup>33</sup> Welsh schools began phased returns from 29 June 2020,<sup>34</sup> whilst schools in Scotland<sup>35</sup> and Northern Ireland will begin phased openings in August.<sup>36</sup>

Childcare settings (nurseries and early years providers) in England have also been asked to welcome back all children below statutory school age from 1 June. However, places providing childcare may need to introduce capacity limits in order to effectively comply with social distancing requirements.<sup>37</sup> Whilst families are able to use a childminder, there is likely to be increased demand for these services with schools not being fully reopened, which could make it harder to access suitable childcare.<sup>38</sup> In Scotland, current guidance states that childminders should prioritise childcare for key workers and vulnerable children, which could add to this challenge.<sup>39</sup>

These challenges will mean that there may be many parents and carers who will have to continue to look after their children at home, as well as support with home schooling. Looking for work is likely to become more challenging for benefit claimants in this situation, limiting them to jobs where they can work from home and that are flexible around caring responsibilities.

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<sup>31</sup> Department for Work and Pensions (February 2020) Households on Universal Credit, Stat-Xplore

<sup>32</sup> Department for Education, [Actions for education and childcare settings to prepare for wider opening from 1 June 2020](#), updated 16 June 2020 [accessed 29 June 2020]

<sup>33</sup> See <https://www.bbc.co.uk/news/education-52758363>

<sup>34</sup> Welsh Government, [School opening times and services: coronavirus](#), updated 12 June 2020 [accessed 29 June 2020]

<sup>35</sup> Nidirect, [Coronavirus \(COVID-19\): advice on schools, colleges and universities](#) [accessed 29 June 2020]

<sup>36</sup> Scottish Government, [Coronavirus \(COVID-19\): re-opening schools guide](#), updated 28 May 2020 [accessed 1 June 2020]

<sup>37</sup> Department for Education, [Actions for early years and childcare providers during the coronavirus outbreak](#), updated 15 May 2020 [accessed 2 June 2020]

<sup>38</sup> Ibid

<sup>39</sup> Scottish Government, [Coronavirus \(COVID-19\): childminder service guidance](#) [accessed 2 June 2020]

## Ensuring tailored support for people to move into employment

Previous research we carried out with working people on Universal Credit identified additional factors that can make it harder for people to take up employment.<sup>40</sup> This includes a lack of digital access, which is likely to be an even greater challenge with people not having public access to computers in places like job centres and libraries. Even as lockdown measures begin to be gradually lifted, the capacity of these places will be limited due to social distancing measures.

**“I don’t have a computer at home. I’ve borrowed a laptop. My local library only allows up to 2 hours of time and there are some days when I can’t even get that much. Some days, I can only get 1 hour when it’s been booked up. So that’s making it difficult.” - Working Universal Credit claimant, pre-pandemic**

Another barrier for people may be limited access to public transport. Again, this becomes even more problematic with social distancing, requiring transport providers to run services with reduced capacity.<sup>41</sup> Whilst people are being encouraged to avoid public transport and to walk, cycle or drive instead, this won’t always be a viable option.

People on Universal Credit are usually assigned a work coach, who helps them to prepare for work, move into work, or increase their earnings. The aim is for this advice and support to be personalised and reflective of things like caring responsibilities, or somebody’s impairment or condition.

However, the vast majority of the 47 people who took part in our research felt there was a lack of proactive and consistent support from their work coach, and their JobCentre Plus more generally. Many said that without this, they struggled to overcome barriers they faced - whether it be a lack of access to public transport, caring responsibilities or no internet access - to be able to progress in work.

**“[I want] a personal contact. So you can ring them up and ask ‘I’m looking for another job, what can I do?’ And ‘This is how much it pays, will I be better off?’”- Working Universal Credit claimant, pre-pandemic**

Going forward, it will be critically important that work coaches are equipped to provide personalised and appropriate support to people who are likely to face challenges in taking up work during this period.

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<sup>40</sup> Citizens Advice commissioned Britain Thinks to undertake a substantive qualitative study to explore how people make decisions about work while receiving Universal Credit [unpublished]. Fieldwork for this research was carried out by Britain Thinks between October 2018 and January 2019 in London, Newport and Morecambe. This included a series of focus groups with 47 participants receiving Universal Credit. A subset of 12 people also took part in an in-depth ethnographic study to monitor and observe claimants’ experiences over a period of 5-6 weeks.

<sup>41</sup> As an example, Transport for London says it will only be able to carry 13-15% of its normal number of passengers on the Underground and buses.

As mentioned above, the uneven contraction of the labour market across different regions and sectors of the UK also need to be taken into consideration.<sup>42</sup> In areas with low rates of vacancies, it may be more appropriate to reorient conditionality towards retraining, ensuring people have the right skills to take up jobs that are available in their area or that emerge in the future.

### Recommendation

- The Government should ensure claimant commitments are reflective of a claimant's individual circumstances (such as whether they are shielding or having caring responsibilities) and the local labour market. This should consider things such as retraining where there are low vacancy levels, as well as setting job-search restrictions to roles where somebody could work from home.

## Workplaces and coronavirus

Currently, people can still be sanctioned for voluntarily leaving their job,<sup>43</sup> unless they can show they left for 'good reason' (this will be at the discretion of a decision-maker within the DWP).

Currently, a risk to the health and safety of the claimant,<sup>44</sup> or that of others, can be considered a 'good reason' to leave a job. In the current context where people will very likely have concerns about contracting coronavirus - particularly with emerging data on disparities in risks and outcomes for certain groups<sup>45</sup> - it is important that decision-makers are provided with clear guidance on what constitutes a 'good reason' decision in relation to the virus, without the need for substantial evidence. A failure to do this could lead to people staying in jobs that are potentially unsafe for fear of receiving a sanction.

### Ciara's story

Ciara works in a warehouse which is continuing to operate during the coronavirus crisis, but she is concerned about the safety of the workplace. Ciara told us that appropriate social distancing is not being observed and that the employers have not provided adequate hygiene products.

She feels unable to talk to her manager about this due to previous interactions they have had. If Ciara leaves her job and claims Universal Credit, she could face a sanction for leaving work voluntarily, unless it is decided that she had 'good reason' for her actions.

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<sup>42</sup> Institute for Employment Studies briefing for the JRF (2020) [Weekly vacancy analysis: Vacancy trends in week-ending 17 May 2020](#)

<sup>43</sup> Depending on the level of a sanction, somebody's benefits could be stopped for a period of 4-26 weeks

<sup>44</sup> Department for Work and Pensions, [ADM Chapter K2](#)

<sup>45</sup> Public Health England (2020) [Disparities in the risk and outcomes of COVID-19](#)

## Recommendation

- The Government should provide decision-makers with clear guidance on what constitutes a 'good reason' to leave a job due to coronavirus.

## Longer-term review of Universal Credit design to support people into work

As part of our research with working Universal Credit claimants, people often said that the withdrawal of benefits and how much better off they would be was an important consideration when thinking about taking on more work, or higher-paid work.

This wasn't the only trade-off though. Participants also spoke about other considerations, such as the importance of a regular and consistent income to help with budgeting. For some, the income volatility caused by Universal Credit meant they had less mental and emotional 'bandwidth' to put towards progressing in work, leading them to make decisions about work that were short-term and risk-averse.

**"They expect me to retain some money from December to cover me for January. How am I going to live? Universal Credit is paid in arrears but that's not how my stomach works. I can't feed it in arrears. I have to live off the money I earn in December, I need petrol, rent and the money in that month... I tend to have a good month then a bad month, but because it's in arrears it means I have a month where I get basically nothing from work and then I get nothing from Universal [Credit]." - Working Universal Credit claimant, pre-pandemic**

## Recommendation

- The Government should review the design of Universal Credit to see whether it is succeeding in encouraging people to progress in work - both in terms of work incentives (through things like the work allowance) and ways in which to provide individuals with greater income stability.

**Question: As the workplace changes, will it be necessary to change the legal definition of employment to ensure that people continue to have the appropriate legal status and protections? Might any other legal changes be needed?**

With current employment law, gaps and grey areas can arise when economic trends, working patterns and practices change. From 14 March - 21 June 2020 we helped 78,812 people with employment issues, a 97% increase on the same period last year

## Redundancy and employment status issues

During the crisis, the number of people coming to us for advice on their redundancy rights has increased dramatically. From 14 March - 21 June 2020 we helped 10,379 people with advice on redundancy, a 227% increase on the 10 weeks prior. While it is vital that job losses are reduced where possible, it is also important that redundancy processes are fair. This means ensuring consultations are conducted properly, that

people receive the pay and notice they are entitled to, and that the process itself isn't directly or indirectly discriminatory.

We have seen long-standing problems with this issue in the employment market, which can often be attributed to individuals having unclear employment status and a lack of enforcement to protect employment rights.

Workers conduct more casual work than employees. They usually have a 'contract for services' and are employed to do the work personally. They also have little obligation to receive or do work (for instance if they have a zero-hours contract). Employees have a contract of employment. They also tend to be provided regular work by their employer, which they are employed to do personally and which they must do.

The lack of protections for workers is a long-standing issue - however, it is increasingly concerning in the current economic climate where workers have less statutory protections than employees. For instance, workers aren't entitled to the right to request flexible working or time off for emergencies. They also aren't able to access statutory redundancy pay, the right to a minimum notice period in cases of dismissal, or the same protections against unfair dismissal to which employees are entitled.

## **A single enforcement body**

Most employment rights are not enforced by public bodies, and often rely on individuals taking cases to tribunal. We have considerable concerns as to whether the tribunal system will be able to cope with increased activity from a rise in redundancies.

The Good Work Plan<sup>46</sup> proposes many important improvements and clarifications to workers rights. However, better enforcement of employment rights is necessary to reduce the number of cases that reach tribunal. We welcome the Government's commitment to the introduction of a single enforcement body for all employment rights.<sup>47</sup> The creation of this agency will mark a genuine step in extending and strengthening public enforcement of these rights by providing a single point of contact for all issues, which will also make enforcement easier for workers to navigate.

We recognise the introduction of a single enforcement body will take time to implement. In the meantime, the Government should look at other ways to discourage breaches of employment rights.

### **Recommendation**

- The Government should look to take preventative action to discourage breaches of employment rights, including issuing clearer guidance to businesses on their obligations under employment law.

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<sup>46</sup> Department for Business, Energy and Industrial Strategy, [Good Work Plan](#), [accessed 26 June 2020]

<sup>47</sup> Ibid

## Statutory definition of self-employment

There is currently confusion around the legal definition of self-employment. Our previous research found 1 in 10 self-employed people are likely to be incorrectly classed as self-employed.<sup>48</sup>

This gap in legislation means that people miss out on employment rights unless they can prove they fit often outdated definitions of employment.

For example, someone that is falsely self-employed will not have access to Statutory Sick Pay, holiday pay or redundancy rights. By having a clearer definition of self-employment, this would help to avoid situations where people end up being incorrectly classified as self-employed and miss out on employment protections.

### Recommendation

- The Government should consider a statutory definition of self-employment.

**For further information, please contact:**

**Victoria Egerton, Policy Researcher**  
[victoria.egerton@citizensadvice.org.uk](mailto:victoria.egerton@citizensadvice.org.uk)

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<sup>48</sup> Citizens Advice (2015), [Neither one thing nor the other](#)