

FOR IMMEDIATE RELEASE

15 NOVEMBER 2023

Children in the North West missing out on £12 million a month through Universal Credit deductions

- **320,000 children across the North West are impacted by Universal Credit deductions**
- **Families in the region are losing an average of £75 a month from their entitlement**
- **67% of children in households receiving Universal Credit in Blackpool South are affected by deductions**

As the cost-of-living crisis continues to hit low-income families the hardest, figures released by Greater Manchester Poverty Action (GMPA) have found there are now over 320,000 children across the North West in households receiving less Universal Credit than their entitlement because of debt deductions.

Deductions can be taken from a family's Universal Credit entitlement for a range of debts, including to utility companies, but most commonly they are for the repayment of a Universal Credit 'advance' – a loan which many families have to take out from the Government to survive the five-week wait for their first Universal Credit payment.

GMPA analysis of newly-published figures shows that, as a result of debt deductions, families across the North West – both in and out of work – are now:

- Missing out on nearly £12 million per month
- Losing an average of £75 a month from their Universal Credit entitlement.

And repayment of Universal Credit advances represents half of all deductions currently being clawed back from families in the North West, compared to 45% nationally.

The Government data finds that families in certain parts of the North West are hit particularly hard by this issue. For example, 67% of children in households receiving Universal Credit in the Blackpool South parliamentary constituency are affected, and 66% of children in the Liverpool Walton and Liverpool West Derby constituencies.

GMPA is supporting calls for:

- An end to the five-week wait for a first Universal Credit payment - as the single biggest driver of debt deductions from North West families;
- A decrease in the maximum rate for deductions related to the repayment of debts, such as benefit advances and overpayments, to be set at 5% of claimants' Universal Credit benefit; and
- An overall reduction in the cap on deductions, applicable to any type of debt, to 15%, down from the current 25%.

Graham Whitham, CEO of GMPA said:

“Families across the region have been hit hard by soaring living costs. At a time when every penny counts, it cannot be right that over 320,000 North West kids are being left with much less than they need because the Government chases people for money they don’t have.

“At the very least, Government must scrap the five-week wait for Universal Credit. It is trapping already low-income families in debt, meaning they are having to go without the basics simply because the system is designed to work against them.”

Organisations working on the frontline across the North West have spoken about the impact Universal Credit deductions are having on people they support.

Des Lynch, CEO at Wood Street Mission – a charity based in Manchester that supports families experiencing poverty – said:

“Wood Street Mission very much supports GMPA in calling for a reform of Universal Credit. With an estimated 81,000 children deemed to be living in poverty in the cities of Manchester and Salford, the delays in payments of this benefit, together with the current rate of deductions and overall cap on deductions at 25%, the whole process is contributing to making already struggling families worse off.

“Families and children across the region are struggling with a cost-of-living crisis, the last thing they need is to be hit even harder.”

Tracy Hopkins, CEO at Citizens Advice Blackpool said:

“We’re seeing large numbers of clients with deficit budgets, who simply cannot afford the basics to live. Deductions from benefits such as Universal Credit place even more financial pressure on people in Blackpool who are already struggling.

“This affects their health and places pressure on other parts of the system. We’re working in partnership across Blackpool to help families in financial hardship and we’re asking for policy changes around benefit deductions to help these families make ends meet.”

Rich Jones, Chief Executive at St Andrew’s Community Network – a nonprofit organisation based in Liverpool that supports people experiencing poverty – said:

“The majority of our service users who are on Universal Credit have deductions from their awards for both advances and overpayments. Overpayments have generally been discovered when an individual’s tax credit claim is closed because they are moving over to Universal Credit. These overpayments are typically amassed over years; and users often only realise they’ve been receiving overpayments when they make a claim to Universal Credit.

“The irony of these deductions for debt is that they usually force the client into more debt because their income is then so low they are having to choose what bills to pay. Clients have no say over the rate at which their advance deductions are taken back, and usually have very little choice about taking the advance payment because of the five-week waiting period.”

Ends.

Notes to editor:

All figures included in this analysis have been compiled from data provided by the Department for Work and Pensions in answers to written parliamentary questions tabled by Stockton North MP, Alex Cunningham:

- <https://questions-statements.parliament.uk/written-questions/detail/2023-09-01/196260>
- <https://questions-statements.parliament.uk/written-questions/detail/2023-09-11/198821>

The figures were kindly shared with us by the North East Child Poverty Commission.

Media contact

Hollie Griss, Communications and Media Officer, 07561 853933, hollie@gmpovertyaction.org.

Interviews available with Graham Whitham.

Who are Greater Manchester Poverty Action?

Greater Manchester Poverty Action (GMPA) is a recognised leader on poverty in the UK and exists to end poverty in Greater Manchester and beyond.

We deliver independent, evidence-based activities to address socio-economic disadvantage. These focus on maximising the financial resources available to households, amplifying the voices of people with lived experience, and working with our network to achieve meaningful change.

We won't stop until our city-region is free from poverty.

Work includes:

- [Local anti-poverty strategies: good practice and effective approaches](#)
- [Greater Manchester Living Wage Campaign](#)
- [Money Advice Referral Tools](#), supporting people to access advice and maximise their income
- [Money Matters programme](#), providing debt and benefit advice in schools
- [Fortnightly newsletters](#)

Further information can be found by visiting <https://www.gmpovertyaction.org/>.