Coronavirus (COVID-19): Universal Credit and Active Labour Market Policy
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The Problem
As the main source of support for those who are unemployed or on a low income, Universal Credit (UC) is a critical part of the response to the economic consequences of the COVID-19 pandemic.

Between March and June 2020, more than 3 million new claims for UC were made as the UK lockdown resulted in the immediate loss of jobs and hours. This huge jump in UC claims underlines the need for a strong safety net and exposes the insecurity of work that has underpinned record employment levels preceding the COVID-19 crisis.

As part of the government’s package of crisis measures, ‘conditionality’ for UC claimants was suspended for the first 3 months of lockdown (claimants were not expected to look for work and would not be sanctioned for failure to engage in work search/other work-related activities). This suspension came to an abrupt end on 30 June 2020.

Supporting people into work is an important part of tackling poverty and improving productivity – however the UK’s long established ‘Work First’ approach to active labour market policy (ALMP), which compels fast work entry regardless of job fit or quality, urgently requires a rethink. This is particularly important in the COVID-19 context due to high unemployment and low vacancy rates.

As lockdown is lifted, a key question is: how will conditionality be applied to UC claimants in the context of continued social distancing measures and a (predicted) protracted period of low demand?

What we discovered
A growing body of research exposes the hard and unpredictable reality of many people’s experiences of work in low pay, low productivity sectors.

Researchers have begun to explore the relationship between low productivity, low pay, and insecure work and a welfare system which compels benefit claimants to take any job regardless of fit or quality.

Whilst policymakers are increasingly interested in job quality and promoting ‘good work’ as a means of improving productivity outcomes, the development of UK ALMP has occurred in isolation from these debates. Evidence is just beginning to emerge about the importance of well-being on productivity outcomes, but a burgeoning literature demonstrates the negative impact of sanctions-based conditionality on the health and well-being of benefit claimants (including UC).
An extensive evidence base shows that investments in skills bring significant economic and social benefits, and that the UK performs poorly in terms of adult learning participation. However, the UK welfare and skills systems appear to operate largely in isolation.

Measures announced in the Chancellor’s recent Plan for Jobs Speech including the Kickstart job creation scheme, investment in Traineeships and Apprenticeships and the doubling of Work Coaches in Jobcentres are welcome. However, the success of such measures will depend on their implementation – they should not be underpinned by a ‘Work First’ approach emphasising any jobs over good jobs, and should be sensitive to the realities of work and life in a post-lockdown context.

Rishi Sunak’s assertion that people ‘need to be doing decent work’ is a welcome principle, however equating this with an income of £520 per month, or 25 hours per week paid at the minimum wage seems a very low bar.

**Recommendations**

- If the government really intends to ‘look after the people who really suffer’, they need to recognise the difficult realities of the UK labour market during and in the aftermath of the COVID-19 crisis and not punish unemployed people and low paid workers for it.

- UK policymakers should take a more ‘productive’ approach to UK active labour market policy in a post-Covid UK, placing more emphasis on employment quality, well-being and skills.

- Ensuring that the UK’s welfare and skills systems do not continue to operate in isolation should be central to the government’s strategy to support those who are unemployed or on a low income through the COVID-19 crisis and recovery.

- Refocusing the ‘conditionality consensus’ to include employer practices is also important. There needs to be greater clarity about what ‘decent work’ looks like in relation to measures set out in the recent Plan for Jobs, including how job quality will be monitored and enforced.

**Further information**

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Jones, K. (forthcoming) *Active labour market policy in a post-Covid UK: moving beyond a ‘Work First’ approach*

Berry, C., Bailey, D. and Jones, K. (forthcoming) *A beta bailout: the near future of state intervention*

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