

HOW EFFECTIVE ARE THE CORONAVIRUS SAFETY NETS?

An overview of Government support using findings from a national survey

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Standard Life Foundation has commissioned YouGov to conduct a monthly tracker on the financial impact of the coronavirus pandemic across the UK. Researchers questioned 6,500 people on how their personal and household finances were affected by the pandemic and the likely impact it will have over the next 12 months. They were asked about their income, payment of bills, borrowing, debt, savings and ability to pay for other essentials such as food.

The findings were analysed by a team from the University of Bristol.



OVERVIEW

The Government announced in late March of 2020 that they would provide a package of assistance to protect the livelihoods of those whose earned incomes had been directly affected by the COVID-19 pandemic. This included two schemes: the Coronavirus Job Retention Scheme (CJRS, also known as the furlough scheme) to support the jobs of people who would otherwise be unable to work because of the lockdown rules, and the Self-employment Income Support Scheme (SEISS) to provide financial support in the form of a grant to eligible self-employed people whose earnings had fallen as a direct result of the lockdown rules.

This report looks at how well these schemes have protected households that have suffered a loss of earned income as a direct result of the COVID-19 pandemic, drawing on data from a regular tracker survey monitoring the impact of the COVID-19 crisis on household finances.

An estimated 8.7 million of the UK's 28 million households had earned income covered by one of the Government coronavirus support schemes

At the beginning of May, three in ten (equivalent to 8.7 million) households had their earned income protected (at least in part) by either the CJRS or the SEISS – or they expected their incomes to be covered in this way.

About half of these (15 per cent of all households – 4.2 million) had not suffered an income loss¹ as a result of the pandemic and almost all of these had their earnings covered by the furlough scheme. Given the stability of their earnings, it seems very likely that their employers were, themselves, paying the 20 per cent of salary not covered by the furlough scheme. We refer to these as **'Protected'** households.

The remainder (16 per cent of all households – 4.5 million), had experienced a loss of income. Four in ten (41 per cent) of these **'Partially Protected'** households had submitted (or planned to submit) an application to the SEISS and three quarters (77 per cent) had earnings covered by the furlough scheme, but given their income loss it would seem that their employers were not supplementing the money received from the Government to pay them a full wage. Two in ten (18 per cent) reported being covered by both schemes, suggesting that they had had more than one shock to their household income.

Both groups were disproportionately in full-time work and in manual jobs (including skilled, semi-skilled and unskilled ones) and worked in the manufacturing, transport and construction sectors. The key differences between them was that the *Partially Protected* households included many more self-employed people and people doing contract work or finding work through an agency or online platform (often referred to as gig workers). They also included above-average numbers of households with the householder employed in the hospitality or arts and entertainment sectors. And compared with the *Protected* households fewer were working in wholesale or retail jobs.

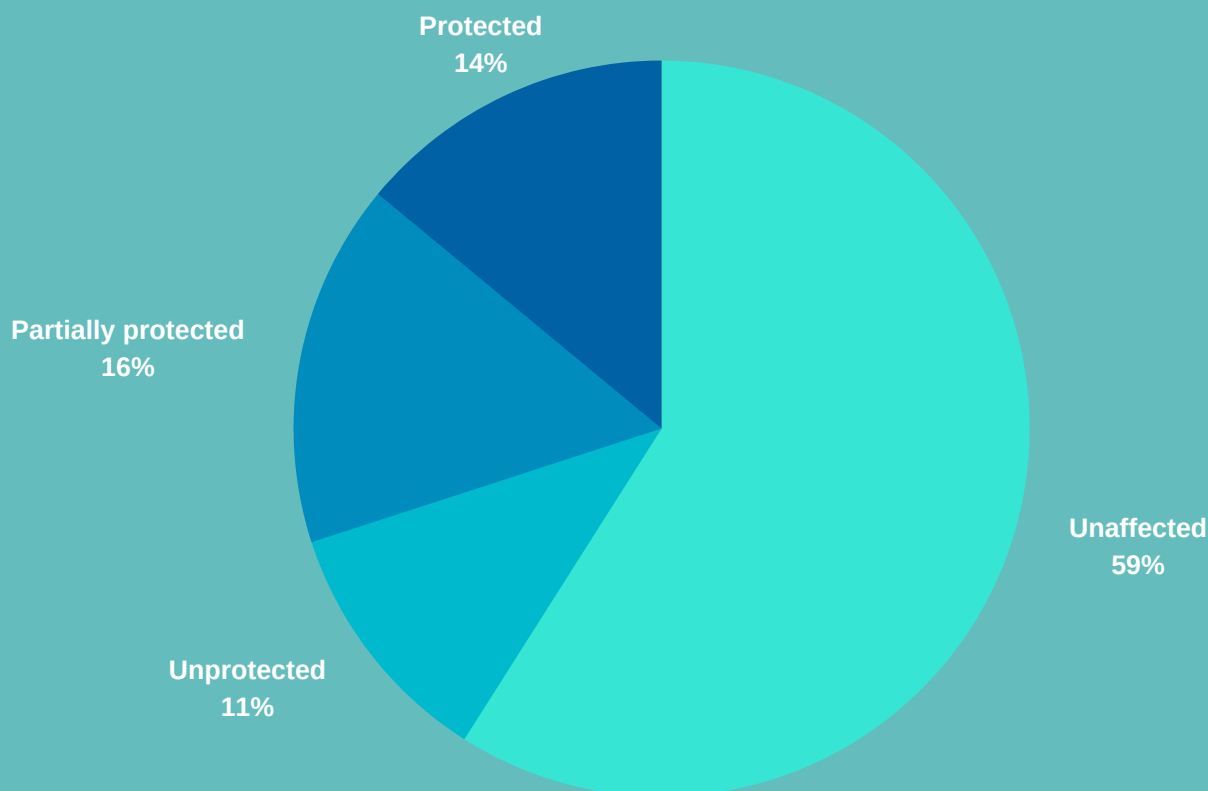
On the whole, the estimated 4.2 million *Protected* households were reasonably secure financially currently and did not expect to lose their job in the coming months. In other words, the furlough scheme had not only helped their employer to protect their income at the present time, but also seemed likely to protect their job in the medium term too.

The same was not always true for the 4.5 million *Partially Protected* households. More than four in ten of them (45 per cent) were currently either struggling to make ends meet or were in serious financial difficulty. Almost four in ten (36 per cent or 2 million householders) thought it very likely that they would lose their job (19 per cent) or suffer a further loss of earned income (18 per cent) in the next three months or so. And slightly more (44 per cent) were in the bottom two deciles on our measure of future financial prospects. Both current financial wellbeing and future financial outlook were much the same whether they had earned income covered by the furlough scheme or the SEISS. In other words, Government support seemed to have given around 2 million of these households some temporary financial, and partial, relief but this could be relatively short-lived as these schemes are gradually withdrawn. However, for the remaining 2.5 million Government support could help to sustain their earned income in the medium term at least.

Pulling together this analysis of the 8.4 million households that had earned income protected by either the furlough or the SEISS, 6.4 million could have their jobs protected in the medium term, albeit with a reduced income for 2.5 million of them at the current time. But around 2 million had not only suffered an immediate income loss but were also very likely to suffer further income losses in the next few months, with around 1 million losing their job and a further 1 million having their hours or wages cut.

¹Households which had experienced a loss of income included those where the respondent or their partner had either: (a) lost all their earnings, through being temporarily laid off work or made redundant or ceasing to trade as self-employed; or (b) had seen their earnings / self-employed income fall substantially (based on their own definition of substantial).

Percentage of UK households falling into four groups, based on loss of income and receipt of Government support schemes



Summary of the four groups:

- **The 'Unaffected' (59 per cent)** – had suffered no income loss and did not have (or expect to have) earned income covered by either of the Government schemes.
- **The 'Protected' (14 per cent)** – had (or expected to have) earned income covered by one of the Government's support schemes and had not had a fall in their income. Almost all had been (or expected to be) furloughed and, it seems likely that their employer was covering the remainder of their salary.
- **The 'Partially Protected' (16 per cent)** – had (or expected to have) earned income covered by Government support but had seen a fall in their household income. Three quarters had been (or expected to be) furloughed. Four in ten had made (or intended to make) a claim from the SEISS (a small number were covered by both).
- **The 'Unprotected' (11 per cent)** – reported a fall in income and did not have (or expect to have) earned income covered by either of the Government schemes. Four in ten of them were self-employed before the lockdown.

An estimated 3 million households had lost earned income but were not covered by Government Coronavirus support schemes

A further one in ten households (equivalent to three million) reported a reduction in their income as a result of the pandemic, but their earned incomes were not being covered (or likely to be covered) by either the furlough scheme or the SEISS. We have called these households '**Unprotected**', in the sense that they were not covered by either of these assistance schemes. However, it should be noted that one in ten of them (10 per cent) had received Government support through a claim for Universal Credit (a higher proportion than in any of the other three groups). This is consistent with the fact that many of them, like the *Partially Protected*, were self-employed, contract workers or finding work through an agency or online platform.

They appeared to be a diverse group. Four in ten (41 per cent) had received income from self-employment in February (prior to the lockdown) and two in ten (19 per cent) from contract work or work found through an agency or online platform. They included disproportionate numbers of households with a householder working in the construction, education or arts and entertainment sectors. A relatively high proportion (30 per cent), were in the 'AB' social grades, and over half (54 per cent) had a degree – considerably higher than the *Protected* and *Partially Protected* groups.

There are several reasons why employees had failed to have their earnings covered by the furlough scheme. These included: job loss and working reduced hours or on reduced pay, but also new employees that were not already on the payroll on the cut-off date of 19 March. Self-employed householders who fell outside the SEISS included those who: were deriving less than half of their income from self-employment; had trading profits that were above £50,000 in previous years, or were newly self-employed and had not, therefore, filed the tax returns needed to qualify.

INTRODUCTION

Three weeks after the UK government implemented the 'lockdown' on 23 March 2020 in response to the COVID-19 pandemic, it was already clear that there had been a direct impact on the incomes of a quarter (24 per cent) of all UK households.² Four weeks later, in the second week of May, this had increased to 27 per cent.

The Government announced in late March that they would provide a package of assistance to protect the livelihoods of those whose earned incomes had been directly affected by the COVID-19 pandemic. This included two schemes: one to support the jobs of people who would otherwise be unable to work because of the lockdown rules (announced on 20 March) and the other to provide financial support in the form of a grant to eligible self-employed people whose earnings had fallen as a direct result of the lockdown rules (announced on 25 March).

Government assistance schemes

For employees, the Coronavirus Job Retention Scheme (CJRS, also known as the furlough scheme) provides a grant to employers to cover up to 80 per cent of the wages of employees who are unable to work due to the lockdown, up to a maximum of £2,500 a month. Employers were able to choose whether or not to make up the difference between an employee's full pay and the amount covered by the Government. The furlough scheme came into effect on 20 April, initially for a period of three months. By 7 June, 8.9 million jobs had been supported across 1.1 million employers. The Government has since announced that the furlough scheme will continue until the end of October, and from the beginning of August furloughed workers will be able to return to work part-time with employers being asked to pay a percentage towards the salaries of their furloughed staff to ensure that staff continue to receive at least 80% of their salary, up to £2,500 a month.

The Self-employment Income Support Scheme (SEISS) is a single grant of 80 per cent of a self-employed person's average monthly trading profits for three months, up to a maximum of £7,500. The amount payable is based on an average of the monthly trading profits on tax returns for 2016/17, 2017/18 and 2018/19. To be eligible someone must earn at least half of their income through self-employment; have trading profits of no more than £50,000 per year; have traded in the tax year 2018 to 2019 and submitted their self-assessment tax return on or before 23 April 2020 for that year. The SEISS opened for applications on 13 May and by the 7 June 2.6 million self-employed people had made claims to the scheme. On 29 May 2020, the Chancellor announced that the SEISS would be extended for a further three months, with those eligible able to claim a second and final grant in August. The second grant will be worth 70 per cent of their average monthly trading profits and capped at £6,570 in total.

In addition, the Government both increased the level of payment of Universal Credit by £20 a week and introduced a number of short-term changes (such as the suspension of work-related activity requirements) to help claimants during the pandemic.⁴ During April 2020, 2.1 million people claimed unemployment-related benefits (an increase of more than 850,000 claimants from the previous month).⁵

² <https://www.standardlife.foundation.org.uk/our-work/coronavirus-finance-tracker2/coronavirus-finance-tracker/april>

³ <https://www.gov.uk/government/collections/hmrc-coronavirus-covid-19-statistics>

⁴ <http://researchbriefings.files.parliament.uk/documents/CBP-8894/CBP-8894.pdf>

⁵ <http://researchbriefings.files.parliament.uk/documents/CBP-8898/CBP-8898.pdf>

About the tracker survey

Standard Life Foundation is running a regular survey to track the effects of the COVID-19 pandemic on the incomes and financial circumstances of UK households. The first survey was conducted between 7 and 15 April. The second between 11 and 15 May, and included 5,794 householders (see text box below).

At the time of our second survey, the furlough scheme had been running for three weeks and 7.5 million jobs were being supported through it.⁶ The survey data show that 20 per cent of all UK households had at least some of their earned income being covered by the scheme (equivalent to 5.6 million households in total) and a further six per cent (1.7 million) expected to be covered. The Self-employment Income Support Scheme had only just opened, but during the time of the fieldwork over one million claims were made. The survey showed that seven per cent of UK households (2 million) had made (or expected to make) a claim to the scheme.

A small number of households (3 per cent or about 850,000) had (or expected to have) the householders' earnings covered by both schemes (for example, where one member of a couple was furloughed while another received self-employed income support).

This report looks in detail at the impact of both the COVID-19 pandemic and these schemes on the financial circumstances of UK households.

Technical note

The survey was undertaken by YouGov between 11-15 May 2020 for the Standard Life Foundation and was conducted online. It is the second in a series of surveys that will track the financial impact of the coronavirus pandemic on UK households.

The sample for this report consists of 5,794 respondents randomly recruited from YouGov's online panel. It includes booster samples for Scotland, Wales and Northern Ireland, that have been weighted back to their correct proportions for the tables in this report. The base for analysis is people who are responsible for the household finances. Non-householders who are responsible only for their own personal finances (most of whom were aged under 25 and lived at home with their parents) are not included in the analysis for this report.

The segmentation of households into four categories is based on scores from a principal component analysis of nine survey questions that cover the extent to which households could meet their financial obligations and the resources they had for dealing with an economic shock. These questions are shown in Tables 1 and 4, marked with an asterisk. Those with a score of less than 30 out of 100 were deemed to be in serious financial difficulty; scores of 30-49 were taken as indicative of struggling to make ends meet and scores of 50 to 79 of being potentially exposed financially. Full details of the methodology employed can be found in Kempson, Finney and Poppe (2017).⁷

The estimation of the proportion of households at risk of falling into financial difficulties in the next three months was also based on scores from principal component analysis in the same way. This analysis is based on two questions relating to income shocks experienced or anticipated in the next three months, two questions relating to financial resilience and two questions about expected ability to meet financial obligations over the next three months.

⁶ <https://www.gov.uk/government/collections/hmrc-coronavirus-covid-19-statistics>

⁷ Available at: <http://www.hioa.no/content/download/142124/4026299/file/PN%203%20-%202017%20Financial%20Well-Being.pdf>

AN OVERVIEW OF THE IMPACT OF THE COVID-19 PANDEMIC AND GOVERNMENT SUPPORT SCHEMES

Six in ten (58 per cent) households had not, to date, had their livelihoods affected directly in any substantial way by the COVID-19 pandemic. They had suffered no income loss as a result of the pandemic and did not have earned income covered by either of the Government schemes. We have referred to these as **'Unaffected'** households. It does not necessarily follow that all of them were doing well financially. Indeed, six per cent of them were in serious financial difficulty and 13 per cent struggling financially.⁸ But this was below the national average (11 per cent and 17 per cent respectively). They included disproportionate numbers both of financially secure retired households, including outright owners, and also of younger people in secure work, who were either key workers, public sector workers or able to work from home. But they also included households that are known to be at risk of financial difficulty – lone parent households, social tenants, householders with disabilities that limit their daily activities, and households that had not been working before the lockdown, and had been receiving income from out-of-work state benefits (Universal Credit, Income Support, Jobseeker's Allowance or Employment and Support Allowance) (Tables 5 and 1). This group is not, however, the focus of this report.

Then we have three in ten (31 per cent of) households where earnings were being protected (at least in part) by either the furlough scheme or the Self-employment Income Support Scheme (SEISS) – or they expected their incomes to be covered in this way. They split into two groups of almost equal size: those who had not suffered an income loss as a result of the pandemic (15 per cent), who we have called **'Protected'** households and those who had (16 per cent), who we have called **'Partially Protected'** households. These two groups of households were very similar in terms of their economic and personal circumstances. But there were some important differences that are discussed below, most notable of which was the Government support scheme covering their earnings. Almost all (97 per cent) of the *Protected* households had (or expected to have) earnings protected by the furlough scheme, while four in ten (41 per cent) of *Partially Protected* households had claimed (or were intending to claim) a grant from the Self-employment Income Support Scheme. In a minority of these households, this was in addition to being furloughed. In terms of their current financial wellbeing and prospects financially in the coming months *Partially Protected* households had much more in common with households that had had a reduction in earned income but no recourse to either Government scheme.

That leaves one in ten (11 per cent) of households that we have called **'Unprotected'**. These are households that reported a reduction in their income as a result of the pandemic, but their earned incomes were not being covered (or likely to be covered) by either the furlough scheme or the SEISS. It should, however, be noted that one in ten of them (10 per cent) had claimed Universal Credit.

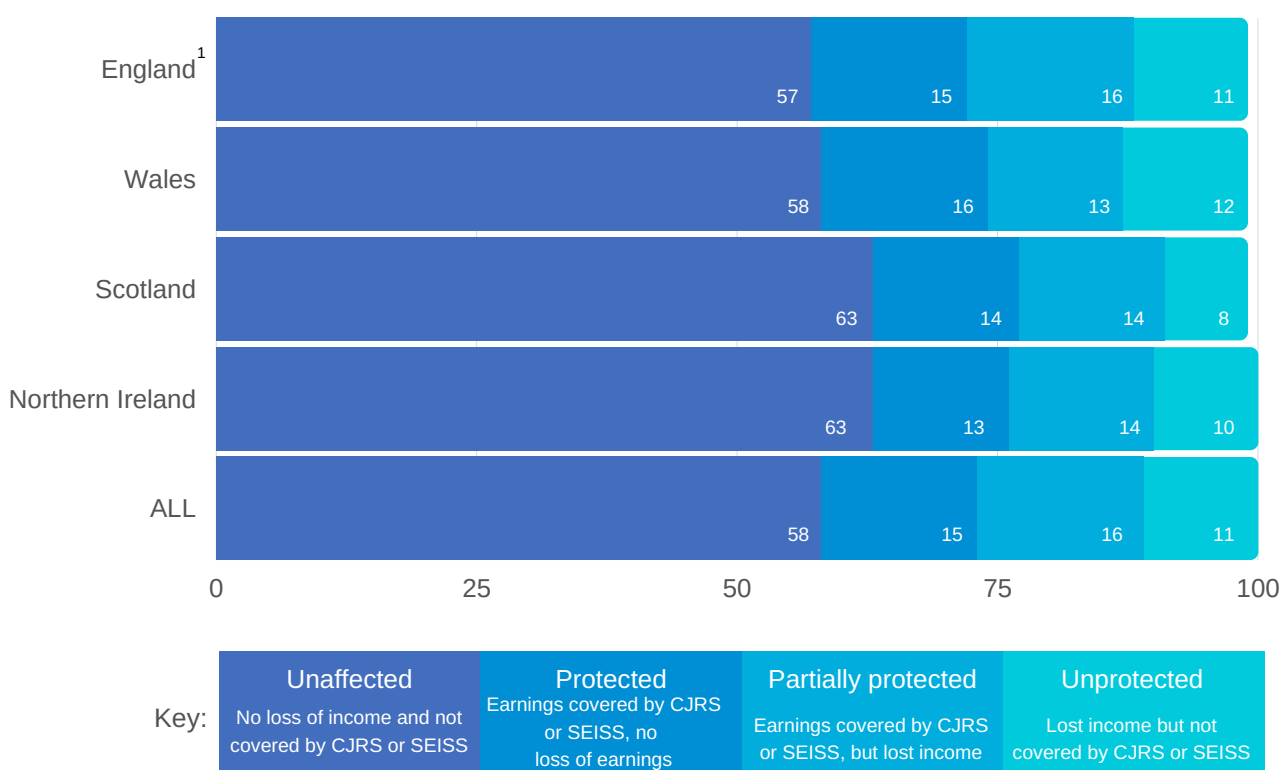
In terms of their current financial wellbeing and their prospects financially in the coming months, *Partially Protected* and *Unprotected* households had much in common with one another.

⁸ See our first report for how this was defined: <https://www.standardlifefoundation.org.uk/our-work/coronavirus-finance-tracker2/coronavirus-finance-tracker/april>

Geographical differences

There were some interesting differences between the four nations of the UK (Figure 1). Compared with other countries in the UK, England included slightly fewer households that have been Unaffected by the crisis (57 per cent), and more that were Partially Protected (16 per cent). Scotland had the lowest proportion of Unprotected households (8 per cent) and joint highest proportion that were Unaffected (63 per cent). Wales, meanwhile, appears similar to England in profile, while Northern Ireland is more like Scotland. It should be noted, however, that the differences for Scotland, Wales and Northern Ireland were not statistically significant.

Figure 1 - Impact of COVID-19 crisis, by nation of UK



¹ It should be noted that when compared to the other three countries of the UK, only England achieves statistical significance ($p < 0.05$).

In part this can be explained by work-force differences. England had the highest proportion of self-employed households (15 per cent, compared with 12-13 per cent in other nations), and also had the highest proportion of households headed by a private sector worker (33 per cent, compared with 27-28 per cent across the other nations) (Table 6). This may explain the greater number of *Partially Protected* and *Unprotected* households and lower proportion that were *Unaffected*.

Broadly speaking there were few other geographical differences that were statistically significant – and those that were tended to be small. Within England two regions stood out – London and the South West – both of which had an above-average representation of *Unprotected* households, with London also having a disproportionate number that were *Partially Protected* (Table 5). This may partly be explained by the nature of employment in London, which had an above-average proportion of gig workers, self-employed, private and third sector workers. Such differences appear not to exist in the South West but could reflect the heavy reliance of the economy on tourism.

KEY DIFFERENCES IN ECONOMIC AND PERSONAL CIRCUMSTANCES

Protected and Partially Protected households

As noted above the economic and personal circumstances of the two groups of households that had earned income covered by either the furlough of SEISS (the *Protected* and *Partially Protected* households) were similar. Compared with others, they included more households headed by full-time workers, including both the respondent and their partner (if they had one) and many more two-earner households (Table 1).

They also disproportionately included householders working in manual work – both skilled and semi- or unskilled. Those in ‘higher or intermediate managerial, administrative or professional jobs’, in contrast, were under-represented (Table 1). This was mirrored by their educational level and they included a slightly lower proportion of householders educated to degree level or above than UK householders as a whole (Table 5). In terms of employment sectors, they were more likely to work in the manufacturing, construction, transport and accommodation or food sectors than other households (Table 2) – reflecting the findings of experimental statistics published by HMRC.⁹

They were, on average, younger than either of the other two groups and also UK householders as a whole, and included disproportionate numbers of householders aged in their thirties and (to a lesser extent) forties. Although, with a mean age of 43, those that had experienced a drop in income were three years younger, on average, than those who had had no reduction in their income. This was primarily because they included a well above average proportion of householders aged under thirty (Table 5).

Reflecting their age profile, couples with dependent children were over-represented. They also included a higher proportion of households that were buying their home on a mortgage than the UK average and below average proportions renting their home from a social landlord (Table 5).

But there were some important differences between them too, most notably in terms of security of employment and the enhanced risk of experiencing an income fall. More than four in ten (42 per cent) of *Partially Protected* households had received income from self-employment before the lockdown, compared with less than one in ten (7 per cent) of *Protected* ones. Similarly, they included a much larger proportion of households with an income from contract work or work obtained through an agency or online platform (e.g. Uber or Deliveroo) – the so called ‘gig economy’. Two in ten (20 per cent) of *Partially Protected* households had at least one householder working in this part of the jobs market, compared with less than half that (9 per cent) among the *Protected* households (Table 1). Altogether a quarter (24 per cent) of *Partially Protected* households had derived all or the main part of their income from either self-employment or the gig economy – four times the proportion (6 per cent) among those who were fully *Protected* (Table 1).

Consequently, there was a significant difference in the Government support scheme that they were being covered by. As noted above, four in ten (41 per cent) of those who were *Partially Protected* had made (or expected to make) a claim to the SEISS. Only six per cent of *Protected* households said the same (Table 1). This pattern is reversed, albeit only partially, when looking at the furlough scheme: just about all (97 per cent) of the *Protected* households were (or expected to be) furloughed, as was the case for three quarters (77 per cent) of the *Partially Protected* ones. Many more of this second group had (or expected to have) earnings covered by both schemes (18 compared with two per cent), suggesting that they had had more than one shock to their household income.

⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891249/Coronavirus_Job_Retention_Scheme_Statistics_June_2020.pdf

In terms of security of employment the *Partially Protected* households had much more in common with those that were *Unprotected*, 41 per cent of whom had received income from self-employment before the lockdown, 19 per cent from work in the gig economy and 25 per cent had earned all or the main part of their incomes in that way. But they differed from them in many other respects.

Unprotected households

Somewhat unexpectedly, more of the *Unprotected* householders were better-qualified than any of the other groups; over half (54 per cent) had a degree, ten percentage points more than the two groups covered by the Government support schemes – or indeed the average for all UK householders (Table 1). Their chief income earner was also more likely to be in higher managerial, administrative or professional work and less likely to be a manual worker (Table 4). In both instances the difference was around ten percentage points.

There was, however, quite a difference between the *Unprotected* households that had received an income from self-employment and those who had not, suggesting that they were quite a diverse group. Those that had been getting an income from self-employment included many more households where the chief income earner had been in either higher managerial, administrative or professional work (22 per cent compared with 11 per cent) or skilled manual work (30 per cent compared with 17 per cent). While in those that had derived all their earnings as employees before the lockdown the chief income earner was more commonly in clerical or junior managerial, administrative or professional work (33 per cent compared with 23 per cent) (Table 1).

In terms of their personal characteristics, *Unprotected* households also differed in a number of respects from those who were *Protected* or *Partially Protected*. They were ten percentage points more likely to be single adult households or lone parents, without dependent children (30 per cent compared with 21 per cent) (Table 5).

They also tended to be older. They included fewer householders aged under 40, particularly when compared with those who were *Partially Protected* (32 per cent compared with 47 per cent). And there were correspondingly more householders aged over 60 (28 per cent compared with 12 per cent). The difference was less pronounced compared with the *Protected* households (Table 5).

And, significantly, they not only included far fewer two-earner households (34 per cent, compared with 55 per cent of *Partially Protected* households) but two in ten of them (18 per cent) were classified as having no earners prior to the lockdown. Given that they said that they had lost a job or earnings as a direct result of COVID-19, they would have been people working fewer than eight hours a week, or who said they were students or retired but who must have had some part-time work.

We do not know why these *Unprotected* households failed to qualify for either the furlough or the SEISS, but their circumstances indicate that there is a diversity of reasons as the recent report from Treasury Select Committee suggests.¹⁰

Employees not qualifying for the furlough scheme

Looking in detail first at households with employees that did not qualify for the furlough scheme, in a quarter of all *Unprotected* households (24 per cent) the earner lost their job and became unemployed. This represents just under two per cent of all UK households (an estimated 650,000), which is in line with figures from the Office for National Statistics showing that the number of workers on UK payrolls fell by 612,000 between March and May 2020.¹¹ It is also worth noting that four in ten of them were contract workers or

¹⁰ <https://publications.parliament.uk/pa/cm5801/cmselect/cmtreasy/454/454.pdf>

¹¹ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/june2020>

found work through an agency or online platform such as Uber or Deliveroo (the gig economy). As the Treasury Select Committee report notes, many short-term contract and freelance workers have either been released from their contracts or have not had them renewed as would ordinarily have happened.¹²

A further two in ten of all *Unprotected* households (21 per cent) had had a reduction in income from earnings, which represents two per cent of all UK households – or just over half a million in total. We cannot be sure from the data why these employees failed to qualify for being furloughed. Employers cannot furlough staff who are working but on reduced hours or reduced pay and, as most of them were working at the time of the interview, that could well be the case. We know that two in ten of them worked the gig economy. Although these workers are in theory covered by the current furlough scheme, in practice they would be disproportionately likely to see their hours of work cut substantially. They could also include small business owners who were on the payroll as an employee needing to work to keep the business going, having furloughed their staff.

Thirdly, around one in ten of *Unprotected* households (10 per cent, or about 250,00 households) were marginal employees – householders where the only person in work was working fewer than eight hours a week in February 2020 or identified as a student or retired and clearly worked part-time – many of them in the gig economy. Such workers were clearly very vulnerable at the current time.

Finally, it is almost certain that some were households where the earner was not working in February but either waiting to start a new job on 19 March or were not already on the payroll on or before that date. We cannot, however, confirm this from the data we have.

Self-employed people that did not qualify for the SEISS

Turning to the four in ten of *Unprotected* households (41 per cent) where the earner was self-employed but did not (or thought that they did not) qualify for the SEISS. They represent around 4 per cent of all UK households (just over one million in total). In addition, there was a small number (four per cent) where the only earner was marginally self-employed and was working fewer than eight hours a week in February 2020, or identified as not working or retired but also said elsewhere in the questionnaire that they were self-employed.

Around half of all *Unprotected* householders who were self-employed in February 2020, said that they had ceased trading and half had seen their self-employed earnings fall. It is not possible from the survey data to identify why these earners did not apply to the SEISS. The Treasury Select Committee report does, however, offer some possible explanations.¹³ This includes people that are specifically excluded from the SEISS because they:

- derived less than 50 per cent of their income from self-employment;
- were newly self-employed and had not, therefore, filed the tax returns needed to qualify, or
- had trading profits of more than £50,000 a year.

¹² <https://publications.parliament.uk/pa/cm5801/cmselect/cmtreasy/454/454.pdf>

¹³ <https://publications.parliament.uk/pa/cm5801/cmselect/cmtreasy/454/454.pdf>

CURRENT FINANCIAL SITUATION AND FUTURE FINANCIAL PROSPECTS

In general, the current financial situation of the *Protected* households reflected that for all UK households, and they were no more, but also no less, likely to be showing signs of financial strain (Table 3).

As might be expected, it was the *Partially Protected* and *Unprotected* households where the financial strain was most evident. More unexpectedly, the level of strain did not differ that much between them (Table 3). Just over a quarter of each of them was struggling to pay for food and other essentials; about a third had used credit to make ends meet in the past four weeks and four in ten had drawn on savings to do so. Half of them had either nothing in savings or less than their total monthly household income in February. And almost half (45 per cent) of each group was either struggling financially or in serious financial difficulty – compared with 28 per cent of all UK households and 25 per cent of those whose incomes were *Protected* through the furlough scheme or SEISS (Table 3).

Both *Partially Protected* and *Unprotected* households had higher-than-average levels of default on household commitments of all kinds, including rent/mortgage, household bills and unsecured credit. The most notable difference, though, was in the extent to which *Partially Protected* households were falling behind with unsecured credit. Two in ten (21 per cent) of them had missed payments on some form of unsecured credit, including car finance, six percentage points more than among *Unprotected* households. Similarly, 27 per cent of *Partially Protected* households were making only minimum payments and 13 per cent were making no payment at all on one or more credit card – compared with 17 per cent and 7 per cent respectively among *Unprotected* households. One in six (16 per cent) *Partially Protected* households had contacted one or more of their creditors and reached an agreement to reschedule their payments (Table 3).

This current situation was mirrored in the future financial prospects for all three groups of households that had had their livelihoods affected by the COVID-19 pandemic. The greatest stability in future financial prospects was among the *Unaffected* households. Few of whom expected an income loss and who scored well on our composite measure of future financial wellbeing (Table 4).¹⁴

Also fairly secure were the households that were *Protected* currently, only five per cent of whom thought it very likely that they would experience a fall in income in the next three months or so, although a further 21 per cent considered it quite likely (Table 4). This last figure is, however, subject to a wider margin of error as not all of the people who were aware that redundancies could occur in their workplace would necessarily be made redundant themselves. Nevertheless, seven per cent of them were in the bottom decile for the future financial prospects score and ten per cent in the second bottom decile.

Once again, it was the households that were *Partially Protected* or *Unprotected* at present that had the bleakest outlooks. Significantly, almost four in ten of each of them (36 per cent and 39 per cent, respectively) thought it very likely that they would suffer a further loss of earned income over the next three months or so. Two in ten (19 per cent) of the *Partially Protected* households thought it very likely that they would be affected by job loss, and a similar number (18 per cent) by a reduction in hours or earnings. Among the *Unprotected* households the proportion saying it was very likely they would be affected by job loss (25 per cent) was somewhat higher than the proportion expecting a reduction in income (14 per cent).

¹⁴ For more details of how this was compiled see <https://www.standardlifecyclefoundation.org.uk/our-work/coronavirus-finance-tracker2/coronavirus-finance-tracker/cfit-june>

Approaching a half were in the bottom two deciles on the future financial prospects score (44 per cent of the Partially Protected and 47 per cent of the Unprotected) (Table 4). And among the Partially Protected the outlook seemed much the same whether they had earned income covered by the furlough scheme or the SEISS.

This is consistent with a survey of 1,200 firms by UK Finance, which found that seven in ten UK businesses have been negatively impacted by the Coronavirus crisis, and that one in five have less than one month worth of cash reserves left.¹⁵ Around 18 per cent of firms warned they could cease trading altogether and may not survive the fallout from the pandemic.

October is, therefore, expected to mark the first big wave of company failures. That is when business loan repayment holidays – granted for up to six months – will come to an end, just as government support for employee wages through the Coronavirus Job Retention Scheme is expected to wind down.

¹⁵ <https://www.ukfinance.org.uk/covid-19-press-releases/covid-19-loan-schemes-reaching-firms-most-financial-difficulty>

TABLES

Table 1 - Economic circumstances by impact of COVID-19 crisis

	No loss of income		Loss of income		ALL
	Unaffected (No CJRS / SEISS)	Protected (CJRS / SEISS)	Partially Protected (CJRS / SEISS)	Unprotected (No CJRS / SEISS)	
<i>Percentage of households</i>	58	15	16	11	100
Gross household income (Mean)	£30.5k	£34.75k	£32.5k	£30.5k	£31.7k
Covered by CJRS (furloughed)	-	73	63	-	20
Expect to be covered by CJRS (furloughed)		24	14		6
Claimed/expect to claim SEISS (selfemp_support)	-	6	41	-	7
Both CJRS and SEISS		2	18		3
Lost income sources because of the COVID-19 crisis					
Laid off, lost job/lost all self-emp income (corona1_2)			48	52	13
Substantial drop in wages/self-emp income (corona3_new2)			52	48	14
Any of these (corona_impact)			100	100	27
Income change since initial loss because of COVID-19 crisis (change)^{1,2}					
Has increased to level before fall	na	na	4	4	4
Has increased but not to level before fall	na	na	10	7	9
Stayed the same	na	na	44	43	43
Fallen further	na	na	38	42	40
Don't know	na	na	5	4	5
Social security benefits					
UC/JSA/ESA before crisis (benefits_feb)	10	7	9	11	10
WTC before crisis (benefits_feb)	2	3	9	7	4
UC since crisis (uc_mar_new)	-	2	9	10	3

Cell percentages. Households. Weighted results. United Kingdom, May 2020. N=5,794. All results are statistically significant at $p < .001$ (chisq) except where indicated.

1 Not statistically significant: Income change since loss of income.

2 Base, all experiencing an income loss because of COVID-19 crisis (covid_impact).

3 Some of those furloughed or expecting Self-employment Income Support described themselves as students or retired. They are not included in the table.

4 These included people who, before the lockdown, were working fewer than eight hours, or who described themselves as full-time students or retired and must have been working part-time.

**Table 1 - Economic circumstances by impact of COVID-19 crisis
(continued)**

	No loss of income		Loss of income		ALL
	Unaffected (No CJRS / SEISS)	Protected (CJRS / SEISS)	Partially Protected (CJRS / SEISS)	Unprotected (No CJRS / SEISS)	
Work status respondent (before the crisis) (work_status_feb20) ³					
Full time	33	58	58	44	42
Part time	8	22	23	24	14
Work status partner (before the crisis) (work_status_partner_feb20) ³					
Full time	23	56	53	36	34
Part time	6	11	15	11	9
Self-employment and insecure work					
Self/partner self-employed (insecure_1)	4	7	42	41	15
Self or partner worked in the gig economy (gig_dum)	2	9	20	19	8
Main/all income from self-employment or gig economy (insecure2_1)	3	6	24	25	9
Number of earners (respondent and partner, if they have one)					
None ⁴	52	8	5	18	34
One	26	38	40	48	33
Two	22	54	55	34	33
Social grade (profile_socialgrade_cie)					
Higher/intermediate managerial, administrative or professional AB	32	22	23	30	29
Clerical and junior managerial, administrative or professional C1	27	32	32	30	29
Skilled manual occupations C2	17	26	29	22	20
Semi- or unskilled manual occupations D	10	16	12	8	11
State pensioners, unemployed and casual workers E	15	4	4	9	11

Cell percentages. Households. Weighted results. United Kingdom, May 2020. N=5,794. All results are statistically significant at $p < .001$ (chisq) except where indicated.

1 Not statistically significant: Income change since loss of income.

2 Base, all experiencing an income loss because of COVID-19 crisis (covid_impact).

3 Some of those furloughed or expecting Self-employment Income Support described themselves as students or retired. They are not included in the table.

4 These included people who, before the lockdown, were working fewer than eight hours, or who described themselves as full-time students or retired and must have been working part-time.

Table 2 - Industrial sector of employment by impact of COVID-19 crisis

	No loss of income		Loss of income		ALL
	Unaffected (No CJRS / SEISS)	Protected (CJRS / SEISS)	Partially Protected (CJRS / SEISS)	Unprotected (No CJRS / SEISS)	
Agriculture, forestry and fishing	0	0	1	1	1
Manufacturing	4	7	7	4	5
Electricity, gas, steam and air-conditioning supply	1	1	1	1	1
Construction	2	4	7	5	4
Wholesale and retail	7	13	10	9	9
Transportation and storage	4	6	5	4	5
Accommodation and food services	1	4	6	2	3
Information and communication	7	6	5	5	6
Financial and insurance	8	5	5	5	6
Real estate	1	2	2	0	1
Professional, scientific and technical	7	6	3	6	6
Administrative and support services	4	2	4	2	3
Public administration	7	3	1	2	4
Education	15	12	8	16	13
Human health and social work	13	8	5	9	10
Arts, entertainment and recreation	1	4	8	8	4
Other service activities	1	0	1	2	1
Other ¹	18	18	21	19	18
Don't know	1	1	1	2	1

Column percentages. Householders in employment. Weighted results. United Kingdom, April 2020. N=3,110. The table, as a whole, was tested for significance using a chi-square test ($p < 0.001$). Please note that the above information came from Registry data for the respondents and was not collected in the survey. This data is updated regularly but could, nevertheless, be out of date for some people.

¹ Missing categories have been recoded as 'Other' due to having small numbers.

Table 3 - Current financial situation by impact of COVID-19 crisis

	No loss of income		Loss of income		ALL
	Unaffected (No CJRS / SEISS)	Protected (CJRS / SEISS)	Partially Protected (CJRS / SEISS)	Unprotected (No CJRS / SEISS)	
<i>Percentage of households</i>	58	15	16	11	100
Current financial wellbeing (curr2_fwbs_cat)					
In serious financial difficulty	6	8	19	25	11
Struggling to make ends meet	13	17	26	20	17
Potentially exposed financially	33	44	38	32	35
Financially secure	47	31	17	22	37
Struggle to pay for food/expenses (b3)	8	10	26	28	13
Arrears on bills and credit commitments					
Arrears on rent/mortgage (arr_housing)	3	7	15	15	7
Arrears other bills (arr_bills)	5	6	17	18	9
Arrears on unsecured credit and car finance (arr_comm)	6	10	21	15	10
Any arrears (arr_all)	9	15	34	29	16
1	5	8	13	11	7
2	2	4	8	7	4
3+	2	3	13	11	5
Credit card repayments					
Missed last payment on at least one card (b19_13_new)	3	4	13	7	5
Minimum payment on at least one card (card2_pop)	8	16	27	17	13
Has contacted one or more creditors and agreed payment reschedule	2	5	16	13	6
Use of savings to make ends meet (c10_1)					
Didn't have any savings	19	23	27	28	22
Have used savings last four weeks to make ends meet	14	19	42	38	22
Have savings but did not use any of them	67	58	31	34	56
Use of credit to make ends meet (b10)					
Have used credit for food and other expenses last four weeks	12	18	35	31	19
Has nothing or less than one month of Feb income in savings (c10)	32	41	48	52	38

Cell percentages. Households. Weighted results. United Kingdom, May 2020. N=5,794. All results are statistically significant at p<.001 (chisq).

Table 4 - Future prospects by impact of COVID-19 crisis

	No loss of income		Loss of income		ALL
	Unaffected (No CJRS / SEISS)	Protected (CJRS / SEISS)	Partially Protected (CJRS / SEISS)	Unprotected (No CJRS / SEISS)	
<i>Percentage of households</i>	58	15	16	11	100
Outlook for household financial situation over next three months (fut6_fwbs_cat) ¹					
Decile 1 (Worst)	3	7	26	30	10
Decile 2	6	10	18	17	10
Decile 3	8	11	17	12	10
Deciles 4 and 5	19	26	21	18	20
Deciles 6 and 7	23	23	12	13	20
Deciles 8 to 10 (Best)	41	22	5	8	30
Likelihood of an income fall next three months (future)					
Very likely	1	5	36	39	12
Quite likely	4	21	38	26	14
Neutral	10	10	6	11	9
Not very likely	19	34	13	13	19
Unlikely	66	30	7	11	45
Self/partner very likely to lose job	1	3	19	25	7
Self/partner very likely to see reduced hours or earnings	-	2	18	14	4

Cell percentages. Households. Weighted results. United Kingdom, May 2020. N=5,794. All results are significant at $p < .001$ (chisq).
 1 Calculated from a Principal Components Analysis of the following questions: how long they could cover an income fall of a third without having to borrow; how many months' worth of their Feb income do they have in savings; their income change since the beginning of March; likelihood of income falling substantially in the next three months; confidence in financial situation over next three months; ability to pay bills in next three months.

Table 5 - Demographics by impact of COVID-19 crisis

	No loss of income		Loss of income		ALL
	Unaffected (No CJRS / SEISS)	Protected (CJRS / SEISS)	Partially Protected (CJRS / SEISS)	Unprotected (No CJRS / SEISS)	
<i>Percentage of households</i>	58	15	16	11	100
Nation (nation)					
England	83	85	86	86	84
Wales ¹	5	5	4	5	5
Scotland ¹	9	8	8	6	8
Northern Ireland ¹	3	2	2	3	3
Family types (famtyp)					
Single	20	16	18	23	20
Couple	16	23	22	18	18
Lone parents	5	5	7	7	5
Lone parents with adult children only	13	5	3	7	10
Couples with children	14	29	32	22	20
Couples with adult children only	30	20	16	21	25
Other	1	2	2	1	2
Age					
Under 30	7	13	18	12	10
30-39	14	25	29	20	19
40-49	15	22	22	22	18
50-59	15	18	19	19	16
60-69	26	16	10	21	21
70 or over	23	5	2	7	15
<i>Mean age</i>	56	46	43	49	51
Disability					
Limited a lot	13	5	8	9	10
Housing tenure					
Outright owner (o_owner)	44	25	18	26	35
Mortgagor (m_owner)	26	41	42	32	31
Private tenant (p_rent)	15	22	26	24	19
Social tenant (s_rent)	13	9	10	12	12
Other (t_other)	3	3	4	6	3

Cell percentages. Households. Weighted results. United Kingdom, May 2020. N=5,794. All results are statistically significant at p<0.05, except where indicated.

¹ Not statistically significant: Wales, Scotland, Northern Ireland. City, town and Rural areas

Table 5 - Demographics by impact of COVID-19 crisis (continued)

	No loss of income		Loss of income		ALL
	Unaffected (No CJRS / SEISS)	Protected (CJRS / SEISS)	Partially Protected (CJRS / SEISS)	Unprotected (No CJRS / SEISS)	
Urban/rural					
City (city) ¹	79	78	79	76	79
Town and surrounding (town) ¹	10	11	11	12	10
Rural (rural) ¹	11	11	10	12	11
UK regions that were statistically significant					
London (profile_GOR_r_7)	12	11	16	17	13
South West of England (profile_GOR_r_9)	9	11	10	13	10
Education level					
Degree (or equivalent) and above	44	39	42	54	44
A Level or equivalent	13	16	17	12	14
GCSE or equivalent	16	19	17	14	16
Other (most professional) qualifications	19	20	20	16	19
No qualifications	8	6	4	4	7

Cell percentages. Households. Weighted results. United Kingdom, May 2020. N=5,794. All results are statistically significant at p<0.05, except where indicated.

¹ Not statistically significant: Wales, Scotland, Northern Ireland. City, town and Rural areas.

Table 6 - Nature of employment, by nation of UK

	England	Wales	Scotland	Northern Ireland	United Kingdom
<i>Percentage of households</i>	84	5	8	3	100
Self employment and insecure work					
Self/partner self-employed (insecure_1)	15	13	12	12	15
Self or partner worked in the gig economy (gig_dum)	8	12	7	8	8
Main/all income from self-employment or gig economy ¹	9	10	6	9	9
Work sector					
Private	33	28	27	29	32
Public	15	19	17	25	15
Third/voluntary	4	4	4	4	4
Others	48	49	51	41	49

Column percentages. Households. Weighted results. United Kingdom, May 2020. N=5,794. All results are statistically significant at $p < .005$ (chisq), except where indicated.

¹ Not statistically significant apart from Scotland.

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