

Universal Credit rollout inquiry Turn2us written submission

Introduction

Turn2us is a national charity that provides financial help and support to those struggling to make ends meet. We want to stop people spiralling into crisis or long term debt. Last year we gave £3.1m to households living on the breadline and helped nearly 2.5m people towards greater financial stability through our website and helpline.

As such, we've helped many people who have moved onto Universal Credit. Like many, we do not dispute the foundations of these reforms. Replacing different, sometimes confusing, benefits with one payment could have a real, positive impact. And the ambition to make work pay should be commended.

But the evidence coming from those we help is impossible to ignore. Our evidence is gathered through our following networks:

- Talking to people about welfare benefits and grants through our helpline, which handled 76,000 calls last year;
- Feedback received from our website enquiry system, with over 100 comments related to Universal Credit;
- Through our social media communities, reaching 183,404 people on Facebook and with 281,000 impressions on Twitter this September.

The evidence we have received clearly shows serious and damaging design flaws in the way Universal Credit is still being implemented. Some people are being advised that, if they can hold out, they should not claim Universal Credit because of the risk of falling into debt. These problems are not going to be fixed without putting some significant additional resources into the system. But we are not calling for a costly, time-consuming overhaul of the system. We focus on practical steps to get people back on their feet. We are calling for fairly simple, often technical, change to parts of the system that are unnecessarily punitive.

The barriers people face when claiming and receiving Universal Credit

We have identified the main barriers that people face when claiming and receiving Universal Credit:

- a) Confusion about moving onto Universal Credit
- b) Delayed first payment
- c) Monthly payment in arrears
- d) Administrative standards and the accuracy of payments
- e) Severe Disability Premium
- f) Reduced income

a) Confusion about moving onto Universal Credit

The people we help are facing confusion before and during the process of moving over to Universal Credit. Many are getting caught between Universal Credit and legacy benefits.

Some are signposted from organisation to organisation for advice and are still unsure whether or not they should be claiming for Universal Credit. Others have contacted us seeking clarity before and during their move onto Universal Credit, having previously received confusing messages from various advice points including Jobcentres and the Department for Work and Pensions (DWP). This widespread confusion is reflected in enquiries to our website:

- *'With all the talk of universal credit I am confused what to claim';*
- *'I want to understand universal credit better and I'm unsure of what I am entitled to';*
- *'I don't understand what I am actually entitled to';*
- *'It's very complicated'.*

Many of those coming to us have been confused about moving from Working Tax Credit, Jobseeker's Allowance (JSA), and Employment and Support Allowance (ESA) to Universal Credit, and whether homeowners and the self-employed are eligible to claim. Others have asked if they can 'swap' back to legacy benefits:

'We are currently receiving universal credit but it's not benefitting us now my husband got a full time job and I've got a part time one we was wondering if we could swop back to tax credits.'

b) Delayed first payment

As has been well-documented elsewhere, we are seeing manifold problems with the delays claimants are facing for their first payment. When asked last month how many weeks they had to wait for Universal Credit, of just under 100 people we surveyed, nearly half had waited over six weeks for their first payment, with a staggering 1 in 5 saying they had waited ten weeks or more.

Composed of a blanket seven-day waiting period when you first claim; an approximately four-week wait as payments are made monthly in arrears; and then another week period as the payment is processed, these delays of at least six weeks are hitting some of the most vulnerable people in society hardest, leaving many with nothing to survive on over this period.

Many of those getting in touch with us are finding the six week delay is pushing them into debt – from missed payments and bank charges to payday loans:

'I am waiting for my first Universal Credit payment and need money to live on... This is extremely distressing and is making it difficult for me to find work as I am extremely stressed. I am also suffering from depression and my debts are exacerbating this condition which makes it even harder for me to look for work.'

As the DWP's own figures show, people around the country are being forced into rent arrears by the delayed payments. In a survey of just over 50 Universal Credit claimants last month, 85% told us claiming Universal Credit had led to rent arrears:

'UC haven't yet paid a single penny to my landlord and he's threatening me with eviction. I really don't know how to get out of this one.'

Other individuals who have called our helpline have lost their homes because landlords will not wait for rent payments, and are depending on food banks, emergency support, friends and family for help.

Some have heard about the delays in payment and are concerned about moving onto Universal Credit and even getting back into work:

'I want to get back into work but as I have my little boy and [am] on my own... having no money for that amount of time scares me.'

c) Monthly payment in arrears

Unlike legacy benefits which were paid fortnightly, Universal Credit can only be paid monthly, in arrears. This is in order to encourage claimants to get used to work culture. But this very rigid payment structure is causing problems for many claimants.

Our helpline has found most people are used to fortnightly payment and having too much at once is causing budgeting problems. The payment structure is causing particular complications for people working weekly or fortnightly. A single mum of three children told us:

'I'm... finding it very difficult as I've never been paid monthly before.'

Combined with the six-week delay, this method of payment is also leading to a rise in rent arrears. One individual who came to us said:

'My rent account is currently up-to-date, but [if] I were to switch to Universal Credit my rent account would suddenly become 1 month in arrears because the housing association charge rent 1 month in advance and housing benefit is paid in arrears.'

d) Administrative standards and the accuracy of payments

Our findings have shown that the current system is also suffering under the strain of basic administrative errors and misinformation.

Our helpline reports that people are frequently getting in touch because DWP and Jobcentres are giving conflicting information on what benefit they need to claim, or are not giving the clarity needed to understand the new system:

- *'universal credits tell me different every time i ring';*
- *'uc don't explain this situation well'.*

Payment errors are also commonplace:

- *'in the 14 months of claiming iv only been paid correctly and on time twice';*
- *'universal credits have messed up my payment... hopefully just once';*
- *'universal credit keep messing up my payments and don't no how much ill get they keep telling me not many students claim so they cant advise me'.*

Another claimant from the South West said: *'I'm claiming Universal Credit, but they haven't paid me this month. I literally have no money and now I'm in arrears with my rent.'*

One helpline adviser told us they have spoken to clients who have been told they would receive hundreds more a month than they eventually get. Payments are also made late, according to some callers.

e) Severe Disability Premium

The Severe Disability Premium, an extra amount to help with the cost of disability, has been abolished within the Universal Credit system, leaving many disabled people worse off and at risk of falling into even more severe poverty. One particularly harrowing story we heard shows the short-sightedness of this decision:

'In August of this year I was diagnosed with terminal brain cancer (glioblastoma) and received brain surgery before being put on a six week intensive radio and chemo therapy treatment course. With support from Macmillan I was advised of financial support I can receive. Since the beginning of September I've had repeated problems with Universal Credits - a role out where I live - with them refusing to backdate my claim despite my being incapacitated during June & July (normal with ESA, apparently, though ESA does not exist under Universal Credits, and nor is there any recognition of terminal illness). Also I appear unable to claim Severe Disability Allowance (despite my being a DS1500 Special Rules category) as this appears no longer to exist. I have an eleven year old son, I want to survive as long as possible, but the DWP seems more intent on hastening my death.'

f) Reduced income

The overwhelming majority of claimants will see a reduction in their income after moving from legacy benefits to Universal Credit. Of just under 60 Universal Credit claimants surveyed last month, 91% said switching to Universal Credit had caused an increase in financial problems. Just 7% said they had experienced fewer financial problems since switching.

Contrary to making work pay, many are finding they would be worse off claiming Universal Credit while in work: *'I will be better off giving up work because with the new universal credit I will be 200 pounds worse off so contemplating unemployment in 2018.'*

Many of those coming to us have addressed this potentially disastrous change in income. After having her Universal Credit stopped for a month, one person told us: *'I only have 19p*

in my bank account'. Another claimant from the South East got in touch to say: 'I am going to be in the position where after my rent is paid, I will have £20 to last me a month'.

Unsurprisingly, the potential loss of income is causing fear amongst those facing the move:

- *'[I'm] scared I can't support my children on universal credits';*
- *'I know people who have been in [a] similar situation and they say universal credit has made them want to not exist as they can't feed their families'.*

Reduced income is leading to the deterioration in the mental health of some claimants, with many struggling to cope with the financial strain. A registered nurse got in touch to say that they were 'on universal credit . IN debts barely managing financially. On treatment for depression'.

Physical health can also be affected, particularly with the onset of winter. Last year, as part of our No Cold Homes campaign, we found that nearly half of people surveyed had cut back on heating their home because of the cost. The situation appears to be worsening among claimants of Universal Credit. One person claiming under the new system told us that he lives in a home with a broken boiler. However, as he doesn't meet additional criteria, he's not eligible for further support. The consequences are stark: *'It is becoming unbearable living in constant cold'.*

Recommendations

- **Raising awareness (barrier a)** – As Citizens Advice has described and our own evidence shows, Universal Credit is a complex system and often difficult to understand. Many are confused about when and how they should move onto the new system. During the rollout, it is essential to raise awareness of and support people through the move onto Universal Credit. This means a nationwide, concerted and integrated public information campaign, not just improved guidance to frontline staff.
- **Delayed first payments (barrier b)** – We welcome Work and Pensions Secretary David Gauke's announcement that the Government will be refreshing the guidance to DWP staff to ensure that anyone who needs an advance payment will be offered it up-front but believe that this does not go far enough. To help minimise the number of those falling into debt and struggling with mounting rent arrears, we recommend that the six-week wait for the first payment is reduced by removing the automatic seven-day waiting period. Efforts can also be made to reduce the time taken to process claims.

- **Monthly payment in arrears (barrier c)** – We recommend that flexibility is built into how payments are made, with an option to be paid fortnightly in arrears. This will help smooth the transition from legacy benefits.
- **Administrative standards (barrier d)** – We recommend that efforts are made to raise administrative standards, with a greater emphasis on staff training, to avoid the problems caused by conflicting information and payment errors. Preparations should also be made to increase administrative capacity as a successful awareness-raising campaign will by definition invite greater usage.
- **Severe Disability Premium (barrier e)** – We recommend that the Severe Disability Premium is reintroduced and fairly reintegrated into the Universal Credit system.