



Taunton

Universal Credit: Universal Concern?

What is Universal Credit?

Universal Credit is a benefit for people who are in work as well as those who are not. It represents the biggest shake up of benefits since the welfare state began in the 1940s. By the time it is totally implemented in 2022, seven million families will be claiming it. That equates to around 3 in 10 of all working age families.

Universal Credit merges six working-age benefits and tax credits into a single benefit/payment. It rests on strong principles:

- To simplify the system
- To increase the work incentive
- Create a fairer system

These principles are welcome and frankly, long overdue. Unfortunately, the evidence collected so far suggests that Universal Credit has a long way to go in meeting these commendable aims.

How does it work?

Universal credit is administered by the Department for Work and Pensions (DWP) as opposed to having three agencies administer the legacy benefits. It replaces the existing working-age means tested benefits – these are now known as the ‘legacy benefits’:

- Income-based jobseeker’s allowance;
- Income-related employment and support allowance;
- Income support;
- Housing benefit;
- Child tax credit;
- Working tax credit.

At present there are two types of Universal Credit in the UK. In Taunton, we are one of the first rural areas experiencing the Universal Credit full service. As the name suggests we have the full rollout of all aspects of Universal Credit as opposed to the majority of the rest of the country, which has a simplified version with very limited claimant groups.

Digital by default

Universal Credit full service (UCfs) is a web-based benefit, where the claim is made online and all communication about the claim e.g. changes of circumstances, payment information, decisions etc are undertaken via the claimant's online 'journal'. The claimant can write questions to DWP staff and replies are issued via the journal, the claimant is sent either a text or email to notify them to check the journal.

For a handful of our clients this is an improvement from the legacy benefit system as it is accessible and avoids the lengthy telephone calls to benefit contact centres. However, it is easy to see why, for many of our clients - who have learning difficulty, mental or physical ill health, or indeed live rurally without access to good internet connection - making and/or managing an online benefit claim is difficult to impossible. There are other issues that create unnecessary problems for clients as well.



At the commencement of the claiming process you are asked to enter an email address *and* a mobile phone number. One of our clients didn't have a mobile phone and was so concerned she would not be able to claim UC without one, she signed up for a 12-month mobile phone contract in order to complete her UC claim – a mobile contract she could not afford.

Claimants are not required to have a mobile phone in order to make the UC claim but there is nothing on the claim screen advising they can proceed without one. This is just one example of how the UC website programme needs to be improved to make it more user-friendly for claimants.

The claiming process



During the initial internet claim the claimant is required to provide information about their household, children, housing, details of all income, capital and other essential information.

This sounds relatively straightforward but unfortunately the evidence we are seeing demonstrates that the web-based claiming programme is not currently fit-for-purpose. One of our computer confident clients explained “it took me twelve hours across two days to enter all the information needed”.

Following completion of the online claim the claimant is asked to arrange an Identification and Verification interview with a work coach at their local Jobcentre Plus office. A failure to attend this interview will see the UC claim closed regardless of the reasons.

Once the claim is verified claimants must then accept their ‘claimant commitment’. The claimant commitment sets out what the claimant needs to do to be entitled to UC. If they need to be available for work it sets out the number of hours they are expected to be available. Generally, this is 35 hours unless they are in work but under-employed, a carer, responsible for a child under the age of 13, or have a long-term physical or mental impairment.



Based on our client cases the evidence suggests that people with long-term ill health or disability are being required to sign inappropriate claimant commitments for their circumstances. For example, a client who had already been assessed by the DWP as being unable to work due to significant ill health was told she had to look for full-time work.

Another client with a progressive disease who had undergone a work capability assessment at which it was determined she was too ill to look for work and too ill to even prepare for work in the future, was told she would have to be reassessed again and was required to get a medical certificate from her GP before her claimant commitment would be amended. A waste of NHS resources

and in direct contradiction of Damian Green's statement that "we will stop reassessing people with the most severe health conditions and disabilities"¹.

Why does this happen?

The health section of the online claim form only enquires whether the claimant has a 'fit note' from their doctor. It does not ask crucial questions such as:

- Have you already had a work capability assessment? or
- Are you an in-patient in hospital?

Both of these questions are essential to enable the calculation of UC entitlement and to determine the appropriate claimant commitment.

What next?

Once the claim is made, verified and the claimant commitment signed then the UC claim is up and processed. People should receive their first payment of UC either:

- one month and seven days, or
- one month and fourteen days

after making the claim, depending on whether they have to serve seven 'waiting days' or not. For those that have waiting days, entitlement to UC does not commence until seven days after the claim is made.

People usually move onto UC from either:

- a legacy benefit, where payments were made fortnightly in arrears, or
- employment ending/reducing.

Trying to bridge the benefit gap until the first payment of UC causes significant financial pressure and is often impossible for claimants. The monthly payment cycle of UC was designed to mirror the world of work. This overlooks the fact that 40% of those in the lowest two income quintiles are paid weekly rather than monthly². As in all other UCfs areas, Citizens Advice Taunton has noted an increase in debt and rent arrears due to these budgeting difficulties.

¹ Conservative Party, Green: Speech to Conservative Party Conference, October 2016

² Social Market Foundation, "Sink or Swim? The impact of the Universal Credit"

People can apply for an advance payment of UC, however this is only a percentage of their actual entitlement and is recovered from the next few monthly payments – so someone in financial distress will receive reduced payments in future months making it harder to dig themselves out of the hole.

Unsurprisingly there has been a huge rise in emergency Local Assistance Scheme applications for help with food vouchers, gas and electric. Taunton Foodbank recently reported a 31% increase compared to the previous year and provided 4,335 three-day packages of emergency food supplies to local people in crisis during 2015/16. The top two reasons for foodbank referral were benefit delay 22% and benefit change 21%³.

Depending on the household, UC may include one or more of the following elements:

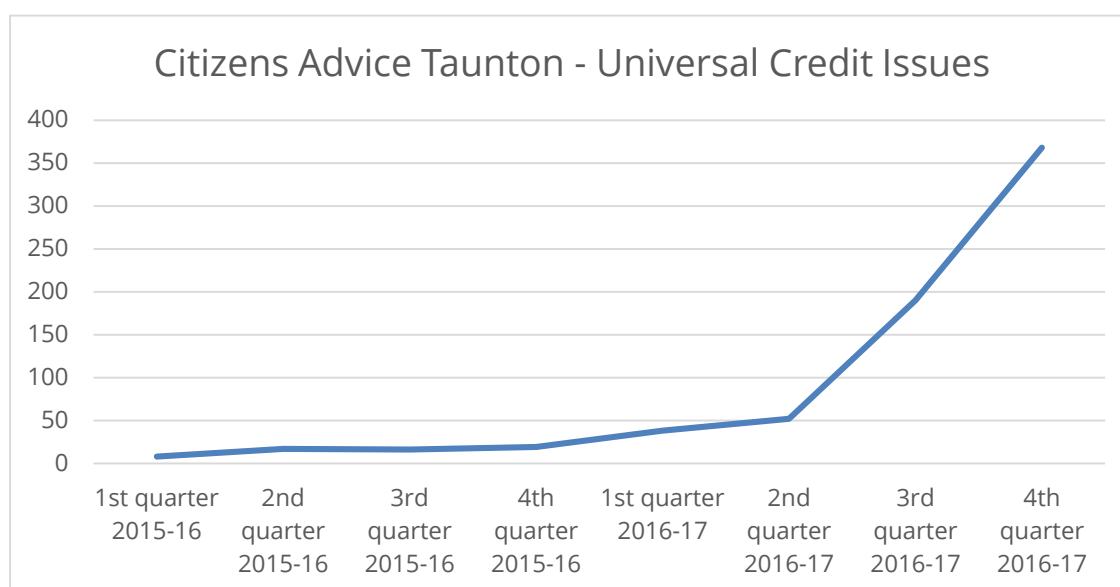
- A standard allowance (single/couple);
- An element for responsibility for children or young people;
- An element for disabled children;
- An element for an ill or disabled adult;
- An element for a carer;
- An element for housing;
- An element for childcare costs.

We are seeing a significant number of clients for whom their first payment of UC has been calculated incorrectly or is missing elements. Often claimants don't realise the importance of providing certain information or evidence and as such elements are missing from their payment. More frequently the UC payment has been calculated incorrectly because the DWP has yet to verify certain aspects of a claim – frustratingly this often happens because one department of the DWP has the information but the UC department has not obtained it – and as a result it is not included in the first payment e.g. housing costs.

³ Taunton Foodbank: New figures show surge in need for emergency food supplies in Taunton Deane last year, April 2017

Responding to Universal Credit full service

At Citizens Advice Taunton, we helped people with 648 Universal Credit advice issues in the last year (2016-17), the majority of whom sought our help after the ‘full service’ rollout of Universal Credit in October 2016 – this is a ten-fold increase on the previous year⁴ and clearly demonstrates that people are struggling with various aspects of UCfs.



Unfortunately, our ability to effectively advise and remedy errors on behalf of clients in relation to UCfs has been hindered by the fact we are no longer able to contact the DWP on their behalf using ‘implicit consent’. At present implicit consent cannot be used by any person *except* the constituent’s Member of Parliament⁵.

This means in order for Citizens Advice to be able to talk to the DWP regarding a client’s claim we have to either:

- telephone the UC helpline whilst the client is present (and be prepared for a very long wait), or
- set up a three-way telephone conversation between client, adviser and UC, or
- ask the client to state in their journal that you (full name), of (full address) will be calling to discuss (insert every possible thing you might want to discuss) and that they give their explicit consent for the DWP to discuss this with us.

⁴ Citizens Advice Taunton, 60 Universal Credit queries in 2015/16

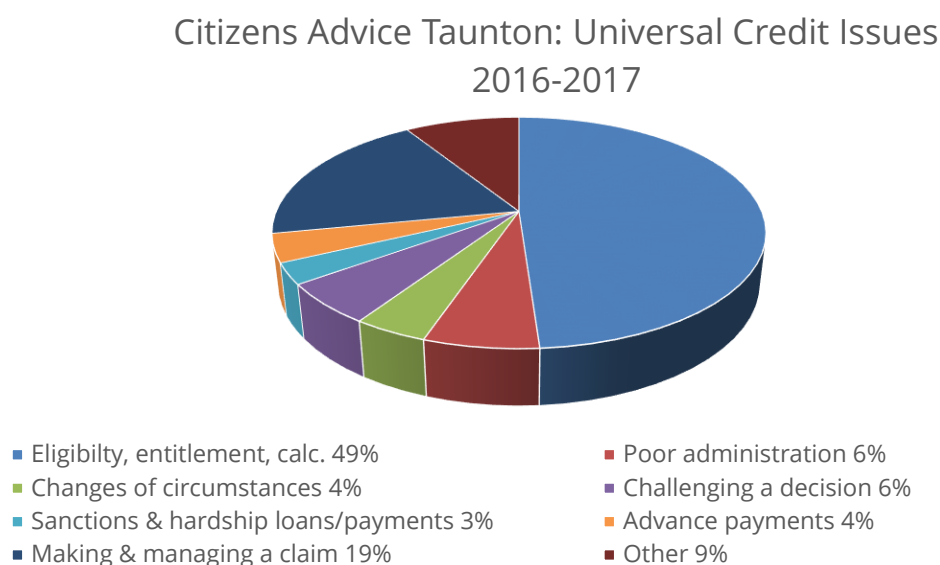
⁵ Secretary of State for Work and Pensions, Universal Credit: Written statement - HCWS528, 13 March 2017

We have found that none of the above has proven to be a particularly effective way of resolving issues quickly and in the future we envisage a large increase of referrals to MPs to escalate issues on our client's behalf.

Worryingly this huge increase in advice need is coming at a time when local funding for advice agencies has been cut.

Problem areas

There are a number of areas where our evidence demonstrates that UCfs is not working as it should.



It is clear from the above graph that many people are experiencing considerable difficulty understanding their entitlement to UC and a large percentage of clients are having difficulty making and managing their claim online.

Statistics are useful but this should not detract from the fact that each segment on the chart represents a real person experiencing real issues with UC. Issues that are fixable - should the desire be there.

Some client stories

Excessive delays: Lone parent, rented accommodation, car accident caused the need to claim benefit whilst she recovers

This client's UCfs claim was made online on 20 December, from this point all legacy benefits (housing benefit and child tax credit) were suspended. Despite this an advance payment request was refused.

Whilst waiting for the UC claim to be processed the only income our client had was child benefit of £20.70 per week. Applications to the Local Assistance Scheme⁶ to provide food and electricity top-up was needed.

It took 8 weeks for her UC claim to be processed and paid by which time our client was in significant rent arrears and being threatened with possession action.

Incorrect advice and poor decision making: Couple with one young child, one parent in full-time work

Our clients reported a change in earnings and were incorrectly advised this meant they had to close their working tax credit claim and make a claim for UCfs.

They claimed UC at the end of November and attended their ID and verification interviews. Following this the UC decision makers determined the non-working parent had no right to reside for benefit purposes and closed her UC claim. This decision was incorrect as in fact the evidence – which the client provided to the decision maker – proved that she had full entitlement to benefits. We advised the client to challenge this decision.

In this situation the law requires that UC entitlement for the other member of the couple to be paid as a single person. This happened initially but then his valid claim was also closed in error by the UC department.

⁶ Somerset County Council, Local Assistance Scheme for Somerset

Despite the DWP acknowledging the above mistakes it took several months for their claim to be reinstated and during this time all household expenses were purchased on a credit card. They are very concerned about the interest payable on the credit card, rent arrears and the linked risk to their home.

Since the roll-out of UCfs in this area Citizens Advice Taunton has seen a huge increase in poor decision making in relation to 'right to reside' criteria, as a result the above client story is unfortunately becoming a familiar one.

Missing and incorrect elements of UC: Couple, one with a significant disability, partner is a full-time carer

This couple had to claim UC upon moving in together. Their claim was processed in the expected time-frame however an element for the carer was not included and the housing element had been under-calculated due to delays in the UC department verifying their rent liability with the landlord.

The move to UC from legacy benefits already caused a loss of disability premiums of £68.25 per month which they had tried to budget for but the additional underpayment of UC caused significant worry, financial difficulties and rent arrears.

We are seeing the above scenario on a regular basis. Usually the UC department is able to remedy the claim by the next payment date however where this has not happened it can often take many months for the UC team to resolve the issue and amend the online journal – one client experienced this issue for seven consecutive months.

Unable to make or manage a UC claim: Single man with physical and learnings disabilities, has limited literacy skills and cannot use a computer

Our client, in receipt of Employment and Support Allowance was found 'fit for work' and no longer eligible. As a result of this decision his housing benefit was also suspended. Whilst Citizens Advice Taunton is assisting him to challenge this decision the only benefit available to cover living and rent costs is UCfs.

His social worker ensured the UC claim was made however our client is unable to effectively manage the claim as he doesn't understand the texts he receives from the DWP nor what is required of him.

In addition, our client is unable to manage a monthly budget and is at risk of debt, neglect and losing his home.

If he fails to undertake the requirements set out in his claimant commitment, he will likely be sanctioned and lose all of the UC payable for living costs (the housing element will continue to be paid).

Unable to attend Identification and Verification interview: woman incapacitated by effects of chemotherapy

One of our clients could not attend her Identification and Verification interview due to the effects of her cancer chemotherapy treatment, her claim was closed and by the time her strength had returned and she made a new claim three weeks had passed. She was refused backdating on the new UC claim despite explaining the reason she could not attend.

The law allows⁷ a UC claim to be backdated up to a maximum of one month if you could not reasonably have been expected to make a claim due to one of a number of prescribed circumstances. One of the circumstances is an illness prevented the claimant from making a claim and they have provided medical evidence in support of this. Our client met this requirement and her UC entitlement should have been backdated without issue.

The wider impact of Universal Credit full service

There were 5,104 children (22.1%) living in poverty in Taunton Deane in December 2015⁸. We believe these figures will increase significantly following the implementation of UCfs in the Taunton Deane area in October 2016. From this date, children are included within new Universal Credit claims and entitlement to existing benefits cease. Any family needing to make a new claim

⁷ Regulation 26, The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013

⁸ End Child Poverty Coalition, Interactive Map (TDBC)

for UC, for example due to a change in circumstances, will not receive any transition protection to ensure they retain their current level of benefit income.

Given that one of the welfare reform aims in relation to the implementation of UC is to save £5billion a year in welfare expenditure⁹ - and that we have further cuts to benefits implemented from April 2017 - it is clear that the continuing rollout of UCfs will increase poverty in low-income working-age households, especially those with children. This is worrying when one considers the wider cost of child poverty on the broader society: housing, education; health etc. which is estimated to be £29billion¹⁰.

The cross-party Parliamentary Work and Pensions Committee has written to Damian Green, Secretary of State for Work and Pensions, highlighting a number of serious concerns about how Universal Credit is operating in practice, and saying that the practical operation of Universal Credit must be an urgent priority for the Department following the General Election.¹¹

Serious concerns revolve around the impact of UC on vulnerable claimants and particularly the online claims system and single monthly payments¹². MPs say they support the principles behind universal credit, and congratulate the government on progress in designing a system that will help ease the transition from benefits to work. But some of the most vulnerable claimants struggle with the existing system, and serious concerns persist about how they will be supported during the transition to UC.

The target for the vast majority of UC claims to be made and managed online is 'ambitious'. There is a risk some vulnerable people will have difficulty in accessing benefits because they don't know how to make a claim, or if supported to claim will be unable to effectively manage the ongoing claim.

The change to monthly rather than weekly/fortnightly payments might be manageable for the majority of claimants – but some households, who already struggle to manage their finances, are not coping so well. Whilst personal

⁹ Institute of Fiscal Studies, Briefing Note (BN196), April 2017

¹⁰ D Hirsch: Estimating the costs of child poverty. Child Poverty Action Group, June 2013

¹¹ House of Commons Work and Pensions Select Committee, April 2017

¹² *Universal Credit Implementation: Meeting the Needs of Vulnerable Claimants*, Third Report (Session 2012–13), HC 576, House of Commons Work and Pensions Select Committee, TSO

budgeting support has been made available, our evidence suggests that some vulnerable claimants have been identified as needing extra support only after they have actually run into problems.

There is also concern over the proposed payment of housing benefit direct to claimants, with the danger of falling into rent arrears for claimants unable to manage making regular payments.

Our conclusions and recommendations



Whilst the 'test and learn' approach taken on the initial, gradual roll-out of UC has created opportunities to address many of these issues before they become widespread, it is clear that the DWP needs to ensure that the problem areas are remedied before UCfs is rolled out further.

We endorse the findings of the Work and Pensions Select Committee¹³ and hope that the new Secretary of State will implement measures to address the concerns raised.

The claiming process

Feedback from our Macmillan Benefits advisers and our psychiatric in-reach adviser shows that a large number of clients are being required to 'jump through hoops' which are not necessary under the legislation and are detrimental to their health or recovery. This could easily be remedied by altering the UC online claim programme, this would also ensure that claimants were paid the appropriate elements of UC in a timely manner.

The UC web-based claiming programme needs urgent amendment to ensure that:

- all the relevant client details are collected at this first stage
- clients are made aware of alternative communication options
- clients are fully capable of fulfilling the requirements of the online regime

¹³ Universal Credit Inquiry, Letter to Damian Green, April 2017

Administrative errors and delays

There is ample and growing evidence that the gap between verification of a claim and the first full payment is creating adverse, sometimes profound consequences. These include financial problems through the accumulation of arrears, health impacts from anxiety and stress, and potential eviction. This is exacerbated by the what seem unnecessarily tight regulations governing advance payments.

The impact of the benefit gap between claim and payment is amplified by administrative errors and delays in making full payments.

The unintended consequences may well increase pressure on local services and ultimately the Exchequer, along with the increased pressures on the Local Assistance Scheme and its administration.

We suggest:

- The benefits gap needs to be urgently reviewed and the legislation amended to address the problems for the longer term.
- In the interim the Local Assistance Scheme should be adjusted to ensure that extreme situations can be adequately met.
- Action needs to be taken to radically to improve the IT systems and communications between the agencies responsible for implementing the Universal Credit system.

Implicit consent

The policy preventing Citizens Advice and other advice agencies from acting on clients' behalf via 'implicit consent' benefits neither the client nor their member of Parliament, and increases the pressures on an already hard-pressed advice service. Urgent representations should be made to the new Secretary of State for Work and Pensions to revoke this policy.