



Citizens Advice Briefing: Universal Credit - 16 October 2017

Citizens Advice helps people find a way forward.
We advocate for our clients and consumers on the issues that matter to them.

Summary

Citizens Advice has unparalleled evidence on the roll-out of Universal Credit (UC) - **we've helped people with over 100,000 UC issues since it was introduced.** We're currently seeing the equivalent of 12% of new Universal Credit claimants every month.

Universal Credit isn't working for too many people. We support the principles underpinning Universal Credit - to simplify the benefit system and make work pay - and believe it has the potential to bring about much needed positive changes to our benefit system. However, our evidence suggests significant changes are required if it is to achieve its aims.

The 6 week wait risks pushing people into debt. Over half of the people we've helped who receive UC were forced to borrow money while waiting for their first payment.

1 in 5 claimants wait longer than 6 weeks. Support isn't available for new claimants having problems with evidence verification and the claimant commitment.

Advance Payments help but are only partially propping up a flawed system. They provide people with only 50% of a payment, which covers 2 weeks, and most people wait 6 or more weeks.

The government should ensure that:

- **No one is left waiting longer than 6 weeks** without an income
- **Those who need it get a payment within 2 weeks**, which they do not need to pay back
- **People have access to a minimum standard of support**, which is shared publicly, to help them adapt to UC

What is the current situation?

The 6 week wait risks pushing people into debt

Universal Credit is designed in a way that means people have to wait 6 weeks before they receive an income. Our evidence shows that Universal Credit is leaving thousands of people unable to pay essential bills and pushing them into debt and hardship:

- Over half of the people we've helped who receive Universal Credit were forced to borrow money while waiting for their first payment.
- People we've helped with debt issues who receive Universal Credit are 14% more likely to have problems with priority debts like rent and council tax, if they're on Universal Credit compared to legacy benefits.
- 2 in 5 people on Universal Credit receiving help from Citizens Advice to manage their debts have had no money to pay creditors.

Evidence from the The Department for Work and Pensions' evaluation of rollout for families also shows that people on Universal Credit are falling into debt - over 2 in 5 claimants said their rent arrears were due to problems with Universal Credit like the time taken for the claims process or communication and system errors.

The impact of this on people is huge. We've helped people who have rent arrears of over £1000 and have no idea how they are going to be able to afford to pay it back. Others who have never been in debt before claiming Universal Credit. People having to choose between rent, heat, electricity or food during the 6 week wait. We have seen clients who have lost childcare places and then had to stop working due to delays receiving their payments.

Advance Payments help but are only partially propping up a flawed system

We welcome the Government's decision to make Advance Payments more accessible to claimants. However this does not go far enough to fix the problems that people are experiencing. 52% of people receive advance payments and the Government want this to increase. This need for the majority to receive Advance Payments illustrates that people cannot cope with such long delays for their benefits and therefore that the 6 week wait is flawed.

Advance Payments aren't likely to be able to protect people from going into debt. They provide people with only 50% of a payment, which covers 2 weeks, and most people wait 6 or more weeks.

It's important to acknowledge that Advance Payments are a loan, which can exacerbate people's debt problems. The loan is deducted from your future Universal Credit

payments. The Government capped the amount that can be taken from people's payment at 40% for creditors, however this cap does not cover the advances. Therefore people can end up receiving substantially less than they were awarded to cover their ongoing costs.

1 in 5 wait longer than 6 weeks and support isn't available to fix this

The Department for Work and Pensions data shows around 80% of people are paid in full by the end of the 6 week period. The government cites that the reason for people waiting over 6 weeks is problems with verification of evidence or people not signing the claimant commitment.

Universal Credit is a people project, rather than an IT project. To be successful people must be supported to change behavior. Universal Support was designed to help people who are struggling to adapt to the new system. However it does not cover helping people who are having issues making a claim, for example because of problems with evidence verification or their claimant commitment. Publishing the minimum standard of support available and expanding the scope of Universal Support would help to reduce the number of people waiting longer than 6 weeks.

Pausing the roll-out would allow the government to focus resources on fixing the problems

We're disappointed the Government decided not to pause the roll-out of Universal Credit to fix its problems. Our evidence suggests the decision to accelerate its implementation - without having adequate fixes in place - has put tens of thousands more people at risk of debt and unable to make ends meet.

A pause would have allowed the Government to focus its resources on fixing the problems rather than resourcing the expansion and acceleration of roll-out. Now that rollout is accelerating we believe the government must take urgent action to ensure:

- no one is left waiting longer than 6 weeks without an income;
- those who need it get a payment within 2 weeks, which they do not need to pay back; and
- people have access to a minimum standard of support - which is shared publicly - to help them adapt to Universal Credit.

Key questions to ask:

- Citizens Advice research has found that over half of the people they've helped who receive Universal Credit were forced to borrow money while waiting for their first payment. Will the Minister ensure that those Universal Credit claimants who need it get a payment within 2 weeks, which they do not need to pay back?

- 1 in 5 claimants are waiting longer than 6 weeks to receive their full Universal Credit payment. What steps are the Department of Work and Pensions take to ensure that no one is left waiting longer than 6 weeks without an income?
- Universal Credit is a people project, rather than an IT project. To be successful people must be supported to change behavior. Does the Minister agree with me that publishing the minimum standard of support available and expanding the scope of Universal Support would help to reduce the number of people waiting longer than 6 weeks?
- The government has said that “under Universal Credit people are moving into work faster, and staying in work longer than under the old system.” However, this is based on analysis from 2015 of a very different version of Universal Credit - ‘live service’ - compared to ‘full service’ which is what people will end up on. We are not aware of any analysis undertaken since the cut to work allowances, which we’d expect to have a detrimental impact on getting people into work. Will the Minister confirm how he is assessing the performance of UC in full service areas?

Case study

Peter is 24, single, and has a serious heart condition. He lives in private rented accommodation. He recently became unemployed and was admitted to hospital. When he became unemployed, he had to apply for UC, and the six week wait meant he fell behind on rent. He was served an eviction notice by his private landlord, which has had a negative impact on his health. He also had to ask for a budgeting advance and this is now being deducted from his ongoing UC payments.

Giving UC claimants a payment within 2 weeks, which they do not need to pay back, would help people like Peter.

For more information contact Becky Ely on becky.ely@citizensadvice.org.uk, 03000 231 873