

Work and Pensions Committee Universal Credit update inquiry

Written evidence submitted by Making Every Adult Matter (MEAM)

March 2017

Introduction

1. Making Every Adult Matter (MEAM) is a coalition of Clinks, Homeless Link and Mind formed to improve policy and services for people facing multiple needs. Together the charities represent over 1,300 frontline organisations and have an interest in the criminal justice, substance misuse, homelessness and mental health sectors.
2. People with multiple needs face a combination of problems including homelessness, substance misuse, contact with the criminal justice system and mental ill health. People facing multiple needs are likely to live in poverty and experience stigma, discrimination, isolation and loneliness. It is estimated that 58,000 people face problems of homelessness, substance misuse and offending in any one year. Within this group, a majority will have experienced mental health problems.¹
3. We welcome the opportunity to provide evidence of the impact of Universal Credit for people facing multiple needs, and for organisations that work with them. Although only a few areas currently have Full Universal Credit,² we have received many examples of how the policy and operation of Universal Credit is failing people facing multiple needs. Our response focusses on these systemic failings, rather than errors of front-line DWP staff or of the wider welfare reform agenda, and provides examples from people who have direct experience of multiple disadvantages and people working on the front-line at member organisations, local authorities and partnerships working as part of the Fulfilling Lives programme.³
4. Evidence was gathered through a number of channels. Expert Link⁴ and Expert Citizens⁵ have worked with us to ensure the views of those with lived experience are included. Detailed responses have been received from staff working in member organisations of the issues faced working with the Universal Credit system.

¹ Hard Edges: Mapping Severe and Multiple Disadvantage in England (Lankelly Chase, 2015)

² See <https://www.gov.uk/government/publications/universal-credit-national-expansion>

³ For further information, see https://www.biglotteryfund.org.uk/prog_complex_needs

⁴ For further information, see <http://expertlink.org.uk/>

⁵ For further information, see <http://www.expertcitizens.org.uk/>

Telephone interviews were also held with staff working with people facing multiple needs through the Fulfilling Lives programme.

5. Given word count restraints this response focusses on a few key questions. MEAM and people involved in providing this evidence would be happy to elaborate further on any of the information provided.

Executive Summary

6. Despite only a small number of people currently receiving Universal Credit, people facing multiple needs are already being failed both at a policy and an operational level. This raises serious concerns for when Universal Credit is rolled out to all claimants in all areas.
7. Current waiting times for initial payments leave many people with multiple needs without access to basic needs such as food and heating. This may also exacerbate mental health issues. Current safeguards are not sufficiently publicised or implemented, and even when implemented have left people in long-term financial destitution due to unmanageable repayment schedules.
8. As Universal Credit is being paid monthly and in arrears, people are falling into rent arrears. Alternative Payment Arrangements are not routinely available or being implemented effectively.
9. As Universal Credit is only assessed once a month, this is not accurately reflecting people's entitlements.
10. The digital by default process presents barriers for people, particularly due to lack of access to IT facilities. This is particularly true for those in prison.
11. Although employment should be a long-term goal for those facing multiple needs it can take time and considerable support before some people are job-ready.
12. Universal Support services are not considered a priority for people who are already struggling with statutory services.

Questions

How long are people waiting for their Universal Credit claim to be processed, and what impact is this having on them?

13. People working on the front-line have generally reported waiting times of approximately 6-8 weeks for payments to be issued to claimants, though a day centre manager and staff working within the Fulfilling Lives programme have reported examples of claims taking longer.
14. Difficulty in starting a claim has been one cause of delay, with systems frequently crashing part way through an online claim. For example, an individual with very low literacy had to make five applications, with full staff support, before their claim was

registered. An initial payment was then paid after 8 weeks, with advice staff spending more than four hours navigating the Universal Credit payment process.

15. As many people facing multiple needs do not have significant or any savings, and sometimes have existing debts, waiting times are leaving people without enough money for food, fuel or to travel to health appointments.
16. Front-line workers have witnessed a sharp rise in people needing to contact the local council for hardship provision of fuel vouchers. As local councils can only assist once every 6 months, people are often left with no fuel whilst awaiting payments.
17. A day centre manager reported how the demand on their work providing services for vulnerable adults has increased, and that foodbanks are reporting their highest ever usage.
18. We have been told by people facing multiple needs how their experiences with the Universal Credit payment process, and the continuing financial hardship, have exacerbated their mental health symptoms to the point of significant distress. For example, an individual lost a huge amount of weight, suffered a severe flare up of a skin condition and was barely sleeping due to the stress and anxiety around their financial situation. Another individual with poor mental health who was recovering from substance misuse stated that they didn't like to think about what they would have done without the emotional and financial support of a Fulfilling Lives Service Coordinator.
19. The safeguards put in place for people waiting for payments under Universal Credit do not appear to be effective. Short Term Advances, which remain one of the only immediate protections against destitution following the abolition of Crisis loans in 2012, are not well publicised. Where these have been accessed, the operation of recovering the loan from three subsequent Universal Credit payments has also meant that people's income has reduced to such an extent that it was unmanageable. Some staff within DWP are not aware of, or publicising, their ability to recover Short Term Advances at a lower rate over a longer period, or temporarily delaying repayments.
20. Where people have a payment plan, once their arrears reach a certain amount the plan is stopped. Claimants are then expected to make their own arrangements. Claimants are not informed of this change in payment arrangement, which can lead to ongoing debt and difficulties in how people manage their finances effectively.

How are claimants managing with being paid Universal Credit monthly in arrears?

21. In addition to the delay in initial payments, people with multiple needs are struggling with the frequency of payment. In spite of the introduction of the Specified Accommodation Regulations in 2013, we have been made aware of cases where large rental payments are still being paid directly to claimants, leading to thousands of pounds worth of unnecessary and entirely avoidable overpayments and people being served notice.

22. Receiving large sums can lead to the money being used for substances and relapse. We have also heard of instances where vulnerable people are taken advantage of by others who realise they currently have an influx of cash.

23. A drop-in advice centre reported that where people receive a large sum once a month, they are often accessing their organisations for food parcels to survive the final week or two waiting for a payment.

Has Universal Credit improved the accuracy of payments?

24. As Universal Credit only works out what people are entitled to once a month, payments are not accurate for people whose needs, housing situations and health can all change quickly. For people who have lost their accommodation suddenly it can take a while before the system works out what they should be getting.

25. Where employment patterns straddle the month's cut-off, people are left with very little money to survive. For example, we heard of a young person doing temporary jobs who was paid a week in hand. This fell into a month's calculation, resulting in a monthly payment of £9 a month to cover 8 weeks without any income.

26. When applying for Universal Credit, confusion over how to respond to the question relating to people's housing situation has led to some people living in supported housing missing out on what they're entitled to.

27. Advice services have provided us with a number of further examples faced by people facing multiple needs:

- People being sanctioned inappropriately despite medical evidence of depression and anxiety.
- Direct payments being made to landlords three weeks after payment journal record claims payments have been made.
- Medical assessments required to put someone on the correct element of Universal Credit after break in ESA claim were delayed by 6 months. The claimant attempted suicide twice during this six month period, citing lack of money as a significant contributing factor.

What impact is Universal Credit having on rent arrears, what effect is this having on landlords and claimants, and how could the situation be improved?

28. Delays in the housing cost element of Universal Credit have led to people falling into arrears and being served notice.

29. Debt accrued through the time taken to process Universal Credit payments and the fact they are paid a month in arrears, has led people to spend money on their most immediate needs, such as food and fuel, rather than rent.

30. Delays in processing payments have meant that many people in supported accommodation are unable to move on. This is because many of the housing options organisations such as emergency night shelters use, such as private rented schemes, require someone to have a processed benefit claim to secure a tenancy agreement.

31. The level of deductions taken from Universal Credit for debts accrued such as social fund repayments, benefit over-payments and bills can be up to 45% of the amount payable. This is un-manageable for people who are usually in debt already, due to waiting 6-8 weeks for an initial payment of Universal Credit.
32. The requirement for people to pay rent as standard, rather than having their landlord paid directly, is a problem for people who have difficulty managing money, for instance because of a drug or alcohol problem.
33. There is a lack of effective support available for claimants experiencing multiple and complex needs to make and manage their claims. Managing claims is extremely difficult given delays in processing payments, arranging STA's and their recovery, and paying housing costs.
34. A case worker in a supported housing provider, who are working with a large number of private rented landlords to secure move on, told us that these landlords do not want tenants on Universal Credit due to issues with housing payments (i.e. not being paid directly and high probability they will fall into arrears). This in turn makes it less likely that supported housing providers will be able to move people facing multiple needs into other accommodation, thereby diminishing the availability of their service. The high levels of arrears are leading to some supported housing providers to question whether they can continue to function as a provider.
35. A hostel told us how they have previously been part of a third-party deduction scheme, where clients pay their service charge directly to the provider. In 3 years, with around 200-250 residents per year, they have had no eviction solely due to service charge arrears for legacy benefits claimants as such a scheme prevents it from happening. Now, with only a handful of Universal Credit claimants, they already have already had one eviction due to service charge arrears. Although there is the option to put claimants on a similar scheme in Universal Credit, they can only do so once they have accumulated 2 months' worth of service charge arrears.
36. A supported housing provider has witnessed all the people they work with increasing rent arrears, it is clear that there is a decreased income for landlords.

Recommendations

- 37. Remove the one week Waiting Days penalty at the start of a claim. Although Waiting Days exist in Job Seekers Allowance claims they do not in the Housing Benefit system, which constitutes a huge real-terms reduction for those living on subsistence incomes.**
- 38. Allow claimants to choose to have their Standard Allowance Universal Credit claims paid fortnightly.**
- 39. Allow tenants to choose to have their Housing Costs paid directly to the landlord. This would be cost-neutral and empower tenants to make the decision, not their landlord**

or the DWP. The Communities and Local Government Select Committee have advocated⁶ a widening of this choice for vulnerable tenants, which could reassure both landlords and claimants themselves.

40. All Alternative Payment Arrangements should be implemented if required at initial point of making claim. Claimants should not be forced into arrears for two months before the option is available.
41. Allow Universal Credit to be assessed more often than once a month. Since some people stay in rented accommodation for less than a month, or move in the middle of the month, the benefits system should reflect this.
42. Develop a clearer procedure for landlords to facilitate Alternative Payment Arrangements payments from monthly payments to fortnightly payments. This should include DWP identifying an Alternative Payment Arrangements officer or easily accessible contact point who could fast track requests.
43. Publicise alternative payment arrangements nationally within DWP, local authorities, housing associations and other relevant agencies.
44. Ensure the recovery of Short Term Advances is manageable through delaying or recovering at a lower rate over a longer period than the default three months.
45. Monitor and report the uptake and recovery of Short Term Advances to encourage transparency and ensure they are widely publicised.

Would certain groups benefit from greater payment process flexibility and, if so, what might the Government do to facilitate it?

46. Current aspects of the payment process are too big a step for some people with multiple needs to manage successfully.
47. The digital by default process for arranging payments assumes that all claimants can use and have access to the necessary IT facilities to manage their claims. This is not the case for many people facing multiple needs, for instance people awaiting resettlement from a prison. We have heard examples where people have been released from prisons without having been able to set up a claim.
48. People with multiple needs will not always possess the requisite skills to undertake the process of claiming Universal Credit online. Further, people with cognitive impairments, or who lead chaotic lifestyles, can also experience problems remembering basic information, including passwords. For those who are unable to rely on support from family, friends or outside help these issues take on increased significance, and if unaddressed they will have potentially serious consequences on peoples' abilities to maintain their claims.

⁶ Implementation of welfare reform by local authorities (Communities and Local Government Committee, 2013)

<https://www.publications.parliament.uk/pa/cm201213/cmselect/cmcomloc/833/833.pdf>

49. It is not generally possible to complete the online application for Universal Credit without being able to enter bank account details, and people are being advised that there is no way of proceeding with a claim without a bank account. This significantly excludes homeless people and some people in prison who frequently do not have bank accounts and struggle to open one because they cannot provide proof of address and often have limited forms of identification.
50. Many people with lived experience are reporting fear of the new process. In its current form, Universal Credit runs the risk of people facing multiple needs completely disengaging with it, and turning to other avenues to meet their basic needs.
51. Flexibility is paramount for people facing multiple needs. However, some safeguards, such as Short Term Advances and Alternative Payment Arrangements are already available and are currently not fit for purpose.
52. A barrier to accessing flexibility in payment processes is the reliance on the relationship between the claimant and the life coach, with the onus on the individual to resolve any issues. It is now more difficult for support staff/housing officers to support customers due to the requirements for all information to come from the customer themselves. Disclosing support needs to work coaches at the initial appointment is a concern and people are reporting finding this very difficult: for example disclosing mental health issues, domestic violence, substance misuse, or explaining a criminal record can be very distressing without the right support.

Recommendations

53. Safeguards, such as Short Term Advances and Alternative Payment Arrangements should be more widely publicised and implemented effectively. Third party agencies should be involved in ensuring these are appropriate for people facing multiple needs.
54. How people facing multiple needs access the digital by default process needs to be reconsidered, using insight from people who have lived experience and the practitioners supporting them. At a basic level, the option on the online claim form to provide bank details at a later date, which would allow people to try to open a bank account whilst the claim was being processed, should be reinstated. Although Universal Support aims in some ways to mitigate the digital by default process, it is not clear from the current trials that it is doing this adequately.

How well is Universal Support working, and how could it be improved?

55. A stated aim of Universal Support is to provide tailored support for claimants with complex needs to make and sustain a claim. This is welcome as people facing multiple needs require a much more gradual exposure to Universal Credit.
56. While the aim of Universal Support is to make and sustain a claim, in practice much of the support practice retains a focus on the journey to employment, for example through money management meant to mirror the receipt of a monthly salary.

Although employment can remain a long-term goal for people facing multiple needs, money advice and digital support services are not a priority for people who are already struggling with statutory services and attending other appointments such as drug and alcohol recovery and probation. Further, literacy skills may need to firstly be developed before these services can effectively support individuals.

57. Broader services that people are being linked to, such as housing options, have also not been tailored for those facing multiple needs.

58. Other support services are also being put under an increasing strain as front line staff are spending an increasing amount of time supporting claimants with Universal Credit claims which deters them from other work to support individuals fulfil their lives.

Recommendations

59. The aim of Universal Support to make and sustain claims should be considered on a gradual scale. The frequency of appointments and checks on people's readiness should be developed in line with supporting agencies, which will lead to reduction in costs for DWP.

60. Effective, indefinite Alternative Payment Arrangements should ensure the management of Universal Credit is tailored to people facing multiple needs

61. Services developing literacy skills need to be joined up effectively with other services provided under Universal Support.

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