

Calling for a halt to Universal Credit



A Citizens Advice Scotland briefing for key stakeholders

July 2017

Summary

- > **Citizens Advice Scotland is calling for a freeze in the rollout of Universal Credit.** We are calling for the freeze so serious policy and administrative issues can be addressed, to ensure that the positive principles behind Universal Credit can be achieved.
- > Full Service Universal Credit has only been rolled out in a small number of areas so far. However, an accelerated rollout will take place from October that will see all areas in Scotland online by the end of 2018.
- > Issues with Universal Credit are already affecting thousands of people in Scotland; we believe a freeze in the rollout is necessary to sort out these problems before they potentially affect hundreds of thousands.
- > **Universal Credit** is the most ambitious change to the social security system since its establishment. The benefit will replace six working-age benefits, and will eventually be received by over 652,000 families/households in Scotland and up to seven million across the UK. It aims to support people in a range of different circumstances – in work, out of work, in sickness and in health, when single, with children, and in a range of situations where they are vulnerable and in need of financial support.

Key recommendations

- > The government should pause plans to accelerate the rollout of Full Service Universal Credit until key problems are addressed.
- > The government and DWP should reduce how long people have to wait for their first payment.
- > The DWP should resolve administrative issues, so that people are never left with no income due to official error.
- > The DWP should make more support available to people making claims.
- > The DWP should provide other means of communication for those unable to manage a claim online.

Key statistics

Evidence from Citizens Advice Bureaux in Scotland has shown that people (including those with young families or who are living with disabilities), are experiencing a significant impact on their finances and wellbeing as a result of the six-week wait for payment at the beginning of every Universal Credit claim. Bureaux in the Full Service rollout areas for Universal Credit have reported substantial increases in advice being given on both Crisis Grants and food banks and food parcels.

Evidence from five bureaux in Full Service Universal Credit rollout areas has shown an average of:

- > **A 15% rise in rent arrears issues compared to a national decrease of 2%**
- > **An 87% increase in Crisis Grant issues compared to a national increase of 9%**
- > Two of those five bureaux have seen a **40% and a 70% increase in food banks advice, compared to a national increase of 3%**

Citizens Advice Scotland research published earlier this year found that 22% of the public have no savings to fall back on, while a further 24% had less than two months' income¹. We have serious concerns that the six-week wait will hugely impact those without savings to back them up.

What is Full Service Universal Credit?

Universal Credit is available everywhere in Scotland, but most often as **Live Service**. In Live Service areas there is a long list of gateway conditions which preclude many people from claiming. For example, if someone has health conditions, caring responsibilities, or is living with their partner, they are unable to claim Universal Credit in these areas, and will instead be referred to claim the old 'legacy' benefits of Jobseekers Allowance, Income Support, Employment and Support Allowance, Housing Benefit, Child Tax Credit and Working Tax Credit.

In a few areas Universal Credit **Full Service** has been introduced. In those areas all those eligible can make a claim, and the gateway conditions have been removed. East Lothian was the first local authority in Scotland to go to Full Service in March 2016, followed by Inverness at the end of June 2016. At the time of writing, there are only seven Full Service areas across Scotland, namely: East Lothian, Inverness, East Dunbartonshire, Inverclyde, Midlothian, Clackmannanshire and Stirling, but the rollout continues throughout 2017, with significant expansion in October.

1. Pushing people into crisis

Universal Credit requires clients to wait six weeks before receiving their initial payment. The six-week period is comprised of an initial seven ‘waiting days’, where a claim has been successful, but the claimant is not entitled to any award. This is followed by an assessment period of one month, which determines how much the claimant should be paid. Then, after a further seven days, the claimant will receive their first payment in arrears.

Citizens Advice Scotland evidence has shown that this lengthy period without any benefit can lead to the accumulation of rent arrears and clients being unable to afford food and other essentials. In some cases, these clients need to apply for emergency support such as Crisis Grants and food parcels to meet their immediate needs. During this period, claimants can apply for an advance payment of their Universal Credit to help them manage financially during the six-week wait, but these advance payments are recovered through direct deductions from the claimant’s first and subsequent benefit payments, meaning that claimants must manage on a reduced income for an even longer period.

Citizens Alert:

- An East of Scotland Citizens Advice Bureau reports of a client who was unemployed, living with her partner in council rented accommodation, with two children aged eight and nine. She phoned to request a Food Bank referral. Their first Universal Credit payment of £574 had been received, but this was 50% of the usual amount as an advanced payment had been requested on application. Additionally, their rent of £319 had been deducted, leaving them with little to live on for the following month. The client had also applied for a Crisis Grant from the Scottish Welfare Fund but had not yet had a reply.

2. Excluding the most vulnerable

Universal Credit is designed to be ‘the first truly digital welfare service’.² Once Universal Credit is fully rolled out, the DWP’s expectation is that “users will be able to make a claim, check details of payments, notify changes of circumstance and search for a job through a single account, making digital the primary channel for most working-age people to interact with the Department”.³

Citizens Advice Scotland has previously published findings from client surveys which asked questions around whether clients could use a computer; their ability to make an application for a benefit online; and their ability to apply for a job online. In early findings from our most recent survey of 560 bureaux clients seeking advice on benefits in June 2017, only a quarter of clients said they could complete a form on their own online without any problems. As many as a third (32%) said that they would not be able to complete an online form at all and a similar proportion (32%) said they would only be able to do it with help.

Citizens Advice Scotland is concerned that Universal Credit is excluding some of the most vulnerable citizens who do not have the digital skills or access to digital devices to manage their claims online.

Citizens Advice Scotland believes that rather than supporting people into work, **Universal Credit is pushing people into crisis.**

3. Problems with administration

There are clearly issues with administration of Universal Credit in its current form. Citizens Advice Scotland carried out a thematic analysis of 140 cases in which people had sought advice on Universal Credit from a six month period – October 2016 to March 2017 – sent from five Citizens Advice Bureaux in Universal Credit Full Service areas in Scotland. Of those cases, 64 (46%) - almost half - showed evidence of administrative issues including poor communication, administrative errors, difficulty using the Universal Credit helpline, delays in payment and issues associated with the new online journal.

In some cases, delays and errors lead clients to experience periods of no income, or reduced income. Additionally, there were a number of examples of clients trying to resolve these issues by sending messages to the DWP via the online journal, but receiving no reply, or trying to phone the helpline and being left on hold sometimes for as long as an hour.

! Citizens Alert:

- An East of Scotland Citizens Advice Bureau reports of a client with memory problems who was struggling to cope. He had not yet received his UC payment and had no money for essentials. He wished to make an application to the Scottish Welfare Fund for a Crisis Grant. The adviser thought it would be best to make an application for an advance payment instead. However, when the adviser called the helpline, the wrong information was given regarding the client's entitlement to an advance Universal Credit payment.

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Citizens Advice Scotland (The Scottish Association of Citizens Advice Bureaux, Scottish Registered Charity SC016637, company limited by guarantee 89892)

About the Citizens Advice service in Scotland

Citizens Advice Scotland, our 61 member Citizen Advice Bureaux, the Citizen Advice consumer helpline, and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. Our self-help website Adviceguide provides information on rights and helps people solve their problems.

In total, more than 300,000 people receive advice on over one million issues each year, with our self-help website receiving over four million unique page views in Scotland alone, helping people to address their own issues and queries.



¹ Citizens Advice Scotland, Living from one Payday to the Next, May 2017 <http://www.cas.org.uk/publications/living-one-pay-day-next>

² Digital Strategy – Department for Work and Pensions, December 2012

³ Ibid.