



# Work and Pensions Committee

## Oral evidence: Universal Credit: the wait for first payment, HC 204

Wednesday 10 June 2020

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Members present: Stephen Timms (Chair); Debbie Abrahams; Shaun Bailey; Steve McCabe; Nigel Mills; Selaine Saxby; Dr Ben Spencer; Chris Stephens; Sir Desmond Swayne.

Questions 1 – 41

### Witnesses

**I:** Emma Revie, Chief Executive, Trussell Trust; Tom Lee, Senior Policy Analyst, Child Poverty Action Group; Iain Porter, Social Security Partnerships and Policy Manager, Joseph Rowntree Foundation; and Minesh Patel, Principal Policy Manager, Citizens Advice.

**II:** Jennifer Harrison, Head of Policy and Public Affairs, Changing Lives; Gemma Hope, Director of Policy, Leonard Cheshire; Peter Tutton, Head of Policy, Research and Public Affairs, Step Change; and Mark Gale, Policy and Campaigns Manager, Young Women's Trust.

Written evidence from witnesses:

[Trussell Trust](#)

[Child Poverty Action Group](#)

[Joseph Rowntree Foundation](#)

[Citizens Advice](#)

[Changing Lives](#)

[Leonard Cheshire](#)

[Step Change](#)

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## Examination of witnesses

Witnesses: Emma Revie, Tom Lee, Iain Porter and Minesh Patel.

Q1 **Chair:** I warmly welcome everybody to this meeting of the Work and Pensions Select Committee. It is the first public evidence session in our inquiry on Universal Credit and the wait for a first payment. I am particularly grateful to all the witnesses who have joined us this morning. For the first panel, I am going to ask each of the four panellists to introduce themselves very briefly.

**Tom Lee:** I am Tom Lee. I am a senior policy analyst at Child Poverty Action Group.

**Minesh Patel:** My name is Minesh Patel and I am principal policy manager at Citizens Advice. For those of you who do not know who we are, we are made up of our national charity and 270 local offices.

**Iain Porter:** Good morning. I am Iain Porter and I lead on social security policy at the Joseph Rowntree Foundation.

**Emma Revie:** Good morning. I am Emma Revie, the Chief Executive of the Trussell Trust. The Trussell Trust is a network of 1,250 foodbank centres across the United Kingdom.

Q2 **Chair:** Thank you all very much for joining us. I want to ask the first couple of questions. Before the current crisis, the headline rates of Universal Credit and legacy benefits were the same. What I want to ask you about is claimants' experiences, how those experiences differ between the legacy benefits and Universal Credit. My first question is specifically to Minesh at Citizens Advice. You have reported that people on Universal Credit are more likely to be behind with their housing costs than people in otherwise comparable situations on legacy benefits. I think I saw the figure last year where you were suggesting that 40% were behind if they were on Universal Credit compared with 23% on the legacy benefits. Can you tell us a little bit about that finding and why you think there is that difference?

**Minesh Patel:** Thank you for the opportunity to give evidence today. We did some research last year that looked at the experiences of people on benefits that had been frozen, so this was prior to the changes this April with uplifting benefit rates. Within that research, we found that around half of people on frozen benefits were struggling to meet essential costs.

When we started to break that down in terms of looking at people on Universal Credit and looking at people on frozen legacy benefits, we saw quite a stark difference. The figure you mentioned there, Stephen: we saw around two-fifths of Universal Credit claimants struggling with rent and mortgage payments compared with 23% of people on legacy benefits.

There will be a range of factors here, but we think the five-week wait for Universal Credit is often a contributing factor to people being unable to make ends meet, to meet essential costs. With people we support at



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Citizens Advice, often we are seeing people who are already facing financial difficulties. They may have lost their job, they may have had a relationship breakdown, and then having to go for five weeks without any money can be really challenging.

We did some research with our clients in April. This was a pool of 377 clients, and we found that less than a third of people in this group had enough money or savings to meet essential costs. We also looked at the picture more widely and, in some national polling we did, 500 people had applied for Universal Credit, over half had experienced some sort of financial hardship. That may have been having to borrow from friends or family or, again, falling behind on essential costs. While we know advance payments are available and can be useful to tide people over, it is still a debt that people have to repay further down the line. For clients who are already struggling, this can be a big challenge.

Particularly in the context of coronavirus and the current pandemic where we have seen a huge surge in Universal Credit claims, where we can see further peaks with changes to things like the job retention scheme, we think there is a strong case to look at advance payments and turning them into non-repayable grants temporarily or to look at how deductions are taken from somebody's payment. We saw similar pauses on deductions for things like legacy benefit overpayments, for instance. We think there is a case to look at how deductions are taken for advance payments in the current context, but we think the five-week wait is often a big factor in that difference between the experiences of legacy benefit payments and Universal Credit.

**Q3 Chair:** This may not be possible to answer, but are you able to give some indication of how large a chunk of your caseload is accounted for by these difficulties associated with the five-week wait?

**Minesh Patel:** The biggest issue that we are dealing with at the moment is the initial clam for Universal Credit. It is still a big area where we are seeing and supporting people. We are delivering our Help to Claim service as well. Through that service, we make sure that we support people with getting the right advice and support in making a claim for Universal Credit. It is one of the big issues that we are dealing with within Universal Credit in terms of that five-week wait, but we are also seeing problems further down the line with accumulating debt.

**Q4 Chair:** Can I put a similar question to Emma at the Trussell Trust? You have also reported that people on Universal Credit are quite a lot more likely to need a foodbank than people in otherwise comparable situations on legacy benefits. Can you tell us about that and, again, why you think that is?

**Emma Revie:** Our most recent analysis at the end of last year showed that, in areas where Universal Credit had been rolled out for 12 months, we saw a 30% increase in foodbank use. Within that analysis we also collated data from the Riverside Housing Association, and that reinforces



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the information that Minesh has just provided. What they showed was that for tenants on Universal Credit they saw a 42% increase in rent arrears compared with those on Housing Benefit seeing a 20% reduction in rent arrears between 2015 and 2019.

We also commissioned a piece of research with Heriot-Watt University, which looked at our foodbank data over the last eight years and also collated data from DWP and ONS. Our analysis shows that those claiming Universal Credit rather than legacy benefits were far more likely to need to turn to a foodbank, with 27 more parcels distributed per 100 people on Universal Credit than on legacy benefits. Although, as Minesh said, we cannot say that that is entirely down to the five-week wait, we know that this is a significant contributing factor as to why people on Universal Credit are more likely to come to foodbanks than those on legacy benefits.

What is clear from charities across the sector, and also from changes that Government have made over the years since 2013 when it rolled out, is there is generally a recognition that this five-week wait causes acute hardship. We know from the qualitative research we have done, speaking to people at foodbanks who have gone through the five-week wait, they are really clear, whether they have taken an advance loan or not, that it has caused acute and immediate financial hardship, with many experiencing destitution, whether that be having to skip meals, not being able to afford their heating, being at risk of eviction or facing homelessness and increased indebtedness. We also saw very clearly that, for many people, this caused increased physical hardship and mental hardship, with many people saying it caused severe stress on families and friends.

People are telling us very clearly that the five-week wait causes severe hardship. By reducing that wait from six weeks to five weeks, introducing advance payments and, now, looking at reducing the cap on repayments and extending the period of time over which people can make those repayments, it is clear that there is recognition from Government that, even with advance payments being put in place, there is severe hardship being caused and something needs to change. For us, as we come into this period of crisis during Covid, where we in April saw an 89% increase in the number of people coming to foodbanks, we need to do something more significant during this period of time. As we have recognised that there is an issue with the five-week wait and as more people come on to Universal Credit, we would be calling for a suspension to deductions of repayment of advance payments or, in fact, the five-week wait being covered by a non-repayable grant to help people during these three months particularly.

**Q5** **Nigel Mills:** Minesh, you mentioned the Help to Claim service that the CAB provides. Has that helped with these issues at all, or has it not made any particular difference to the problems people suffer with the wait?

**Minesh Patel:** Our Help to Claim service will support people up until they have received their first payment of Universal Credit, and within that we will provide support with every stage of the application process, with setting up an online account, with gathering evidence. As part of that, we



will make clients aware that advance payments are available, and advisers will talk to clients to help them prepare for their first payment and, for instance, to request things like the alternative payment arrangement. The service we are providing is very much around making sure people have the right information, support and advice in order to prepare for moving on to Universal Credit, but I would not say that that has necessarily reduced the detriment that people can face as a result of the five-week wait. That is a broader issue that needs to be tackled to get money to people quicker.

**Q6 Nigel Mills:** One issue the Department always said caused delays was claimants not putting in the right information or not doing everything on a timely basis. Does Help to Claim at least mean that the five-week wait clock starts ticking much earlier, rather than there being a wait for more accurate information to turn up?

**Minesh Patel:** I think the service is definitely useful in that respect to make sure people can fill out their forms correctly and understand what information is required. What we have seen is that, for the most part, the majority of claimants, particularly in this period, have been getting their payment on time. We think DWP has been doing a good job in the current circumstances with coronavirus of redirecting resources and processing claims.

We are picking up a couple of cases where people are waiting beyond five weeks, and that can be where, for instance, their claim was not completed correctly or where they may have had incorrect information from DWP or their claim was closed. For the most part, we think it is positive that claims are being paid on time, and we think the Help to Claim service is useful in that respect, but there is still a need to tackle the five-week challenge people can face in terms of not having enough money to get by on.

**Q7 Nigel Mills:** In your experience, when you have provided this service, do people get the right amount of money when they get their first payment, or is this a problem to resolve after that?

**Minesh Patel:** For the most part, people are getting their payment on time. For us, there is a bigger question as to what the experience is for clients after they have received their first payment. While clients might take up an advance payment, and we would support them to make sure they have the full suite of information as to their options available, what we are worried about is the debt this can present people further down the line.

We carried out some research last year that found that people who took out an advance payment were more likely to fall behind on rent, have to borrow in other ways, say from friends or family or from a commercial lender, than those who did not take up an advance payment. In terms of the service and getting people to the point of getting full payment on time, the service has been useful and we have seen nine out of 10 people report satisfaction with the service, but there are bigger issues beyond that that need to be addressed.



Q8 **Nigel Mills:** Thank you, but my question is whether or not they get the right first payment after the five-week wait. Are they getting an accurate amount of money when they get their first payment, or are they having to have it corrected later on down the line?

**Minesh Patel:** What we are seeing with our most recent data is that most people are getting their payment accurately and on time, which is positive. We think that DWP has been taking some good steps there, particularly with the surge in Universal Credit claims, but we are still concerned around the five-week wait and debt further down the line for many of our clients.

Q9 **Chris Stephens:** Welcome to the panel. I will start with my compatriot Emma at the Trussell Trust. Thank you for everything you are doing, and all the other organisations, of course.

We know there are people who are not paid within five weeks; they are having to wait longer, late payments. What I am trying to establish from all the panel members is what impact that has on the people you support. Are there particular reasons for those late payments, and are there any particular groups to which late payments are being made, such as people who are waiting for a work capability assessment or something like that?

**Emma Revie:** We do not record information as to whether people have had a delay beyond five weeks for their initial payment, but what we do know from our research is that that five-week wait, in and of itself, is too long and causes immediate hardship. The types of hardship that we hear from people who are coming to foodbanks, one is obviously not having enough money to cover food, but that is just one aspect of it. Invariably, it also means they are experiencing other attributes of destitution, so being unable to afford household bills, facing eviction from their properties or facing homelessness, and also significant increased indebtedness in order to bridge that gap.

We also find similar issues with people who are taking an advance loan to bridge that gap. It is just pushing the hardship further down the line, and people are, therefore, over a longer period of time we are finding that their benefits are not quite covering the cost of essentials. That is causing them to have to come to foodbanks as well.

Although we do not hold data on any delays or operational issues with people getting their payment in time, what did come through very clearly in our Heriot-Watt research was that, for people who had received their payment on time and within five weeks, they were clear that it was still to them a delayed payment. Claimants feel that just receiving their first payment, as per the process, still feels like a delayed payment because it has caused that level of hardship during that period of time.

Q10 **Chris Stephens:** Tom, I am very keen to hear from the Child Poverty Action Group in relation to late payments, and particularly if there are particular groups who are being affected.



**Tom Lee:** We have our early warning system, which collects and analyses cases from welfare rights advisers from across the UK. Broadly speaking, there are two ways in which people will wait longer than five weeks. One is where the initial claim was refused, as Minesh mentioned. A large share of our cases through the early warning system can refer to that. It can be very hard to complain about this decision. The mandatory reconsideration cannot be made online for the initial claim. You either have to call the phone lines or submit a new claim and then submit the mandatory reconsideration. We find here that EU nationals are often incorrectly refused at the first time of asking and then they have to apply again.

There are also claims that go through but the full payment is not received on time. This is a minority of cases. People moving over from ESA are particularly likely not to receive their full payment on time due to considerations about the work capability assessment and disability premium.

Q11 **Chris Stephens:** Iain, obviously there will be some research that the Joseph Rowntree Foundation has carried out, so I would be very keen to hear from yourself.

**Iain Porter:** Yes, the Joseph Rowntree Foundation has undertaken numerous bits of research over the last few years directly with claimants of Universal Credit and hearing about their experiences. Just to reiterate, the long wait for the first payment is one of the biggest issues that has come up time and time again, consistently. It is always there. Even in our most recent research, it is still a big problem. We have two more studies with Universal Credit claimants about to be published, probably in the next month, where again this issue of the long payment is still there.

I would like to pick up on Minesh's and Emma's points about advance payments, because the Government would say that essentially they have solved the problem of the initial wait by giving people advance payments. We are also about to publish more research from a big poll of claimants. We have polled 3,000 claimants on both Universal Credit and Child Tax Credit. These are all families with children. We will be publishing soon. One of the things we asked Universal Credit claimants, of which there are 1,500 in the poll, was about the advance payments. This recent polling suggests that, of the people who have taken an advance, which is most claimants now, 70% of those claimants said they faced difficulties as a result of taking out that advance—difficulties repaying that advance and the knock-on impacts on their finances long after that initial five-week wait period—and 30% faced significant difficulties. The polling indicates that there is not a huge difference between the new claimants who have been claiming during the pandemic and claimants before that in terms of those percentages who say they are facing difficulties as a result of taking an advance.

That is just to reiterate the point that this is still a problem. It has been a problem throughout our research on Universal Credit, and initial indications from our polling during the pandemic era are that people are still facing problems as a result of taking out an advance. It is one of the biggest



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impacts of this long wait. It is not that there is this small period at the start of their claim where people have problems. It actually sets people up for a lot more problems that continue after that period. Lots of people take on debt. Even if they do not take an advance payment, they end up borrowing elsewhere, from friends and family or credit cards, for example.

If I may, I will read something from a recent claimant, who said, "As a result of the five-week wait, I had to fall back on a credit card that I never wanted to use in the first place and I am still paying interest. I can't even get to pay it off because the interest is quite high, so if you pay the interest you just never get to pay the money itself. It's so depressing, but I had to use it at the time because I was so backed up with bills."

Claimants tell us they really do not understand why. At the point where a lot of people are facing turmoil and turbulence, particularly now in this pandemic, people are coming to this great public service that we have in the social security system looking for it to provide that anchor against these shocks they are facing, the storm of the pandemic and other shocks that people face. It does have the potential to do that. We find across our research that Universal Credit has the potential to be that anchor against people falling into hardship, but some of the design flaws—and this initial wait for the first payment is one of the big flaws—mean that at that transition point, at the point where people are most vulnerable, the system is not working and is actually adding more turbulence at that point.

Just to finish that point, there are lots of claimants for whom Universal Credit causes problems because, fundamentally, it pays them less than, say, under the previous system. That may be a separate issue, but the five-week wait really is a problem of transition. It is people who are facing shocks. They need that anchor to support them at that time, but this design flaw adds turbulence at an already turbulent time. We can fix that. That can be redesigned to make it that proper anchor at that point of turbulence for people.

**Q12** **Chris Stephens:** I know my colleagues Mr Swayne and Mr McCabe will pick up the issue of advances in particular, but given what you have said, is there a point in the process when you believe that—particularly in relation to someone who is not going to get a payment within five weeks, it is going to be a late payment—either a grant or an advance payment should be automatic for someone who is facing a late payment?

**Iain Porter:** Yes, we have found a number of what we call challenge factors in recent research, specifically at that point of moving to Universal Credit. A longer delay than the five weeks is one of those challenge factors that people face. Others, for example, might be that they are already backed up with bills or in debt, they do not have any savings or they are facing other issues. There is certainly a case that, as a short-term solution, some form of non-repayable grant up front is an essential solution.

If the Government were not able to or did not want to provide a non-repayable grant to people more broadly, then they could, of course, look





at various ways of targeting that. We have set out various options, different levels of costs and different levels of targeting, for which it would be up to the Government to decide what their appetite was. Certainly, you could use factors such as whether they are likely to face a longer delay than just the five weeks for some reason. Whether they have already been delayed in making that claim in the first place would be another factor.

It is worth pointing out that the five-week clock starts from the point that someone is able to hit the submit button on their claim, but a lot of claimants we speak to tell us they have had a long wait. People have told us about waiting for seven weeks, 10 weeks, 12 weeks, and that is because for them something has happened, a shock has happened, they have tried to claim, they have gone on and they may have opened their Universal Credit digital account, but it has taken them maybe two weeks to get from that point to submitting a claim for various reasons. Some may have technical problems with the system, or they may not have the correct documentation. Others are access problems. They cannot get online. They are relying on libraries or getting to the jobcentre physically, often travelling distances to make those claims. That adds to the wait at the beginning.

So, there is definitely a case that that is another factor that you could look at, how long people are taking even to submit their claim in the first place. Lots of people take time even to get to starting that five-week wait clock, so to speak.

**Q13 Chris Stephens:** Minesh, thank you for the work you are doing in the Glasgow South West constituency. Citizens Advice has been great. Have you picked up in your research the impact on particular groups, and do you believe that at some point in the process, particularly for someone facing a late payment, a grant or an advance should be automatic?

**Minesh Patel:** To reiterate some of the points that have been mentioned already—

**Chair:** Briefly if you would, Minesh.

**Minesh Patel:** Sure, yes. Some of the reasons we are seeing where people may have been waiting for longer than five weeks may be where there have been technical issues or where their claim was closed, for instance. People may struggle with making a claim, with things like not having digital access or struggling with the verification process, which can take longer to make a claim for Universal Credit. One of the things we have been calling for, beyond making advances into non-repayable grants temporarily, is to get a payment to somebody at two weeks. We think this could be done by having a similar backdated assessment to the current Universal Credit set-up so that people can get a portion of what their Universal Credit payment will be at two weeks so that they can soften the five-week period while they wait for their full Universal Credit payment. Those are just some of the mitigations we have been thinking about in relation to the five-week wait.



Q14 **Sir Desmond Swayne:** Post the 2017 Budget, Citizens Advice produced some evidence that showed advances were making a measurable difference. There was a significant reduction in people falling behind with their bills, a reduction in borrowing and a reduction in those people doing without essentials. On the beneficial impact of an advance, to what do you attribute the reduction in the proportion of those people now seeking an advance from almost 70% to, post-Covid-19, halving that down to just over 30%? Why has that arisen?

**Tom Lee:** I think a key reason is that the survey evidence we have so far is that new claimants, because of Covid, are more well off than existing claimants. Because the five-week wait is a cash flow issue, if you have savings to cover the initial gap, then you can use that and not see a reduction in your future entitlements. The proportion of people with enough savings to tide over is higher among the Covid cohort.

**Iain Porter:** Obviously, the point that Tom makes is probably correct. Evidence so far is that the new claimants during the pandemic probably have higher resources to fall back on, other than needing to take out debt to get through the five-week wait. We did some modelling work with Policy in Practice late in 2019, just before the pandemic, and that showed, for example, that around nine in 10 people who are still yet to move on to Universal Credit over the remaining period of the rollout will have insufficient savings to get them through that five-week wait. Of those, around 15% will have insufficient savings and already be behind on bills and in debt. That set out what the picture was, what we were expecting for the remaining rollout, that people do not really have those other financial resources and savings to fall back on. It does seem the case that probably the new cohort since the pandemic are probably likely to be coming from jobs with higher earnings and have more resources to fall back on.

I would just say that this is still early days in terms of the data. I know the DWP data on the advances is still quite early. It may well be that we see the drop in percentage of people taking up advances is not quite as big a gap as the initial data show because there is a delay, basically, in people taking out advances. If you compare the number of people who take an advance as a proportion of the number of people who claimed, when we have had this big peak in claims and there is a delay in those new claimants taking an advance and how it is recorded, that will tend to push the percentage down, push that headline proportion down. As we have had more and more of the recent management information data from DWP, we have seen that the gap is falling between take-up of advances before and take-up after. The polling we have just done at Joseph Rowntree Foundation, which I referred to earlier, indicates not quite as big a gap. There is a reasonably high proportion of people taking out advances even post-Covid, but certainly the direction is right, yes.

Q15 **Sir Desmond Swayne:** Is there a possibility that we are detecting—I know it is early days—that Universal Credit is more suited to those people who



have been in work, have a crisis in their lives and come on to the benefit than it was perhaps to those people who have a history of legacy benefits, perhaps bringing with them a series of deductions that have to be made on the basis of previous overpayments, exacerbating their problem?

**Chair:** I will go first to Emma Revie, who was indicating just before that question, but if you could comment on that point as well that would be very helpful.

**Emma Revie:** I think that is an excellent question and observation. One of the things we know from Resolution Foundation research that was carried out in 2017 is that 58% of people coming on to Universal Credit were paid weekly or fortnightly. The premise of Universal Credit is that it reflects the realities of people's working practice, where they are paid monthly in arrears. What it shows is Universal Credit poorly reflects the working realities of lower-income families and people moving from employment on a potentially zero hours or fluctuating hours contract. Therefore, for those people, a five-week wait causes immediate financial hardship.

The other point I wanted to add to what Iain said a moment ago is that, again, a recent survey carried out by the Resolution Foundation asked those people who had moved on to Universal Credit and who had not taken an advance loan why that was. There were a range of issues, which Tom picked up as well, in terms of carrying in higher levels of income. For 38% of people it was through fear of going into debt, which again reflects what Minesh was saying earlier. For some people, whether they have taken a loan or not, our data shows that historically they have often fallen into equal levels of hardship because repayment of those loans causes them to not have sufficient income month to month, going forward, as they are repaying those loans. I think that is relevant information for us to understand. That fear of going into debt is legitimate and carries forward now during Covid as well.

Q16 **Sir Desmond Swayne:** Notwithstanding that fear of going into debt, a very high proportion of applicants sought the advance, and we have heard the consequences of that. To what extent are people made alive to the consequences of seeking an advance, particularly an advance that would be, let's say, 100% of their first payment, notwithstanding the fact they did not know what their first payment was to be?

**Minesh Patel:** Through our Help to Claim service, for instance, we will advise people that advance payments are available and make it clear that these have to be paid back. I would reiterate some of the points Emma made. In previous research we carried out in 2018, we found that less than half of our clients were paid monthly. When somebody is applying for Universal Credit and taking out an advance, at that point it can be very difficult for them to understand exactly what these deductions mean in practice when taken with payments for bills or rent. While we would provide advice and make people aware that if you take out an advance because of debt that needs to be paid back, the reality of people's lives, with how they



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budget, how they manage their money, how they receive their wages, can then make it much harder when they are faced with that deduction once they receive their Universal Credit payment. Advice is important, but tackling some of the flaws in the system around the five-week wait is really important as well.

**Q17 Sir Desmond Swayne:** Suppose they did not come to you for advice through your Help to Claim service and nevertheless used the system to apply for an advance. What warnings would flash up about the consequences of taking an advance?

**Minesh Patel:** I think that would vary. If somebody is taking up an advance, they should be made aware that it has to be paid back. There will be varying levels of detail depending on where somebody might be getting advice or making a claim for Universal Credit as to what that means in practice, particularly as somebody will not necessarily know what their full award is going to be when they receive their Universal Credit payment. I think people are aware it is a debt, but it can be quite difficult in practice when somebody has to pay that back when they have their full range of costs having to be met as well.

**Q18 Sir Desmond Swayne:** How widely are people aware of the ability to suspend repayment for three months, and are they being made aware of that possibility? Do the work coaches note and advertise it?

**Minesh Patel:** Anecdotally, we have varying cases of how much people are aware of how advances function and how discretion works in terms of repayment of those advances. With our Help to Claim service, we would help people to prepare for having that conversation with their work coach, but our support will end at that first payment. Definitely, I think there is more that needs to be done in terms of that work coach relationship with an individual to make sure they can talk about what is affordable for them.

We think it is positive that the Government have taken steps to reduce the cap on deductions, currently 30% and then 25% next year, and also increase the repayment length to 24 months next year. However, for a lot of our clients, they will still struggle with this. Two-fifths of our clients whom we support with debt have a negative budget, which means they have less coming in than they have going out. We think this presents a strong case to make sure that discretion and flexibility are being applied in setting deductions and that it is affordable to the individual. The work coach relationship is quite key to that.

**Chair:** I can see that other witnesses want to comment on this, but can I just bring in Steve McCabe, who also has a question about advances?

**Q19 Steve McCabe:** I want to follow on from what Minesh was just saying. Obviously, the Government have recognised that the issue of the length of repayment is important, and they have lowered the cap. What I really want to ask the panel is: is there a right level for the cap, and is there a right period for repayment? If there is, what would you recommend?



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**Iain Porter:** Minesh noted that the recent Budget changed the cap on repayment down to 25%. That is not going to come in until October 2021, so the first thing I would say is that is welcome, but let's get it in sooner. Why do claimants have to wait? There are going to be hundreds of thousands, possibly millions, of people moving on to Universal Credit before that point in 18 months' time.

To your question about whether it is the right level, from most of our work when we have spoken to claimants directly on this issue of debt in the system and repayments, what is clear in the claimants' views themselves, which they have often expressed to us, is that there just needs to be a more flexible approach that is more individualised. There is not going to be a one size fits all for everyone. We know there are lots of people who move on to Universal Credit who do not take an advance because they say they do not even need one. Clearly, lots of people are fine with the move, but for the significant proportion of people who do face difficulties, a blanket cap is not going to help them all.

What we really need to see is proper affordability assessments for people. We do get snippets from claimants telling us, for example, that they have felt pressured to take an advance by work coaches. It may unfortunately be the case that a knock-on effect of the Government pushing advances as the solution is that too many people now feel under pressure to get into debt when, really, they cannot afford that debt. If you look at best practice in the private sector, in the regulated financial services sector, this kind of approach to debt, where people are flung on to debt without really making any proper assessment of whether they can afford it, is not up to par and should be changed. It is clear that there needs to be a more flexible approach to repayments of debt and a much more robust approach of assessing affordability for each claimant.

**Tom Lee:** I would just like to talk about how other deductions can build on this. Advance repayments are only about 50% of total deductions. This can make it very hard to budget, especially because you do not know if you are going to be hit by them until it is revealed. This is an issue that affects a large amount of claimants. A third of claimants had deductions totalling over 20% of the standard allowance.

Q20 **Steve McCabe:** Is this things like utility deductions and rent arrears? Is that the kind of thing you mean?

**Tom Lee:** It is a bit of that, your tax credit overpayments, your other legacy benefit overpayments. There is a large list of various reasons why your entitlement can be reduced.

Q21 **Steve McCabe:** Is the key point that, whether it is 30% or going down to 25%, that is not the real level of the entitlement when you have these additional deductions? Is that right?

**Tom Lee:** It is not just advances. Advances are a part of the puzzle, but you also have these further deductions. The level of entitlement is fairly



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low to start with, and then you are decreasing it even further. In general, the longer the period you can pay it back over means the smaller the financial shortfall in any given month, but there is still the issue that, if you increase the period people are paying it back over, they are going to have less money for a longer period of time. As Iain said, there is no set solution that will work for everyone, and individual needs need to be catered for.

**Q22 Chair:** Just to clarify, Tom, all those deductions that you listed, they all have to be contained at the moment within the 30%, they cannot exceed 30% of the standard rate in total, is that right?

**Tom Lee:** There is some issue about some deductions being covered under offset instead of deductions. I am not an expert on this, but it is something that I think the Committee should look into about what exactly is included in the cap. It appears that some things may not be included.

**Emma Revie:** On that last point, last-resort deductions can be applied over and above the cap. When the cap was set at 40% back in February 2019, 13,000 people had deductions above that 40% taken off them. There are a group of people through that last-resort requirement who can have deductions above it.

There were a couple of points around responsible lending. If we recognise that an advance loan is, in fact, a loan and what the characteristics are of responsible lending, which my colleagues have already mentioned, particularly in taking people as individuals and assessing their circumstances, Sir Desmond asked a question about what comes up on your screen at the point when you are making a decision about whether you should take an advance loan. What we know from data is that over half of people at May 2019 were paying back other repayments over and above advance payments. People will not necessarily have had all of the information about the repayments they will have had to have made before having to make a decision about taking an advance loan.

In fact, on the Universal Credit system, they efficiently find underpayments and overpayments that had been made historically, and people can find that they are repaying overpayments from up to 15 years ago that they have not been notified of. In terms of private loans within the private sector, you cannot reclaim money that has been overpaid going back further than six years without having notified people of that.

What we are finding, in terms of people taking money in a loan from the Government, is that they are not being engaged with in the same way as we would expect responsible lenders to engage with people in the private sector. That, therefore, builds distrust in the system and causes people to be fearful and, therefore, maybe not use a system that would be helpful to them. It also reinforces what we are finding on the frontline, which is even when people do take loans it is not necessarily in their best interest and can cause them to experience much further hardship for a much longer period afterwards.



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In terms of responses around advance loans, for some people they will be helpful but it is going to be really important that that repayment and how we advise people around taking advance loans is dealt with in a responsible way.

**Q23 Steve McCabe:** Emma, I notice that the Trussell Trust recommended that the maximum cap should be 10%. How did you arrive at that figure?

**Emma Revie:** Our recommendations, first and foremost, are that they should be individually tailored to the circumstances of the person, and they need to be affordable. Our preference would be for non-repayable grants to be made, because we recognise that the five-week wait in and of itself causes hardship. If that cannot be done—and we recognise that, particularly at the moment, the pressures on the system mean that it might be difficult to implement things across the board—and, longer term, if it can be repaid at a lower level, we would like it to be repaid at the lowest level possible and have suggested 10%.

During this period of Covid where many things are difficult to implement across an overpressurised system, we would be looking for a suspension of repayments until we can identify what is an appropriate way to responsibly support people with taking loans and repaying them. We would ask for a three-month suspension of repayments entirely.

**Chair:** Iain, can I ask you to make your point very quickly, and then we need to move on?

**Iain Porter:** I will be quick, yes. The Joseph Rowntree Foundation completely supports the request that Emma has just put. During the Covid crisis, all deductions should be suspended as an emergency response.

**Chair:** Thank you very much.

**Q24 Shaun Bailey:** DWP has introduced run-on payments for Housing Benefit, and we know that from this year the plan is to extend the run-on payments to other legacy benefits as well. Perhaps Emma might be best to start with this, because I know the Trussell Trust has done quite a bit around run-on payments. How helpful and how effective have run-on payments been more generally? Do you feel they are a sustainable solution, and do you feel they are a comprehensive way of trying to assist in the issues that people experience as part of the five-week wait?

**Emma Revie:** We have absolutely welcomed the run-ons both in 2018 and the proposed run-ons from July. Ultimately, these are just a time-limited form of support, and it is a piecemeal approach to a problem that we are discussing here as being quite systemic and far reaching. It does not support people who are moving from tax credits, and particularly families with children. We know during this crisis we have seen a 107% increase in parcels being provided to children, almost doubling the number of families who are coming to foodbanks. The fact that there could be people in very similar circumstances, but moving from Working Tax Credits, who are not going to be allowed this same run-on benefit is problematic.



We would advocate for run-ons being extended to three weeks in order to provide some similarity to coming on to legacy benefits and what was there in the past. Unequivocally, it provides additional support that is most welcome for those people who are able to access it, but we must recognise it is piecemeal, and if there is a problem with one group that we are supporting with this, then we need to look across the board and see which other groups are being affected. We would advocate extending the run-on to a wider group of people.

**Iain Porter:** It is definitely welcome that these run-ons for the legacy benefits are going to come in from next month. That is something that the claimants whom we spoke to in our recent research said would help and would be appreciated. However, they are relatively small amounts and claimants have said that they would probably still need to take out an advance on top of that.

Just to pick up on Emma's really important point about families with children as one group that are missing out, it is unjustifiable that there is not a similar run-on for Child Tax Credit. Families with children are more likely to be in poverty anyway. They are one of the groups likely to face bigger problems as they move on to Universal Credit and go through that transition. In our research with Policy in Practice last year, we costed that it could total around £430 million over the remaining period of the rollout of Universal Credit, a relatively small sum over a four-year period, to include Child Tax Credit in the run-ons. That would help support a lot of families with children.

**Minesh Patel:** Similar to Emma and Iain, we have welcomed the run-ons but we do not think they solve all the problems of people with the five-week wait. With the Housing Benefit run-on, for instance, we did see some positive impacts with our clients. We did some research looking at clients' experiences prior to this change being introduced and after this change was introduced. We saw that, of the clients we were supporting prior to the change of the run-on, around 60% of people were struggling to meet essential costs like food or clothing. This dropped to 46% after the change, so it has made a difference, but we are still seeing significant amounts of people who are struggling to get by during this period.

It is about having a system that works for all claimants across the range of legacy benefits and also new claimants who are moving on to the system who will not be able to access these run-ons, which is why we need bigger changes in order to get money to people quicker during that five-week wait period.

Q25 **Shaun Bailey:** I am conscious of time, so I just want to touch on the monthly payment structure. We have talked about it briefly. As you have stated, the reason that the monthly payment structure has been put in place is the aim to mimic work, with DWP saying around 75% of people in the workforce have a monthly payment structure for their wages. Equally, as you have said, those at the bottom with zero-hours contracts or more





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casual work, those sorts of structures, are not necessarily used to that. How do you feel that monthly payment structure works, and what impact has it had on top of the five-week wait, particularly on the ability of households to budget?

**Tom Lee:** The monthly payment structure obviously means you have to wait five weeks to get your first payment. It also means that payment cycles are not aligned with when you receive your Universal Credit payment. This means that someone in a steady, stable job who is being paid weekly, fortnightly or four-weekly can have very varying levels of Universal Credit entitlements. This can have big impacts. For instance, someone working 16 hours a week at minimum wage should not be eligible for the benefit cap, but if they are paid four-weekly it means that, just because of when their pay cheques fall in lots of months, they will be subject to the benefit cap. I think there is a wider benefit as well in reducing the five-week wait, and also if you were to make advances non-repayable, which is something that we support. If there was a smaller wait, it would reduce the cost to DWP.

**Iain Porter:** As has been picked up, the five-week wait is fundamentally a structural result of the monthly assessment period and, as Tom has just said, it is not the only problem that arises from the monthly assessment period. There are others that we come across a lot with Universal Credit claimants. For people on non-monthly payments and fluctuating incomes, the monthly assessment period can exacerbate those fluctuations, those ups and downs, which makes it difficult for people to budget. People are very good when they are on low incomes at watching every penny and getting some really good ways of making their money stretch, and a disruption like the monthly assessment period coming in and causing fluctuations, making it difficult to budget, adds to that.

Another knock-on effect of the monthly cycle is obviously people receiving payments monthly rather than, as Emma has pointed out, most people, at least for people at the lower end, receiving less than monthly payments. I reiterate this idea that, at the point where people are moving to Universal Credit, they are in a tumultuous point in their life. They are facing storms, they are facing shocks. Why layer multiple extra issues on to people at this transition point that do not need to be there from a system that should be providing an anchor against those kinds of shocks and storms? Why add on extra things as a result of design problems when, at the point they move on, they can be fixed? Those problems can be redesigned, and the five-week wait is a core example of something that could be redesigned in a range of ways and take away one of those extra pressure points in that really stormy period when people are moving on.

**Emma Revie:** Just to reinforce Iain's point, in the first few weeks of the Covid outbreak we saw an almost 90% increase in the number of people coming to foodbanks, instantaneously. I think the reality is that if you have lost your job quite suddenly and have encountered a crisis like the pandemic is showing us—the loss of a job instantaneously is not something



new, but it has been exacerbated and brought to light during the Covid crisis—people do not necessarily have the reserves to tide them over for a week or two while things are sorted out, and certainly not to tide them through a five-week wait period. We need to ensure that our social security system, which is the safety net we rely on to catch us at the point when things like that hit us, is fit for purpose. One of the key components of that has to be that it can respond quickly to catch people and stop them falling into destitution and having to come to foodbanks.

**Q26 Debbie Abrahams:** I will be very brief. Perhaps the witnesses could provide something in writing, but evidence from one of the officials from DWP said there are structural issues because of how the system has been designed that would make it very difficult to further reduce the waiting time. Again, if you are able to write in with your comments on that, I think that would be very important to help us understand what you understand would be the structural difficulties to reprogram the system.

**Minesh Patel:** Super quickly, I want to say something about alternative payment arrangements. You can access these, for instance, to have your rent paid direct to your landlord or more frequent payments or split payments. What we are seeing among our clients is that awareness of these is often quite low, and there is often a hierarchy of need where you have to access your payment to your landlord first before you can get split payments or more frequent payments. As a short-term solution to the monthly payment, we think better awareness and more flexibility would be useful, notwithstanding the changes needed around that monthly assessment.

**Q27 Selaine Saxby:** In the interests of time and so that everyone can respond, I will combine my thoughts. I am very keen to understand better the solutions you might see to the wait, as it is clearly an issue for all the witnesses here.

However, I am also interested in this new normal, under Covid, for people coming on to the benefit who previously had a job. We have seen far fewer of them take the advance, and those who were on monthly pay cannot have expected to have been paid for several weeks at the time they potentially lost their job, which must alter their behaviour in this system, which is how the system is designed.

Is there a different solution for people coming on to this from a legacy benefit compared with those who are already on it? I am also interested in how this is going to be costed. The number here is £4.3 billion. Knowing how much has already been spent, it seems unlikely that that is going to be forthcoming, whereas I am also in receipt from the Trussell Trust of another paper that suggests that the welfare assistance scheme could be used to fill some of these gaps, and it is a much smaller number in that paper. I am interested to understand what solutions might be there that are affordable and practicable at this time.

**Chair:** I will give all the witnesses the opportunity to comment on this. I think this will be the last comment from each.



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**Iain Porter:** There is a big question, because the Joseph Rowntree Foundation has put forward lots of different solutions. There are lots of ways of solving it. What is clear is it can be solved. The system can be redesigned. I want to make that point clear. It is a case of political will and/or money. There is a range of solutions to this: some cost more, some cost less. It depends how you want to do it.

What I would say is, in terms of the immediate pandemic, there is an unanswerable case for immediately suspending repayment of advances, and the effect of that would be, as an emergency response, people would be able to take that advance to help them through this long period at the start without having to worry about paying it back immediately, so you are not having the Government giving people support with one hand and taking it away with the other.

If we then turn to the longer term, in the very long term, probably the best thing, as usual with most problems, is to fix the problem at source, fix the root cause. We have set out a couple of options for restructuring the assessment period in a way that we think could be developed with officials at the Department. That could be around fixing the assessment period itself, or we put forward another option where, if the Government were dead set on keeping the monthly structure, you can come up with a way of bringing in interim payments halfway through each month based on estimates that would help at least get people money that they are due at the end of the month, by bringing some of it forward. If you take an approach like that, in the longer term, that would not cost much more money on an ongoing basis. It is a cash flow fix. The Government would need a bit more working capital as a one-off, but it would not be an ongoing yearly AME cost.

However, we would also say there are always going to be some people who need non-repayable grants as an extra support when they move on, because of the range of circumstances and difficulties that people are facing. Again, we set out, which I can reshare in written form, different options ranging from a few hundred million pounds over the rollout period to £4.3 billion at the top end. That would be a non-repayable version of the advance payments for everyone, which could be administered through the existing advance system, just changed so that they become non-repayable.

Clearly, it is up to the Government, depending on how much they want to spend and how much time they want to spend on this, but you can target it. We know some of the factors where people are likely to need more help. You can start to target that non-repayable help. If the Government are saying that that is too difficult or it is going to take too long for them to work out how to target it properly, I think they should seriously, in that case, consider whether they should make the non-repayable grant available to all if they are saying they cannot target it, because you have to weigh up that impact on the hundreds, thousands and millions of claimants who are coming off this long period with no money.



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**Chair:** Please do send us those options, Iain. That sounds an interesting list.

**Tom Lee:** Our main call would be for non-repayable advances. Over the next three years, while people are moving over from legacy benefits, it would cost about £900 million a year. After that, the costs would be very small because you only have new households to whom you would have to pay it.

There is also a response to Debbie Abrahams's point about what is possible with the computer system. We have been doing some work with the computer experts, medConfidential, as part of our work on digitalisation and access to justice. They believe it would require only minimal technical actions either to make advances non-repayable or to change the monthly payment structure. These should be entirely feasible in a large, reportedly agile Government system.

**Emma Revie:** I would agree with my colleagues, and I think organisations like Joseph Rowntree Foundation and Policy in Practice have done extraordinary work in costing out different options.

For me, I would just pivot back to where we started our discussion today, which is in recognising that there is a problem with the five-week wait, and then agreeing the political will and putting in place an agreement that it is about removing the five-week wait and how affordable that is in terms of looking at the systems and mechanisms for that. In part, I think it is about having all the key stakeholders working together with the Department to understand that.

One of the issues is about people with lived experience of using the system being involved in the design. The idea that the system had a baked-in five-week wait because it would reflect the realities of work would have been less likely to have occurred where people with lived experience of low-paid work were involved and consulted in that part of the process at the outset.

I believe that together there are a number of costed options. Our preference at this point would be non-repayable grants, because it takes away the issue of the five-week wait entirely. At the very least, we would want to identify those people who are most vulnerable, particularly those most vulnerable to ending up being forced to use a foodbank. We would want to identify a way of getting a non-repayable grant to them to provide that support.

To pick up Selaine's point around the paper you have, which I think is around local welfare systems, that is a lower figure than the ongoing figure that would be required to get rid of the five-week wait entirely, but the two things work together. We are talking here about our national safety net, so the security net that catches us at the point when we move on to benefits, but there are also always unforeseen other circumstances. I think Covid has identified many of those that just come out of nowhere and leave people instantaneously without money. We need to be looking locally as



well at how those crisis grants can be available, and absolutely, if a crisis grant were available at the moment in a local area, that would provide additional support to people who are experiencing difficulty with their five-week wait, but it would be about the sufficiency of that support to tide people over the entirety of the period in which they are without money that would be in question. Together, we can find solutions that are costed and provide all that information and work with the Department on how to get rid of the five-week wait.

**Minesh Patel:** This is more of a summary of the points I have raised already. I have been thinking about a series of options to tackle the five-week wait and the monthly assessment. In the short term, I think it is about exploring how you introduce non-repayable advances, particularly in the context of coronavirus, or how you look at deductions for advance payments from somebody's payment, and also about raising flexibility and awareness in terms of payment arrangements.

Medium term, we think there is more that could be done to introduce a payment at two weeks into somebody's claim by having a similar backdated assessment to get money to people earlier in their claim. For the longer term, and similar to what others have said, looking at how to have greater flexibility with that monthly assessment. That reflects the realities of people's lives and their circumstances, where you have the system that is in tune with that, which was not necessarily built in mind of people with insecure work or certain challenges in their lives. It is quite exciting to hear some of the points that Tom was making as to what could be possible. That is an area in which we want to do further work going forward, and we would be keen to keep the Committee informed on that.

Q28 **Chair:** A final point from me, Tom. The computer experts who you were working with on this: are they people who are familiar with the Universal Credit computer system, or is the point they are making that in an agile system you would expect to be able to change it reasonably speedily?

**Tom Lee:** It is ongoing work that has been going on for the past year or so. Yes, they are reasonable experts on the system, and I think they did submit something to the inquiry. We can definitely put you in touch, if that would help, for further advice on the computer systems, which I do not think any of us are experts in.

**Chair:** Indeed. That would certainly address the point Debbie raised.

I thank all four of our witnesses very much indeed for an extremely helpful and informative session. You have helped us greatly in our work. Thank you all for being willing to give us this time. We will bid you farewell and express thanks to you.

## Examination of witnesses

Witnesses: Jennifer Harrison, Gemma Hope, Peter Tutton and Mark Gale.



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Q29 **Chair:** I bid a very warm welcome to the four members of our second panel. Thank you for joining us. I ask you each to introduce yourselves very briefly.

**Jennifer Harrison:** Good morning, and thank you for inviting us to give evidence today. I am Jennifer Harrison, Head of Policy and Public Affairs at Changing Lives. For those of you who do not know us, Changing Lives is a national charity helping over 17,000 people each year who are experiencing multiple disadvantages. We work with people who are experiencing homelessness or addiction, or fleeing exploitation and abuse.

**Gemma Hope:** Hi. Thank you for inviting me here today. I am Gemma Hope. I am the Director of Policy at Leonard Cheshire. Leonard Cheshire is a disability charity working in the UK and internationally to support disabled people to live, learn and work as independently as they choose.

**Peter Tutton:** Hello. I am Peter Tutton. I am Head of Policy at Step Change. We are a specialist debt charity working across the UK. Last year, about 635,000 people approached us either online or by phone for help with debt problems, which is about one every 49 seconds.

**Mark Gale:** Good morning. Thank you for inviting us to give evidence. I am Mark Gale. I am the Policy and Campaigns Manager at Young Women's Trust. We are a feminist organisation working with young women to achieve economic objectives.

**Chair:** Thank you all very much. Thank you for joining us.

Q30 **Debbie Abrahams:** It is very lovely to see everyone. Who are the claimants you support, and what are their experiences of waiting for the first payment?

**Jennifer Harrison:** Probably the first thing to highlight is that the people we are working with day-to-day are experiencing significant challenges in their lives, often compounded by experiences of poor mental health and past experiences of trauma. What we find is that we are working with people who often have very entrenched needs, who find themselves trapped within cycles of harm that it can be very, very difficult for them to move on from.

Our starting position would be that we do support the policy intent behind Universal Credit to simplify the benefit system, but what we see is that the initial wait in particular and the advance payments alongside it have a significant role in creating and exacerbating hardship for the people we support. We agree with a lot of points raised by the previous panellists that the five weeks, as it stands, is too long, and the reason for that is because a lot of the people we work with have absolutely no safety net. They do not have savings, they do not have a supportive network of friends or family to assist them, and they may already be coming to the point that they are applying for a claim with significant financial hardship, including rent arrears, food poverty and perhaps debts to numerous creditors, before they even start to think about processing a claim. Of course, as we heard



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earlier, we often find that it is much longer than five weeks. At the moment, we are seeing probably, on average, around six to eight weeks for most claimants, but we have had experience of it being very significantly longer than that.

The impacts are potentially huge. To give an example around perhaps our homelessness work, what we see is that Universal Credit and the initial wait particularly are both contributing to homelessness, because we are seeing that people are being pushed into destitute circumstances. We are supporting people who have directly become homeless because of the impact of the initial wait for Universal Credit. That is a significant challenge for us once they are in that position, and they are also very vulnerable to exploitation of all forms while they are in that very vulnerable position.

The other thing we see, of course, is the other way around, that the initial wait for payment is making it much harder for people to move out of homelessness. Within our supported accommodation services, for example, where we have claimants receiving Universal Credit, the Housing Benefit will be paid directly to us, but what we see is that people are having to go without any income for a considerable amount of time. They may be able to get an advance payment, but that can be in itself really destabilising for people, particularly if, for example, they are experiencing addiction. We may find that they are not used to coming into a sum of money that has to last that long. Sometimes we will find that we have people who have been engaging effectively in treatment around their substance misuse issues and moving forward, who will then spend that award within a few days on drugs and alcohol, or be coerced by others into doing that.

I will finish on this point around homelessness. We also see, for people who we are supporting who have previously been homeless and now are within housing, the initial wait for payment can be really, really anxiety-inducing for them because, understandably, they are keen to hang on to that tenancy. What they are seeing is that they are getting an advance payment. They do not know how long it is going to last. They do not feel it is going to be enough to be able to meet their rent and their other bills. What they are worried about is that they are going to put themselves at risk of eviction. We have alternative payment arrangements in place, and the DWP has supported that, but sometimes it can take a little bit of time to get those in place, by which point people are already in significant financial hardship.

**Gemma Hope:** We support disabled people across a range of employment programmes, and we also have an advice service based in Southwark in London, which gives benefits advice and employment advice to disabled people who are claiming Universal Credit. I would echo everything that the witnesses on the previous panel said. We find that the five-week wait has a significant impact on the disabled people we are supporting.

It is worth noting that a lot of disabled people, as Jennifer alluded to in terms of the groups of people they support, do not have a big safety net.



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Scope, a couple of years ago, did its Extra Costs Commission, which showed that disabled people spend £550 extra a month on the cost of disability. We are talking about a group of individuals who are coming into a Universal Credit claim without that safety net. We have seen people, during that five-week wait, needing to go to foodbanks and entering rent arrears, and I think that point around the impact on health and wellbeing and anxiety is key, and that being really serious.

Disability Benefits Consortium did some research on the specific impact on disabled people. We know that 66% of disabled people claiming Universal Credit will try to borrow money from friends and family. What we are increasingly seeing, and particularly during new claims in coronavirus, is people using their personal independence payment, their PIP, to get them through that five-week waiting period. PIP is there to help disabled people to pay for care, support and equipment, so our concern is people are going without the essential support they need to use their PIP payments to pay for essentials such as food. It is a very similar impact to what the other witnesses have described.

**Peter Tutton:** I will say a little bit about how our clients get to us. The reasons that people experience debt problems are two combined things, usually. People experienced an income shock. About 70% of our clients, the main reason that they come to us is that they have debt problems because they have experienced an income shock, like losing their job, a period of ill health or a relationship breakdown. Seeing where we are at the moment with coronavirus, there are a lot of households that have experienced an income shock, so it is very pertinent.

The other side of it is, in some of those households, people will be on more persistent low incomes. About 40% of our clients have what are called additional vulnerabilities, so they will have mental health or physical disabilities or other reasons that mean they might need more help to deal with their problems, but also that perhaps they are going to be on a low income for a longer time. Those clients in particular are, because of those lower incomes, much more likely to have arrears on household bills like rent and fuel bills, that sort of thing. Also, the outcomes on the other side of advice are likely to be worse as well, because even after debt advice, if they do not have the incomes to pay their rent and their bills and so on, they will keep falling further behind. Their wellbeing will be low. Their anxiety will remain high.

The sorts of vulnerabilities, the things that make people more vulnerable to debt, are things like insecure work, where people may face multiple shocks. If your money is up and down, it is an income shock every month. The sorts of people we see are disproportionately single parents. Women in general, renters and younger adults, who are all disproportionately vulnerable to debt, and we see many more of them in our caseloads than their proportion in the population.





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This reflects on the Covid-19 impacts. Eighteen to 25-year-olds are twice as likely to be affected negatively by the coronavirus crisis as those over 65. People on zero-hours contracts and temporary contracts are twice as likely to be affected. Women are more likely to be affected than men. What we are seeing at the moment is an extension of what we have seen. The things that drive people to debt are happening on quite a large scale now.

Bringing it back to Universal Credit, we have done some recent polling, and that finds that half of those who have applied for Universal Credit since the beginning of the outbreak are experiencing financial difficulty or problem debt now, so they are in that journey of falling further and further behind or having to borrow more and more to make ends meet.

In debt advice, we have a concept. It is a very fine line. Whether you can deal with debt and get over it or not is a fine line, and it comes down to whether you can make ends meet, whether you have, after budget counselling, a budget deficit or a budget surplus. Looking at the clients who came to us in the month after lockdown who were in receipt of UC, of Universal Credit, 55% of them had a negative budget. That means that after budgeting counselling, they did not have enough money for all the essentials that they needed to pay for. The average deficit they had was £119 a month. We are not talking about people just below the margin. We are talking about their incomes being substantially below what they need to live on for any period of time without experiencing hardship.

Putting the five-week wait in that context of how people are dealing with very low incomes, struggling to manage, often on the back of an income shock where they are dealing with lots of competing payment demands and so on, when we surveyed our clients about the five-week wait, 92% said that the wait had caused some form of hardship or financial difficulty. Among the most financially vulnerable, the five-week wait is, almost uniquely, causing further financial problems. Some 65% said they had had to go without food or had to cut back on food, which helps explain the evidence from the Trussell Trust, from Emma, on why that demand has gone up. Some 40% have fallen behind on rent. In some ways, it is more worrying in terms of broader debts: 56% have fallen behind on existing debt repayments. People may come to this with things like outstanding credit agreements that suddenly they cannot pay.

How do people respond to this? This is where it gets very worrying. Some 33% said they took out more credit to pay for essentials during that wait period, and we know this is a key risk factor for serious debt problems. Most worryingly perhaps of all, around 7%—and there is lots of error margin there—said they had taken a loan from an unlicensed lender or a loan shark. We know from work from the FCA that that part of illegal lending, criminal lending, is to people who are financially and otherwise very vulnerable and are most at risk of that kind of lending. That is what we are seeing.



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**Mark Gale:** Very similar to other witnesses. The women we support are aged 18 to 30, often on low or no pay. They often have been in insecure work before they made their claims, so they have very few savings or resources to fall back on. We find that significant numbers are facing financial hardship. So 40% of young women we polled say that they are facing significant financial hardship, and certain groups seem to be even more at risk. For young mums, for example, that figure was 82%. There are the additional costs of childcare. It means that people are having significant issues in terms of their mental health, in respect to anxiety, but also practical things about skipping meals. One in four young mums that we have spoken to skip meals every day because they are trying to make decisions about these costs.

We know that, in addition, young women are making quite tough decisions about which debts they can hold off. One of the young women we spoke to was trying to make decisions between rent, food and council tax. She decided that council tax was one of the things she could hold off for a little bit longer. She got fined for the late repayment of that, so then, when she did have some resources to repay, she was facing additional payments that reduced the money she had available to her. Those sorts of tough decisions are really common.

Again, we are finding that people who take advance payments are then struggling with the additional cost of repaying that, and people who do not take those advance payments are often looking at other forms of debt, be that borrowing from friends or family or using more expensive forms of credit that can exacerbate their existing problems of debt.

We know that these issues around debt are also exacerbated by the fact that young women are telling us that when they are not earning any money or when they are not getting a Universal Credit payment, they can sometimes hold creditors off by saying, "I can't afford to repay you right now." As soon as they get any money in terms of income, as soon as they get any money from Universal Credit, creditors are chasing them hard to start to repay that money. Therefore, they are facing an additional loss of that payment as soon as they get it, so it is almost like they are getting it in one hand and then paying it straight out of another hand to pay existing creditors, and that causes them to face additional challenges.

**Chair:** Thank you very much. Debbie, you are coming back later with a question. Is that right?

**Debbie Abrahams:** Yes. There was just a follow-up about specific support from the DWP for these particularly vulnerable claimants. What support is available? Do you think it is enough? It gets back to what others were saying in the previous panel about a more individualised approach in terms of tailoring those needs.

Secondly, you have been talking very much about new claimants. What about existing claimants and the difficulties they are facing in the lack of run-ons and so on?



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**Chair:** Debbie, can I suggest that we come back to that question at the end of the session? I think that is question 16, isn't it?

**Debbie Abrahams:** That is fine, Stephen. No worries.

**Chair:** Let's come back to that, but everyone is on notice that Debbie is going to ask that later.

Q31 **Dr Ben Spencer:** Jennifer, you mentioned some of the improvements that Universal Credit has made. Could you go into the people who you have particular focus on, so people who experience abuse, people with mental health issues, addiction or homelessness, and the role that Universal Credit has in helping and supporting people going forward?

**Jennifer Harrison:** What we would say is that we have, over time, been able to build some strong relationships locally with our partners in DWP and in jobcentres. What that has enabled us to do is build a shared understanding of what some of the challenges might be for the people we support and the particular support needs they have.

In the last panel, it was discussed a great deal that there have been some welcome steps in terms of reducing the cap for the deductions and extending the time period for repayment of any advance, but what we would say is that all of those things are a bit of a sticking plaster over a much more systemic issue, which is that the current situation is causing a lot of hardship. What we see is that, although we get great support locally, the colleagues that we work with have very little latitude to be able to be flexible in how the process is structured. What that means is that we are in a position where there is only so far we can go to be able to support people.

One of the things that we may pick up a little later in some of the questions that Debbie raised is that, very often, we are supporting people with a very wide range of vulnerabilities, and they may not always feel comfortable in disclosing those vulnerabilities. My understanding is that the DWP does not hold a finite list of what constitutes vulnerability, although there are some key factors that they might expect their work coaches to look out for. What we see, for example, is we might be supporting somebody who has had no option but to resort to selling sex to meet survival needs. That is to provide a roof over their head, to feed their children. They are very unlikely to be comfortable to be able to go and disclose that, and I know that is something that the Committee has looked at in a previous session.

What we are seeing is that there have been some welcome steps in terms of being able to build that understanding locally, but unfortunately all of those things are not able to go far enough to meet the wider, much more systemic issue, which is that the initial wait for payment, coupled with advance payments and the deductions that come with that, cause huge problems for the people we support.

Q32 **Dr Ben Spencer:** That is very concerning, some of the things you are raising. I guess it comes back to a previous thing that we have discussed



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as a Committee in previous evidence and in other meetings around broader advocacy and support for people who are going through the welfare system, especially when people have multiple and intersecting vulnerabilities. What are your thoughts on that and the role of organisations like yourself and others?

**Jennifer Harrison:** One of the things we would absolutely advocate for is a strong understanding of the role of support workers, who very often are the people who hold those trusting relationships with people and are best placed to help them to be able to navigate the system, to put them in the strongest position possible to engage effectively with DWP and others in order to meet their needs.

What we see broadly is quite a bit of variety in terms of how that is applied. We will have some circumstances where those relationships are very, very strong, and other times where we might find that we have to repeatedly share information with people in DWP to be able to demonstrate that we have the right permissions and so on to help and support people.

One other thing I would say is just to highlight, obviously, that these were challenges before Covid, but they have become more acute during the Covid period. What we have seen is there has been a massive reduction in face-to-face contact, and almost everything is delivered online. One of the reasons we think some of the people we support very often wait longer than the five weeks is because they are very digitally excluded, so they may not have access to the internet. They may not have the digital capabilities to be able to engage online. What we are seeing is that that is making it more difficult for them in the first place, but then also, because we are not able to do things like accompany them to appointments and provide them with that wider network of support, it is making it even more difficult for them.

Q33 **Dr Ben Spencer:** Can I ask about two particular groups in terms of the challenges they have with how Universal Credit operates? Prison leavers.

**Jennifer Harrison:** Yes, of course you can. We feel that people who are leaving the prison system are particularly vulnerable in this respect, and the challenges they face are especially stark. One of the reasons for that is because they are not able to complete their applications for Universal Credit prior to being released. There are steps they can take to get towards that process, but the claim can only be initiated once a person is able to attend an appointment in person.

What we see is that we are supporting people who are leaving prison with very little in their pockets. £46 was the prison discharge grant prior to Covid. It has been increased 80% under the coronavirus early release scheme, although a very limited number of people have accessed that. What we see in our service is that almost everybody who we are supporting with a resettlement plan on leaving prison has a finance, benefit or debt need when they leave prison. What happens is, because they are leaving prison in extreme financial difficulty when they start, they become very



vulnerable to reoffending, for example, through acquisitive crime. They are extremely vulnerable to exploitation. What will happen often is that they become involved with people who do not have their best interests at heart, making them open to all forms of exploitation. Sexual exploitation is the most common one that we see for the women we support in women's prisons, but also things like controlled begging arrangements, where people are being coerced into begging and then handing that money over to somebody who is controlling them.

The other thing that we see is obviously homelessness, because people are often expected to be able to pay a deposit, which they cannot pay because they do not have income. That risks, for example, them being at risk of returning to an abusive partner or turning, as I have mentioned earlier, to survival sex to avoid homelessness. I think it is striking that, across the community rehabilitation companies we work in across Northumbria, Cumbria and Lancashire, 35% of the women we have supported with resettlement plans have involved providing some support about them selling sex in order to meet their needs.

All of that is a general challenge, and then there are other things besides. Very often, particularly with the women we support, they are receiving short custodial sentences repeatedly. What happens is they are in a revolving door in and out of prison, which means they may have to apply for Universal Credit more than once. There is no cap on the number of times somebody can get an advance payment, but that is at the discretion of the work coach. What we sometimes see is that women have applied for Universal Credit more than once cannot get an advance payment each time, so they then have this period where they have absolutely nothing. That is a really, really worrying challenge for us.

There are all sorts of things, and more besides. You have the challenges of attending appointments when they leave prison. It is not just going to the jobcentre. It is also getting your methadone script, sorting your housing, meetings with probation, as well as then having to have basic requirements like ID, which often they do not have and cannot afford to buy, or access to a bank account. We will often support people who are in their 30s and have never had a bank account, so this is all a new world for them.

Q34 **Dr Ben Spencer:** Very important points. I know the Chair is going to suggest we move on to more questions in a second, and I am sure we could both talk about this all day. I just wanted to reflect, and I know there is a particular problem for people who are released from prison on Fridays with a limited budget in terms of places not being open. When people come out of prison, we need to make sure they have all the opportunities possible so they can get back on the straight and narrow and be rehabilitated. Not being able to set up and apply for Universal Credit while you are in prison seems to be a barrier to people going forward. I wonder what you think about that.

**Jennifer Harrison:** Yes, we would absolutely agree with that. We would advocate for much closer working between DWP and MOJ to be able to



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address some of this, and it would alleviate a huge amount of pressure for the people we support but also for the services that are working within prisons to support them, because it means we could be focusing on meeting their wider resettlement needs.

Very briefly, on the point you raised about releases on a Friday, I would wholeheartedly agree with you that that is a particular challenge. What we see is that people we are supporting who are released on a Friday become particularly vulnerable in that weekend period. It is usually the 24 hours when they are leaving prison that they are most vulnerable to being targeted by people who do not have their best interests at heart.

**Dr Ben Spencer:** Can I move on to talking about single mothers?

**Chair:** Briefly, if you would, Ben. We are running a bit tight on time.

Q35 **Dr Ben Spencer:** Thank you, Chair. They face particular challenges, as opposed to other families.

**Chair:** Sorry, what was the question?

**Dr Ben Spencer:** Just to talk about single mothers in particular, because it has been raised by a couple of the witnesses, some of the particular challenges that single mothers and young mums face on Universal Credit.

**Mark Gale:** There are a few issues here, obviously, having a single income and those additional pressures, but particularly for mothers having to pay for things like childcare. We did some research last year speaking to young mothers about what they needed from childcare. Often people are using their Universal Credit payments to pay those upfront costs, and they then have very little to use on other essentials.

There are broader issues with the way the Universal Credit system has been introduced. We know from some research from the Resolution Foundation, for example, that single mums are losing out on several hundred pounds a year compared with legacy benefit payments, which is significantly more than coupled parents. We also know for younger parents, and younger women in particular, differentials between the levels of payment available to people over 25 and under 25 mean that those under 25 are facing significant challenges when they are receiving payment from Universal Credit, which just exacerbates all the things that we are talking about around increased debt and financial pressure.

**Peter Tutton:** Just going on from that, about 24% of our clients are single parents, compared with about 6% or 7% in the general population. All the kinds of problems that Mark was talking about are arriving at a group of people who are massively disproportionately in debt and struggling to meet essentials, so it is about low incomes, uncertain, low-paid work, extra costs, childcare costs, problems with income security for things like maintenance. These all build together to mean that single parents are much, much more likely than other groups to end up having to seek debt advice.



**Q36 Chris Stephens:** Like Ben, I could talk all day about it, but I choose not to on this particular occasion.

Gemma, on late payments and the impact they have, particularly for claimants who have disabilities and health conditions—those people you are supporting. Could you tell us what proportion of the people you are supporting are having to wait more than five weeks? People are waiting for work capability assessments, which is certainly an issue just now with Covid, but in general terms is that the main reason, and are there any other reasons why your clients are waiting more than five weeks for a UC payment?

**Gemma Hope:** Leonard Cheshire does not have any specific statistics on the proportion of people we support who wait more than five weeks, but the Disability Benefits Consortium, which we are part of, has noted that disabled people are more likely to wait more than five weeks. In a UCME survey last year, 17% of disabled people were waiting up to nine weeks for their first payment, so it is a problem affecting disabled people.

The work capability assessment does have an impact, but, as per the witnesses as a whole, there are a variety of other reasons around IT. One of the case studies that we have and one of the things we have noticed is around the accessibility of the Universal Credit claims process for disabled people. Although DWP does offer support by phone, and obviously pre-Covid you could have a face-to-face claim in your own home if that was needed to start that process, that is just not very widely advertised.

We had a gentleman who has a visual impairment. He did his initial starting claim on the phone, and he advised the work coach that he was not going to be able to do anything on the online journal. He was sent a notice on the online journal. He obviously could not see that, and his claim was suspended. Our advisers worked very closely with him and DWP to challenge that, and although DWP acknowledged it was their mistake, they asked him to start that claim process again, so he had yet another five-week wait, which made him take an advance payment. He got pushed into debt and had to go to foodbanks. We also noted that accessibility point particularly affects disabled people in that initial claim period.

**Q37 Chris Stephens:** That is something we are aware of as a Committee. We have taken it up with the Department about making sure claimants have the proper communication and accessibility to it.

My last question is around advance payments. You may have heard me asking the first panel. Are there any specific problems with those with disabilities and other conditions getting advance payments? Do you believe at some point, particularly if there is a late payment, there should be a grant or an advance payment issued automatically?

**Gemma Hope:** Yes. Our position would be that, first, we should end the five-week wait, but if we cannot, those advance payments should be grants given to disabled people—non-repayable grants rather than loans—because it is a bit of a fallacy that you might get somebody through that



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initial five-week waiting period. Still, even with the welcome changes that have been made, that rate of repayment is still forcing people into debt, and rent arrears is a particular issue.

Having that, particularly during Covid but in general for those people that are struggling—because, as I outlined at the start, disabled people have additional costs, and those costs have only increased due to Covid, due to access to PPE, having to use taxis for transport because they are too scared to go on public transport. It has just not been available. Having that as a non-repayable grant would certainly help the situation and acknowledge the additional challenges and financial pressures disabled people face.

**Q38 Steve McCabe:** Peter, we have talked a lot about the problem with advances and repaying them. How long, in your experience, does it generally take the people you support to pay off an advance?

**Peter Tutton:** I can answer that from the other end of the telescope. The DWP will look for those advances within a fixed period, for 12 weeks going up to the 16 weeks, and there are the maximums that people talked about in previous panels, looking to a maximum of 30% and 25% of their standard allowance.

The length of time is very closely related to affordability, and the important thing is affordability. What that means is, given what we said earlier about how many of our clients on UC are on a knife edge of being able to keep up with essentials, that level of deduction, which could be £100 a month more, can put people into that negative budget. Not surprisingly, about 93% of the clients we surveyed said that deductions had caused them that financial difficulty, and the single source of problems that we saw was the five-week wait. People were having to borrow more and so on. Hardship, more financial difficulties.

On repaying the advance, people may have other deductions as well. About half of our clients had at least one deduction. Many have more than one deduction: 40%, two or more; 15%, three or more. These start adding up and becoming very unaffordable.

To try to put this in context, the previous panel made the point about what would be considered good practice in, say, financial services and elsewhere. Elsewhere, for financial services, there are rules. The FCA has rules about what people can do to recover debt. There is a rule that says it is unfair practice to recover debt in unreasonably large amounts and in short instalments because it would cause hardship. In a sense, the way that deductions are working at the moment, the recovery of advances and other deductions, if that were done and was a debt collection strategy for a commercial lender, it would attract enforcement action from the regulator. It would seem to be a breach of the rules.

To put that into context, the issue here is, first, people are waiting, so they are already getting into debt while they are waiting to get some money. Then, when they are getting their Universal Credit paid, deductions taken





out of it are reducing the amount they have even more and causing further hardship.

Everyone said, and I agreed with the idea, that it should be grants, rather than a repayable advance. If you can imagine people on a low income and what they can afford to repay from that Universal Credit, if you make that affordable, if you use something like the thing we use, a standard financial statement that looks at affordability, it may be that people can only repay, say, £1 a month, in which case the repayments will take so long that you might as well make it a grant anyway. Whichever way you look at it, it does not make sense at the moment to have the advance and then deductions as they are at the moment, which are almost guaranteed to push people into hardship and further debt.

**Q39 Steve McCabe:** I saw somewhere that the Department says it does provide advice and support for people taking these advances. Is that your experience?

**Peter Tutton:** Some of our clients will contact DWP and will be able to negotiate lower repayments and deductions, but very often not. There is some help there. It is not that there is none, but it is not necessarily effective and it is not always applied.

The key point here is all the bits of help that have been talked about today tend to be discretionary. People have to ask for them. If they do ask for them, they do not get them.

If we start from the principle that people coming on to Universal Credit are going to be highly financially vulnerable, in debt or at risk of falling into debt, then what you would do is you would set your system up to work with that, rather than work against it. The help would be available. People would not have to ask for it. You would assume that that help was there. It would not be discretionary. It would be available.

There is an interesting thing with the polling that we have just done on the coronavirus. About 46% of people claiming UC had applied for an advance payment. However, only 29% who applied for it got an advance payment. That is perhaps not surprising when you are trying to deal with 2 million claims and all your staff are having to work from home. It is difficult for all service providers. If you build a system that relies on people having to make these asks, rather than assuming that people are going to be in difficulty, that is what you will get. There is help there, but it is not necessarily going to work, because people have to apply for it, it is discretionary, and in times of stress with the system, DWP may be under pressure and it may be difficult for them to deliver it.

**Jennifer Harrison:** I just want to support the point that Peter was making there around the different range of deductions that people might face and the lasting impact of that. I just wanted to share an example with you of somebody we are supporting through our Fulfilling Lives Newcastle Gateshead programme, who had, in addition to deductions through



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Universal Credit, a range of other debts too, including court fines, which he will be expecting to repay until 2040. That just highlights the fact that we have people who are experiencing very, very lasting financial challenges, and for them advance payments are just one part of a really complex picture. It is important to keep that in mind.

**Q40 Chair:** Presumably, the repayment of court fines would be outside the 25% cap.

**Jennifer Harrison:** That is right, yes. That is it. Outside of the benefit cap, it is an additional payment.

**Chair:** Debbie, a couple of questions from you to conclude.

**Q41 Debbie Abrahams:** Just to quickly go back to my earlier question about what support DWP is providing to vulnerable claimants, I understand what Jennifer is saying about some of the vulnerabilities claimants may not want to disclose, but what can we do about that? That is the first question.

My second question. We are talking predominantly about new claimants, but what about claimants who are on legacy support and the difficulties they are facing? For example, we know disabled people and others will not have run-ons if they have been migrated across to UC, and the real hardship, as we have heard, that disabled people and others will experience because of that. Not to forget people on legacy who are migrating, millions of them.

Finally, we have had lots of examples of what we should be doing about this. Is there a specific, core solution that you all agree on? Often, when there are several different options provided to Government, it is divide and rule and they say, "You are all asking different things, so we don't have to do anything." What is the simple, core solution that you would like to see?

**Chair:** Thank you very much. Let's put those questions to each of our witnesses in turn. I think this will be the final contribution from each.

**Jennifer Harrison:** I will take those in reverse order. In terms of a core solution, from our point of view, our absolute, clear position would be that removal of the five-wait week is the answer to solving the systemic issues we are seeing. We recognise that this is a system under huge pressure at the moment, particularly, so our next preference would be to introduce advance payments as a non-repayable grant. I will leave it to colleagues to see if they agree with me on that.

The point around legacy benefits is important. Like others in the previous panel, we would absolutely support the point that run-ons can be really helpful, but they are a short-term solution. What we see particularly is that, in general, people we support find that they are receiving less if they are moving from legacy benefits to Universal Credit, and often they can be further disadvantaged because they are not necessarily familiar with a payment structure that is based around payment in arrears over a monthly period. Sometimes I think that can be attributed to challenges around budget management skills and that sort of thing. As a charity, we support



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people to build those skills. Often when they come to us, their lives are in such turbulent times that that might not be a priority.

The other thing I would just point you to is some research that has been undertaken by LSE, which I can share with you. That basically demonstrates that often the reason people are better at budgeting in the short term than in the long term is because that is how they have had to budget previously under legacy systems. They have good strategies for budgeting over the short term; it is the longer term that is a real challenge. That is something we would absolutely highlight, that there are the same challenges for people who are moving from legacy benefits, but also some additional things to think about, too.

In terms of your question about what we do about supporting people with vulnerability, truthfully, I think that is quite a difficult question to answer. We have come a long way in terms of building relationships locally with work coaches and others, and we have had a chance to do some innovative work with our jobcentres in the north-east, looking at particular case studies and starting to try to unpick what some of the challenges are. That work has been led through Fulfilling Lives, which is a National Lottery-funded programme that we are part of. That has been beneficial in terms of being able to, rather than doing something in the moment, think about it in a more reflective way. It has been helpful, and I would be more than happy to share some details on that.

For us, it comes down to building trust, understanding, and for people to recognise that the space in which they are sharing potential vulnerabilities about their lives is something that is going to be respected and will not be used to disadvantage them. An example I would give you is that, for instance—we talked about it earlier—people might be reluctant to disclose that they have been involved in survival sex, and naturally that would be something that they would perhaps be concerned about due to stigma. There are also really practical things. For example, would they be worried that that might mean that they look as if they have been self-employed, and then they become over the threshold, so they lose out financially, too?

It is about trying as far as possible to build that rounded understanding of the challenges that people are facing in their lives and building that trust and rapport.

**Gemma Hope:** I will be quick, in the interests of time. I would agree with a lot of what Jennifer has said, particularly in terms of—if I start with the last question and go backwards as well—consensus. Absolutely, we would agree that the fundamental solution is to end the five-week wait. The previous panel went through lots of different options for that. If that cannot be done, we certainly would support advance payments being grants, not loans, particularly for disabled people.

In terms of the run-ons, yes, again, they have been helpful. Again, as previous witnesses have stated, a lot of people we support are under such financial pressures anyway that they cannot help everyone. I would also



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say that there has been a particular issue, more so about a year ago, around people who were claiming employment support allowance, who went for their work capability assessment, who were found fit for work. Although they could have got an appeal rate of ESA if they were appealing, they have been moved on to Universal Credit, and that has meant they go through the five-week wait. Again, they do not necessarily understand the whole package of support they get access to.

With disabled people, moving on to Universal Credit, as is widely documented, although there are those top-up payments, you still do not get access to that full severe disability premium, so it is not necessarily as financially supportive as some of the legacy systems. That does need to be looked at.

Just quickly in terms of other forms of support, the previous panel talked a bit around alternative payment arrangements. They are available to individuals, but I would also say that the five-week wait does cause an issue with those as well. We have supported a gentleman who is on the autistic spectrum, and he has his rent paid directly to his landlord, but because of that waiting period, he was automatically in rent arrears. The landlord was trying to work out a system for him to repay that, and they asked him to pay £4 extra a month. He just could not afford that. He just did not have that safety net. Some of those arrangements, although they are accessible—although not always consistently—to support people, do not always address the problem.

This goes back to the final point: it is the five-week wait that causes a lot of these issues, so that is what needs to be addressed.

**Peter Tutton:** A couple of points. On the legacy thing, the point about payment structure raised by Jen is important, and we asked our clients. About 70% had their preference at weekly or two-weekly. If you are on a low income and you are going to run out of income before you get to the end of the month, if you can make the payments shorter in stages, easier to manage, you do not end up with a huge, long period of no income. That is really important.

The previous panel talked about overpayments and how people are facing very old benefit overpayments that are being deducted from Universal Credit now, and someone raised the Limitation Act. In the world of contracts, where efforts are not made to recover debts within a certain period of six years, debts are deemed uncollectable through the courts. I think we need something similar for old benefit overpayments. Perhaps the Government should be thinking about—particularly where we are now with people facing big income shocks—just writing off some of that old debt on the basis of fairness and not causing more hardship. That is really important.

The vulnerability point is an excellent point, and it is a hard thing. It goes beyond just DWP when we look at things like fuel and help for the most financially vulnerable. Water. Other areas. When we have identified people



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who are vulnerable, how can that information be safely shared among the group of different service providers to ensure that people get a range of support entitlement that they need? That is work that needs to go on.

Core solutions: I agree with Jen and people in the previous panel. We need grants rather than advance payments, for all the reasons we have talked about. I will allow myself a couple more: deductions. We have to have affordable deductions. Deductions from benefits can be useful where people are repaying their rent arrears and things like that. It can be, if done properly, a good financial management tool, particularly for people who are vulnerable and who would otherwise have difficulty managing payments, but if it is not affordable, it is harmful. We need to get through the legal difficulties at the moment to get those affordable deductions in. That is part of designing in good practice.

Finally, if I could have one more dip, there is this underlying question of adequacy. £119 a month on average. The previous panel talked in particular about things like the local housing allowance, and the rent limit has gone up to 30%. People call for it to go up to 50%. That is important. Among our clients, 92% said that their housing support did not cover their rent, and we are seeing more and more of our most vulnerable clients are now increasingly living in the private rented sector. Ten years ago, more of them would have been living in the social sector. We have vulnerable people on low incomes, whose rents are not being supported, living in a sector with very little protection, poorly suited to meeting their needs. Given that there are something like 570,000 people falling behind with rent since the coronavirus crisis started, there is a problem brewing up there that needs addressing, so adequacy is also important.

**Mark Gale:** I agree with other witnesses. The key priority is getting that five-week wait down. Five weeks is too long for most people to wait. In lieu of that, I agree that the priority should be non-repayable grants in place of loans.

Thinking back to how some of those delays are caused and reducing that delay, we spoke with some young women a few weeks ago. Grace, for example, filed on 19 March. She did not hear anything back about her claim for two weeks. Talking about why even that initial getting information from people starts a delay, we need to speed up some of those processes to prevent delays further down the line.

The issue around supporting vulnerable people is very much about, again, identifying them, but we also need to recognise that vulnerabilities can change. Often there will be an assessment at the initial meeting with the work coach. Notwithstanding all the issues that Jennifer raised about people not wanting to disclose those issues, vulnerabilities may also change or come later on, so there needs to be continual assessment of people's positions.

Again, to Peter's point around adequacy, one of the key issues around Universal Credit is the lack of adequacy and the way it falls on people in



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financial hardship, Particularly for younger people, we have a lower basic rate for under-25s, who may be facing very similar outgoings in their lives, but also things like the shared accommodation rate and the impact that has on people's housing benefits and the affordability of housing, and especially a lack of exemptions on that, but also for vulnerable groups, means that certain vulnerable groups are being forced into financial hardship, which is very avoidable. The five-week wait is critical in terms of getting it to people in the first place, but we need to also look at the wider system, and when they do receive that money, is it adequate enough to keep people out of financial hardship in the long run?

**Chair:** Thank you very much indeed. Debbie, is there anything else that you wanted to pick up on on that?

**Debbie Abrahams:** No, that is absolutely fine. Thank you so much, everyone. Sorry for overrunning.

**Chair:** That is fine. Can I thank you all very much indeed for being willing to be with us this morning and for the very, very helpful information that you have given to us? If there is anything that you would like to send us in writing subsequently, we would be delighted to receive that, but we are very grateful to all of you for being willing to help us in this very important inquiry.

That concludes our meeting this morning. Thank you all very, very much.