

MAKING EVERY ADULT MATTER – WRITTEN EVIDENCE (EUC0099)

The economics of Universal Credit

Making Every Adult Matter (MEAM) is a coalition of national charities – Clinks, Homeless Link, Mind and associate member Collective Voice. Together MEAM represents over 1,300 frontline organisations across England. Working together we support local areas across the country to directly improve the lives of people facing multiple disadvantage. We use our shared knowledge and practical experience from this work to influence policy at the national and local level.

1. People facing multiple disadvantage experience a combination of problems including homelessness, substance misuse, contact with the criminal justice system and mental ill health. They fall through the gaps between services and systems, making it harder for them to address their problems and lead fulfilling lives.
2. MEAM supports 39 partnerships across the country to develop effective, coordinated approaches to multiple disadvantage that can increase wellbeing, reduce costs to public services and improve people's lives. 27 of these areas are using the MEAM Approach – a non-prescriptive framework to help local areas design and deliver better coordinated services – while twelve are part of the Big Lottery Fund's Fulfilling Lives programme.

Introduction

3. We welcome the opportunity to provide evidence to this inquiry around Universal Credit (UC). Our response is focused solely on the question of which claimants have benefited most from the Universal Credit reforms and which have lost out?
4. The vast majority of individuals experiencing multiple disadvantage are either entitled to or in receipt of benefits. As they live chaotic lives their circumstances will change substantially quite frequently. This might include being arrested, receiving short custodial sentences and moving from rough sleeping to temporary accommodation. Additionally, many people experiencing multiple disadvantage are being supported to make a claim for benefits for the first time in years.
5. As a result of the changes in circumstances and applying for benefits for the first time in a significant period, a large proportion of people facing multiple disadvantage have been moved across to UC, far greater than the general population receiving legacy benefits.
6. Since the implementation of UC, people experiencing multiple disadvantage have continuously faced a number of barriers to making and maintaining a claim due to the design and structure of Universal Credit. This has had a significant impact on their lives and for many has led to an

exacerbation of existing hardships, vulnerabilities and disadvantages, reducing their ability to address issues in their lives.

7. Our response provides recommendations for how support to overcome these barriers should be delivered in a way that is effective in engaging people experiencing multiple disadvantages. We have gathered evidence from people who have direct experience of multiple disadvantage, as well as people working on the front-line at services.
8. In addition, MEAM coalition partners have provided extensive submissions to various UC inquiries as well as briefings on the topic¹. They have been used to inform our response. The MEAM coalition and the people we worked with to provide this evidence would be glad to elaborate further on any of the information provided.

ID and Bank Accounts

9. For this group of individuals the process of making a claim to Universal Credit for the first time has been extremely difficult. Although Universal Support services have led to some improvements there are considerable barriers that make processing a claim truly difficult for this group.
10. In order to make a claim an individual will need a photographic ID. People experiencing multiple disadvantage rarely have this and it can be a struggle for them to access it. More standard forms of photo ID, such as passports and driver's licence are prohibitively expensive for them. There are cheaper forms of photo ID, such as the CitizenCard, but these are not widely available. Where claimants struggle to prove their identity, their claims can be significantly delayed.
11. Additionally, UC payments will only be paid directly into bank accounts. Many people experiencing multiple disadvantages find it extremely difficult to open a bank account if they are rough sleeping, sofa surfing, or have no fixed abode; primarily because of problems in obtaining the required proof of address and ID which a bank will accept. It can also be equally hard for a person living in a hostel and/or supported housing to open an account, due to a lack of supporting documentation.
12. Lack of ID and a bank account can be a particularly problematic issue that people leaving prison face, especially for those on short sentences with multiple disadvantages. Lack of ID is not something that is routinely identified on reception or during prison sentences. Upon release, it leads to long delays processing UC claims, ultimately increasing the likelihood of an individual reoffending.
13. In some areas the DWP allow payments into a third-party account to allow time for people to set up an account. With this comes great risk of exploitation or fraud for this group of vulnerable individuals. Their access to positive social support can be quite poor and those who allow them to use their account can look to take advantage.

¹ <https://www.clinks.org/publication/briefing-ministry-justice-implementation-teams-exploration-universal-credit-and>

14. People with direct experience of multiple disadvantage who have successfully made UC claims stated that people were avoiding applying for benefits because of what their peers had told them the process involved. They didn't think it was worth the hassle or else were concerned it would cause them great anxiety.

15. HM Treasury and DWP, alongside other departments such as MHCLG and MoJ, must develop and roll out schemes to provide affordable ID to vulnerable individuals who are homeless or serving prison sentences.

16. The Ministry of Justice and DWP should collaboratively develop a process for determining UC eligibility on reception to prison and link this with resettlement support near to release.

17. DWP should develop safeguards to monitor instances in which vulnerable individuals allow payments be made to third party accounts.

18. The Ministry of Justice and DWP should collaboratively develop a process for determining UC eligibility on reception to prison and linking this with resettlement support near to release. DWP should also develop and provide consistent guidance and accessible information about advance payments and the application process to people leaving custody.

Access to IT

19. The digital by default process for arranging UC payments assumes that all claimants can use and have access to the necessary IT facilities to make and manage their claims. This is not the case for most people facing multiple disadvantages. For example, people awaiting release and resettlement from a prison will very likely have no access to IT, similarly the case for people rough sleeping or in temporary accommodation.

20. Job Centre offices are increasingly not allowing potential claimants to use facilities to make claims, increasing reliance on access to IT facilities in libraries and other public spaces. Unfortunately, these locations have been hit by repeated financial cuts and as a result can impose time limits too restrictive to make a claim.

21. Although potential claimants can now use phone lines, people facing multiple disadvantages often do not have mobile phones, and access to public phones is extremely limited.

Support making and maintaining a claim

22. Universal Support services are available in all local authorities to help individuals process an initial claim. However, these services aren't always able to provide the assistance required by individuals experiencing multiple disadvantage as they don't have the time to build relationships with them. As a result they are seen as untrustworthy by this group who have often been repeatedly let down throughout their lives. Additionally,

there is inconsistent availability of this support in prisons alongside a general inconsistent provision of work coaches in prisons.

23. Due to complex circumstances in their lives, related to poor mental health, substance misuse and prior frustration with services, some people facing multiple disadvantage can present with challenging behaviour at Job Centres, leading them to be turned away and effectively banned from entering the premises. Challenging behaviour should not disqualify people from receiving essential financial support.
24. Whilst it is possible to apply for UC by phone and with the help of the Universal Support service maintaining the claim must be done online without assistance. Individuals facing multiple disadvantage living chaotic lives and experience problems keeping/recording information such as passwords.
25. At times individuals may be fortunate to get help from local support staff to make or maintain a claim, for example from housing or substance misuse workers. However, this can mean a significant resource spent literally sitting next to claimants, going through the UC application process with them, as well as offering reassurance in response to the anxiety experienced by clients in the face of a system they don't understand. Unfortunately this leaves less time to focus on the actual support needs of the individual. Focussing high levels of resource in supporting a client with a need for basic income results in less time supporting the other complex support needs that could ultimately lead a client into recovery, stability and employment.
- 26. DWP should therefore ensure the provision of community-based work coaches outside of Job Centres that can work more flexibly with people facing multiple disadvantage in more appropriate environments and ensure that these staff are trauma informed.**

Five-week wait

27. The five-week wait at the start of a UC claim means individuals can be left with very little or even no income for that period. Evidence shows that people are generally waiting in excess of five weeks to receive payment due to errors within the operation of UC and the requirements UC places on people throughout the process of making a new claim.
28. Individuals experiencing multiple disadvantage don't have access to savings and are far less likely than the general population to be able to rely on family or friends to provide them with financial support while their claim is being made. Therefore, the only legitimate way they can have an income in those first weeks is by taking out an advance payment. Advance payments are loans, which must be paid back via deduction from future standard allowance payments at a rate of up to 30%.
29. The alternative to an advance payment is to have no income for this period or else resort to offending, reoffending, sex working and or begging. Vulnerable individuals are at serious risk of exploitation during this period as the options of finding other sources of legitimate income are

negligible for this group. This period of financial instability can exacerbate mental health issues and jeopardise any progress towards addressing substance or housing issues.

30. This immediate indebtedness created by the advanced payment loan is often compounded for those experiencing multiple disadvantage by additional deductions automatically drawn from their UC. These can include historic debts relating to Social Fund loans and court fines which don't need the consent of the individual, who are often unaware of their existence until the deductions are made. Individuals may also face having to top up their rent with UC payments as LHA levels do not cover rent costs in many circumstances. The repayments of the advanced loan combined with the deductions have led to individuals struggling to sustain themselves and buy essentials on what is left of their UC payment.
31. We have heard examples from front line staff of individuals' progress stalling due to the size of deductions being taken from UC payments. In one case an individual who had been rough sleeping for years had finally started engaging with multiple support agencies. He had not received benefits for several years but with the support of staff successfully made a UC claim. Unfortunately, in his first payment there were such large deductions made due to court fines against him and advanced payment loan repayments that he didn't have enough money to feed himself for the month.
32. We have witnessed numerous instances of individuals returning to beg on the streets which has put them at risk again of getting caught up in the criminal justice system and coming into contact with drug dealers.
- 33. *The greatest successes for people experiencing multiple disadvantages come where there is a tailored and flexible approach offered from Job Centre staff. This has a significant impact for the individual and their ability to manage the claim and engage with other services. Universal Support services should concentrate on building strong relationships between people and their work coaches to ensure the claim can be maintained in the long-term.***

Budgeting

34. One of the primary issues that people experiencing multiple disadvantage have faced since the introduction of UC has been managing lump sum monthly payments. The UC system includes a significant increase in the gap between payments compared to legacy benefits and this remains a significant change for which individuals require support or adjustment in the payment schedule.
35. Many individuals from this group struggle to manage a monthly budget. This is due to their lack of experience having to do so and in part because of the chaotic lives they live. Attempts to budget can be extremely stressful, worsening mental health and ultimately leading to failure. This frequently leads to individuals overspending in the first week or two and

then struggling to buy basic goods and food or individuals giving up and building up large arrears, resulting in some people regularly resorting to food banks and begging.

36. The lump sum can also be a risk for individuals with substance issues, which individuals facing multiple disadvantage confront regularly. They may be in the process of trying to address their problem but the large sum can be a cause or trigger a relapse. This can be particular concerning for people who have recently started treatment as their tolerance for certain drugs, such as heroin, will have diminished making them more prone to overdose.

37. The one off monthly payment has led to vulnerable individuals being exploited by others around them, in particular other drug users and drug dealers. Once they have learned when they receive their payment they will target them in advance and strip them of most of their payment when it comes in.

38. DWP should focus on developing a programme that ensures there are specialist work coaches to provide support to people facing multiple disadvantage in each area to maintain a claim and develop budgeting skills. Specialist staff should be fully trained on the common barriers and challenges faced by this group to access UC and given the powers to respond in a more flexible way away and from community settings outside of the job centre.

39. Clear expectations need to be set by the Government that every local area must take effective action to support people experiencing multiple disadvantages to make and maintain a Universal Credit claim. This should be accompanied by secure, long-term funding for the services required to provide this support.

Alternative Payment Arrangements

40. Alternative payment arrangements (APAs) have been introduced in an attempt to ease the problem of budgeting for a month for certain groups. They allow for housing elements of UC to be paid directly to landlords and for more frequent fortnightly payments.

41. APAs are designed to protect certain groups of individuals, separated into different tiers depending on priority. Tier one includes individuals who are rough sleeping or people with substance misuse issues. Despite individuals experiencing multiple disadvantage fulfilling numerous tier one categories they very rarely are able to avail of them. They are poorly advertised and can be difficult to access. In particular, receiving fortnightly payments is an extremely difficult and timely process, realistically only achieved through the help of support workers.

42. Accessing APAs requires individuals to disclose support needs to work coaches at the initial appointment. People may not be aware that they are required to disclose, or sufficiently prompted by work coaches given the short time allocated to these meetings. Critically, disclosing mental health

issues, domestic violence, substance misuse, or explaining a criminal record can be very distressing without the right support.

43. The process of applying for an APA should be made as easy and affordable as possible. Individuals experiencing multiple disadvantage should be placed onto an APA for both more frequent payments and direct payment to landlords. This should operate on an opt-out system, whereby people are able to request their APAs are removed following a conversation with the DWP.

Conclusion

44. Individuals experiencing multiple disadvantage are among the most vulnerable individuals in our communities and therefore among those who are most in need of receiving benefits in an easily understood, reliable and straightforward manner. Unfortunately, for many people falling within this group across the country their transfer to UC has been anything but these things.

45. Insufficient support for making and maintaining claims, lengthy waiting periods prior to receiving payments and inadequate safeguards has led to serious negative consequences for some people experiencing multiple disadvantage. For example, the delays in payments can make a return to crime or work in the informal economy look like the only realistic option for prison leavers without a bank account.

Recommendations

- 1. HM Treasury and DWP, alongside other departments such as MHCLG and MoJ, must develop and roll out schemes to provide affordable ID to vulnerable individuals who are homeless or serving prison sentences.**
- 2. The Ministry of Justice and DWP should collaboratively develop a process for determining UC eligibility on reception to prison and link this with resettlement support near to release.**
- 3. DWP should develop safeguards to monitor instances in which vulnerable individuals allow payments be made to third party accounts.**
- 4. The Ministry of Justice and DWP should collaboratively develop a process for determining UC eligibility on reception to prison and linking this with resettlement support near to release. DWP should also develop and provide consistent guidance and accessible information about advance payments and the application process to people leaving custody.**
- 5. DWP should therefore ensure the provision of community-based work coaches outside of Job Centres that can work more flexibly with people facing multiple disadvantage in more appropriate environments and ensure that these staff are trauma informed.**

- 6. The greatest successes for people experiencing multiple disadvantages come where there is a tailored and flexible approach offered from Job Centre staff. This has a significant impact for the individual and their ability to manage the claim and engage with other services. Universal Support services should concentrate on building strong relationships between people and their work coaches to ensure the claim can be maintained in the long-term.**
- 7. DWP should focus on developing a programme that ensures there are specialist work coaches to provide support to people facing multiple disadvantage in each area to maintain a claim and develop budgeting skills. Specialist staff should be fully trained on the common barriers and challenges faced by this group to access UC and given the powers to respond in a more flexible way away and from community settings outside of the job centre.**
- 8. Clear expectations need to be set by the Government that every local area must take effective action to support people experiencing multiple disadvantages to make and maintain a Universal Credit claim. This should be accompanied by secure, long-term funding for the services required to provide this support.**
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