

DR ANTHONY ALDHOUS – WRITTEN EVIDENCE (EUC0104)

The economics of Universal Credit

1. For context, I am an experienced, part-time volunteer Adviser with a Citizens Advice Bureau in North East Scotland. I deal face-to-face with clients with a range of issues including claiming benefits.

EVIDENCE

2. It is the poorest and most vulnerable members of society who have been most negatively-impacted by the introduction of Universal Credit.

False assumptions in rolling out Universal Credit (U/C)

- 2.1 That all individuals have access to the Internet, and have the skills required to make a claim on-line.
- 2.2 That libraries and other public access sites have sufficient time and resources to enable/assist a claimant to make a successful U/C claim on-line.
- 2.3 That claimants will have sufficient cash resources to see them through the minimum 5-week period until their first benefit U/C payment.
- 2.4 That claimants would understand the financial impact of taking an advance payment, prior to receiving their first U/ C payment.
- 2.5 That claimants will be able to manage money (U/C payments) based on a monthly payment cycle, rather than being paid their benefits weekly.
- 2.6 That DWP is sufficiently adaptable to assist those without digital or literacy skills, or with mental health issues, to make a successful U/C claim.
- 2.7 That the DWP would tell claimants when they would be better off financially claiming legacy benefits rather than U/C.

CONSEQUENCES

Debt

- 2.8 Many clients are often forced into debt as soon as they register for U/C. This is a downwards spiral with no escape. This is not simply a budgeting issue, there is insufficient money for many clients to live on, from the outset. Moreover, many of our clients are financially illiterate.

- 2.9 Some clients are so distrusting of the process and/or DWP that they will not claim benefits to which they are entitled because of Universal Credit's poor reputation.

Foodbanks

3. As most claimants do not have sufficient money to see them through the 5 weeks until their first U/C payment. There has been an increasing reliance on foodbanks.

Mental Health

- 3.2 The stress of making and maintaining a U/C claim is having a serious negative impact on some clients who already had underlying mental health issues.

POTENTIAL REFORMS

- 3.3 Scrap the 5-week wait for the first U/C payment
- 3.4 Make any initial advance payment non-repayable
- 3.5 Make U/C payable weekly, if the client asks
- 3.6 Ensure the DWP directs clients to the benefits which would maximise their income
- 3.7 Make it easier for clients to claim U/C by telephone or in person, rather than on-line

CONCLUSION

- 3.8 A civilised society should take care of its poorest and most vulnerable members. The way U/C's roll-out has been implemented, it is actually harming many such potential claimants.

28 February 2020