

FRIENDS OF CATHJA – WRITTEN EVIDENCE (EUC0108)

The economics of Universal Credit

Committee is seeking answers to the following questions:

How well has Universal Credit met its original objectives?

Were the original objectives and assumptions the right ones? How should they change?

UC was promoted as “saving” on the “welfare bill” and transformative, it seems the truth is that the cost of the programme contracts far outweighs savings, so a forensic analysis of roll out costs, payments to companies for contracts, and savings needs doing to properly fiscally assess. In our experience the only transformation is pushing people into debt, worsening mental & physical health, removing support and replacing with punitive, inappropriate and intrusive methods. We specifically work with adults with long term severe and enduring mental health.

What have been the positive and negative economic effects of Universal Credit?

Please see personal stories below

What effect has fiscal retrenchment had on the ability of Universal Credit to successfully deliver its objectives?

I don't understand this question

Which claimants have benefited most from the Universal Credit reforms and which have lost out?

All claimants have suffered – all are vulnerable to severe and enduring mental health

How has the world of work changed since the introduction of Universal Credit?

To my knowledge nothings changed.

Does Universal Credit's design adequately reflect the reality of low-paid work?

If people, as I've read, are forced to take any job including modern day slavery model rather imaginatively called “zero hours contract” and UC

top up falls short it's not "lifting" people out of poverty but creating poverty. I've seen several people on twitter complain of this issue.

Also DOUBLE DIPPING by companies MUST STOP! Example such as Starbucks who pay no corporation tax, and pay low wage staff have to apply for been benefit. These companies are double dipping it must be stopped, Amazon also paid only £100,000 on £76 million profit, there's other companies that abuse tax loop holes to avoid tax whilst paying low wages. I wonder what cost to public purse is?

Universal Credit does not adequately reflect the lived experiences of low-paid workers, how should it be reformed?

The rules are confusing. Initially there seemed to be a 16hour limit that did not impact claim, so no stopping of UC or deduction, but I think that's either been removed or some job centre staff are confused about what's allowed. This needs resolving.

As some example

Average cost of living is about £15,000 - £20,000 living frugally

Food bill £50-100 PW £6,000 pa

Rent £5-8,000

Utilities £2,000 pa

Internet £600

Rent and food alone can cost as much as £14,000 pa

Then there's travel ..a holiday ... incidentals like lunchtime sandwiches, a day out, birthday, Christmas.. car MOT road tax and insurance...Everything costs money average living costs for a single person or single parent family mount up and not everyone can find a job that covers living costs.

UC must act as a realistic mechanism to ensure people aren't in a debt situation, it should continue to be paid (but taxed) for first 3-6 months of someone starting work.

For people to be able to get a financial stepping stone

To make sure the job works

To get a couple of wage packets in their bank

Stress pushes people into mental breakdown and uses gp resources..remove some of the stress, improve life and reduce burden on medical services ..create a wellbeing GDP

UK is so small and under brexit divisions likely to get smaller, we should be sufficiently intelligent enough to adopt better social models from similar size countries, such as Norway's prison model (since we now are putting people in prison for debt!)

Apart from keeping people down trodden, I can't understand why a govt wouldn't do everything it can to support both it's workforce and it's Vulnerable. This govt seems wantonly incapable of both, but apparently very gifted at non existent bridges.

UC should not be used for Vulnerable people, it doesn't work because someone who lacks capacity cannot cope with online, phone, texting, phone calls... Meaning they miss appointments, journal etc it's inappropriately designed and contrary to equality as it's exclusive not inclusive. There's a lack of advocates to support and the tragedy of Errol Graham highlights how the robotic, Kafkaesque benefit fails people in the vulnerable group again and again.

People with health issues should be left on ESA, GPS, specialists, social workers should produce the reports and save the country money on assessors which can help fund the welfare bill, along with tax avoiding companies paying their share.

Never clear why volunteering is not valued in UK, people live in fear.

We had a guy on UC, very unwell, his friend ran the charity shop, he'd come in for 1-2 hours to see his friend, in his mind he was volunteering. He told the job centre, they deducted £50 PW off of him....????? How is this useful?

Volunteering should rewarded, applauded and celebrated for the altruistic action it is. It's also a way for govt to support our UK charities, in light of the massive cuts that have been made over the past 10 years. Our charity has lost 50% of our local authority funding.

To the Lord's Economic Affairs Committee

We are a small London charity working with adults who are vulnerable to severe and enduring mental health issues.

The patron of our charity is Lord Nic Rea and we are endorsed by Peter Tyrer head of community psychiatry at Imperial College.

The charity was founded 25 years ago as a creative a-verbal therapy.

Since the introduction of universal credit (and PIP) we have spent considerable time and effort supporting our guys who have been switched to UC.

The worst case we dealt with was a whole family affected by UC. Our member, his partner and baby daughter were left starving for 3 months when their UC claim crashed.

Mr C (not real name) has mental health issues and was in receipt of incapacity benefit, his partner had been full time employed until the birth of their daughter. Miss B (not her real name) went onto benefits. Mr C due to his mental health could not face attending GP or any type of support, the only reason he attended our project is its unintrusive nature of a-verbal creativity.

The DWP forced Mr C onto UC. The family submitted paper evidence, birth certificates, pay slips of Mr C's adult son (who also has mental health issues and was at that time living at home) etc, this process had to be repeated 3 times as the paperwork mysteriously kept disappearing, during this time Mr C and Miss B's original benefits continued.

The claim was finally rubber stamped, the benefits of the family by then had been stopped about 1 month before and the family were getting food parcels from friends, family and us.

The same day the family's UC claim was validated, the claim was shut, no reason was given, there was no way to "restart" the claim. This turned into a 3 month nightmare of near starvation as the family felt unable to keep asking for help, they got referred to foodbank but this didn't work too well, one time they were told they could have food or advice, but not both. Miss C went from 10stone down to an unhealthy 7 stone, making sure her daughter ate. It was terrible to see and not know what to do to get things sorted, Kafka comes to mind.

Case 2

Miss D (not real name) made a universal credit claim in September [2019](#) after working full time for all her life but experiencing extreme mental breakdown which she is still suffering. Her claim was validated about 1 week ago.

Case 3

Mr F (not real name) was placed on UC, he suffers a severe mental health issue which includes anxiety disorder, he was forced to "attend" work related meetings, although he had worked his entire life, many years becoming a supervisor/foreman. He had a family and owned his own home, return to work or pressure to return was not the answer to his problem, this considerably put his recovery back and did extreme damage to his mental wellness, we are sure he would no longer be with us, physically, if he hadn't had or sought support from us as he was already putting himself under pressure feeling so bad about not working. It took considerable effort to work with the work coach to remove him so he didn't have to attend. He is keen to return to work as soon as he feels able.

Case 4

UC is mooted to be rolled out, each person we have experienced being placed on UC has required considerable additional advocacy. We are happy and able to provide but This takes us away from the project. There isn't sufficient skilled advocates and some people cannot ask for help or support for many complex reasons.

Not one person has had

A smooth transition

All have suffered a lowering of benefit levels pushing them into hardship either for a while or permanently

Case 5

Miss L (not her real name) suffers an extreme psychological disorder which requires constant treatment, due to the switch to UC she lost income, she was forced to use foodbanks for 6 months. It took a long time to get her back onto the correct benefits.

The "system" also dropped her severe disablement and so her PIP stopped too. The whole thing took months and many calls and letters.

We have witnessed that

Journal entries disappear

That DWP staff don't seem to understand or know what to do or where to find things on journals.

That there is a lack of understanding/sensitivity when dealing with vulnerable individuals, worsening mental health.

That claims frequently "go wrong" and take an inordinate amount of time to resume with no interim safety net payments.

"Loans" from benefits don't work, they are keeping people in debt who are unable to "earn" a wage in order to clear the debt once claim reinstated.

Any cases that we have gone to tribunal or mandatory reconsideration with have been won.

Some people at our charity are able to carry out supported work under permitted earnings, we are unclear about how UC will impact this scheme.

Permitted earnings is a fantastic resource as it fulfills several aspects, as we live in a capitalist society "working" is perceived as having social value, social standing, this enables vulnerable people to work and pay tax whilst earning some income. It also helps public purse as people can pay tax. It helps people feel useful without stress which can trigger breakdown.

The government must act to ensure any type of "work", including clarity about volunteering, is enabled to support all people in society be not only part of the tax system but to not feel uncomfortable or fearful about what they can do.

People are literally scared to death, they feel they have to continuously validate their illness, the re-application is frequent, this is making people unhappy, they're already under a lot of pressure, impacting further on their mental health. This also forces them more frequently to visit GP's increasing workload unnecessarily for fluctuating or unchanging illness.

The cost of UC is a lot greater than the amount saved for public purse so it seems it's very much a failed project both financially and socially.

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