

Written evidence from Dr Marcia Gibson, Dr Steph Morris and Dr Mandy Cheetham BPI0074

Introduction

Our response draws on qualitative interview data and our analysis of Citizen’s Advice data from the National Institute for Health and Care Research (NIHR) funded [Evaluation of the health impacts of Universal Credit: a mixed methods study](#) (Award ID: NIHR131709). The study is a collaboration between the Universities of Glasgow, Newcastle, Northumbria, Lancaster, Liverpool, Essex, and Manchester,. The views expressed are those of the authors and not necessarily those of the NIHR.

The qualitative data were collected between January 2022 and January 2023. We interviewed 70 recipients of Universal Credit in Tyne and Wear and Glasgow about their experiences of living on Universal Credit and how this affects their health. Analysis of this longitudinal work is ongoing and will be published in due course. We also draw on evidence from a scoping review of international evidence of the impacts of benefit sanctions, on which one of the UC team is a co-author. The lead author of the review, Dr Serena Pattaro, will also be giving oral evidence to the Committee on 10/5/23.

We are responding to the following questions from the evidence call:

1. Adequacy of benefits	2
a) What ‘essentials’ should working-age benefits in the UK cover? Are current working-age benefit levels sufficient to cover those needs?	2
b) Are additional components of benefits, such as Personal Independence Payments, sufficient to cover the costs they are intended to cover?	3
c) Are working-age benefit levels appropriately set to encourage people who are able to work into work?	4
d) What lessons can be learned in respect of benefits provision more generally from the £20 uplift to Universal Credit, introduced during the pandemic?	4
2. Designing benefits policy	5
b) What is the role of ii) repayments; iii) sanctions on the adequacy of benefits?	5
f) Are there any international comparators the Committee should look at for this inquiry?	6
3. Work incentives	6
b) What is the impact of policy interventions designed to incentivise work, such as sanctions, on the adequacy of support received by individuals—both monetarily, and in how they help individuals to find work?	6
4. Accessibility and Administration	7

a) What aspects associated with the administration of benefits impact the adequacy of experience for claimants?	7
b) What changes should be made to the administration of working-age benefits? ..	8
c) Are there any particular groups who have been 'left-behind' in the design of working-age benefits policy?	8
References	9

1. Adequacy of benefits

a) What 'essentials' should working-age benefits in the UK cover? Are current working-age benefit levels sufficient to cover those needs?

As a general principle, we would argue that benefits should, at the least, permit individuals to cover food, clothing, housing, and utilities, and also allow for some social participation. However, many participants in our study of the health impacts of Universal Credit reported that the basic rate of UC Personal Allowance does not cover even the most basic requirements to sustain life. The interviews were conducted as the costs of living were increasing, and many respondents described how living on UC entailed a form of merely 'existing' as it provided sufficient funds only to cover very basic foodstuffs (and then often only if augmented by use of foodbanks etc.) In some cases, after bills were covered and any deductions (often for advance payments) accounted for, there was little to nothing left for food or other basic essentials such as toiletries or travel. This meant people were attending food banks and experiencing debt, often for the first time in their lives:

I do drive, but I cannae afford to drive [laughs], cannae afford the insurance, cannae afford petrol, cannae afford the cost of living, really. So when I get paid, it pays my Sky bill and my gas and my leccy, and that's me skint. That's me, nothing for food, nothing for anything, do you know what I mean, having to go to food banks, get vouchers, go to other kind of places for food. (Sean, Male, Health conditions, Glasgow)

Universal Credit doesn't help anyone really you know. There's no opportunity to...I don't have a social life. I don't have a family life. I don't have the heating on. I can lie in bed with my clothes on and a hot water bottle. (Gillian, Female, Health conditions, Tyne and Wear)

Living on such a low income had negative impacts on physical and mental health, including disrupted sleep, low mood, and constant worry and anxiety. These impacted in turn on other aspects of people's lives, such as relationships.

I just lose sleep and I don't settle and relax. I stress quite a lot...'cause money troubles is what really does get us down quite a lot.... at the beginning, it (UC) brought my mood down, and I thought we were going to split up, because we were arguing. (Lily, Joint claim, Health conditions, Tyne and Wear)

So, you're thinking, how will you like get that 20, how can I get like 10 pounds or how can I get a five pound note, you know, just to get those extras, just to put that gas or electric on. It's put me under a lot of stress, I have to say, like financially....And also, you know, emotionally because I'm living alone. (Rick, Male, Health conditions, Glasgow)

Experiencing a significant decrease in income when transitioning from legacy benefits (e.g. Tax Credits) or full-time work, when experiencing the 5-week wait, and/or enduring an insufficient income on UC for long periods of time was linked to worsening mental and physical health.

Our research does not include detailed analyses of the precise goods and services working-age benefits should cover, nor what may be defined as 'essential'. We would refer the Committee to the work of the Joseph Rowntree Foundation, which has used deliberative methodologies to develop benchmarks for items deemed to be essential to sustain a dignified and healthy life, and to identify specific sums which are sufficient to provide these (see the Essentials Guarantee; Bannister et al., 2023, and the Minimum Income Standard; Davis et al., 2022).

b) Are additional components of benefits, such as Personal Independence Payments, sufficient to cover the costs they are intended to cover?

Those individuals or couples in our study who were receiving Carer's Element, the Limited Capacity for Work Related Activities rate of UC, and/or additional benefits such as PIP tended to be able to cope better with costs of living than those who did not receive additional funds. However, benefits intended to pay for the additional costs of health conditions, such as taxis for those with mobility issues, were often being used to cover the increasing costs of energy bills and subsistence. For those with health conditions who were in the process of applying for PIP, potentially receiving this additional payment was often a ray of hope that they may soon be able to afford to daily essentials:

When I get this PIP I won't need to go to food banks. (Sarah, Female, Health conditions, Tyne and Wear)

Nonetheless, even respondents receiving such additional payments described cost-saving measures such as switching off utility supplies, and the prospect of large additional expenses such as white goods or a mattress was extremely daunting.

c) Are working-age benefit levels appropriately set to encourage people who are able to work into work?

The negative impacts on physical and mental health of subsisting on insufficient funds outlined above could have the effect of moving people further away from the labour market. In some cases, the costs of job searching when they received insufficient funds from UC caused additional stress and barriers to securing employment. For example, the young woman below had not been offered assistance with attending interviews via the discretionary Flexible Support Fund:

So, by the time my work coach was sending through job applications for me to do. I was like, well, how the hell am I supposed to get there, because by the time I've worked out my living, I've got about £2 left. (Elsa, Female, Mental health conditions, Tyne and Wear)

d) What lessons can be learned in respect of benefits provision more generally from the £20 uplift to Universal Credit, introduced during the pandemic?

During the pandemic uplift, many participants reported managing better financially because they could cover the essentials during this time. Some reported experiencing less anxiety regarding finances during this time:

it felt like Christmas had come with that £20.00... it took the anxiety away. I just...I'd went up to an allowance of £409.00 a month from my lowest when I was getting £317 was it? (Gillian, Female, Health conditions, Tyne and Wear)

When the uplift was stopped in Autumn 2021, several found they began to struggle with affording bills and daily essentials:

I had stopped receiving it [uplift] and then it became a challenge like I had been in a situation where I became heavily reliant on that income. But when that income, you know, they're changing the incomes, I was questioning in the back of my mind, what am I going to do now? With that 20 pound I was able to like, to do that extra, you know, to do the essentials, to some extent, but now it's not possible. (Rick, Male, Health Conditions, Glasgow)

The uplift was removed at a time when prices, particularly of food and energy, were rising, meaning that people felt an even bigger impact of the significant cut to their income. Some people reported symptoms of depression and anxiety increasing from this point onwards. Our data therefore suggest that the key lesson is that UC needs to be increased, to at least the level it was during the pandemic uplift.

2. Designing benefits policy

b) What is the role of ii) repayments; iii) sanctions on the adequacy of benefits?

Data from other research studies and from support organisations have highlighted the negative impacts of repayments and sanctions on UC recipients. A number of respondents reported that repayments were having very damaging impacts on their ability to afford basic essentials, and, as a consequence, on their mental and physical health. Repayments of DWP advances to cover the 5-week waiting period for UC were mentioned frequently, and particularly affected people who had no personal savings or had previously been on a low income. For people in receipt of the basic Personal Allowance, deductions from this already inadequate amount could leave them bordering on destitution. Several participants explained how high repayments for other debts, including to energy companies, were also applied to their UC account without warning, leaving them with limited income at short notice. Such deductions mean the level of UC payments is falling far below adequate, as not

all repayments are included within the 25% cap on total deductions applied (DWP 2023; Shelter 2023).

But they're not even paying full rent just now, they're only paying 196 and my rent's 276, because you know what they're doing? They're taking back their advances first. (Sean, Male, Health conditions Glasgow)

Consistent with the fall in sanctioning rates prior to the pandemic, and the temporary lifting of conditionality during the period of lockdowns, few of our respondents had personally experienced a sanction. However, the fear of being sanctioned worsened anxiety or low mood for several participants. Many tried to avoid sanctions by doing their utmost to follow the rules. Some reported actions such as arriving 15 minutes early or taking taxis to JCP appointments to allay the fear of lateness resulting in a sanction.

Because it's that word, sanctions. For what good reason? That's what it is. High anxiety. It's bad enough when you don't have sanctions, without being sanctioned. (Gillian, Female, Health conditions, Tyne and Wear)

One respondent who had been sanctioned for missing an appointment some time ago provided a particularly poignant description of his experience:

I was still homeless, and they sanctioned me, but it was like a 12-week sanction. And at that time, I never had anybody round about me, and I drapped my weight, I couldnae eat, I had nae money to feed myself, I had nae gas, I had nae leccy, oh, it was the only time of my life where I truly felt suicidal, where I was thinking, what am I going to dae here, because it was brutal. It got to a point where I was falling asleep and I was falling into these... weird states of mind where I could hear people shouting on me, because it was like sending me down like a dark, dark route, do you know what I mean? (George, Male, Glasgow)

Given the recent increases in the sanctioning rate (Webster 2023) and the government's stated intention to increase the use of sanctions and intensify conditionality for groups such as parents of young children (HM Treasury 2023), we would register our extreme concern that vulnerable groups will be subject to further harm as a result of government policies.

f) Are there any international comparators the Committee should look at for this inquiry?

It is well known that the UK has one of the lowest income replacement rates of all OECD countries, with standard benefits replacing only 17% of average earned income for people on unemployment-related benefits (compared to the OECD average of 45% after one year) (OECD 2023). UK benefit rates have failed to keep pace with inflation historically, and since 2016 the benefits freeze has expressly prevented them from rising in line with inflation. However, the systems in many

countries are not directly comparable with the UK, as their more generous unemployment benefits are not funded through general taxation.

Benefits in many EU and Scandinavian countries have initial income replacement rates of up to 85%, but to receive this, individuals must pay into a social insurance system in addition to paying income tax. In most cases these rates are also time-limited and if the individual has not found work within 1-2 years, they are transferred to a social assistance system which more closely resembles the UK's benefits system (Pattaro et al 2022). There are potentially merits to such a system, since higher earners are not thrown into poverty on becoming unemployed, and will be able to cover costs such as mortgages for which there is little help in the UK. However, payments in addition to income tax are unlikely to be politically popular.

3. Work incentives

b) What is the impact of policy interventions designed to incentivise work, such as sanctions, on the adequacy of support received by individuals—both monetarily, and in how they help individuals to find work?

We have summarised qualitative evidence from our study on the negative impacts of sanctions in response to Q2b above. A scoping review which synthesises the international quantitative evidence on the impacts of sanctions was published in 2022 (Pattaro et al 2022). The lead author of the review is providing oral evidence to the Committee, and a co-author is a member of the research team on the Evaluating Health Impacts of UC study and contributor to this response.

The scoping review synthesises the results of 94 studies conducted in high-income countries. In brief, the review found that while sanctions encourage quicker exit from benefits, this is often to poor quality, unstable jobs, or economic inactivity. The evidence for impacts on health and wellbeing outcomes is less robust, but studies consistently reported increased material hardship and health problems. There was also evidence of increased child maltreatment and poorer child well-being. It is important to note that the UK is one of very few high-income countries in which sanctions can result in almost zero income. In many EU and Scandinavian countries, those who are sanctioned have access to a second-tier system which provides support similar to that provided in the UK's standard system.

The Committee will be aware of the DWP's recently published report of its own study of the impacts of sanctions, which appears to show that people who are sanctioned exit benefits more rapidly, but fewer exit into PAYE earnings and those who do earn less than claimants who are not sanctioned (DWP 2023). Taken as a whole, the available evidence strongly indicates that the level of monetary support provided to sanctioned individuals is wholly inadequate, and they do not help individuals to find work which is sustainable or improves their financial circumstances.

4. Accessibility and Administration

a) What aspects associated with the administration of benefits impact the adequacy of experience for claimants?

Our study identified many issues with the administration of UC that caused difficulties for claimants. Here we focus on some of the most problematic.

i. Digital by default claim process

Participants who had limited digital skills or access reported difficulties with the claim process and experienced stress as a result. Some had sought advice from the UC helpline, JCP and advice agencies but been unable to access assistance. Even some participants who considered themselves digitally literate found the online digital system stressful and difficult to manage. Those who had more complex claims, including those transitioning from multiple legacy benefits due to long term ill-health, experienced stress and frustration as they reported staff were unable to assist them with their online claim. Work conducted by our team with users of the Citizen's Advice Help to Claim service found that face-to-face advice was often needed for new claims (Brown et al 2023).

ii. 5-week waiting period

A number of our participants reported struggling financially during the 5-week wait, with negative impacts on physical and mental health. As one participant explained:

So, I paid a month's rent and then had, like topped up my gas and electric to do me... bought some food... I kept money by but no, it [Universal Credit advance] didn't last me...I starved for weeks. I was living on porridge. I lost so much weight. (Stephanie, single parent, health problems, Glasgow)

Given that the policy rationale for the 5-week wait is that new claimants will have received their last month's salary in arrears, it is unreasonable to impose the delay on those who are being migrated from legacy benefits or have just been released from prison.

iii. Deductions

We have noted above the many issues associated with repayments and deductions from the UC Standard Allowance.

iv. Joint claims

A number of women reported issues with joint claims, including partners controlling the claim, becoming liable for advance payments and budgeting loans from which they had not benefitted, and claims being ended due to ex-partners opening a new individual claim. In the latter cases, respondents had not been informed of, nor given consent for, changes to their claim.

b) What changes should be made to the administration of working-age benefits?

Based on the above data, we suggest the following administrative changes to Universal Credit:

i. Digital by default

It is essential that sufficient support is available to those who lack IT skills and/or access. We suggest re-commissioning Citizens Advice to provide *in-person* support for the claim process and ensuring JCP and UC helpline staff have sufficient levels of training for complex claims. Our team's work with Help to Claim service users suggested that their involvement in the design of the UC claim interface and journal is vastly beneficial (Brown et al. 2023).

ii. 5-week waiting period

Our data support the recommendation of a ‘run-on’ of legacy benefits made in the Committee’s report ‘Universal Credit: the wait for a first payment’ (House of Commons Work and Pensions Committee 2020) but to all claimants who move to UC, not just those in managed migration. Ending the 5-week wait, particularly for vulnerable groups and those transferring from legacy benefits, would remove a significant source of deductions for many.

iii. Deductions

The cap on the percentage of benefits which can be deducted at one time should include all sources of deductions (including Tax Credits overpayment and energy supplier debts) and should be lowered to 10% as per the Committee’s earlier recommendation (House of Commons Work and Pensions Committee 2020). Any deductions should be carefully discussed and agreed with claimants for affordability before they are applied.

iv. Joint claims

It should not be possible to make changes to joint claims without obtaining the explicit consent of both claimants. This would be unusual in other areas of financial administration.

c) Are there any particular groups who have been ‘left-behind’ in the design of working-age benefits policy?

Our data suggests some older people, refugees with limited English skills and people without digital accessibility or skills are being marginalised in the digital by default design of Universal Credit. Some of these participants expressed difficulties with applying to claim for UC and managing their claim due to their limited digital skills. There was very little formal provision for these individuals to gain help with Universal Credit. Instead, people said they were gaining chance assistance informally through neighbours, friends, family or community workers who spoke their language in the case of refugees.

References

Bannister L, Matejic P, Porter I, Sands D, Schmuecker K, Wenham A, Bull R, Ferrer I, Hughes A. [An Essentials Guarantee: Reforming Universal Credit to ensure we can all afford the essentials in hard times](#). York: Joseph Rowntree Foundation. 2023

Brown H, Xiang H, Cheetham M, Morris S, Gibson M, Katikireddi SV, Munford LA, Taylor-Robinson D, Finney H, Bartle V, Baxter AJ. Exploring the health and sociodemographic characteristics of people seeking advice with claiming universal credit: a cross-sectional analysis of UK citizens advice data, 2017–2021. *BMC public health*. 2023 Dec;23(1):1-9

Davis A, Stone J, Blackwell C, Padley M, Shepherd C, Hirsch D. [A Minimum Income Standard in the UK for 2022](#). York: Joseph Rowntree Foundation. 2022 Sep.

Department for Work and Pensions. 2021. Find out about money taken from your Universal Credit payment. <https://www.gov.uk/guidance/find-out-about-money-taken-off-your-universal-credit-payment> . (Accessed 2 May 2023)

Department for Work and Pensions. The Impact of Benefit Sanctions on Employment Outcomes; Evaluation Report. London: The Stationery Office Limited. 2023

HM Treasury. Chancellor unveils a Budget for growth.
<https://www.gov.uk/government/news/chancellor-unveils-a-budget-for-growth> 15
March 2023. (Accessed 5 May 2023)

House of Commons Work and Pensions Committee. [Universal Credit: the wait for a first payment](#). Third Report of Session 2019–21. HC 204. London: The Stationery Office Limited. 2020

OECD. Benefits in unemployment, share of previous income (indicator). 2023. doi: 10.1787/0cc0d0e5-en (Accessed on 28 April 2023)

Pattaro S, Bailey N, Williams E, Gibson M, Wells V, Tranmer M, et al. The Impacts of Benefit Sanctions: A Scoping Review of the Quantitative Research Evidence. *Journal of Social Policy*. Cambridge University Press. 2022;51(3):611–53.

Shelter. Deductions from universal credit for debts.
https://england.shelter.org.uk/professional_resources/legal/benefits/universal_credit/deductions_from_universal_credit_for_debts. (Accessed 2 May 2023)

Webster, D. [Briefing: Benefit Sanctions Statistics February 2023](#) London: Child Poverty Action Group. 2023.

May 2023