

## Written evidence from Citizens Advice Chesterfield [UCW0013]

### Introduction and Summary

Citizens Advice Chesterfield is a community focussed advice agency working to support the residents of Chesterfield with the problems they face. In 2019, we assisted 687 local residents with 2497 Universal Credit (UC) issues but there were many other related enquiries as UC had an impact in many cases on people's financial security and health. Our submission reflects those experiences. We hold advice sessions based in GP Surgeries, a Mental Health Unit, two Foodbanks and other community venues. This means we are well placed to comment on how aspects of the current Universal Credit system impact on the wider social determinants of health. We welcome the changes to Advance payments but would like to see further changes to the waiting period.

### **1. To what extent have the mitigations the Government has introduced so far (e.g. Advance Payments) helped to reduce the negative impact of the five week waiting period for UC claimants? What problems do claimants still experience with the five week wait?**

1.1 The original objectives of Universal Credit stated "Our reforms put work, whether full time, part time or just a few hours per week, at the centre of our welfare system. As such it extends a ladder of opportunity to those who have previously been excluded or marginalised from the world of work". It wanted to reduce complexity, embrace IT for ease of access and to reduce fraud.

1.2 We have seen a range of issues with Universal Credit, where aspects of policy and practice can contribute to financial hardship, disrupted lives and which would not support the achievement of Universal Credit's original objectives. One, if not the most telling of those issues has been 5 weeks wait for first payment albeit with the later introduction of "advances" which are repayable. It is our experience that the people we support with UC claims and enquiries are rarely in a position that they have access to an income or savings buffer when they first claim UC. This can be for a variety of reasons depending upon circumstances but can include situations such as people who have lost jobs where they were unable or barely able to meet normal living expenses, perhaps because they have been working in insecure employment or on zero hours contracts. So managing a waiting period is likely to be challenging.

1.3 Advance payments have made some difference to mitigating against the five week wait and the changes in policy in this area were very welcome. However, the payments still have to be repaid from UC at a later date which can cause financial hardship. We also find that there is a reluctance to accept advance payments for this reason and also in some other circumstances, particularly where people are already trying to manage existing debt problems.

1.3 It is also important to note the five week waiting period can have the following effects:

- People without money, needing Foodbank support
- People getting into debt just to meet normal household costs such as energy or being unable to manage existing debt problems they already have.
- People resorting to high cost credit and door step lending to get by, worsening debt problems.
- Worrying impacts on health, we recently advised a person waiting for UC in a foodbank setting. They had not eaten for several days, they had diabetes and other health issues that made this particularly concerning

- People can face a new benefit trap – the challenges of trying to meet essential needs for food, fuel and overcome debt are not conducive to work search activities and may entrench poverty
- Vulnerability to fraud and Subsequent associated fraudulent activity victimising Universal Credit claimants (Where people have little or no money they can be more vulnerable to scams and we know that several scams use UC concerns as a means to deceive people).
- Issues of the five week waiting period can be exacerbated by other aspects of UC administration. When people do finally receive UC, they may not necessarily get the appropriate standard amount. The use of Universal Credit to recover fines and old benefit debts with large deductions at source can cause financial hardship. These deductions mainly take into account debts to the state (repaying an Advance Payment), sometimes landlords or utilities, but not any other debts or outgoings.

## **2. What is the best way of offsetting the impact of the five week wait?**

2.1 This is not our area of expertise but through Treasury economic modelling and social return on investment assessments, it should be possible to calculate potential offset savings if the five week waiting period was to be removed in whole or part. There are, for example, notional calculations of public costs if someone is hospitalised, needs to see their GP, is at risk of homelessness, if a child is absent from school, needs support from public or voluntary services, the costs of recovering debts and others. The risk of expending a range of cost expenditures may be mitigated if the five week waiting period was changed.

## **3. Are different mitigation options needed for different groups of claimants?**

3.1 We understand that there are different groups of claimants who may be more vulnerable than others such as people with disabilities, mental health issues or those facing exceptional stress because of financial, housing or other issues. However, having different mitigation options may add to the complexity of UC and lead to inconsistencies in decision making and access. Recent experiences of the Coronavirus pandemic have demonstrated the importance of our welfare systems offering protection and supporting social cohesion. On this basis, consideration should be given to removing the five week waiting period for all claimants.

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