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Universal Credit: the wait for a first payment

Executive summary

- Evidence from published qualitative and quantitative studies shows the profoundly detrimental effects of the five week wait for Universal Credit, including for claimants with vulnerabilities, disabilities and health conditions
- The qualitative study showed the effects of managing on a low income during the five week wait left people with impossible choices between social isolation, sanctions, heat or hunger
- Punitive repayment levels for advance payments left claimants with impossibly low incomes
- The quantitative study found poor mental health increased in the unemployed group eligible for Universal Credit - after the introduction of Universal Credit relative to the comparison group
- No effect on employment was found, suggesting that the main aim of the policy change is not being met
- Pressures and costs are increasing on voluntary and community sector organisations, NHS and local government staff supporting claimants during the five week wait
- The best way of offsetting the impact of the five week wait is to abolish it, bring forward the first non-repayable payment and ensure that claimants receive their full entitlement on the first day of their claim.

1) Introduction

The provision of cash benefits to support people in low-paid employment, unemployment, and disability is an essential component of a welfare system that aims to promote inclusion, health and wellbeing during times of adversity. The government's prompt response to people facing adversity under COVID-19 is welcome. The changes announced to UC since COVID-19, appear to acknowledge the detrimental impact of UC and government's role in ensuring a safety net for people experiencing poverty and ill health.

- 2) Our evidence submission is based on two peer reviewed studies, one qualitative study published in the British Medical Journal Open¹ in 2019 and cited in the final report of the United Nations (UN) Special Rapporteur following his visit to the UK²**

¹ Cheetham M. Moffatt S. Addison M. and Wiseman A. (2019) Impact of Universal Credit in North East England: a qualitative study of claimants and support staff, *British Medical Journal Open*:9:e029611. [doi:10.1136/bmjopen-2019-029611](https://doi.org/10.1136/bmjopen-2019-029611)

² Alston (2019) <https://undocs.org/A/HRC/41/39/Add.1>

³ Wickham S, Bentley L, Rose T, Whitehead M, Taylor-Robinson D, and Barr B. (2020) Effects on mental health of a UK welfare reform, Universal Credit: a longitudinal controlled study. *The Lancet Public Health*; 5: e157–64. doi: [https://doi.org/10.1016/S2468-2667\(20\)30026-8](https://doi.org/10.1016/S2468-2667(20)30026-8)

and one longitudinal nationally representative study published in *The Lancet Public Health*³ in February 2020.

- 3) The qualitative research is based on interviews with 33 Universal Credit claimants (aged 21-63 years) and 37 staff supporting them undertaken in North East England from April to October 2018. The sample includes people with long-term health conditions and/or disabilities, mental health problems, learning disabilities, cognitive impairment/dementia, sensory impairment, drug or alcohol problems, care leavers and ex-service personnel, the majority of whom were not in paid employment, were on low incomes, with little or no savings. Staff perspectives include local government and the voluntary and community sectors that are supporting people with Universal Credit claims.
- 4) The quantitative study is based on 52,187 working age people (16–64 years) in England, Wales, and Scotland who participated in the Understanding Society UK Longitudinal Household Panel Study, a nationally representative sample between 2009 and 2018. Using the phased roll-out of Universal Credit, we compared the change in psychological distress (self-reported via General Health Questionnaire-12) between unemployed people eligible for UC and a comparison group of people not eligible for Universal Credit over time as the reform was introduced in the area in which each participant live. This peer reviewed research was published online in the *Lancet Public Health* on the 28th February 2020.³
- 5) The qualitative study findings are heavily supported by the described quantitative study. Moreover, these research findings reflect a growing evidence base across the UK drawn from academic research (Dwyer et al 2018, Loopstra et al 2019), media accounts (Butler 2020), voluntary and community sector analysis (Citizens Advice 2020), and experiences of health care staff (Arie 2018; Walton 2018) that present a coherent picture about the negative consequences of the five week wait for Universal Credit for many claimants and their dependents. We therefore conclude that the research findings upon which we base our submission are valid, reliable and transferable to similar populations in other localities across the UK.
- 6) *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 wait for UC claimants?*

What problems do claimants still experience during the five week wait?

For participants in the qualitative study¹, claiming Universal Credit was experienced as complicated, difficult and demeaning. Participants described a labyrinthine, dysfunctional UC system prone to administrative errors, experienced as impersonal, hostile, punitive and difficult to navigate. The requirement to initiate and manage a UC claim online was problematic for many participants. Digital exclusion, literacy problems, lack of computer access, bank account and / or email address and problems verifying identification online added to the difficulties. Delays waiting for appointments at the Job Centre to resolve

administrative errors and agree the Claimant Commitment meant that the 5 week wait, in practice was often substantially longer.

- 7) The consequences of waiting for payments for up to 12 weeks pushed many people into debt, rent arrears and serious hardship, which included going without food and utilities. Some sought help from family and friends, although this often caused embarrassment and guilt, especially when the likelihood of paying back money felt like a distant possibility. Some participants used the word, 'scrounger' to describe their reliance on others whilst waiting for their first payment.
- 8) Staff from one social housing organisation described how some residents resorted to begging out of desperation. Other staff described increases in survival crime, theft, shoplifting, as well as pressures on family relationships, and risks of financial coercion and control. Some participants were unaware of the need to complete separate Council Tax support forms, resulting in additional mounting debts and potential problems backdating claims.

9) **Advance payments**

Obtaining advance payments was essential for many claimants in order to have some income whilst their UC claim was being processed. However, the repayment mechanism was poorly explained and understood. Some people experienced what they regarded as punitive repayment levels, leaving them with impossibly low incomes once their Universal Credit payments came through³. One participant who waited eight weeks for a first payment, concluded that the advance, '*actually screws you up even more*', due to the low amount of income left after deductions.

Debt was commonly experienced, and the advance repayments were viewed as particularly pernicious⁴. In our study, some claimants reported they were left with as little as £148 per month to live on with deductions, including for advance payments and historical tax credit overpayments. Excessively high deductions have been found to 'pile debt upon debt, pushing claimants in to a spiral of hardship and stress' (House of Commons Work and Pensions Committee 2018: 23). Being in arrears with debt repayments is highly concentrated among the lowest income households in the UK, with significant financial, psychosocial and health-related burdens on households (Marmot 2020:85).

10) **Food insecurity**

³ DWP commissioned research that showed up to a quarter of people delay making a claim, relying on savings, borrowing or redundancy (Ipsos Mori 2019). Decisions about advance payments are made before claimants know what their UC award will be suggesting levels of potential debt are unknown.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/783158/universal-credit-full-service-omnibus-survey.pdf

⁴ DWP figures show that 60% of UC claimants take advance payments. Average monthly advance repayments are £55. In May 2019, 1 in every £10 paid to claimants was being deducted (House of Commons response to written question (224493) <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-02-21/224493/>)

The impact of UC on food insecurity was noted by the UN Special Rapporteur (Alston 2019). For participants in the qualitative research study, the effects of managing on a low income during the five week wait left people with impossible choices between social isolation, sanctions, heat or hunger. This was exacerbated by the shame and stigma of having to use foodbanks⁵.

11) Impact on health and long term conditions

A number of the UC claimants who participated in the qualitative study reported pre-existing health conditions, including heart conditions, hypertension, diabetes, COPD (chronic obstructive pulmonary disease), multiple sclerosis, irritable bowel syndrome, epilepsy, eczema, asthma, musculo-skeletal conditions, gout, pancreatitis and chronic back pain. The impact of UC on people's mental and physical health was inextricably interlinked.

12) Mental health

The quantitative study found poor mental health increased in the unemployed group by 6.57 percentage points (95% CI 1.69–11.42) – those eligible for Universal Credit - after the introduction of Universal Credit relative to the comparison group. The authors estimate that between April 29, 2013, and Dec 31, 2018, an additional 63, 674 (95% CI 10 042–117 307) unemployed people will have experienced levels of psychological distress that are clinically significant due to the introduction of Universal Credit; 21, 760 of these individuals might reach the diagnostic threshold for depression.

13) Suicide

The UC claims process was reported to be particularly challenging for people with mental health problems, many of whom felt there was limited understanding of the effects of their condition. More alarmingly, UC was reported to have caused such anxiety and distress among six of the research participants in the qualitative study, that they had considered suicide.

14) What is the best way of offsetting the impact of the five week wait?

- Is it possible to estimate how much this would cost the Department?

- Is it possible to estimate any costs or savings to third parties (for example, support organisations)?

The best way of offsetting the impact of the five week wait is to abolish it, bring forward the first non-repayable payment and ensure that claimants receive their full entitlement on the first day of their claim.

15) Costs to third parties

⁵ The five week wait for first UC payment was identified as the reason 65% referers provided for why people had to use the foodbank according to the Trussel Trust, an anti-poverty charity that runs a network of over 420 foodbanks in the UK.

The qualitative research findings suggest that the roll out of UC is placing additional pressure on support services, including the voluntary and community sector, local government, housing, primary and secondary health services, accident and emergency and crisis mental health services. An economic impact assessment on these sectors is required in order to fully establish the full costs of UC roll out.

16) Poverty and inequalities

Claimants and staff saw UC as a costly, ineffective, complicated system which is contributing to increasing poverty and inequality in an area where fuel poverty,⁶ food insecurity⁷ and child poverty⁸ are already higher than the national averages. Individuals and families are being pushed into hardship and crisis as a result of moving onto UC. Findings from analysis of changes to taxes, benefits, tax credits and Universal Credit since 2010 found that by the 2021/22 tax year, the largest impacts will be felt by those with lower incomes and that the changes will have a disproportionately negative impact on several groups including households with more disabled members and low income lone parents households (Portes and Reed, 2017).⁹ Furthermore, low income groups are more likely to have unreliable or unstable access to digital technology, suggesting they may be further disadvantaged by the digital requirements of Universal Credit.

17) Mental health and wider pressures on support services

Findings from the qualitative and quantitative studies strongly suggest that the roll out of Universal Credit is further increasing pressures on services supporting people with mental health problems (including the National Health Service, Health and Social Care Services, the Voluntary and Community

⁶ 11.8% of households in North East England experience fuel poverty compared to 10.9% in England (accessed 24.3.20) <https://fingertips.phe.org.uk/profile/public-health-outcomes-framework/data#page/0/gid/1000041/pat/15/par/E92000001/ati/6/are/E12000001>

⁷ The Trussell Trust national analysis has found an increase in demand for foodbanks in areas of full UC roll out. Benefit changes, benefit delays and low income are the most common reason for referrals.

⁸ Child poverty is an important issue for public health. The Marmot Review (2020) suggests there is evidence that childhood poverty leads to premature mortality and poor health outcomes for adults. Reducing the numbers of children who experience poverty should improve adult health outcomes and increase healthy life expectancy, which is in decline]. In Gateshead, 22% of children live in low income families, that is % of children in low income families (children living in families in receipt of out of work benefits or tax credits where their reported income is < 60% median income).

⁹ For households with at least one disabled adult and a disabled child, average annual cash losses are just over £6,500 – over 13% of average net income (Portes and Reed, 2017) <https://www.equalityhumanrights.com/en/publication-download/britain-fairer-2018> accessed 25.10.18

Sectors and Local Government) which are already under severe strain given the high levels of mental health conditions.

18) Impact on employment

One of the primary goals of Universal Credit is to mimic a monthly working salary, and encourage more people into work. As a supplementary analysis, the quantitative study tested whether there was an increase in the number of participants moving from unemployment into work after the introduction of Universal Credit. No effect on employment was found suggesting that the main target of the policy change has not been met at huge cost to individuals exposed to Universal Credit (odds ratio 1.0 [95% CI 0.7–1.4], p=0.996).

19) Conclusion

These peer reviewed research findings reinforce and contribute to a growing body of evidence documenting the profoundly detrimental effects of the five week wait for UC on low-income claimants with vulnerabilities, disabilities and health conditions. Rather than making substantial savings for the UK economy, our findings suggest that UC in its current form is inflicting huge damage on claimants, their families and communities, and not accomplishing its primary goal of moving people into employment. The human and financial costs are significant. Supporting people affected by UC is having a major impact on the voluntary and community sectors, local government and the wider health and social care system.

20) Recommendations

- Remove the five week wait for first Universal Credit payments and bring forward the first non-repayable payment and ensure that claimants receive their full entitlement on the first day of their claim
- Alternative payment arrangements, including the option of fortnightly payments as occurs in Scotland, split payments and direct payments of housing costs to landlords should be *routinely offered* from the outset.
- Ensure deductions are manageable and do not push claimants further in to debt.
- The Scottish Government (Social Security Scotland 2019) have implemented a Social Security charter promising dignity, fairness and respect, and we recommend that this is adopted in England, Wales and Northern Ireland.
- Further independent academic research is needed on the impact of the five week wait for UC among disadvantaged groups, including people with health and long term conditions, disabilities, single parents, those in work with low and fluctuating incomes and self-employed claimants.

- An urgent update is required to the Equality Impact Assessment of Universal Credit undertaken in 2011
- Conduct a rigorous trial to assess the health impact of Universal Credit before further roll out, including the effects of changes made to UC since COVID-19

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