

Written evidence from Citizens Advice [SWP0053]

About Citizens Advice

Citizens Advice provides free, confidential and independent advice to help people overcome their problems. In 2018-19, we helped 2.7 million people face to face, over the phone, by email and web chat. We provide support from over 2,550 locations across England and Wales.

Since the rollout of Universal Credit began, Citizens Advice has helped over 590,000 people with Universal Credit, including through its Help to Claim service. We have [published several reports](#) on Universal Credit based on our client data, insights from frontline advisers, and interviews with clients.

The geographical scope of this response covers England and Wales.

Introduction

Coronavirus has had a sudden impact on people's jobs and incomes. Our research shows that nearly 4 out of 10 (38%) people have lost income because of this crisis, with nearly 1 in 10 (8%) losing 80% or more.¹

We've also seen this through the increase in demand for our advice at Citizens Advice. Over the past month (9 March - 9 April) our website had nine million pageviews - a 39% rise on the same period last year. 'Coronavirus' was the most searched word on our website, followed by people looking for information on Universal Credit.

In addition to accessing information on the website, people have been coming to us for advice via telephone, email and webchat. Since we started recording whether a problem was related to coronavirus, advisers recorded 32,000 people contacting them with queries related to the pandemic. Half of those wanted to discuss Universal Credit.

Enquiries about Universal Credit first began to spike in mid-March, and have remained at high levels, mirrored by the unprecedented numbers of people applying for the benefit through the DWP.

The DWP has processed 1.4m claims since 16 March. We welcome the changes they have started to put in place to deal with this unprecedented pressure and make the claims process run more smoothly. These include:

- [The switch to calling claimants to check information](#)
- [Suspending benefit overpayment deductions temporarily](#)

Given the rapidly changing situation and unprecedented demand, we will be monitoring the evidence from our clients about pain points within applying for benefits closely over the coming weeks.

Key issues emerging from our data

The top ten issues clients making an initial Universal Credit claim needed help with between March 23rd and April 6th 2020 (excluding issues not coded or marked 'other') are outlined in the table below.

Issue

¹ Polling with 2016 UK Adults, carried out between 2-7 April

1. Eligibility
2. Understanding UC payments
3. Advance payment
4. Initial wait for payment
5. Gov.uk Verify
6. Evidence & verification
7. Better-off calculation
8. Access to internet / digital literacy
9. Helpline issues
10. Access to contribution based
JSA/ESA

Issues raised by our advisers

If our advisers see a client with an issue they think is relevant to our policy and advocacy work, they can send us a short summary evidence form of the problem. Between 25 March and 9 April, we received almost 2,000 evidence forms relating to people's problems with benefits. A review of a random sample² provides an indication of some of the types of issues among people we're helping with Universal Credit. These are summarised below:

Universal Credit application issues

- A commonly mentioned issue was claimants **not being able to get through to the Universal Credit helpline (which is now also the number people have to call to claim new-style Employment and Support Allowance (ESA))**.
- Issues with **verifying a claimant's ID** through the online system were also commonly mentioned.
- Other issues mentioned included claimants **not having digital access** to make a claim and issues **accessing the Universal Credit application website** due to increased traffic.
- **Eligibility** issues relating to claimants (or their partners) having **savings, capital or income in excess** of eligibility requirements for Universal Credit were raised as were people with **no recourse to public funds**.
- A small number of cases related to issues with **disability benefits** such as problems **submitting evidence** for claims, receiving **assessments** or **mandatory reconsiderations**.

Delays - and confusion about - in support from the Jobs Retention Scheme and Self Employment Income Support Scheme

- Some related to a claimant applying for Universal Credit while waiting for **support to begin** from either the Job Retention Scheme and Self Employment Income Support Scheme.

Case study

'Louise is a lone parent of 4 children. She is self-employed and has been attempting to claim Universal Credit while she awaits assistance under the new Self Employment Income Support Scheme. She is having great difficulty getting through and wonders if there are any other steps she can make.'

² 6% of evidence submitted during this period - 120 evidence forms

- Some clients were seeking help because they **were not sure if they were eligible** for help from either the Jobs Retention Scheme and Self Employment Income Support Scheme. We recognise though that the Government has been providing greater clarity on eligibility for the scheme, e.g. for workers paid through PAYE and foreign nationals.

Issues with the wait for the first Universal Credit payment

- Some mentioned a client being **unable or delayed** in getting an **advance payment**.

Case study

Mankeet was unable to get through to the Universal Credit helpline to make a phone claim. He lacks digital literacy skills and is having difficulties with applying online. Mankeet is unable to submit a claim so he can't access an advance payment and is unable to cover essentials such as food and priority bills.

- A small number mentioned claimants needing a **food bank referral** due to lack of income.

Response to questions

Are there groups of people who need support but aren't able to access it through the benefits system? What should DWP be doing to support those people?

The Government has announced unprecedented interventions to shore up people's incomes during the coronavirus. We've seen the introduction of the Jobs Retention Scheme and Self Employment Income Protection scheme to support people whose jobs have been impacted due to the crisis. There have also been significant changes to the benefits system. These include increasing the Universal Credit standard allowance by £1,000 for the next year, temporarily suspending the Minimum Income Floor for self-employed people receiving Universal Credit, and uprating the Local Housing Allowance to cover the 30th percentile of local rents.

The DWP has also taken swift action to meet unprecedented demand in Universal Credit claims, by redeploying thousands of staff and making changes to the application process.

Despite this welcome action, we know that some groups are still likely to face challenges with accessing support, and at the right level.

Application Process

People who need support to make a digital claim

The digital-by-default nature of Universal Credit has always presented additional challenges to people who lack digital connectivity at home. But with libraries, local authority and charities' physical offices closed during lockdown, and people unable to use friends and families' computers due to social

distancing, even more people risk being left with no digital access to make and manage their claim online.

A review of evidence forms submitted by advisers between 16 March and 9 April included reports of clients struggling to get through to the helpline, and with a few requests for call-backs from the DWP to submit a non-digital claim going unanswered for several days.

Case study

Alex doesn't have internet access at home and was forced to break his self-isolation to use a friend's internet connection and make a Universal Credit claim. Alex is a part-time key worker and needs to access an advance payment to cover his travel to work where he provides care for a severely disabled person.

Similarly, people who need additional support to make a benefits claim may struggle to access support as in-person services are closed. This includes people with limited literacy or those whose first language is not English, people with mental health conditions, learning difficulties or other impairments that make accessing online or telephone services difficult.

People lacking access to basic services such as bank accounts and ID

We regularly deal with cases where people face barriers due to not having access to bank accounts or the forms of ID needed to make a claim. These barriers risk being amplified during the lockdown, then it may be difficult for people to open bank accounts or obtain copies of identification documents. This can be more of a problem for certain groups facing instability in their lives, such as refugees or people seeking asylum, prison leavers, people affected by domestic violence or rough sleepers. The Payment Exception Service is a service available for people without a bank account to collect benefit or pension payments, but this option is not always well known.

Case study

Scott normally works cash-in-hand but since the coronavirus lockdown measures came into place he has been unable to work and lost his only source of income. Scott has tried to apply for Universal Credit - he began an online application but was unable to complete it as he does not have a bank account. He has contacted banks to try and open a basic account but they all refused him. The process has been particularly difficult due to the effect of lockdown measures on banking services, as well as the fact that he lacks the required standard forms of ID. We were able to inform Scott about the Payment Exception Service and how to access it, but without our support he would not have known about it.

As outlined previously, the DWP has already taken some good steps to improve the processing of claims for Universal Credit during this period. It will be important to build upon this to ensure that all those needing financial support from the benefits system are able to set up and process a claim.

The DWP should continue to review the application process for benefits, identifying how to support different groups of claimants who could face barriers. This should focus on things such as:

- **Reviewing the support in place for people needing to make a non-digital claim for Universal Credit**
- **Increasing awareness of the Payment Exception service to support those who do not have access to a bank account**

Ensuring access to support for specific groups

The widespread - and deep - impact of coronavirus means there is a strong case to review eligibility for our benefits system to ensure certain groups don't fall through the gaps - and that support is provided at the right level.

Below we outline a few groups who could be at risk of not getting the support they need during this period.

Self-employed people

The government should provide clarity to support self-employed people who need to apply for Universal Credit, particularly those who aren't currently eligible for the Self-employment Income Support Scheme.

Public guidance on Universal Credit eligibility says the maximum amount people can have in savings when applying for Universal Credit is £16,000. This is a form of means-testing access and ensures that those with substantial savings are not able to apply for support before they spend down those savings. However, it may discourage self-employed people from applying. This is because self-employed people have to save up over the year in order to make tax payments when the time comes for self-assessment. It is therefore possible that there will be self-employed people who have capital in excess of £16,000 partly due to the need to pay a future tax liability, while also facing a reduction or cessation of their current business. While it is likely business capital assets would be disregarded, the DWP could make this clearer in guidance and ensure claim forms make this distinction. The DWP could also clarify whether the rule applies to money set aside for future tax liability.

Younger adults

People under the age of 25 are entitled to lower rates of benefits such as Universal Credit and contributory Employment and Support Allowance. As of April 6th, 2020 a single claimant under age 25 receives £67.17 less per month in their standard allowance than those 25 and over.³ From April 1st 2019 - March 31st 2020 we helped under 25s with 2,759 issues relating to the reduced rate of Universal Credit.

³ House of Commons Library (2020). [Youth unemployment statistics](#)

People under 35 are typically only entitled to the ‘shared accommodation rate’ of the housing element of Universal Credit, meaning people under 35 living alone may face a significant shortfall between their housing costs and their Universal Credit entitlement.

These discrepancies become more problematic as evidence suggest that younger adults are likely to be disproportionately affected by the current economic crisis:

- Large proportions of young adult workers work in the retail and hospitality sectors that have been hardest hit by lockdown,⁴ and are more likely to be low paid and/or in insecure work than older workers.⁵
- People under 25 receive a lower hourly minimum wage than those over 25 - as of April 1st, 2020, 18 to 20 year olds receive 74% of the rate received by those 25 and over. This means furloughed 18-to-20 year olds earning minimum wage may receive 59% of the value of the national living wage to meet their living costs.
- The unemployment rate for under 25s is higher than the unemployment rate for the population as a whole before the crisis began⁶, and younger adults also historically face higher unemployment during economic downturns.⁷
- Younger adults are more likely to be living in the private rental sector.⁸

Case study

Tomas is under 25, living in private rented accommodation. He recently applied for Universal Credit after losing his job. He receives £67.17 a month less than his house mate who is 1 year older than him and is impacted by the shared accommodation rate. Tomas is unable to afford essential bills and is relying on foodbanks. His anxiety and depression have exacerbated as he is unable to make ends meet and has got into debt to cover his shortfall in rent.

Given the challenges with finding new employment or moving to cheaper tenancies in the short-term, there is a need to consider whether under-25s are able to access adequate support from our benefits system during this period.

Disabled people

The Government has already taken the welcome step to temporarily suspend reviews and reassessments for Personal Independence Payment (PIP) and ESA. However, the intense pressure the DWP is currently facing could lead to delays for disabled people who are challenging a decision on their award for either of these disability benefits.

⁴ New Policy Institute (2017). [Young adults and the minimum wage: the case for lowering age eligibility](#)

⁵ Resolution Foundation (2018). [The kids aren't alright: a new approach to tackle the challenges faced by young people in the UK labour market](#)

⁶ House of Commons Library (2020) [Youth Unemployment Statistics](#)

⁷ New Policy Institute (2017) [Young adults and the minimum wage: the case for lowering age eligibility](#)

⁸ Resolution Foundation (2018) [Home Improvements: Action to address the housing challenges faced by young people](#)

Since 23rd March we have advised 2,700 clients on applying for PIP and supported 2,200 clients with challenging and appealing decisions. We also advised 4,000 clients on issues regarding ESA.

For those undergoing PIP and ESA appeals, the average waiting time from registering an appeal to receiving a decision currently stands at 32 weeks⁹, but this could increase even further in light of the coronavirus crisis, leaving many with a significantly reduced income for a longer period of time.

Disabled people challenging a decision on an award for ESA will normally continue to receive the ESA 'assessment rate', which is currently £74.35 per week for those aged 25 or over. However, there is no equivalent for people challenging a decision on their assessment for PIP. This could be challenging when recognising that disabled face average extra costs of £583 a month¹⁰ - which is what PIP is designed to provide support towards.

Migrants

Most migrants face some restrictions on their ability to access benefits, ranging from people from EEA countries needing to demonstrate that they have settled status or the right to reside to access benefits, to many non-EEA nationals without indefinite leave to remain having no recourse to public funds (NRPF).

Migrants are likely to be disproportionately affected by the current crisis, as they are more likely to work in sectors affected by the lockdown¹¹ and to be in low-paid¹² or insecure work or self-employment¹³ than UK-born people. While some migrants will be able to access the Jobs Retention Scheme and the Self Employment Income Support scheme, it will be important to ensure that the right support is in place for migrants not covered by these schemes, especially with the limited prospect of returning to their country of origin.

Case study

Alina is an EU national and a single parent. She's pregnant and due to give birth to a second child soon. Her ex-partner was arrested for domestic violence last year and she had to stop working to care for her child at that point. She wants to return to her home country but has been refused permission because her ex-partner is seeking custody of their child.

She was trying to look for work and apply for jobs before the coronavirus crisis began, but the local Jobcentre is now closed and her April appointment has been cancelled. She has a small amount of food left for herself, but hasn't been able to get milk for her baby. She has tried to claim Universal Credit three times but was refused in December 2019 (she was unable to verify ID), January 2020 (no right to reside) and March 2020 (no right to reside). Alina has no money left for rent or for food for herself or her baby.

⁹ Ministry of Justice (2020). [Tribunal Statistics CSV files, \(October-December 2019\)](#)

¹⁰ Scope (2019). [Disability Price Tag](#)

¹¹ IPPR (2020). [Migrant workers and coronavirus: risks and responses](#)

¹² JRF (2017). [Foreign-born people and poverty in the UK](#)

¹³ IPPR (2020) [Migrant workers and coronavirus: risks and responses](#)

The Government should consider measures to ensure groups disproportionately affected by coronavirus have adequate access to support from our benefits system. This could include things such as:

- **Clarifying how the capital limit rule for claiming Universal Credit (currently £16,000) applies to business assets to widen eligibility to the benefit to self-employed people**
- **Reviewing benefit rates for younger groups of claimants (across things like the standard allowance within Universal Credit and the Local Housing Allowance)**
- **Reviewing support for disabled people who are going through the process of appealing a decision on an award for a disability benefit (such as Personal Independence Payment).**
- **Looking at ways to ease requirements for migrants to access support**

Wider changes to our benefits system

With almost two-fifths of people seeing a loss of income due to coronavirus, and the Office for Budget Responsibility warning that unemployment could rise to 2 million in the second quarter¹⁴, there will be a need to look at other reforms to the benefits system to ensure people are able to cover their costs during this period. There are a number of ways we think this can be done.

Easing the benefit cap

The 76,000 households currently subject to the benefit cap¹⁵ will not receive any additional support from the £1,000 investment in the Universal Credit standard allowance for the year or the uprating of LHA to the 30th percentile of local rents.

As the benefit cap is likely to disproportionately affect households with high fixed costs due to family size or living in an area of high rents, these households may be particularly lacking in financial resilience to cope during the current crisis.

The government should at least temporarily raise or suspend the benefit cap to ensure people can access adequate levels of financial support during this period.

Changes to advance payments

Advance payments are available to provide income to people during the 5-week wait for an initial payment, which currently must be repaid within 12 months. Whilst advance payments help, these can present financial difficulties further on in a claim - 7 in 10 (70%) of the people we helped with Universal Credit in 2018 who took out advances also fell into arrears on bills, compared to half of those (53%) who do not take out an advance.¹⁶

¹⁴ Office for Budget Responsibility (2020). [Coronavirus reference scenario](#)

¹⁵ Department for Work and Pensions (2020). [Benefit Cap - Data to November 2019](#)

¹⁶ Citizens Advice (2018). [Managing Money](#)

This indicates that a significant number of the people we help are likely to already be in very difficult financial circumstances when they are making their claim for Universal Credit, and even with advance payments many people will face hardship during the five-week wait and beyond.

Whilst the Government has announced that the cap on deductions from a Universal Credit award will be reduced from 30% to 25% of the standard allowance, as well as an increase in the time to pay back advances to 24 months from 2021, there are changes that are needed now to shore up people's incomes during this crisis.

The Government should temporarily turn advance payments into grants to get money to people quicker waiting for Universal Credit.

The Government should temporarily suspend repayment of advance payments for existing Universal Credit claimants, similar to the three-month suspension for repayments of Tax Credit and benefit overpayments and Social Fund loans.

Improving support for legacy benefit claimants

Under plans for moving over all remaining legacy benefit claimants to Universal Credit (through a process known as managed migration), the Government made a commitment that people whose circumstances remain unchanged will not lose out in cash terms. This support is known as transitional protection.

However, transitional protection is not available to households who need to apply for Universal Credit due to a change of circumstances. This includes things like losing your job, which will be the reality for many people at this present time. The risk is that households could be left worse-off in the long-term than they would be if they were to move on to Universal Credit through the rollout of managed migration.

The government could take a number of steps to ease pressure on households receiving legacy benefits, these include:

- **Applying a similar uplift to legacy benefits to mirror recent increases to the standard allowance within Universal Credit and Working Tax Credits**
- **Pausing natural migration when in the claimant's best interests**
- **Enabling legacy benefit claimants moving on to Universal Credit through a change of circumstances to access transitional protection**

April 2020