

Written evidence from Nancy Evans [UCW0046]

My evidence is based on findings from my PhD fieldwork interviews conducted between June 2019 and February 2020 for my research about women's experiences of claiming means-tested benefits.

I conducted in-depth, semi-structured interviews with 16 women engaged with the benefits system, accessed via a women's charitable support organisation in Merseyside. It is worth noting that even for women I spoke to not currently claiming Universal Credit, the prospect of their benefit being switched to Universal Credit was a significant source of anxiety and fear owing to factors such as the five week wait and the 'stressful' reputation associated with Universal Credit.

All of the arguments put forward below are based on my evidence collected from my PhD fieldwork. Some specific examples are used in places to highlight particular points. All participants' names have been changed to protect their anonymity.

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 wait for UC claimants?

Most (if not all) people starting a Universal Credit claim do not have access to savings or any other sources of income sufficient to enable them to survive for at least five weeks – indeed, if they did, they would not be entitled to claim Universal Credit. Consequently, *all* claimants are likely to require assistance during this time period. The availability of Advance Payments have helped to mitigate the impact of the five week wait to a small degree in the sense that they give recipients a form of income during the time they are waiting for their first Universal Credit payment (as opposed to surviving on nothing). However, the Advance Payment creates its own problems, most notably the recipient getting into debt/arrears before the claim has even begun, which can then have a cyclical/longer-term effect, hence a fairer, more manageable solution that has the wellbeing of the claimant in mind is essential.

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

One issue reported during the five week waiting period was the amount offered for the Advance Payment sometimes not being adequate to cover all necessary expenditures. For instance, one participant, 'Jasmine' (aged 22) began claiming Universal Credit when she moved to Merseyside from Lancashire in 2018. She explained to me that owing to the 5-6 week wait, she was offered a benefit advance of £129, which was not enough to cover her rent, but fortunately, her landlord allowed her to delay the first rent payment until after the first Universal Credit payment so that she could spend the money on food and utility bills.

However, another participant, 'Dawn', (aged 36, sole carer for 4 children), highlighted the potential issue with the Advance Payment offering recipients *too much* money that they would then struggle to pay back;

They offer you up to quite a large sum of money upfront, but that gets taken off your money monthly, and I was able to use common sense and work out before I went how much I'm likely to need for the time scale...erm... and then chose a little bit less than that because I knew payments were gonna be quite a lot over the next year

She believed that she was fortunate in having good budgeting skills and 'common sense' to only borrow what she needed, but that for most people, this would be difficult;

If you're not able to see into the future then, you know, it is going to be a bit of a struggle to make sure that you're budgeting, otherwise you're really gonna feel it each month.

Related to this point, the main issue reported by my participants on Universal Credit in relation to the 5 week waiting period was the fact that the Advance Payment scheme got them into debt/arrears before the claim had even properly begun;

They take it out of your Job Centre money over so many months, or over the course of a year, and then your money goes back to normal once you've paid it back, but that...that...living in a borrow never changes, so because you're money down from the beginning, you're then money down every month then ('Jasmine', 22)

Owing to the already meagre amount of money given to people on Universal Credit, this debt can then be very difficult to get out of and it can have a cyclical, longer-term effect on monthly finances;

So you're money down, so say I'm paid on like, we'll say the 20th I'm paid, yeah? I'll then be paying back any money I had borrowed from the last month from when I was paid, so then this time when I'm paid and I've paid everybody back I'm skint again... and I've got no money. I've paid all my bills, made sure all my bills and my rent and my shopping and my gas and electric's paid, but I...you always end up with no money and then... you're then back in that circle of then, towards the end of the month when you're waiting to be paid, I phone my dad [to borrow money] ('Jasmine', 22)

The ongoing debt of the Advance Payment, and the fact that Universal Credit is paid in single *monthly* payment, make financial difficulties a persistent feature in the women's lives, and even when they budget very carefully, they still struggle to make ends meet and may be forced to get further into debt. This debt was reported to add to stress and exacerbate existing mental health problems among my participants, and make their lives more difficult, which may have wider impacts and (social and economic) costs and put pressure on other services (Citizens Advice Bureau; NHS; social services; mental health organisations).

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

The best way of offsetting the impact of the five week wait would be to make the Advance Payment non-repayable for *all* claimants (not just a few that are deemed vulnerable and more deserving, as this would be divisive). As a general principle, it makes very little sense forcing people already on a very low income to have to pay back money that was borrowed, not through *choice*, but in order to survive and feed their children.

A second option would be to *substantially* reduce the rate at which advance payments are paid back, but this is still problematic as claimants would still have debt (not taken through their own choice) hanging over them for a long period of time.

Either way, evidence suggests that the amount paid through Universal Credit is not enough to adequately cover the cost of living, so this should be increased to match rising living costs. It could also take into account existing debts, in the same way that it takes savings into account when determining the amount a claimant is eligible to receive, in order to get a true picture of how much the claimant will have to live on each month. Furthermore, claimants should be given the option of fortnightly payments to make budgeting easier. These options should be considered in addition to reviewing the five week wait and the advance payment, in order to truly ease the pressure on Universal Credit claimants. For participants not currently on Universal Credit, the prospect of their

benefit switching to UC was a significant source of anxiety not just because of the five week wait, but because of the 'stress' associated with Universal Credit (less money, monthly payments etc.). In order to truly help people on a low income, all of these factors need to be taken into account.

- 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)?

2. Are different mitigating options needed for different groups of claimants?

Though evidence could suggest that women with children (especially lone parents) are an example of a 'special' group disproportionately impacted by the five week wait, as mentioned above, having different options for different groups runs the risk of being divisive and positioning some groups as more deserving than others, which is problematic. If this was the case, it would have to be implemented carefully so as not to encourage resentment between different claimant groups believing others are being treated more favourably. Moreover, my evidence suggests that all claimants, regardless of their circumstances (i.e. whether they have children, are cohabiting or live alone), found the five week wait a struggle and a source of stress.

3. Are there barriers or potential unintended consequences to removing the five week wait—either for claimants or the Department? How can they be overcome?

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