

Written evidence from Disability Benefits Consortium and Macmillian Cancer Support [UCW0061]

Introduction

1. The Disability Benefits Consortium (DBC) is a coalition of over 100 different disability charities and organisations working towards a fairer benefits system. Using our combined knowledge, experience and direct contact with disabled people, those with long-term health conditions and carers, we seek to ensure government policy reflects and meets the needs of disabled people.
2. Disabled people, on average, face extra costs of £583 a month. On average, a disabled person's extra costs are equivalent to almost half of their income (not including housing costs). 1 in 5 disabled people face extra costs of more than £1,000 a month. Disabled people's money does not tend to go as far. On average, £100 for a non-disabled person is equivalent to just £68 for a disabled person.¹

Executive Summary

- Advance payments of Universal Credit are not a solution to the problems caused by the five week wait for the initial payment of UC.
- Only 30% of respondents to the DBC's most recent survey on UC said they received their first UC payment after five weeks².
- The Government should make all UC advances for disabled people non-repayable grants.

Responses to the Committee's questions

¹ Disability price tag report <https://www.scope.org.uk/campaigns/extra-costs/disability-price-tag/>

² Disability Benefits Consortium (2019). UC and Me. Experiences of Moving onto Universal Credit

Question 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?

3. The DBC acknowledges that advance payments of UC are preferable to no provision at all. However, advance payments are not a solution to the built-in delay, but an alternative problem, as they are in effect loans that will reduce claimants' incomes to very low levels as they are repaid.
4. Around 60% of new claimants take out an advance³, which indicates that most people cannot afford to wait five weeks to receive UC.
5. A survey of Macmillan Benefits Advisers, Jun-Oct 2018, found that 86% had supported people with cancer who experienced financial hardship during the five-week wait. 80% had supported people with cancer who had struggled to pay their mortgage or rent. And 76% had supported people with cancer who had cut back on household essentials while waiting for payment⁴.
6. Disabled people have told us that they are left with repayments on advances greater than they expected due to changes ~~in~~ once they receive their first payment: 'they did give me an advance but when I took this I had no idea I was going to lose my severe disability payment and now they take £50 a month of my money and I am left short every month.' – respondent to DBC UCandMe survey.
'I've taken out a UC advance of £800 but I don't want to take anymore as I don't know if or how much UC I'll get... 5 weeks with no income and no way to tell if or when any money will arrive is impossible.' – respondent to DBC UCandMe survey.

Question 1a What problems do claimants still experience during the five week wait?

7. Administrative delays and errors mean people can wait even longer than five weeks before receiving their first UC payment. Delays often occur during the assessment phase of UC and these delays are often complex and difficult to resolve. For example, evidence from Macmillan's network of benefits advisers indicates that people with cancer are experiencing delays in referrals to a

³ Parliamentary Question 190996, November 2018

⁴ Macmillan survey of Macmillan Benefits Advisers, Jun-Oct 2018

Work Capability Assessment (WCA), including cases of people waiting longer than four weeks to receive a UC50 (WCA questionnaire).

8. Only 30% of respondents to the DBC's most recent survey on UC said they received their first UC payment after five weeks, with 17% having to wait nine weeks or more for their first payment. 'Over 12 weeks on the phone every day with no help what so ever.' UCandMe survey respondent.⁵
9. 'One of my clients has now fallen into rent arrears due to the waiting time for Universal Credit to be processed.' – Macmillan Welfare Rights Adviser.
10. Analysis from the Trussell Trust has found that food banks have seen an average 30% increase in referrals 12 months after UC is rolled out in their local authority⁶. This increase could be linked to number of factors within UC, including the five week wait.
11. 30% of respondents to the DBC's UCandMe survey told us that they couldn't afford to eat and 31% had to go to a foodbank due to the wait for their first payment.
12. Data from The Riverside Group shows average rent arrears for UC tenants have increased during the period where UC has been rolled out. Claimants on UC have seen a 42% increase in average rent arrears, compared to a 20% fall for Housing Benefit claimants, since rollout began in 2015. In eight locations where the UC tenant caseload is highest, rent arrears for tenants on UC rise by 31%, while Housing Benefit claimants' arrears fall, 12 months after full UC rollout in their area.⁷
13. These figures are similar to those reported to us by disabled people, as 39% fell behind with rent or mortgage payments and in extreme cases (for 2% of respondents) this led to being evicted from their home.
14. Evidence from the Royal British Legion has shown that the five week wait for payment, can have an impact on the health and wellbeing of veterans of the UK Armed Forces, especially those

⁵ Disability Benefits Consortium (2019). UC and Me. Experiences of Moving onto Universal Credit

⁶ #5weekstoolong p7 https://www.trusselltrust.org/wp-content/uploads/sites/2/2019/09/PolicyReport_Final_ForWeb.pdf

⁷ https://www.trusselltrust.org/wp-content/uploads/sites/2/2019/09/PolicyReport_Final_ForWeb.pdf

who are wounded, injured or sick and have significant disability from their time in Service. These veterans may have to use compensation payments from either the War Pensions Scheme (for those injured before 5 April 2005) or The Armed Forces Compensation Scheme (for those injured after 5 April 2005)⁸. These payments are awarded in recognition of the pain and loss of amenity experienced by injured veterans⁹.

15. The Royal British Legion reported that disabled veterans with compensation often used these payments to cover their living costs during the 5 week wait. 61% of respondents to an online survey run by the Legion used their compensation to avoid falling into debt during this period by covering essential living costs such as food and utilities with their compensation.¹⁰
16. In addition to the financial impact of the 5 week wait for many wounded, injured and sick veterans, there has been an impact on their overall wellbeing including health and relationships. The Legion has anecdotal evidence of veterans who are medically discharged from Service and had to claim UC. For example, one veteran who was medically discharged and had to claim UC was not expecting to find himself unable to cover his living costs for five weeks. The process of transition from the armed forces to civilian life, whilst trying to manage a life changing injury, was already a time of significant upheaval that caused stress and anxiety.
17. Across all disabled people who responded to the UCandMe survey, the most common experience as a result of the wait for first UC payment was having to borrow money from friends or family (66% of respondents). However, 20% told us they took out credit cards or loans in order to manage the wait, building up problems further down the line. 'I had to use credit cards to make ends meet...I was unable to make payments to my credit cards

⁸ Claim if you were injured while serving in the armed forces
<https://www.gov.uk/claim-for-injury-received-while-serving/what-youll-get>
(accessed 16 April 2020)

⁹ Ministry of Defence, The Review of the Armed Forces Compensation Scheme p.27 (2010)

¹⁰ The Royal British Legion - Survey on Welfare Benefits and Armed Forces Compensation (2019)

and as a result I defaulted which has now had a huge impact on my credit score.

I also had a debt with the DWP as a result of an advance which took over a year to pay back' – UCandMe survey respondent.

Question 2 What is the best way of offsetting the impact of the five week wait?

18. The Government should make all UC advances for disabled people non-repayable grants.

Question 2a Is it possible to estimate how much this would cost the Department?

19. The DBC is not in a position to answer this question. Research conducted by Policy in Practice estimates the costs to be £1 billion to provide grants to those who are experiencing a financial impact due to the five-week wait.¹¹

Question 2b Is it possible to estimate any costs or savings to third parties (for example, support organisations)?

20. The DBC does not hold enough data to sufficiently answer this question. We know that support services are currently supporting people who are claiming UC, however it is not possible to estimate what savings would be made by these organisations if the five week wait was removed.

Question 3 Are different mitigating options needed for different groups of claimants?

21. Our submission is based on the experiences of disabled people, but it is very probable that loans and consequent repayments also cause problems for other groups of UC claimants.

¹¹ Financial resilience and the transition to Universal Credit, p10
<http://policyinpractice.co.uk/wp-content/uploads/Universal-Credit-and-Financial-Resilience-190919-Full-report.pdf>

Question 4 Are there barriers or potential unintended consequences to removing the five week wait—either for claimants or the Department? How can they be overcome?

22. The DBC is aware that the Department has detected around 100,000 claims where it suspects an advance has been applied for fraudulently, worth an estimated £98 million to £147 million¹².
23. If advances were to be made as non-repayable grants, this level of fraudulent claims would cost even more, so improved counter-fraud measures would need serious attention. However, the positive impact this change would have on disabled people would far outweigh the risk.

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¹² <https://www.nao.org.uk/wp-content/uploads/2020/03/Universal-Credit-advances-fraud.pdf>