

Written evidence from Community Trade Union [UCW0091]

Background

Community Union is a general trade union that has a rapidly changing membership. We represent workers across the economy, including steel and manufacturing, footwear, betting, logistics, justice, immigration and custodial services, charities, finance, the self-employed and many more.

The outbreak of coronavirus and the significant increase in Universal Credit applications has highlighted the fragility of the system. This demand from this surge in new claimants is adding pressure on those processing applications and those waiting for payments are concerned about whether they will receive payment on time.

The five week wait

The experience of the trade union movement shows that delays in receiving first payment are common. The last report of the National Audit Office from March 2018 shows that 21 per cent of new claimants did not receive their full entitlement on time while 13 per cent received no payment at all on time.

The resulting impact of the five week wait has been severe hardship. We have seen an increase in people turning to food banks, people getting into serious and problem debt, falling into rent arrears, as well as mental and physical health problems.

Advance payments

The primary issue with advance payments is the necessity of the claimant to pay them back out of future benefits. Even following the £20 a week increase to the rate of Universal Credit, the basic rate is around a sixth of average weekly pay and difficult for many to live off of. The advance loan repayments make these weekly payments even lower following the five week wait.

The government has announced in response to the coronavirus outbreak that some forms of benefit debt deductions will be stopped, but that they will continue to require repayment of the Universal Credit advance loans.

We believe the best way to solve this issue is to provide advance grants as opposed to advance loans to stop the five week gap. The advance payment system already in place for the loans should be able to make grant payments. This would stop the pressure on the claimants following the five week wait.

April 2020