

SASHA HOLE – WRITTEN EVIDENCE (EUC0007)

The economics of Universal Credit

1. In response to your call for evidence please find below my thoughts and experiences as a student social worker working alongside young parents in a supported living environment.
2. I am concerned about the length of time individuals are expected to wait before their first Universal Credit payment is received, currently standing at around five weeks. The system of offering an advanced payment is fundamentally flawed, in that the money then needs to be paid back, within twelve months. This leaves the recipients in considerable financial hardship for the remainder of the period in which they are paying back the advance.
3. Many people are also reluctant to take out an advance as they are fearful of taking out a loan, leaving people in severe hardship.
4. Whilst I cannot offer an opinion on who has benefited the most from the roll out of universal credit, I can share my experience of supporting individuals to access food and clothing banks to make up the shortfall in their punitive incomes. This is an unacceptable situation whereby families are being forced into poverty and debt.
5. Many of the young people within our service find it difficult to manage the monthly payments and as such will be without money for a large proportion of the month. However, I have found the system to be accepting of requests to move to two weekly payments.
6. I would like to draw your attention to a particular case, a young women who has recently become a mum and is a care leaver. She has had her universal credit claim closed and declined on multiple occasions, despite her providing evidence of her clear eligibility for universal credit. Her first application was submitted well over a year ago. This I believe is due to a link between her delayed application for EU settlement status, despite her applying for this well over a year ago also. At the moment this young lady is being supported by social services however they are unable or unwilling to pay her the full entitlement. I cannot express the emotional distress this is having on the individual and the financial hardship she has faced due to this situation.
7. I suggest that an end to the five-week wait would significantly reduce the stress and inequality caused by many not having access to sufficient funds for an extensive amount of time. This would also reduce the need for people to take out advance payments which only prolongs the financial hardship faced by vulnerable families.
8. I believe that recipients should be given the option of two weekly or monthly payments at interview. This I feel would be more reflective of the job market where many people are not paid monthly, especially in the realms of low paid work. This would also reduce the anxiety surrounding budgeting for a whole month for many people.

9. There should be a choice whether recipients would like their rent payments payed directly to the landlord or if they would like to deal with that payment themselves. This would lead to landlords having more confidence in accepting tenants who have a poor credit history and takes an added stress away from individuals who may already be in crisis or unable to cope with the demands of budgeting.
10. Universal credit being based on a 52 week fiscal year fails to address that every five to six years there will be a 53 week year, this has the potential to lead to rent arrears for social housing tenants.
11. Working with young parents it is concerning to see that despite having children of their own they are significantly worse off than parents who are over 25 years old. I suggest that parents under 25 should not be disadvantaged by their age and should be able to claim the full amount.

As per the guidance instructions I have kept my responses as clear and concise as possible, I hope this goes someway to illuminating the experiences of the harsh realities for those reliant on universal credit.

22 February 2020