

ANONYMOUS 2 – WRITTEN EVIDENCE (EUC0009)

The economics of Universal Credit

1) Denial of the Problem

The official aim of Universal Credit is to help more people into work and streamline the benefits system, reducing the welfare bill. "Making work pay" is a key slogan. Yet in-work poverty, food bank use and homelessness have increased to record levels, and we have just seen the largest annual crime rise in ten years. Life expectancy has gone down. Budget cuts, lack of social housing, low wages and various aspects of the Welfare Reform are all to blame, but there are also serious flaws in UC's design. Claimants have higher rent arrears than those on legacy benefits. DWP has performed minor tweaks, claiming to be "testing and learning", but still mostly ignores the stream of reports by organisations such as the Trussell Trust, Joseph Rowntree Foundation, Independent Food Aid Network, Child Poverty Action Group, Turn2us, Disabled People Against Cuts, Gingerbread, Crisis, Shelter and others, even the Work and Pensions Select Committee and the UN. Philip Alston, investigating extreme poverty in the UK in 2018, had ministers say to him, "Austerity is over" and "What austerity?" Philip Hammond, as Chancellor, couldn't "see" austerity, and Amber Rudd, on her first day as Secretary of State for DWP, preferred to criticise the tone of the UN's interim report rather than address the issues raised. When challenged, the Government's typical response is to delay answering Freedom of Information Requests, or to refuse to answer them at all. The HMRC report showing how badly claimants fared when transferred from working tax credits to UC was sat on for seventeen months without explanation, and bland statements about UC's being a "force for good" in the face of so much evidence to the contrary are issued by anonymous DWP spokespeople. In its refusal to listen, the Government seems not to care.

2) Who benefits from UC?

The objective of saving the taxpayer money has not been met, as the National Audit Office has found. Vast sums of money have been thrown in various directions, but rarely to the benefit of claimants. Cumulative Impact Assessments that would provide valuable information on claimant finances and wellbeing are dismissed as costing too much money, but millions of pounds go annually to Maximus, despite its poor performance and deeply flawed Work Capability Assessments. Millions more are wasted fighting appeals at tribunals. DWP spent over £215k of public money fighting the disabled claimants known as AR and TP in court, making their health worse. It is still fighting to keep the Severe Disability Premium from those transferred from ESA to UC before 16th January 2019. It preferred to spend £217k on its own investigation into UC and food bank use, rather than listen to the Trussell Trust. This report, due last October, still hasn't been released. When it became clear that private landlords

are reluctant to take tenants on UC, Iain Duncan Smith's suggestion wasn't to fix UC but to pay incentives to the landlords. To improve its shoddy image, DWP spent £225k on the Metro advertisements designed to mislead the very public paying for them. It seems that UC has been designed to benefit private companies like Maximus, or employers hiring and firing at will, paying only the legal minimum wage. With UC topping wages up, the taxpayer is effectively subsidising companies rather than building a true social security system for those in need.

3) Workers and the self-employed

Universal Credit is a "one size fits all" benefit that fails most groups of people. Some claims may be simple at first, but a change of circumstances, like redundancy or illness, can make people fall foul of the system. It is a "cradle to grave" trap, the opposite of a safety net, with harsh conditionality and the constant threat of sanctions. If a prisoner were deprived of food, shelter and heating for months, it would rightly be considered a breach of their human rights. Yet DWP does this every day to people whose only "offence" is to miss Jobcentre appointments or fall short of the claimant commitment they were forced to sign. They can be sanctioned for missing an appointment to attend a job interview, and sanctioned if they cancel the job interview. Sanctioned for being in hospital, being sick or attending to sick children, turning down a job they can't get to because the bus service has been cut, or because the Jobcentre sent the appointment letter to the wrong address. Claimants with mental ill health are sanctioned on UC at five times the rate of JSA, despite DWP's own study showing that sanctions don't actually work. Jobcentre and library closures make it hard for people who don't have internet at home to maintain their claims. People with little money have to fork out bus fares and library internet charges, which aren't reimbursed. Many end up walking long distances to use Jobcentre computers, even when unwell. DWP errors are rife.

4) The digital application process is a nightmare for many people, and not everyone has photo ID or an up-to-date tenancy agreement. Rolling ones can date back years. The Government has set aside £52m for CAB to help people apply. No process for poor or vulnerable people should be so complicated and cost so much. It's the worst of both worlds for the claimant, who has to complete their journal online and yet is still expected to meet with their "work coach" at times that may clash with variable-hour jobs, illness, childcare, hospital appointments, public transport timetables etc. Why the need for both? The claimant has to jump through endless hoops with no flexibility from UC. It would be cheaper to scrap work coach appointments or make them voluntary. With a less hostile and more welcoming environment at Jobcentres, there would be no need for security guards either.

5) Almost a million people are now in zero-hours jobs, struggling to budget for bills and food, at the mercy of private landlords because they can't secure a

mortgage. Unscrupulous employers classifying people as "self-employed" can evade workers' rights and leave those on UC vulnerable to the Minimum Income Floor, where they can end up with nothing. The MIF doesn't work for people whose hours vary. It also doesn't work for many who run their own business. Calculated monthly rather than spread across the year, it completely fails to take into account that income can be seasonal. Instead of supporting people in the manner of working tax credits, UC is designed to force everyone to work for 35 hours or more a week, regardless of job suitability, with few exceptions. This puts immense pressure on people who are already in work but can't increase their hours, perhaps because their employer wants to avoid paying National Insurance, or hours are too variable to fit a second job around, or because of variable health or caring responsibilities. The MIF makes businesses that might otherwise have survived go bust, a bad economic strategy that fails to recognise the many contributions lower earners make to society. Art, music, literature and other creative businesses are dismissed as "hobbies", only available to the financially comfortable or retired, creating a cultural deficit.

6) Women

A recent report shows that there has been an increase in the number of woman and girls killed through domestic violence. UC is bad for women. Philip Alston's UN poverty report found that the Welfare Reform could not be worse for them had it been deliberately designed by a team of misogynists. About 85% of the impact of welfare cuts falls on women's shoulders. The two-child limit and abhorrent "rape clause" are a direct attack. Childcare has to be paid upfront and only 85% can be reclaimed, making it hard for women without savings to take up work. They are still paid less than men and are more likely to pick children up from school, limiting the hours they can work and distance they can travel. UC is too inflexible to accommodate this, even for single parents and carers. MPs have heard how desperate mothers have resorted to selling themselves to feed their children, but Esther McVey and Will Quince's responses were to belittle the women rather than fix UC. WASPIs who were expecting to be retired by now are humiliated by Work Capability Assessments or forced to look for work, when research has shown that employers favour jobseekers under 50. Self-employment with working tax credits can be fitted around child-rearing, caring, or the health disruption of the menopause, but UC rules that out.

7) Others losing out

The homeless have a horrendous time with UC. Maintaining the data-heavy online journal is hard on a Smartphone, if someone even has one, and the street homeless don't have handy access to electricity. Claimants who have homes can struggle to afford heat and light, and not everyone can cope with technology. Homelessness has increased with UC, partly because of the minimum 5-week wait, but also because the housing element is so far below a realistic level. Given the number of empty properties and holiday lets across the UK, this is not only

morally shameful but also financially irresponsible. Temporary accommodation in hotels, hostels and B&Bs costs significantly more than standard rent. It would be cheaper to pay a proper LHA and prevent people from becoming homeless in the first place. In 2018 Support for Mortgage Interest became a loan after 70 years as a benefit. Those on UC don't qualify for 39 weeks, and if they take a job then lose it, the 39-week wait starts again, putting their homes at risk. Insecure housing and debt take a huge emotional and physical toll on people, making them less likely to find a job or get a better one. Hospital admissions of the homeless have increased, costing the NHS more. Two street homeless people told me that UC has made them "suicidal". Managed Migration of unwell ESA claimants will only make this worse.

8) Students are expected to drop their courses for the first dead-end job on offer. Pensioners with working-age partners now have to claim UC instead of Pension Credit. Presumably this means that they can now be sanctioned into their eighties if their partner misses a Jobcentre appointment for a hospital run. Will all pensions be subsumed into UC? The Centre for Social Justice wants us to work until we're 75, and Lord Bichard suggested that retired people should be "incentivised" to work for their pensions to avoid being a "burden", despite their previous decades of work, their role as unpaid childminders and carers, and the UK's already having the lowest pension in the developed world. Migrants who may have worked for decades are denied UC because of the burden on them to prove their residency status, while Home Secretary Priti Patel expects "economically inactive" students, retirees, carers and the sick or disabled to fill the job vacancies left by her immigration policies. UC is at the heart of a social clampdown, with the message: "Work or die".

9) Disability and the false assumptions behind UC

Well paid, appropriate work can be a route out of poverty. The disabled face discrimination in the workplace, as everywhere else, and DWP is right to want to "help" more into work. But helping those who are able to work is not the same as bullying those who can't. The Welfare Reform, and UC in particular, is based on the flawed premise that everyone can and should work. Those citing disability or chronic illness as a reason not to are "scroungers" and "fakers", even if their disability is inherited. George Osborne and the media have done such a thorough job of vilifying benefits claimants that people even feel justified in setting the homeless on fire or battering them to death. The DWP declares that "Work is a health goal", ignoring the mass of evidence showing that many jobs make people sick. My stepfather worked for years around asbestos and now has a serious lung condition. My mother lost part of her pension retiring early to be his unpaid carer, damaging her own health. Many people can just about manage by not working, or by being self-employed. They might not have a "sick" diagnosis, being reluctant or unable to see their GP, or may have a condition that's hard to diagnose. DWP classing them as "fit to work" causes great, often irreparable, harm.

10) Work Capability Assessments themselves cause so much harm that they should be scrapped. It is a waste of money to keep reassessing people who won't get better. DWP decision makers and Maximus assessors are not doctors, and ignore medical evidence. Severe illness is dismissed in minutes, with people in hospital and even the mortuary found "fit for work". The claimant is assumed to be lying and is treated like a criminal. They may be referred under pressure for CBT under the IAPT scheme, the assumption being that they are merely lazy or negative, and can be easily nudged back to productivity. The work coach is given the power to decide if the claimant needs this psychological "help". This is quite frankly disgusting and an insult to people who can be suffering a complex combination of physical pain and debility, inflammation, lack of sleep, worry and medication side effects, even before the stress of dealing with DWP, family problems, and prejudice from the media and general public. WCA's have added to NHS costs with increased doctor's visits and prescriptions for antidepressants or pain medication during symptom flare-ups they've caused.

11) Stress and reduced income during the three-month wait for the WCA result are extra claimant hurdles, as are inaccessible assessment centres. It took seven years to get a UC tick box on prescription forms, during which time patients were fined for ticking other boxes. After Sarah Newton's resignation, there was no Minister for Disability for three weeks, as it was apparently not a Government priority. The UN found that successive Conservative governments have created a "human catastrophe" for disabled people, who are squeezed from all directions with the benefits freeze and cap, loss of the spare room subsidy, escalating rents and rising cost of living. An increase of £10 a month to the finally unfrozen Local Housing Allowance and related UC component is too little after so long. My LHA is still less than it was ten years ago. Relatives bail their loved ones out at cost to themselves. Families with a disabled person are disproportionately represented at food banks, and those with a disabled child have seen their income slashed on UC. Food banks are the perfect example of the Government trying to bypass its responsibilities, making the public bear the cost of feeding strangers in a rich country. There is no sign yet that it intends for this to stop.

12) UC has a social cost. Dr Chris Grover, head of Lancaster University's sociology department, published a paper calling austerity and benefit cuts economic "violence" and "social murder". The appointment of Andrew Sabisky, with his endorsement of "universal contraception", highlights the Government's attitude towards the poor, who have spent the last twelve years paying for the mistakes of wealthy bankers. Conservative MP Ben Bradley called for the unemployed to have vasectomies, Conservative Councillor John Ward wrote that "compulsory sterilisation" would "remove the incentive to 'breed for greed'", and Conservative candidate Francesca O'Brien posted on social media, about claimants on TV programme Benefits Street, "these people need putting down". UC's two-child limit is a move towards eugenics. Ironically, Universal Credit has done more to create an Under Class and entrench people in poverty than any other benefit. Is the next step universal graves? Faced with a future of

incomprehensible forms and degrading assessments, with appeals taking months, no wonder some claimants see death as the only way out. Benefits-related suicides have been ignored for years, and when finally investigated following a media scandal, it's behind closed doors. DWP compensation to bereaved families adds to the economic cost of UC, but the human cost is incalculable.

13) Any Spare Change?

Left unchecked, Universal Credit's costs, both financial and human, will continue to spiral out of control. Managed Migration must not proceed until the Government can show in detail that claimants will not suffer. For UC to function effectively and fairly, the following changes are needed:

End the digital-by-default application process and the 5-week wait

Scrap the two-child limit

Sack Maximus and make the assessment system fair, using medical records

Remove sanctions and the enforced work search

Make Jobcentre appointments voluntary and flexible and remove guards

Axe the Minimum Income Floor

End the payment date fiasco, where claimants can lose a month's money

Raise payments to cover a reasonable standard of living, including full housing costs

Ensure the safety of those at risk of domestic violence

Change the "strivers versus skivers" narrative in DWP and the media to end the hostile environment

If it can't be fixed it must be scrapped. The world of work is likely to become ever more unstable, especially with advances in AI. A UBI would allow people to dip in and out of jobs without risking everything. Experiments show that people are happier, reducing medical costs. Money can be saved on Maximus and tribunal appeals. Jobcentres could be closed. The benefits bill has been described as "bloated", the implication being that costs and corners should be cut. But do we really want to live in a society where starving children eat toilet roll, the homeless share sleeping bags with rats and people crowd fund for wheelchairs on social media? The Governments of the last ten years have spent a fortune destroying the social security system. Even if repairing it will cost another one, it must be done, and now. The estimated bill for HS2 is £106Bn, with £8.5Bn for No Deal Brexit preparations, billions to replace Trident, £7m to US private health firm Optum, and there is always money for MPs' expenses, failed bridges, water cannons, Chris Grayling's disasters, royal weddings and so on. There is no financial justification for the cruelty of UC. The UK isn't short of money when the will to spend it is there. And if the Government needs more, it knows where the tax havens are.

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