

# **DISABILITY RIGHTS UK – WRITTEN EVIDENCE (EUC0037)**

## **The economics of Universal Credit**

Disability Rights UK (DR UK) is led by people with lived experience across the spectrum of disability and health conditions, including mental health conditions, learning disabilities, dementia and autism.

DR UK run a second-tier welfare rights advice line where we assist their front-line advice workers with supportive information and advice.

We are a pan disability membership organisation led by disabled people seeking change. Our membership includes individual disabled people and organisations working on their behalf including disabled people led organisations. Among our membership are over three hundred organisations that give advice directly to disabled people, particularly in respect of benefit issues.

The 2010 White Paper 'UC: Welfare That Works' set out the aims of UC (UC) as follows:

- to simplify the benefits system;
- to make work pay; and
- to combat worklessness and poverty.

How well has UC met these three original objectives in relation to disabled people?

### **Simplification**

UC was introduced in stages from 2013 to replace six means-tested 'legacy' benefits for working-age households' The six benefits being replaced are: Employment and Support Allowance, Jobseeker's Allowance, Income Support, Housing Benefit, Working Tax Credit and Child Tax Credit.

It may be thought that UC makes it easier to claim benefit: one claim needed rather than multiple forms. However, this is not the case in practice.

Around 40% of people claiming UC reported a 'long-term health condition' according to the DWP's [UC Full Service Survey](#). In addition, the DWP found that 25% or more are likely to be deemed disabled under the Equality Act 2010.

So, a significant group affected by UC are disabled or have a long-term health condition.

Many of the problems in relation to UC are inherent in the design and operation of the benefit itself.

This is clear from the conclusion of the [UN's Special Rapporteur's visit statement on extreme poverty and human rights in the UK](#) who found that -

“No single program embodies the combination of the benefits reforms and the promotion of austerity programs more than UC. Although in its initial conception it represented a potentially major improvement in the system, it is fast falling into Universal Discredit.”

The Special Rapporteur highlights several endemic problems with the new benefit, including its inbuilt delay in first payment (and delays even to this), its “advance payment” loan scheme, “draconian” sanctions (“even for infringements that seem minor”) and its **digital-by-default nature**.

### Digital claiming and monthly payments

Many disabled UC claimants struggle with the UC system as it is digitally based and not been designed with disabled people’s access needs in mind.

There are several factors that may restrict the digital inclusion of disabled people - for example training and skills, access to equipment, access to assistive technology (for example screen reader) or adjustments and poor finance to understand and use the internet.

To apply for UC, claimants must first create a ‘Verify’ account online, which proves their identity. In addition, subsequent communications between them and the Jobcentre are then made via an online journal.

Yet 20% of disabled people have never used the internet, [according to 2018 figures from the ONS](#) and many others find the online process inaccessible.

According to June 2018 DWP’s own research - [UC full service claimant survey](#) - almost half of UC claimants say that they needed help in registering their claim online.

Overall, more than four in ten claimants said they needed more support registering their claim for UC. Three in ten said they need more ongoing support with using their UC digital account.

The DWP research also found that it was quite common for the claim process to take more than one attempt and, even amongst those with experience of claiming other benefits, again nearly half found it more difficult to claim UC.

In its July 2018 research report - [Making a UC claim](#) – Citizens Advice also found that significant numbers of people are failing to claim at their first attempt, particularly because of difficulties supplying evidence.

A quarter of claimants Citizens Advice advised lost more than a week’s UC entitlement because of difficulties finishing their claims, and that, of those advised who qualified for extra costs under UC -

- 48% found it difficult to provide evidence for health conditions;
- 40% found it difficult to provide evidence for housing; and
- 35% found it difficult to provide evidence for childcare.

This overarching emphasis on digital communication means that reasonable adjustments under the Equality Act 2010 are not prioritised.

A paper UC claim pack needs to be readily available so disabled people can more easily make an application. Again, for example, rather than by online journal, people with learning difficulties and some deaf people need to be contacted by Easy Read with large print or Braille used for visually impaired people. Rather than digitally, UC claims should also be made possible by phone and in writing.

In terms of payment of UC awards, its system is inflexible, with a five week waiting period and monthly payment thereafter.

The inability of benefit levels to cover essential living costs and issues with payments remain the most common reasons for referral to a foodbank.

In its June 2017 research report [Financial insecurity, food insecurity, and disability](#), the Trussell Trust found that –

- almost two-thirds of survey respondents indicated they had a health condition, and another 5% of respondents did not have one themselves, but had a household member who did;
- about one-third of food bank using households included someone with a mental health condition; and
- compared to the profile of low-income households in the UK, the households of food bank users are almost three times more likely to contain someone with a disability.

In a September 2019 report, [5 weeks is to long - why we need to end the wait for UC](#) - the Trussell Trust highlight that a 48% increase in demand has occurred in areas where UC has been rolled out for two years.

To address the short- and long-term impacts on claimants' ability to cope financially with a move to UC, the Trust calls for an end to the five week wait. It recommends instead more frequent payments; a shorter assessment period; and backdating claim starts so that claimants receive payments as soon as possible.

The June 2019 Disability Benefits Consortium (DBC) report - [UC and Me](#) - reports its survey of around 500 disabled people about their experience of UC. The survey highlights some serious concerns and deeply worrying findings:

“30% of people told us that waiting for a payment meant they couldn’t eat. 30% told us they couldn’t heat their home. 40% of people got behind with their rent or mortgage, which for some led to eviction.

Over 30% of people we surveyed told us that waiting for their first payment had meant they were forced to use a food bank. People are falling into debt or relying on family and friends to get them through. Most worryingly, a number of people said they had considered suicide.”

... People told us that the impact of having less money includes struggling to pay for food (70%), driving a significant number of people to food banks (35%) and a worsening of people’s health, in particular their mental health (85%) and again, most worryingly driving people to consider suicide.”

The five week wait results in many UC claimants being reliant of advance payments (in reality loans).

There are currently 2.8 million universal credit claimants. Most have had to apply and rely on an advance payment. [Between December 2018 and November 2019, 1,996,000 claimants received an advance payment.](#)

One in four UC claimants are in problem debt compounded by excessive deductions from their benefit, according to the debt charity StepChange. In its January 2020 report, [Flaws in social security are causing debt and destitution - Government must act](#), StepChange says that key design features of UC are driving hardship and problem debt including –

- the five week wait for the first payment;
- excessive deductions to repay debt - over half of StepChange clients who receive UC have one or more deductions in place compared to 36 per cent of those receiving legacy benefits; and
- unpredictable monthly payments.

### Claimant commitment

By setting out the requirements to prepare for or find work in the UC claimant commitment the contractual nature of benefit receipt has been made more explicit than ever before. But UC opens areas of greater discretion in the system as Job Centre Plus (JCP) Work Coaches decide what is “reasonable” to expect from each claimant as part of their commitment.

Unlike ESA, most UC claimants are not treated as having a limited capability for work prior to a work capability assessment.

Notwithstanding the problems of the work capability assessment itself, disabled people and those with a long-term health condition have their fitness for work in effect assessed by a Jobcentre work coach.

In the absence of adequate training, oversight and support for JCP staff, claimants are likely to find themselves in an increasingly arbitrary zone, subject to requirements that are burdensome and do not fully take account of their circumstances.

We have serious concerns that work coaches lack the ability to identify people that should not be compelled to seek and apply for jobs and may impose unsuitable claimant commitment agreements.

The National Audit Office’s June 2018 report on [Rolling out of UC](#) under the section on ‘Identifying vulnerable claimants’ found that some staff found it difficult to support claimants because they –

- lacked the time and ability to identify claimants who needed additional support;

- lacked the confidence to apply processes flexibly and make appropriate adjustments; and
- felt overwhelmed by the volume of claimants reporting health problems.

We are concerned that the claimant commitment system leads to sanctions against disabled claimants.

2.38% of UC claimants who are subject to conditionality had a sanction applied in November 2019, [according to DWP statistics](#). However, comparable statistics for legacy benefits show that, in June 2019 just 0.04% of ESA claimants who are in the work-related activity group were subject to a sanction.

Work Coaches are legally required to make reasonable adjustments for claimants with a disability, under the Equality Act 2010.

This includes applying appropriate discretion to requirements, such as varying or limiting types of work a claimant should look for and accept, as well as adjustments to support the claimant in accessing and engaging with their commitment and the Jobcentre.

However, the Social Security Advisory Committee (SSAC) September 2019 report [The effectiveness of the Claimant Commitment in UC](#) found there is mixed evidence of effective individual tailoring:

“Our findings are also backed up by survey evidence from DWP, which found around a half of claimants felt their personal circumstances had been considered. Just over 60% felt their commitment was achievable, meaning a significant minority did not and so may not be inspired to act ... Claimants with physical and mental health problems were less likely than other claimants to feel that their commitment reflected their circumstances.”

The SSAC concludes that:

“Based on the evidence we have, it is our view that unless action is taken there is a risk that the claimant commitment will not help all claimants to achieve better labour market outcomes and, in some cases, could have a detrimental impact, especially on claimants in vulnerable circumstances.”

In its November 2018 [Benefit Sanctions report](#) the Work and Pensions Committee highlighted that –

“Of all the evidence we received, none was more compelling than that against the imposition of conditionality and sanctions on people with a disability or health condition. It does not work. Worse, it is harmful and counterproductive.

We recommend that the Government immediately stop imposing conditionality and sanctions on anyone found to have limited capability for work, or who presents a valid doctor’s note (Fit Note) stating that they are unable to work, including those who present such a note while waiting for a Work Capability Assessment. Instead, it should work with experts to develop a programme of voluntary employment support.”

## **Making work pay**

The Summer Budget 2015 announced a series of changes to UC in advance of the full introduction of UC. These included reductions in the "work allowances" for most UC claimants from April 2016.

The UC work allowance is the amount an individual or family can earn before their maximum UC award starts to be reduced. The level varies according to household circumstances, and whether the maximum UC award includes an amount to cover housing costs.

In relation to disabled adults, the work allowance for those without housing costs with children and/or a limited capability was reduced from £7,764 to £4,764 in 2016 2017 – an annual drop of £3,000.

From April 2019 work allowances in UC were increased by £1,000. This meant that working disabled people on UC were £630 better off a year.

However, this is still significantly less than pre 2016 - £6,036 compared to £7,764 (an annual difference of £1,728).

It is also less than the equivalent yearly limit for 'permitted work' within ESA. Permitted work allows disabled people receiving ESA to work within certain limits and remain entitled to ESA (and so housing benefit).

The permitted work higher limit allows ESA claimants to work for less than 16 hours per week and earn up to £131.50 per week for an indefinite period – an annual equivalent of £6,838. This again is £802 higher than the UC work allowance.

In addition, the [transitional regulations relating to naturally migration to UC](#) also disincentive those disabled people receiving ESA who want to see if they can return to work for more than 16 hours per week.

For ESA, any two periods of limited capability for work separated by no more than 12 weeks are treated as a single period. So, if a disabled claimant reclaims ESA within 12 weeks of a previous award you do not have to serve any waiting days. They are also immediately placed in the limited capability for work group or support group as before.

However, there is no equivalent linking rule within UC. This means a disabled ESA claimant who unsuccessfully try's full-time work and has to claim UC will not again be placed in the limited capability for work group or support group.

Instead, they will need to undergo a new work capability assessment and remain on the basic rate of ESA for a minimum of 13 weeks. They will also be unable to take part in part time permitted work as there is no equivalent within UC.

## **Combating worklessness and poverty**

In terms of combating worklessness, we would highlight our points in the previous section Making Work Pay.

In terms of disabled people's poverty, we would highlight our earlier point relating to increased food bank use.

Disabled people often face additional costs incurred by purchasing specialist aids and adaptations, but also through paying more for basic goods and services. Additional transport costs can also be very significant.

Scope, in its February 2019 report [The Disability Price Tag](#) report, found that disabled people -

- on average, face extra costs of £583 a month; and
- on average, a disabled person's extra costs are equivalent to almost half of their income (not including housing costs).

UC pays disabled claimants substantially less than legacy benefits.

The severe disability premium (SDP) and enhanced disability premium (EDP), available within working age DWP benefits, have both been abolished under UC.

If you are single the SDP is included in your award if:

- you receive a qualifying disability benefit (Attendance Allowance, constant Attendance Allowance, the care component of Disability Living Allowance at the middle or highest rate or Personal Independence Payment daily living component at standard or enhanced rate); and
- no-one gets paid Carer's Allowance (CA) for looking after you and
- you have no non-dependant adults living with you.

The weekly rate of SDP is £65.85.

You qualify for an enhanced disability premium if you are under the age when you qualify for Pension Credit and you receive Disability Living Allowance higher rate care component, Personal Independence Payment Daily Living component enhanced rate or Armed Forces Independence Payment.

You can also qualify for an enhanced disability premium if you claim main-phase ESA and receive the support component.

The weekly rate of EDP is £16.80.

New claimants of UC do not receive either the SDP or the EDP premium. There is a limited capability for work-related activity element - £160.20 per month - but it's not as much as the total of the SDP and EDP in ESA. A substantial difference of £2427.40 per year.

In addition, UC does not include the ESA work related activity component. There is no evidence to suggest its removal incentivises people to work. It also wrongly assumes that everyone affected can work, and that there are no extra costs for people with health conditions.

The work-related activity component (WRAC) for those who are still paid it within ESA is worth £29.05 per week. This is a yearly equivalent of £1,510.60.

## **Recommendations**

A major omission from this submission is the need for major reform of the work capability assessment (WCA). The Government is to publish a Work and Health Green Paper in the summer, and we intend then too comment on its proposals for WCA reform

Given the points we have made, we would make the following recommendations

- UC claims to be able to be made and maintained in writing or by phone'
- the five week waiting period is abolished and fortnightly payments be made on a claimant's request;
- claimant commitment conditionality and sanctions are abolished for disabled people;
- work allowances are restored to their pre-2016 level;
- permitted work be introduced and an ESA linking period equivalent rule be introduced; and
- the work related activity component and the SDP and the EDP be payable within UC.

*25 February 2020*