

# **LEWISHAM REFUGEE AND MIGRANT NETWORK – WRITTEN EVIDENCE (EUC0041)**

## **The economics of Universal Credit**

### **About Lewisham Refugee and Migrant Network (LRMN)**

1. Lewisham Refugee and Migrant Network (LRMN) is a registered charity providing free, independent and confidential support to migrants, refugees and asylum seekers and it was established in 1991. LRMN provides works in more than 20 boroughs across London and provides free advice on immigration and asylum, housing and welfare benefits, employment, support for women and girls who have survived gender-based violence, support for children and young people, and manages the Vulnerable Person Resettlement Scheme (VPRS) in partnership with the Refugee Council. LRMN also campaigns on a number of issues affecting our client base and lobbies at the local and national level.
2. In a typical year, LRMN advises over 1900 people with free advice and advocacy support. Many of these people are facing destitution, homelessness or are experiencing mental health issues.
3. More information on the work of LRMN can be found on our website at [www.lrmn.org.uk](http://www.lrmn.org.uk).

### **Introduction**

4. LRMN thanks the Committee for running an enquiry into the Economics of Universal Credit (UC). We further applaud and appreciate the focus of the enquiry, which is to examine whether UC as it is currently implemented, is appropriate and able to meet the needs of claimants in today's labour market.
5. Many of the people LRMN supports currently rely on benefits to ensure they have a roof over their head and can meet their basic needs, including food. It is therefore crucial that these people receive adequate and reliable benefits. We remain concerned that UC is not able to provide this.
6. We recognise that the intention of UC is to simplify an otherwise complex system of benefits and help people to enter the world of work. These potential benefits however are not being met, and rather signify underlining and structural problems with UC which need urgent change.

## **Key points**

7. Universal Credit has not met its initial promise to support and help people in need.
8. Universal Credit continues to leave many people in destitution for prolonged periods of time, leaving them to rely on foodbanks or support from family and friends.
9. EU Citizens with a right to reside in the UK have their claim for UC routinely rejected. This is very often based on a wrongful application of the Housing Residency Test (HRT) by the Department for Work and Pensions (DWP).
10. There are often issues affecting people with refugee status who have been resettled to the UK via the Vulnerable Person Resettlement Scheme (VPRS) which resettles vulnerable families and people from Syria and Iraq.
11. Digital exclusion is a very common issue affecting our clients. Most of the time this issue affects people over the age of 60 who either do not have access to a computer or internet, or do not have the necessary skills to make an application for UC online.
12. The current UC system is not able to meet the requirements of households where more than one person is claiming UC. We highlight below a number of examples where this practice has left people vulnerable.
13. The current UC system fails to consider and look after people, and especially women, who are living or have experienced domestic abuse. This locks them into further abuse and poverty.
14. In our experience there is very little or inadequate support with budgeting skills available through Universal Support. The support provided is not appropriate for people with poor literacy and/or numerical skills.
15. LRMN's advisers are having to spend substantial amounts of time supporting people with their UC application. Due to the length of the application, LRMN staff is spending almost twice the amount of time supporting people as it did before the introduction of UC.

## **Answers to questions**

This submission has been informed on evidence gathered from the experiences of LRMN service users in London. The names in the case studies used in this submission have been changed to protect the anonymity of our service users.

## **16. Were the original objectives and assumptions the right ones? How should they change?**

Yes, intentions were good, but there are key issues with how UC decisions are made and how sanctions are implemented.

- One of the objectives of UC is that the current system is too complex and it needs simplifying
  - We believe this objective has been partially met. Although at face value the system of social security has been simplified, UC poses new challenges and it is less accessible to many people. This is particularly due to the fact that it an application for UC can only be made online.
  - Another key issue our advisers have experienced with UC applications is that when a fresh claim for UC is made further to a rejected application, the first application is erased from the system. This means that clients have great difficulty proving they made an application prior to the new one. This leads to loss of other benefits, and difficulty with proving past eligibility.
  
- Reduce levels of fraud and error
  - We do not have details or information on levels of fraud commitment. What we can comment on is the level of errors that are made. This is based on the number of mandatory reconsiderations and/or appeals our advisers submit.
  - We do regular tribunal representations as our advisers have to appeal wrongful decisions of DWP decisions on whether to give someone UC. Recently we saw a spike in this kind of cases applying to EU citizens. This shows that the DWP is still making errors when applying the Right to Reside test.

## **17. What have been the positive and negative economic effects of Universal Credit?**

We believe there are a number of negative economic effects of UC. We summarise these below.

- UC is placing a significant burden on LRMN workers who are supporting people to UC. Many of the people our advisers support present complex issues which require extensive knowledge, expertise and time. Many of our service users need support in setting up monthly payments and receive guidance on budgeting. Our advisers are having to provide this kind of support as clients are sometimes not receiving the assistance they need from Universal Support.
  
- Although Citizens Advice (CA) have been funded to assist claimants with their UC claims, claimants are advised to seek assistance from us as CA are unable to provide interpreters.
  
- The length of time it now takes for an experienced adviser to complete an application for UC has dramatically increased, now taking up to two hours per application. We are concerned that people who have barriers such as

basic English language skills, limited or no knowledge of online applications or have mental health issues severely struggle to apply for UC.

- LRMN advisers have helped 11 people facing eviction as a result of issues with UC which put them into rent arrears.

## **18. Which claimants have benefited most from the Universal Credit reforms and which have lost out?**

- In our experience, amongst the claimants who have lost out the most from the introduction of UC are: EU citizens, people who are renting accommodation with a private landlord as opposed to residing in social housing, people who are digitally excluded, people (especially women) who are living in a situation of domestic abuse, some refugees resettled in the UK under the Vulnerable Persons Resettlement Scheme (VPRS).
- 56% of our clients claiming UC are single parents and the sole carer for their child (in many cases multiple children). This group is faced with additional difficulties as they will lose out more if faced with sanctions. Between them there are 99 children under the age of 16.
- Clients with disabilities and/or long-term ill health conditions are at higher risk of losing out from UC applications. This is primarily due to digital exclusion.
- **50% of our clients on UC have either a disability or a long term health condition** which prevents them from being able to work. This includes people with mental health issues and/or multiple impairments. Almost all of these clients would struggle with submitting a UC application on their own as it is digitally based.
- Some of the factors that restrict the digital inclusion of people with a disability include access to appropriate training and skills, access to equipment such as PCs and/or internet connection.
- Universal Credit's digital-by-default nature was highlighted by the [UN's Special Rapporteur's visit statement on extreme poverty and human rights in the UK](#), which identified this as a key issue with the UC system.
- Claimants who live in a residence where more than one person is claiming UC are also at risk of being benefitted.

### **Case Study – Justina\***

Justina is an EU citizens who has spent 24 years in the UK and had worked as a carer in a care home for elderly people with dementia for many years. When she came to LRMN for advice in 2018 her ESA had been stopped as the DWP believed she was no longer entitled to it. This is because they believed she was no longer a qualified person (QP) exercising her EEA Treaty Rights.

However she came to us showing that she in fact had evidence of being a QP for five years continuously. Justina was married to an EEA national but her marriage broke down due to Domestic Violence. She is also the sole carer of her young daughter.

Our advisers helped Justina to apply for UC as she had limited capacity to work due to mental health issues. Although our advisers produced a copy of her medical reports attached in the original UC application her application was refused by the DWP.

Our adviser challenged DWP's claim that she failed the HRT test and had no right to reside and helped her with requesting a mandatory reconsideration. As the decision on the mandatory reconsideration was negative, our advisers appealed the decision and submitted evidence to a judge at Tribunal.

Although successful, the process of appealing DWP's decision took over 10 months, during which period Justina did not have any income and had to rely on foodbanks and emergency support from LRMN.

### **Case Study – Ardita\***

Ardita is a 26 year old woman from Albania who has been living in the UK since 2015. She obtained a Family member EU residence card on in 2017 which states EU Right to Reside. Ardita was married for 3 years to a British citizen, but her marriage broke down due to domestic abuse. She has a son and is his sole carer as her husband refuses to support them.

She came to LRMN for advice as her application for UC was refused based on the grounds that she failed the HRT.

Our advisers successfully appealed the decision on the grounds that she does have a right to reside and presented the evidence to a judge at Tribunal.

### **Case Study – Mohammed**

Mohammed is an elderly man with a severe physical disability. Mohammed has refugee status and was resettled to the UK under the VPRS scheme (from Syria). He experienced severe trauma and suffers from Post-Traumatic Stress Disorder (PTSD). He is unable to work due to severe ill health.

Client is housed by local authority (social housing, not private landlord).

Normally housing benefit (HB) needs to be claimed by clients in temporary accommodation. However, under the VPRS scheme, housing costs for temporary accommodation has to be claimed for through UC.

VPRS individuals are entitled to claim Discretionary Housing Payment (DHP) to cover the benefit cap as otherwise without this assistance they would not be able to afford their rent or daily living costs. However, in order to receive DHP, the DWP is supposed to submit information to the HB office confirming the client's UC payments on a monthly basis. The DWP continually fails to do so, putting the client into rent arrears on a monthly basis, and needing our adviser to assist with this each time it happens as the client is not able to download evidence of his UC award and submit this to the housing benefit

office. This causes the client much distress and puts him at risk of losing his home as he is persistently late with his rent payments, and accruing rent arrears.

### **19. Recommendations**

- The Universal Credit system should be simplified and re-designed with disabled people's needs in mind.
- The UC system should be made fully accessible to people who are not able or struggle to use the internet and/or computers.
- There should be better cooperation and communication with Local Authorities that are delivering the VPRS Scheme to avoid confusion for claimants and avoid people incurring rent arrears.

20. Lewisham Refugee and Migrant Network hopes that the information and recommendations we have provided in this submission are useful to the committee. We would be pleased to provide further written or verbal evidence if required. We would welcome the opportunity to work with the committee to ensure that solutions are found and that people in need can have their needs met.

*28 February 2020*