

HOMELESS LINK – WRITTEN EVIDENCE (EUC0043)

The economics of Universal Credit

1. Homeless Link is the national membership charity for frontline homelessness agencies and the wider housing with health, care and support sector in England. With over 750 members, we work to improve services and campaign for policy change that will help end homelessness and ensure that everyone has a place to call home and the support they need to keep it.
2. We are a member of the Making Every Adult Matter Coalition (MEAM), alongside Clinks and Mind, formed to improve policy and services for people facing multiple needs. Together the charities represent over 1,300 frontline organisations that have an interest in the criminal justice, substance misuse, homelessness and mental health sectors. We support partnerships across the country to develop effective, coordinated approaches to multiple needs that can increase wellbeing, reduce costs to public services and improve people's lives.
3. This response incorporates quotes from Trust for London-funded qualitative research with some of our members' beneficiaries. Homeless Link would be glad to elaborate further on any of the information provided.

How well has Universal Credit met its original objectives?

Universal Credit was designed to "... make it easier for people to get the help they need, when they need it. By utilising tried and proven information technology, we will streamline the system to reduce administration costs and minimise opportunities for error or fraud."

4. For very many people without a home, ready access to the internet is simply not possible. For some, buying and running a smart phone is not an option: the initial outlay and the cost of credit can make smart phone ownership prohibitively expensive. And, of course, smart phones don't just need to be loaded with credit, they need to be charged with electricity. Without a home, there is simply no ready access to electricity. And even where someone may have a smart phone, dependency on drugs or alcohol can mean that person feels compelled to sell any phone they may have to fund their drug or alcohol dependency.

"You don't need a computer to read a letter."

Male UC claimant and day centre client

5. DWP will suggest that people claiming Universal Credit (UC) who do not have their own device, can make and manage a UC claim via PCs available in Jobcentre Plus (JCP) offices or libraries. However, with fewer than 650 Jobcentres across the whole of Britain and a reduction in local authorities' culture budgets - from which funding for public libraries is drawn - by over two fifths (43%) since 2010¹, this isn't always viable.

6. Whilst it is possible to apply for UC by phone, maintaining the claim must be done online. Since April 2019, Government has funded Citizens Advice to provide the Help to Claim service, which supports people from the point of initial claim to first payment. After that, the claimant must maintain their claim without Citizens Advice support.
7. What this means for homelessness services is significant resource spent on one-to-one support for claimants going through the UC application process, as well as offering reassurance in response to the anxiety experienced by clients in dealing with a system they often do not understand.

In its 2010 White Paper, Government promised that “Conditionality will be responsive to an individual’s circumstances – reflecting, for example, that whilst the majority should move into full-time work, for some people there may be temporary periods when part-time work is appropriate (for example, for some lone parents).”²

8. Work Coaches have the power to tailor a claimant commitment to suit a claimant's circumstances, including in response to claimants' homelessness. Yet there is little evidence that easements - suspensions of the requirement to engage in work-related activities - are being applied as consistently as they should be. DWP has found it difficult to identify and track those who it deems vulnerable.³ This can be because staff have too little time and ability to identify vulnerable people. Even where vulnerable people are identified as such, staff often lack the confidence necessary to support them as needed.⁴ Often the need for easements only comes to light after a claimant has been sanctioned for non-compliance.

“DWP said I had to go to interviews even though I’ve had a number of strokes which has affected my memory”

Male UC claimant and day centre client

9. In Homeless Link’s 2014 health needs audit, four fifths (80%) of respondents reported some form of mental health issue and just under half (45%) had been diagnosed with a mental health issue – twice the rate within the general population. Nearly two fifths (39%) said they take drugs or are recovering from a drug problem, while more than a quarter (27%) have, or are recovering from an alcohol problem.⁵ Where people without a home have mental health issues or dependency issues they will very often have impaired cognitive functioning, including compromised memory.^{6 7}

1 HMCLG <https://www.bbc.co.uk/news/uk-england-46443700>

2 p4 DWP (2010) Universal Credit: welfare that works (Cm 7957)

3 Morse A (2018) Rolling out Universal Credit NAO

4 Morse A (2018) Rolling out Universal Credit NAO

5 Homeless Link (2014) The Unhealthy State of Homeless

6 Stergiopoulos V et al (2015) Neurocognitive impairment in a large sample of homeless adults with mental illness *Acta Psychiatrica Scandinavica* (4):256-68

7 Bruijen C J W H (2019) Prevalence of cognitive impairment in patients with substance use disorder

10.If mental health issues, drug and alcohol dependency issues and cognitive impairment (particularly in relation to compromised memory) are not taken into account by Work Coaches when drafting claimant commitments, claimants without a home are at risk of failing to comply with their Claimant Commitment. When this happens, claimants are sanctioned, which in turn leads to dangerously inadequate incomes and mired in deep debt.

The White Paper also promised to "...radically simplify the system to make work pay and combat worklessness and poverty."⁸

"The Government is committed to ensuring that no-one loses as a direct result of these reforms. We have ensured that no-one will experience a reduction in the benefit they receive as a result of the introduction of Universal Credit."⁹

"You're having to source soup kitchens just to survive."

Male UC claimant and day centre client

11.Built into the regulations that complement the original legislation is provision for an assessment period of one calendar month¹⁰ followed by a further seven days' delay in payment.¹¹ Between February 2018 and January 2019, well over half (57%) of UC claimants needed an advance payment to cover this initial five week period without income.¹² This means claimants without sufficient resource to pay their living expenses are immediately indebted and, once deductions to repay the advance are made, are left with an extremely low income that will often mean they are unable to purchase essential items such a sufficient food, clothing, footwear or toiletries.¹³ Claimants in such circumstances will have to survive on these extremely low incomes for up to the maximum repayment period of a year (from October 2021 the repayment period will be extended to will be payable over of up to 16 months).¹⁴

"If I had somewhere to live, I could make a cup of tea for a few pence. But without a home, a cup of tea costs me at least a pound."

Male UC claimant and day centre client

12.This immediate indebtedness is often compounded, as many claimants will have other monies drawn from their UC. Additional deductions can include historic

Drug and Alcohol Review 38, 435–442

8 p2 DWP (2010) Universal Credit: welfare that works (Cm 7957)

9 p3 DWP (2010) Universal Credit: welfare that works (Cm 7957)

10 reg 21 The Universal Credit Regulations 2013

11 reg 47 The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013

12 APPG on UC (2019) What needs to change in Universal Credit?

13 Fitzpatrick S (2018) Destitution in the UK 2018 JRF

14 APPG on UC (2019) What needs to change in Universal Credit?

debts relating to Social Fund loans from, in some cases, more than 15 years before the UC claim is made.¹⁵ As well as loan repayments, court fines (at a minimum of 5% of the standard allowance and a maximum of £108) can be drawn directly from UC, often without the claimant being aware of this. Court fines are often issued in response to people without a home breaching public space protection orders (PSPO), which can prohibit, for example, rough sleeping.

"I can't cook because I don't have any access to cooking facilities. My diet is worse on the streets and I can't save for anything because the cost of buying food out is so high."

Female UC claimant and day centre client

13. In over a fifth (21%) of cases, DWP fail to make full UC payments on time.¹⁶ Our members and the people they work with tell us that budgeting monthly payments is difficult. This is particularly so for people with drug and/or alcohol dependency issues, for whom the need to fund a dependency will often mean spending a large part of a UC payment as soon as it is received. Although DWP offer budgeting support for people claiming UC, this is made available online and so is, in practical terms, inaccessible to claimants without a home. Whilst it is possible to pay UC more frequently than once a month, this rarely happens rarely.¹⁷ Delayed payments, combined with budgeting difficulty, tip claimants further into debt.

Were the original objectives and assumptions the right ones? How should they change?

14. The assumption that a digital by default system, via which claimants receive monthly payments does not reflect the needs or life circumstances of the people our members work with. It cannot be assumed that all who claim UC have both ready access to the internet and the requisite digital skills to initiate and maintain a UC claim.

"I was used to weekly or fortnightly payments when I was temping."

Female UC claimant and day centre client

15. Very many of the people that our members work with are unable to access the internet as frequently and reliably as they need to in order to efficiently maintain their UC claim. We believe Government should acknowledge this reality and make provision for paper-based UC administration for people who have no home.

16. Government should also acknowledge that monthly payments are problematic for people who have no home. Both our members and the people who use their services tell us that budgeting would be easier if UC payments were more

15 Universal Credit: Written question – 272126 www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-07-02/272126

16 Morse A (2018) Rolling out Universal Credit NAO

17 Morse A (2018) Rolling out Universal Credit NAO

frequent. We believe that fortnightly payments, possible at the discretion of Work Coaches, should be made the default option.