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The economics of Universal Credit

I am a single unemployed mum on Universal Credit (UC). In the recent past I have worked in numerous well being centres in the Trafford area, including Old Trafford, Partington, and Broomwood. Working with many vulnerable individuals with mental health issues. I am now unemployed due to my own mental health issues but volunteer 6 hours per week with the Sale Moor Community Partnership (SMCP) a volunteer led local community charity. Sale Moor is a deprived area of Trafford with many social issues. It is widely recognised there has been a significant increase in recent years and with the roll out of UC of the issue of food poverty. For three hours per week at SMCP I assist with a food project, The Bread and Butter Thing (TBBT), delivering fresh foods at minimal prices that would otherwise be destined for landfill to many struggling individuals and families in the locality. SMCP also provide Trussell Trust food bank vouchers to struggling individuals and families. I have tried to include my own experience, and experiences I have picked up throughout my working and volunteering career, as well as speaking with as many people as possible with the support and assistance of SMCP on the subject of Universal Credit to try and address the issues of this benefit reform on our society as it happens first hand. I have treated this as research for and on behalf of those who are generally disempowered and feel they have no voice on this matter.

Firstly there are many barriers for most individuals when approaching the application to Universal Credit. It is an online application that assumes a good degree of technical know-how, many people do not have this know how and struggle hugely with this stressful process. Additionally, my own experience as an educated individual who does not generally struggle with technology I would suggest that this is a clunky and complicated online application, seemingly designed as such to test the individual. E.g. As a matter of course when filling in your Universal Credit application it requires you to give a full breakdown of rental charges. For most, specifically those in social housing, this is a long detailed document that is usually hard to find or you will need to contact your housing provider. The rental breakdown from social housing providers is always provided in weekly figures to the penny with not only basic rent but also numerous service charges included. Not surprisingly myself and I'm assuming most people key in what is written on their weekly breakdown statement from the housing provider. The next page it asks how often do you pay your rent? "Monthly", I keyed in, it didn't ask how much and was seemingly a different question. My first payment I was shocked and went online to my Universal Credit account, looked at the breakdown and found I had received 1 weeks rent not 1 months rent. This is seemingly a well-designed test of your maths conversion skills or attention to detail skills, or just an opportunity to short change many people. It is a bad design at best or a straightforward barrier to accessibility to Universal Credit monies. It could very easily be rectified but to my knowledge has set the tone for a difficult to use system inserted with barriers galore. Vulnerable and chaotic people also have to navigate this system and fall through the gaps very quickly and easily!

I have worked with vulnerable people with mental health problems who were terrified by the entire process of moving to Universal Credit, often with limited technical ability from the off the process is severely distressing. There is no real support for people in this instance, or what is in place falls far short of what is necessary. They are terrified to attend appointments and even more so the severely distressing health assessments which are mandatory to receive the benefit. Again the Universal Credit system is failing and overlooking the special individual circumstances of the most vulnerable. Its inflexible unsupported approach leaves these individuals in emotional as well as financial crisis.

CASE 1

A middle-aged woman with mental health issues who had been in receipt of employment and support allowance. After assessment and falling short by approx. 3 points of the full points necessary she was informed of being transferred to Universal Credit. This lady reports feeling petrified as although active and a volunteer at numerous worthwhile community groups, organisations, and charities she felt she would be forced into work from the off. One major difficulty this woman had was the "JUST go on a online and apply" necessity to gain UC. The basic requirement to gain access to a computer, and use it to navigate and apply solely online for universal credit was a shock and great cause of distress and a major barrier for her. Part of this woman's illness results in difficulties asking for help at times, even logging on was a big issue for her! When she called the IT helpline there were major crossed wires and this caused great frustration and confusion. Even when she did eventually ask for help from her sister, who she is fortunate to have available for support, her sister spent a lot of time to work out what the issues were. Her sister was also very frustrated by this remote form of support and because of this delay in applying for her UC benefit there was a significant delay in her payment, again this individual believes she relied on external family support at this time but as the process was so stressful she can't rightly remember how she managed to get through this time. This woman is now settled and OK on UC, for now. She gains support from her advisors and is moving in the right direction, which she previously had been anyway. The process of transferring to UC and the many pitfalls of the system leave only outside agencies, family, or friends to get individuals through the emotional and financial crisis this process can bring about and to assist individuals through this time. What if the individual doesn't have this support and struggles to ask for help is my concern in this case.

CASE 2

I attended an interview with a UC claimant as her support. Advisors are not always there to help and assist applicants either. In this case the advisor seemed either ignorant of her job or was choosing to withhold important information to another vulnerable individual. In this instance the lady had been off work unwell for many months with numerous doctors fit notes covering the period and then was finally made redundant. When applying for UC she was not informed to back date all her previous fit notes, as only after 6 months of fit notes have been uploaded onto the UC system (retrospectively in this case) does the system then assess for further UC benefits and begin the work capability assessment process. The UC staff member was fully aware this lady had months of fit notes and definitely did not suggest uploading them retrospectively. The result without outside guidance, is that the individual then has to wait 6 months from the start of their UC claim instead of taking into account the whole sickness period in total.

The initial loan and five week wait puts everyone on the back foot, loaded with crippling debt from the off and needs a major turnaround in its approach! The alternative to those who don't want to load themselves with this crippling debt and don't take their full allowance are left struggling to survive for a minimum of 5 weeks, often much more. It is also not always possible to take the full months loan, one young mum of two when making the transition was given just £300 to last 5 weeks, a higher loan was not an option in this instance. Without external financial support, which fortunately she had including basics such as food shopping this would amount to financial crisis. Again those most vulnerable will, and do, fall short and struggle massively in this situation. On the other side of the coin it is also imperative that the calculations the UC system does to work out the advance available to the individual or family is not inflated beyond their means. Often people may have deductions in addition to paying back their advance that don't seem to be included in the initial calculation. On top of these other deductions they will also have to pay back their advance/loan from the government within just 12 months. These amounts together can create an unmanageable financial situation. The calculations that work out an appropriate advance for the 5-week wait are a crucial part of the UC system, and I suggest bad decisions are being made and people and families are suffering as a result. E.g. BBC UC

doc. Feb 2020, a family received a whopping £1700 advance then next month had just £568 approx. to live on, this is massive over lending and the family could ill afford it.

CASE 3

Another example is a young man living with his partner and 3 young children. Initially working 30 hours per week and his partner in full time work they struggled to pay expensive childcare costs that have to be paid in advance of these partly funded costs. He gave up his job because of this and went on Universal Credit. He has never previously been in debt and was very nervous about getting into an unmanageable situation. This family of 5 took just a £300 advance that put them in financial crisis. Out of character and not wanting to, but forced into difficult circumstances he took to temporarily working off the record and illegally to get through this time. He now gets involved with The Bread & Butter Thing and SMCP in his local area saying not only is the food supply a lifeline for the family but it gets him out and really helps him socialise even when caring for his young family. He is now diagnosed with depression and on anti-depressants. Another big issue he had with universal credit is that his partner regularly receives a bonus but the next month the UC system removes most of the financial gain, 63p per pound, they may have temporarily had from this performance-based bonus.

CASE 4

A 24-year old single young woman with three young children aged 1, 2, and 3. This lady only receives the child allowance for 2 children and is under the age of 25 so is on a very tight budget on the universal credit system. This lady really struggled with UC since 2016, was sanctioned 3 times whilst pregnant as she didn't show evidence or attend her appointments. This was mainly because whilst heavily pregnant with a baby and young toddler she had to get the buses to get there and struggled, she was showed no lenience! She had £0 income but survived only because she was at home receiving support from her mum. She then moved out and received £251 for the whole month for around 6 months whilst in temporary accommodation, no rent allowance included. The lady in question still owes over £1000 of rent arrears with her housing association and regularly receives Trussell Trust food bank vouchers and attends TBBT as a lifeline for her financial difficulties. Although the current government may not sympathise with this young lady at all, in my view this story represents a vulnerable young family who could do with society's support rather than becoming the target of a punishing system. The current methods employed to deal with these issues in society are cruel and cause a cycle of severe deprivation. They are not a solution in the long term.

CASE 5

This example is a large family of three generations under the same roof including two elderly grandparents who rely on their local food bank. A carers allowance has been granted to the adults caring for the elderly parents. Shockingly this carers allowance under the harsh UC system is classed as income, though this supposed income falls far short of the minimum wage and is definitely not paid by the hour. After the minimal earnings allowance a huge deduction of 63p in the pound is clawed back to the government. This results in this families UC claim total of just over £1100 being deducted by over £700 per month!!! Admittedly this includes other deductions such as for the advance when first transferring to UC to get through the gruelling 5-week wait and a benefit cap for 1 child. This leaves the entire family, including two elderly in need of care and support, in poverty and requiring the assistance of food banks to get food on the table. What are the other options available to this struggling loving family? Admit the grandparents into full time supported living or a care home? What would be the cost to society then? Why bother giving for valued care and support on the one hand, and snap it away on the other? This is injustice in action!

CASE 6

A woman accessing a food bank via SMCP, who was in receipt of UC but had been working

in the recent past. This woman had been declaring her work to the job centre but was wrongly accused of working off the record and taken to court by the DWP. She won the case, but this is just another example of the heavy-handed approach of the UC system! The woman in question is also a carer and in receipt of the carers allowance while also facing the deductions as earnings of 63p in the pound after the initial allowance. With both this case and the above case I saw deep injustice in the way the carers' benefit was being given, then taken away by the DWP. On researching I found that there is also a carers element of UC of £160.20 per month, per person cared for, available to carers but in both instances the carers were totally unaware that they could apply for this benefit. Again this is an example of how difficult the system is to navigate and how unhelpful the staff are at the job centre in assisting you in accessing what you are rightfully entitled to. Yet another barrier uncovered to UC monies, even the good people trying their best caring for loved ones are harshly penalised by this system!

CASE 7

A lady accessing the SMCP food bank tells of her struggle after losing her Severe Disability Premium on PIP and her stressful move to UC a couple of years back. She tells of her first payment being just £400, she had debts and a mortgage to pay! She had applied for mortgage support from UC in the January but despite this the first mortgage support payment wasn't provided until after a court hearing she had to attend, nearly losing her house in November; "I got through it by the skin of my teeth!" The Jobcentre or UC system claim they did not receive the relevant paper work, in reality they had lost it repeatedly. The lady in question when I spoke with her on accessing a food bank voucher from the SMCP states regarding the court process and near losing her house "UC nearly put me in my grave!" "It has made my health condition worse due to stress, it hasn't been easy, I could have been at work 12 to 18 months ago!" her own GP stated that she was scared for her circumstance. She also discussed how when you ask a question on your online journal, you never get a response from your work coach, there is no personal service, no continuity.

CASE 8

A gentleman accessing a food bank voucher from the SMCP and was in receipt of a joint claim of UC with his partner. They had been caring for their mother who unfortunately died a year ago approx. The man's partner took this very badly and struggled to attend her UC appointments. As a result they had been sanctioned and her benefit stopped for the entire year! On investigation and when trying to get him support for his electric and gas meters it turns out this represents a very vulnerable family in dire need of assistance in my opinion. His partner has osteoporosis but this debilitating condition is unrecognised and unsupported by the UC or any other benefit system, they have two adult children living at home but on no benefits having no income at all. He states his son's don't leave their rooms (assessment and support for mental health issues are required!), and his partner never leaves the house. One of the son's did try to claim UC but found it difficult and was very quickly sanctioned. The gentleman in question although in his 50's cannot read or write. They are in dire need of assistance. SMCP will try to engage services and support for them and all the UC system can do is sanction and penalise them! There is also a young 5 year old in this family, I would love to say this young child has the same opportunities and right to a bright future as any UK citizen but unless things change drastically in how the powers that be treat these vulnerable people and families I don't hold out much hope, this is truly a sad case!

CASE 9

This case involves a 63 year-old lady working as a cleaner who then had a heart attack. She was ill in hospital receiving treatment and in rehab at her daughter in laws and was therefore receiving no income for 6 weeks. She used all of her savings then when she had no money left found she had to apply for UC. This process proved very difficult and the lady took an advance from the government to get through the additional 5 week wait, there was

no option even in this circumstance to backdate her UC application. When she eventually received her UC payment she was very surprised to see in addition to her advance deduction a further approx. £100 deducted which left her struggling! On enquiry this deduction was described as recouping an earlier over payment of benefit, no further details were given. This lady was completely shocked by the news she owed any further monies. The lady in question even spoke with her local conservative councillor bamboozled by what this overpayment was referring to, but gained no insight or support on this situation. This situation resulted in what she describes as putting her in "dire straights financially" meaning she couldn't keep up with her mortgage repayments. She was plunged into debt. The lady in question received financial help from her brother, she describes her shame at this situation and was in tears telling me about it, she has never managed to repay him! She states, "If I hadn't had my family I don't know what I'd have done!" Referring to periods as a single mum and claiming benefits in the past she states "it was easier in the past". This lady is now at pensionable age but has been receiving UC incorrectly since Sept 2019 to Feb 2020. Under great stress and without any notification she failed to apply for her pension credits, she now owes just under £1400 back to the UC system.

Additionally I have met numerous people accessing their local food bank who are struggling with debt, child benefit caps, and complicated sometime unfathomable benefit deductions from their UC claims. This causes a cycle of debt and significant rental arrears. One lady describes how she has to 'beg, borrow and steal', every month. Another family not only relies on her local food bank but has had to have social services step in and provide her cash to top up her electricity and gas meters and buy basics such as food. They describe the tough choices that have to be made, get into rent arrears or go hungry, have lighting or heat and gas. During just a short period of a few weeks preparing this research I have also met numerous homeless people accessing the food bank via the SMCP, and this situation is on the increase.

CASE 10

An example of the harshness of the current benefit system and UC is a man who was receiving JSA and ESA for mental & physical health problems. He failed his ESA assessment, which he states asked no relevant questions regarding his mental health at all! He was moved onto JSA alone. He was frustrated by his treatment and situation exacerbating his unsupported mental and physical health problems. He said he "kicked off in the job centre", because of this and was signed off JSA and had to reapply for UC. The job centre previously had sent him to his local well being centre to become a volunteer to assist him with his depression. By the time he moved onto UC he was a valued volunteer for some time. Under UC he was on the basic allowance and put under a lot of pressure to get employment with many appointments to attend calling into question his volunteering role. The man in question had a downturn in mood and took to irresponsible occasional binge drinking, which was out of character for him, In part to these stressors amongst others. He also had a horrendously unfortunate accident that resulted in him breaking his neck. He is now paralysed and in full time extensive nursing care.

Crippling deductions makes life unbearable and cause severe poverty in already poor circumstances. E.g. an adult over 25 (under 25 get significantly less) on the basic allowance of UC gets £317.82 = £73.34 per week, minus up to 30% = £51.34 for bills, sometimes excess rent (e.g. Bedroom tax), food, clothing, debts, etc. Admittedly the maximum deductions have been reduced from 40% to 30% in recent months but this falls far short of what is reasonable in my belief and cruelly penalises those who are living on the wire financially already.

On a personal note as someone on Universal Credit and in the limited capability for work group and currently receiving monies to support that situation, I observe that on the old Employment and Support Allowance (ESA) that you could in some instances do permitted work and keep the benefits of this. This permitted work has been scrapped by UC,

obviously the rationale is that if you are fit for work its just that, you are totally well and apparently cured! In my situation I believe in future I could aim for a small part time job as it is a long-term possibly lifelong condition and something I struggle with on a daily basis. I am not saying I do not want to work full time but I have found managing my mental health problems, working, and looking after my daughter as a single parent that this is too much for me if I do not manage my mental health closely. I am working towards gaining employment and testing the waters volunteering a few hours per week but feel this is best done in my own time in my own way with a focus on maintaining well and moving forwards. To date I have, and am currently, under what I see as protection of the Community Mental Health Team, my discharge from this service is looming and I feel I will be at the incredibly harsh mercy of the aggressive unmerciful UC system at this point! The UC system with its harsh assessment procedures and tough get back to work ethic is not a supportive method and can bring about stress related illness in all its forms, I believe it can be very counterproductive. It is not as shocking as previous accounts I know but the removal of permitted work means that those with health or mental health conditions who do try and be a productive member of society are treated again harshly by the UC system and will be treated essentially as totally well with no support in place. If these vulnerable people have a downturn and this employment wavers in any way they would have to begin the whole gruelling process again from scratch with a 6 month wait to boot before they would even have the work capability assessment and support that comes with its success. In addition in a few years time my daughter will reach an age where I am deemed by UC to have to look for 35 hours of work per week minimum, with the black and white UC system on people being fit or unfit for work I believe I will be put under a lot of pressure by UC at this point to gain full time work. I strongly believe this could put me in a cycle of mental health crisis and exacerbate my mental health condition. I whole heartedly hope things change before this time! This is a personal worry for me and obviously another removal of any support and safety net for vulnerable parts of our society by the UC system.

I understand the rationale behind universal credit, to get people out of the benefit trap, and to make the transition from benefits into work easier and no doubt there will be some instances of success. But does this justify the cruelty of this system to the most vulnerable people in society and the national cost.

- The 5 week waiting period for the first UC payment
- The requirement of getting into significant debt or living on nothing and having to repay this significant debt in just 12 months
- The badly designed online application beset with barriers
- The lack of support and inflexibility of this application for those who struggle
- The pressure to attend all appointments etc. for fear of reprisals and sanctions
- The harsh assessment of vulnerable individuals
- Lack of cooperation and support in navigating this complex system by UC staff
- Removal of a support system for those trying to get back into work living with long term or lifelong physical or mental health issues

All of these factors and many more have a huge terrifying impact on our most vulnerable in society and people are regularly falling through the net. I have spoken and given my own account including a snap shot of other people's stories and experiences.

In my view removal of a sufficient safety net for the most vulnerable individuals and families is the primary downfall with this harsh, inflexible unamenable system.

This account highlights just some of the varied and complex struggles individuals and families are facing. We hear a lot of how the government need to 'balance the books' and bring down the benefit budget. It is clear they are being very short sighted and the true cost of this abhorrent system is little understood let alone calculated. This snap shot highlights the mounting pressure on housing associations struggling with tenants and rent

arrears, the crisis situations created with mounting pressure on food banks like the Trussel Trust and food poverty projects like The Bread & Butter Thing. The pressure on charities and organisations to support those in crisis with the addition of service cuts and lack of funding opportunities therefore less resources to provide this support. The increase in homelessness, and last but by no means least is the crisis situations which lead to pressure on higher end and much more expensive services such as social services, the NHS, the police force, adult social care, detention centres and the judicial system and so on. In addition to all of this, this new benefit system exacerbates deeply ingrained issues in some of the most deprived communities in our society and I believe the legacy of this cruel system and the cost to our society as a whole is yet to be truly seen in years to come or even generations to come.

In simple terms the answer to the question what is the economic impact of UC needs to be publically highlighted in a full costs benefit analysis? The true cost of this new benefit system with all its failings stretches far beyond balancing the governments benefit budget and is impossible to calculate in full financial terms but its negative impact in real terms is plain to see to anyone who wishes to delve into the lives of many of those, particularly the vulnerable, on the receiving end of it.

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