TRADES UNION CONGRESS (TUC) – WRITTEN EVIDENCE (EUC0082)

The economics of Universal Credit

Introduction

The Trades Union Congress (TUC) exists to make the working world a better place for everyone. We bring together around 5.5 million working people who make up our 48 member unions. We support unions to grow and thrive, and we stand up for everyone who works for a living.

We appreciate the opportunity to respond to the Lords Select Committee inquiry into the economics of Universal Credit.

In this response we will answer the following questions on Universal Credit and the world of work, where we believe we have most to add to the inquiry:

6) How has the world of work changed since the introduction of Universal Credit? Does Universal Credit's design adequately reflect the reality of low-paid work?

7) If Universal Credit does not adequately reflect the lived experiences of low-paid workers, how should it be reformed?

The introduction of Universal Credit (UC) is one of the most significant social security reforms in recent decades. Over half of households claiming UC will be in work when the roll out is complete. The experience of those in work and claiming UC is of particular interest to us, as social security has an enormous impact on the standards of living experienced by our members.

The TUC believes that UC based on its current design, and on the experience of the roll out so far, is not fit for purpose. Such is the concern of trade unionists that our democratically agreed policy position is for UC to be stopped and scrapped altogether.

Evidence of UC's failures is well documented. The difficulties in registering a claim online, long payment delays, housing arrears, financial hardship and increased use of foodbanks.

And it is not just the delivery of UC; there are serious issues with the design and the policy of UC embedded within the new system. This includes the rigidity of the monthly assessment periods not working for all claimants, financial cuts to UC which have made it less generous than the previous system, questions on the notion of 'making work pay', and the lack of detail on how in-work conditionality will work in practice.

Response to consultation question 6: How has the world of work changed since the introduction of Universal Credit? Does Universal Credit's design adequately reflect the reality of low-paid work?

Assessment period in Universal Credit (UC).

UC was devised over a decade ago, and the labour market has changed since then. Insecure work now forms one in 9 of those in work, this is 3.7 million UK workers[1]. Those in insecure work (the low-paid self-employed, agency, casual and seasonal workers, and zero-hours contracts) face a challenge in UC as the design of the new monthly assessment periods do not work well for them. This group of workers are more likely to experience fluctuations in their income due to irregular hours, but the design of UC is better suited to those with stable hours and income.

Ministers have said that UC was designed to better support this group, with benefit payments adjusting monthly to reflect their earnings. In contrast, UC provides less predictability and security to those in less traditional employment.

The monthly assessment periods are central to UC, they are set based on the date of someone's claim rather than being aligned with pay cycles, thus causing a mismatch between the two. It doesn't matter which month the wages were actually earned it is about which assessment period the pay day falls in to.

For some claimants, temporary increases in monthly incomes due to short-term work or overtime can take them over the earnings threshold for that assessment period. In these cases, their UC automatically ends, and they must reapply. And as UC is paid in arrears, you can find you receive a low UC payment in the month when you most need it as you have not been able to secure enough hours. This causes real financial hardship, as claimants are already on low income, and they cannot afford to take this hit to their budgeting.

You can also find if your wage is received a few days before the end of the UC assessment period, the UC payment can top up that month's wages, it is all based on the arbitrary claim date.

Citizen's advice makes this clear in the example below[2]. Jenny is single with no children and has housing costs of £150 per week. She worked 60 hours in May, 90 hours in June and 60 hours again in July, earning £7.50 per hour. She receives her wages on the 23rd of each month. If her UC

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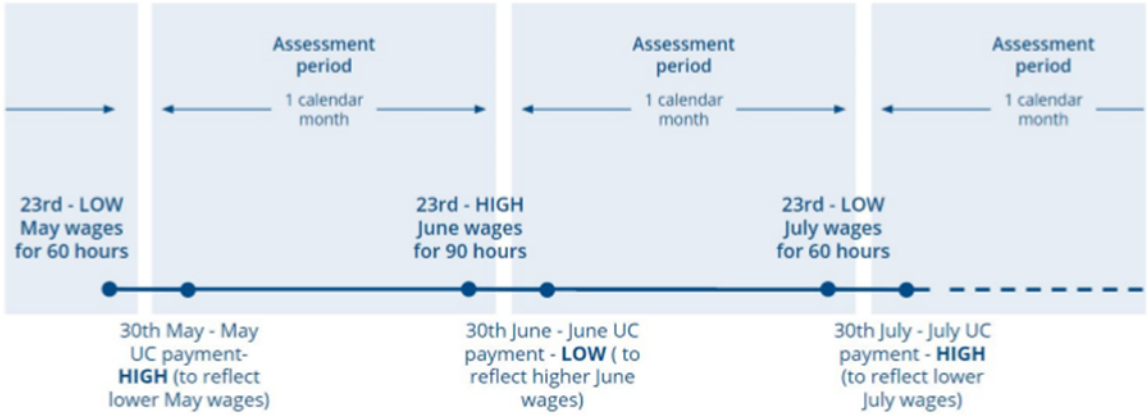
[1] https://www.tuc.org.uk/news/workers-need-stronger-rights-now-not-no-deal-brexit-tuc-tells-new-pm

[2] https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare publications/Universal Credit and non-traditional employment.pdf

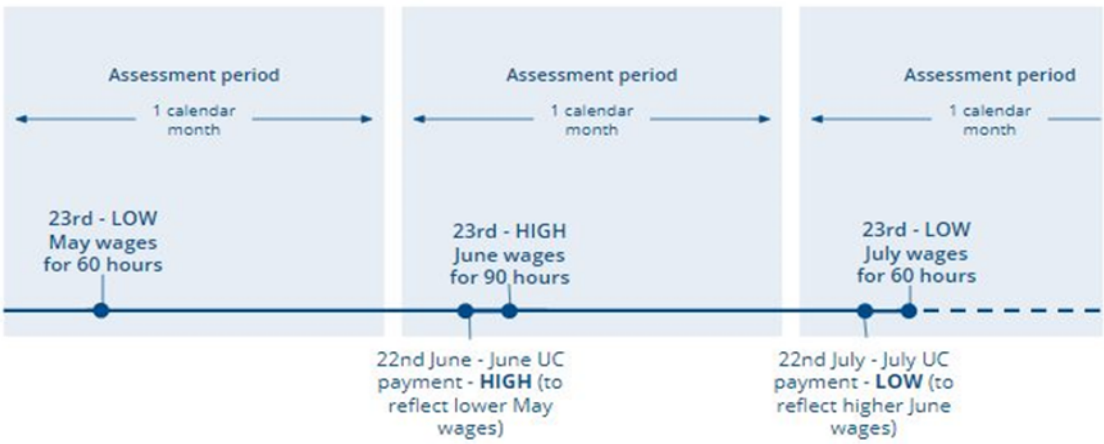
assessment period for June runs from 24th May until 23rd June (with her UC payment paid 7 days later, on 30th June), UC will top up her wages and help to smooth out changes in income.

Assessment period scenario one:



Had Jenny applied for UC at a different time, for example submitting her claim on the 14th of a month, her UC assessment period for June would run from 14th May until 15th June, the changes in income are then exacerbated by adjustments in her UC payments.

Assessment period scenario two:



As well as hardship these features can also undermine work incentives. StepChange, a debt charity, found some clients receiving UC mentioned that they had felt better off when they were not working because their income was more stable, and that they feared moving into temporary work because if their job came to an end it would mean they would again experience the interruption in income caused by the five week wait[3].

[3] https://www.stepchange.org/Portals/0/assets/pdf/social-security-mini-brief-report.pdf

Looking back at the DWP White paper 2010, this says *Universal Credit is a single system supporting those in and out of work. Hence, as people's earnings increase or decrease, their Universal Credit amount will adjust smoothly to reflect this.*

However, the system of monthly assessment periods and the corresponding benefit payment can be highly complex to understand for those on fluctuating incomes. And even those working steady hours and income can have difficulties with the assessment periods. UC again does not reflect real working life, as it assumes working people get paid monthly, but not everyone does.

Analysis by the Resolution Foundation shows that the majority of new claimants starting UC who were previously employed had been paid either fortnightly or weekly in their last job[4].

Our affiliate union USDAW, identified significant issues in relation to the monthly payment of UC too. Virtually all shift workers in retail and warehousing are paid four-weekly. The results of a recent USDAW survey show over 75% of their members in receipt of in-work benefits and Tax Credits are paid weekly or four-weekly, with the majority, 67%, paid four-weekly.

The problem here is that those who are paid non-monthly wages may earn a sufficient amount to take them over the earnings threshold for UC altogether (for example, where two four-weekly wage packets happen to fall in a single assessment period).

While everybody has twelve monthly UC assessment periods per year, Child Poverty Action Group (CPAG) highlight[5]:

- Someone paid weekly will have eight periods each year in which they receive four pay packets, and four in which they receive five.
- Someone paid fortnightly will have ten periods in which they receive two pay packets, and two in which they receive three.
- Someone paid four-weekly will have eleven periods in which they receive one pay packet, and one in which they receive two (when UC will record double the usual 'monthly' earnings).

Even when you are paid monthly, payments are not always on the same date every month. As you can be paid on the last working day of the month or the last Friday of the month. And at Christmas, or bank holidays people are often paid early. UC assessment dates are rigid and do not take this into account, so a mismatch of paydays and the UC assessment date can cause UC payments to fluctuate. So even when your working pattern has been exactly the same, you can experience a loss in UC.

[4] https://www.resolutionfoundation.org/app/uploads/2017/10/Universal-Credit.pdf
[5] https://cpag.org.uk/sites/default/files/files/policypost/CPAG-2018-Rough-justice.pdf

The CPAG graphic below demonstrates this. A worker paid on the last working day of each month in 2018, with assessment periods dated from the 30th of one month to the 29th of the next month will have: 6 assessment periods with one payday; 3 assessment periods with two paydays; and 3 assessment periods with no paydays. So, a person paid monthly may receive one, two or no paydays in an assessment period.

CPAG payment date scenario impacts.

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Paydays in 2018 (last working day of month)	31st	28th	29th	30th	31st	29th	31st	31st	28th	31st	30th	31st
Paydays in each assessment period (30th - 29th)	1	2	0	1	2	0	1	2	0	1	1	1

This feature also affects your work allowance in UC, as only one work allowance is permitted per assessment period, regardless of the number of paydays falling into that period. This means that if two monthly pay packets are received in the same assessment period, the claimant only benefit from one work allowance across both pay packets instead of two. Claimants can lose hundreds of pounds a year this way because of the knock-on effects of the mismatches on work allowances. Thus, resulting in working families being denied the additional financial support that they are entitled to, to help them in work and ensure that work always pays.

The UC award is also based on people's circumstances on the last day of their assessment period; it is not adjusted on a pro-rata basis to take into account when their circumstances change. This means that whenever a change in circumstances occurs like moving property or children moving in or out their property, claimants can experience significant over or underpayments. Hence, if a claimant moves from a higher-rent to a lower-rent home during an assessment period they will not receive enough money to cover the rent for the first part of the month. The date of the end of the assessment period is significant here, as they will lose more if their change of circumstances happens towards the end of their assessment period.

The problems above all stem from the strict monthly assessment period system within UC, which does not necessarily align with the reality of working lives and pay schedules.

Self-employed and the Minimum Income Floor.

The monthly income assessments in UC are problematic for the low paid self-employed, as they are more likely to have unpredictable and fluctuating earnings. In addition, the low paid self-employed have a further penalty in UC, with the introduction of the Minimum Income Floor (MIF). The MIF requires the self-employed to earn the equivalent of 35 hours a week at the

National Minimum Wage in order to access UC, it is less (usually 25 hours) if you have caring responsibilities or have a disability. There is no such requirement for employees in UC.

In 2015, during a parliamentary debate, Lord Freud explained the purpose of the MIF[6]:

"The welfare system is not there to prop up unproductive or loss-making businesses. The minimum income floor is there to incentivise individuals to increase their earnings from their self-employment. Those subject to the minimum income floor are exempt from having to search for or carry out any other work, allowing them to concentrate on making a success of the business…the other thing that the minimum income floor does is address a loop-hole in the tax credits system whereby individuals can report little or zero income but still receive full financial support, which is neither a desirable or sustainable situation to maintain."

However, the MIF only applies to those who are considered 'gainfully self-employed'[7] by the Department for Work and Pensions (DWP). So those who are doing odd jobs and not in a sustainable business have already been sieved out by the system. Those who fail the test would be subject to benefit conditionality.

The OBR in its previous welfare trends report confirms that low-income self-employed face a much tougher benefits system under UC[8]. Prior to UC being further delayed, it estimated that the MIF in 2022-23 will overwrite the actual income for around two thirds of self-employed UC claimants. And on average, those affected are assumed to lose around £3,000 relative to what they would receive if the MIF were not in place.

TUC analysis shows almost half of self-employed adults aged over 25 are earning less than the minimum wage and punctures the myth of a growing army of wealthy entrepreneurs.[9]

The introduction of the MIF is expected to lead to savings of more than £1 billion for the Exchequer, which is in effect coming out of the pockets of the low-paid self-employed.

While there is a grace period of 12 months for a new business before the MIF applies, this period is considered too short for a new business set up, as large numbers of the self- employed earn very little at the outset of their business. Such a short start-up period in the MIF could close businesses with the potential to become sustainable and profitable. In addition, these rules could discourage people from starting self-employment in the first

[6] https://publications.parliament.uk/pa/ld201516/ldhansrd/text/151214-0003.htm
[7] https://revenuebenefits.org.uk/universal-credit/guidance/entitlement-to-uc/self-employment/gainful-self-employment/
[8] http://obr.uk/wtr/welfare-trends-report-january-2018/
[9] https://www.tuc.org.uk/blogs/almost-half-self-employed-are-poverty-pay

place. Self-employment can sometimes be the only option for single parents, carers and groups that find traditional employment difficult to access.

In April 2017, the Work and Pensions Committee concluded that the MIF failed to strike the right balance between supporting entrepreneurship and avoiding subsidising long-term, unprofitable self-employment[10].

Five-week wait for first payment.

There is no justification for the five-week wait for the first payment of UC. Whether you are making a new claim to UC, naturally migrating to UC (due to change of circumstances) or being managed migrated to UC.

The assessment cycle designed with a monthly payment in arrears 'to mirror the world of work', seen as central to UC, results in the five-week wait for the first payment. The design has to be restructured, rather than constantly defended as central to UC.

The five-week wait for the first payment of UC has fundamental consequences, people fall into poverty and debt, rising numbers are being referred to foodbanks, and there is an increased risk of homelessness.

The design of UC fails to take in to account that most low paid workers do not have savings to get them through this wait. The assumption by government that people should have savings to get them through this five-week wait is not supported by evidence. The households saving ratio remains low[11]. Citizen's Advice show the number of households able to save in the UK is at a near record low, with 6.5 million households having no savings at all[12]. Low income households are the least likely to be able to save as they spend a much greater proportion of their income on basic essentials (with 30% spending 60% of their income on essentials).

The run on payment for housing benefit for two weeks for those transferring from legacy benefits to UC, is simply not sufficient to support five weeks rent. And the run on payments do not include tax credits for those in low income jobs and have children.

Also, five weeks is the minimum wait for UC payment, due to administrative delays the wait can be much longer. Despite improvements the latest DWP stats show 19 percent of new claims do not receive full payment on time, and for all claims this is 8 percent[13].

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[10] https://publications.parliament.uk/pa/cm201617/cmselect/cmworpen/847/847.pdf
[11] https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/bulletins/quarterlysectoraccounts/julytoseptember2019#households-saving-ratio
[12] https://www.citizensadvice.org.uk/Global/CitizensAdvice/Debt%20and%20Money%20Publications/Walking%20on%20thin%20ice%20-%20full%20report.pdf
[13] https://www.gov.uk/government/statistics/universal-credit-29-april-2013-to-9-january-2020

Government argue an advance payment is a solution to the five-week wait, however this is actually a loan and has to be paid back as a deduction from future UC payments, and essentially means you are starting your UC claim in debt. Nearly £50 million of UC benefit payments were deducted in just one month from the poorest households to pay back loans they had to take to cover basic living costs for the five weeks they have to wait before their first UC payment.

The deduction for the advance is capped at thirty percent of your standard allowance currently paid over 12 months and will increase to 16 months from October 2021. The thirty percent deduction is a significant portion of benefit levels, which are already inadequate as government policy on benefit capping and freezing have reduced the real-terms value of benefits. On top of this claimants are often paying other deductions, e.g. council tax arrears, utility payments and tax credit overpayments. And there is no standard assessment of affordability made by staff before setting debt deductions.

StepChange, in their research show the five-week wait for the first payment led almost all clients affected (92%) to experience some form of hardship or financial difficulty. And their polling indicates that 25% of those receiving UC are in problem debt, three times the rate among the general population (8%), and 11% more than those receiving legacy benefits (14%).

Furthermore, there has been no assessment by the DWP on the impact of the five-week wait for the first UC payment on levels of food insecurity, relative poverty, and destitution in the UK. When asked about this by the Poverty Alliance under a FOI the department replied: *'having searched all our records, I can confirm that we do not hold the requested information in respect of the five week wait'*[14]*.*

Difficulty in budgeting on monthly payments of UC.

Those moving on to UC also find the change to payments being made monthly more challenging than the bi-weekly or weekly payments in legacy benefits. Many claimants find it difficult to budget on small incomes over a month, and when an unexpected cost arises, waiting for a whole month causes real financial difficulty.

When StepChange asked clients how frequently they would like to receive support to budget and manage their finances, two-thirds (66%) said weekly or bi-weekly, with only 17% choosing monthly.[15]

Support for housing costs (renting) in UC is part of the single payment made to claimants, and they are responsible for paying their landlord. Claimants can find that on their tight budget they have to make tough choices, and this can lead to housing arrears and even eviction.

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[14] https://mcusercontent.com/4fae14f57a18ee08253ffc251/files/e5fe874c-5d85-45db-a99d-c222bdccc8fb/FOI2019_44340_Reply.pdf
[15] https://www.stepchange.org/policy-and-research/social-security-report.aspx

Making work pay

The design of UC does not adequately reflect the reality of low paid work. UC was sold as making work pay, however UC has reduced incentives to work, with less generous work allowances, and a relatively high taper rate of 63 per cent. Earlier designs suggested an even lower taper rate of 55 per cent. And while the Budget in 2018 restored cuts to the work allowance from the summer budget 2015, it was only £1.7bn of the £3bn in cuts.

To make matters worse, second earners in a household receive no work allowance, so all their initial earnings are immediately subject to the taper, and they therefore keep just 37p in the pound of their pay. The second earner is more likely to be a woman, so this disproportionately hits them.

The basic principle to 'make work pay' has been undermined by a series of cuts to the original design; the introduction of the benefits cap, the reduction of working allowances, plus the removal of the first child premium and two child limit for new claimants, mean a real cut in support for low paid working claimants.

And we mentioned earlier how the operation of monthly assessment periods in UC can go against the notion of making work pay.

Childcare

Help is available with childcare costs in UC, no matter how few hours you work. However, the claimant has to make the initial payment and then get this reimbursed, as childcare is paid up front and UC is paid in arrears.

The design flaw means families having to cover massive upfront childcare costs every month before claiming them back, and many of the affected households are in precarious financial positions which the move to UC could exacerbate.

The claimant must also report actual childcare costs on a monthly basis, there are stringent conditions on the claims process.

The issues of fluctuating incomes on UC also cause havoc with having to budget for childcare.

Passported benefits

The fluctuating incomes in UC can cause other problems too. Claimants who receive passported support with health costs will be found not eligible in some assessment periods. This could be damaging for claimant’s health if they delay seeking any support by waiting for an assessment period that makes them eligible.

Real-time information

UC also relies on the competence and compliance of employers. Core to this is the Real Time Information pay data (RTI) where employers submit PAYE data to HMRC on or before their employees' pay day. The RTI is fundamental to the working of UC. However, if employers submit data late or submit incorrect figures (even if they are subsequently corrected), there can be potentially serious consequences for the UC award. In some cases, it could alter the level of UC payments or it could lead to a UC award stopping. The Low Incomes Tax Reform Group (LITRG) has raised this issue[16].

Financial abuse

Women are further disadvantaged as UC payments go to one person in a household, which will often be the male, increasing their financial dependence on their partner.

While split payments are an option, victims of domestic abuse are unlikely to openly request them. DWP data from late last year showed in August 2019, there were 2.1 million households on UC, and only around 80 households received a split payment[17].

Splitting UC couple payments by default could provide some protection for victims of domestic abuse.

In-work conditionality

UC extends and intensifies conditionality in the benefits system. Claimants will be expected to look for more or better paid work until they reach a certain income – which for non-disabled single people and those with caring responsibilities will normally be 35 hours paid at the minimum wage. They are obliged to attend meetings at Jobcentre Plus and provide evidence of their attempts to increase their hours or pay.

The TUC supports and encourages genuine progress in the workplace however, it does not believe extending conditionality in the benefits system is the right approach. The TUC is extremely concerned about this punitive approach, social security should support people, not punish them.

There is also no evidence to support the idea that those subject to in-work conditionality will progress in-work.

In-work claimants face several barriers to progressing in-work:

- Those in insecure work, often face great fluctuations in their hours, over which they have little control.

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[16] https://www.taxadvisermagazine.com/article/real-time-information-and-benefits-update
[17] https://www.gov.uk/government/publications/universal-credit-29-april-2013-to-10-october-2019/universal-credit-statistics-29-april-2013-to-10-october-2019#households-on-universal-credit-1

- In- work claimants are likely to encounter difficulties in attending interviews with a work coach.
- The current employer may simply not able to offer additional hours.
- In- work claimants can have childcare and other caring responsibilities that they need to fit in with their working hours.
- In UC, financial incentives for progression either in more hours or higher hourly pay are not that strong.
- The system of monthly assessment periods and the corresponding benefit payment can be highly complex to understand to see if you are financially better off.
- In- work conditionality assumes employer engagement; there is no evidence to show that this will be in place.

Response to consultation question 7: If Universal Credit does not adequately reflect the lived experiences of low-paid workers, how should it be reformed?

The TUC position on UC is to stop and scrap the policy. A fundamental rethink of the Social Security system is required to deliver a fair and dignified system for everyone. UC will need to be paused in order to review which elements of UC are operational and can be continued with, and then a process which involves stakeholders and claimants can work together to develop a new system.

Nevertheless, if the department proceeds with the roll-out we have several recommendations to mitigate some of the problems with its operation.

Assessment period

The assessment periods do not work well for those in insecure work and does not create the smoothness in payments it was intended to do.

There also needs to be a recognition that not everyone gets paid monthly, so the monthly assessment period will not work for them. The actual pattern of receiving wages creates a distortion in UC payment.

Flexibility is required with the alignment of monthly assessment periods to pay cycles. The system needs to be able to reflect the level of UC to the period of work to which it relates too, not the assessment period in which earnings are reported.

The High Court in January 2019 found the DWP unlawful on universal credit assessments[18]. The Court found that correctly interpreted, the regulations mean the DWP can and should adjust its calculation of universal credit awards when *"it is clear that the actual amounts received in an assessment*

[18] https://cpag.org.uk/news-blogs/news-listings/high-court-finds-dwp-unlawful-universal-credit-assessments

period do not, in fact, reflect the earned income pay-able in respect of that period".

In other words, wages are to be allocated to the month in which they were earned, rather than to the assessment period in which they were received.

They added that the DWP's incorrect interpretation of the regulations had caused *"…severe cash flow problems for the claimants living as they do on low incomes with little or no savings".*

- The DWP needs to urgently comply with the findings of the High Court judgement.

Self-employed and the Minimum Income Floor

- The implementation of the Minimum Income Floor for the self-employed should be reconsidered, as this could close businesses with the potential to be-come sustainable and profitable. In addition, these rules could discourage people from starting self-employment.

Five-week wait for first payment

- The five-week wait needs to end.

  A solution has to be found to address the sudden drop in income caused by this wait, those on low incomes have little, if any, savings to get them through this five-week period and there is well documented evidence on the severe hardship this wait causes.

  All options should be looked at. Potential ideas include an actual advance payment not a loan, which would be an estimate and could be adjusted after the first assessment period. Making a payment during the first assessment period but using the 'UC methodology' using the Real Time Information (RTI) for what would have been the previous assessment period. And a shorter- term measure before a solution is found, could be to consider delaying the end of legacy benefits by a month so that they cease one month after the deadline day proposed in the draft regulations.

Difficulty in budgeting on monthly payments

- Benefit payments should be made fortnightly with the option of being paid weekly if requested by the claimant to aid budgeting.
- In addition, all UC claimants should be entitled to having their housing benefit paid directly to landlords.

Making work pay

- If the aim of UC is to make work pay, the taper rate needs to be revisited to be more generous.

- Second earners, who are often women, should be entitled to a work allowance too.

  Work allowances play a crucial role in increasing hours and income for those in work, demonstrating they need to be used effectively to reduce in-work poverty. Increasing the value of work allowances enables families with children to keep more of their income than reducing the taper rate in UC[19].

  The social security system should recognise that targeting increases in the work allowance to those who are more responsive to them encourages greater take-up of hours. Single parents and second earners in couples with children are more responsive to work allowances. Currently a renting single parent on the national living wage with one child on UC exhausts the work allowance at eight hours[20].

Childcare

- Childcare costs should be made in advance, on receipt of the invoice from the childcare provider, rather than in arrears.

Passported benefits

- To ensure continued eligibility for passported benefits for those with fluctuating incomes, a three-month average income could be considered.

Real-time information

Real Time information requires employers to give timely and correct data to the DWP. When this breaks down, claimants can suffer significant financial disadvantage.

Employees should not be set back financially due to any failures in the Real Time Information system. This area needs to be explored.

Financial abuse

- There needs to be a process of splitting payments between recipients within the same household, which would reduce women's financial dependence on their partners.

  Splitting UC couple payments by default could provide some protection for victims of domestic abuse.

In-work conditionality

[19] https://www.jrf.org.uk/report/comparing-investment-universal-credit-work-allowances-and-taper-rate
[20] https://www.resolutionfoundation.org/app/uploads/2018/11/Back-in-Credit-UC-after-Budget-2018.pdf

- The TUC believes the key to supporting in-work progression is access to learning and skills, rather than compelling people to take the first available job that meets conditionality.

  Evidence shows that investment in learning and skills development for work can bring considerable benefits, both to the individual and the business they are employed with[21]. However, the available evidence also shows that UC claimants will be less likely to benefit from training opportunities in the workplace because low-waged workers face the most barriers on this front[22].

  Trade unions play a vital role in supporting adults to take up learning and training, especially through the role played by union learning representatives. The OECD has also acknowledged the effectiveness of union learning in supporting access to learning and skills by disadvantaged groups[23]. Unions must be engaged in the learning agenda; they have shown how effective they can be. Unions need to be a key stakeholder in designing in-work progression.

Annex

[21] https://www.voced.edu.au/content/ngv%3A76867

[22] Social Mobility Commision (2019) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/774085/Adult_skills_report_2019.pdf

[23] OECD (2018) Good Jobs for All in a Changing World of Work, http://www.oecd.org/employment/good-jobs-for-all-in-a-changing-world-of-work-9789264308817-en.htm

Universal Credit Case Studies

USDAW shared some case studies with us which come about as a result of a piece of joint work between USDAW and Child Poverty Action Group (CPAG). They help to demonstrate some of the issues raised.

Case study one – Chris

Chris is currently a 'team leader' working in grocery retail. He is contracted to work for 25 hours a week although every week he is required to work additional hours. His hours vary from week to week. He has four dependent children – a son in full-time further education and three children aged 8, 6 and 5. His wife is a full-time student.

He first claimed Universal Credit five years ago before which he was in receipt of Child and Working Tax Credits, Housing Benefit and Council Tax Support.

His Tax Credit awards came to an end when he became unemployed. This prompted him to claim JSA. He was informed by the DWP that he was eligible for and would be 'better off' on Universal Credit, which he claimed.

"Since day one everything went wrong".

It took two months for a payment to be made and when it was finally paid it was less than he had expected. By this time, he had fallen into arrears with his Council Tax and his rent. At this time the private landlord from whom he was renting put the rent up hoping that this would force Chris and his family out.

He then got a job as a driver on a zero-hours contract. His hours of work and earnings varied widely from week to week. During the Christmas period he managed to earn £1,600. This meant he did not receive a UC payment in January. This caused him to fall into further debt.

He was asked to leave his home by the landlord.

He moved into a bigger home for less rent. However, during the move he broke his foot. He lost his job. He informed the UC that he was unfit for work. His UC claim stopped, and he was told to reclaim. He did not receive a new payment for two months. No rent had been paid during this time.

He was evicted again, and he and his family had to move in with a family member where overcrowding was a serious issue.

He started to work for his current employer in a 'team leader' role. His assessment period runs from the 16th to the 15th of every month. He is paid four-weekly, not monthly, so has 13 pay days each year. Last March/April he was paid twice during the assessment period. He lost his entire April payment of £867. In May his employer did not forward his payslip to the DWP. They submitted this payslip the following month alongside his June payslip – effectively he was paid twice again. This led to his losing his UC payment again.

He had budgeted for a holiday paying a certain amount every month. He was no longer able to make these payments and so he lost the holiday and the money he had already paid out. Eventually his employer compensated him for the money he had lost but this did not compensate him for the loss of the holiday.

Furthermore, he was originally informed that he was not subject to the benefit cap. Last year he was informed that he was, his award was reduced and then reduced further as the DWP began to recover the overpayment from his current award.

He has said that the uncertainty and confusion has put his relationship with his wife under great strain. He is behind with his rent, his electricity and his gas bills. He is behind with his Council Tax which has led to the LA instructing bailiffs. He has no 'credit' given the amount of debt he has accrued.

He will again lose almost a £1,000 in February as the assessment period contain two pay days.

When he has informed the Job Centre that he cannot afford to lose the entire month's payment when he is paid twice (which after this month will have happened three times in the last 12 months) he is told that it's tough and advised to approach a foodbank.

Case study two - Lee

Lee migrated onto UC from Tax Credits after he moved in with his partner and her child. Following the move, he and his partner are worse off by around £200-£300 per month.

Lee and his partner both work for the same employer, a big retailer, they are paid four-weekly on the same day. Soon after transferring onto UC, their UC award in one month was over £450 less than expected. When Lee challenged this, he was in-formed that there was no record of his earnings for that month from his employer. Despite being able to provide evidence of his pay via a payslip, and his employer confirming that all of their Real Time Information in relation to pay is sent to HMRC at the same time, the Job Centre were unwilling to recheck the RTI information received for Lee.

He appealed their decision, but 'a brick wall went up' and there was no willingness on the part of the DWP to review his situation, and his appeal was rejected.

Eventually Lee lodged a claim to the tribunal, at which point the DWP accepted their error and paid Lee the £450 owed to him, around nine months after the underpayment. Lee was fortunate that he was in a position to be able to challenge this decision, but for many others the complexities of the system mean they are likely to give up.

Other evidence

UNITE our affiliate, did their own survey report on UC, and through these quotes from different claimants, it again shows the hardship people on Universal Credit experience. [24]

> *"I was on working tax credits and child tax credits for over 7 years and never fell into debt or struggled to pay my rent let alone feed the kids and myself until I was moved on to UC."*
>
> *"As soon as I moved to Universal Credit I felt poorer and more degraded than I did when I was on benefits. I have to go to food banks, I can't afford petrol to get to work, I work without any food or anything to drink all day and I struggle to feed my children. It's degrading and I feel like going to work is pointless when I am this poor. I can't pay my bills and I am now in debt and if I am struggling what on earth are people who are disabled and those who can't work coping."*
>
> *"Ridiculous system for reporting childcare costs –when starting a job I can't afford to take the job as there is no way to pay the childcare first month nursery fees –Universal Credit wouldn't reimburse you until the following month."*

3 March 2020

[24] https://unitetheunion.org/news-events/news/2019/september/bombshell-report-lays-bare-the-misery-of-universal-credit-chaos/