

CITIZENS ADVICE LEICESTERSHIRE – WRITTEN EVIDENCE (EUC0085)

The economics of Universal Credit

The following information responds to the January 2020 call for evidence launched into the economics of Universal Credit. This is based on real case studies that were available at the time of the request.

1. Which claimants have lost out from the Universal Credit reforms and which have lost out?

Mixed age couples

There is a discriminatory distinction between the way mixed age couples that claimed benefits before and after 13th August 2019¹ are treated. Many mixed age couples claiming after 13th August 2019 have been unable to prepare for their significantly reduced entitlement to benefits:

Case study:

The client was not aware that he needed to retire and claim before 15/08/2019 so missed out on the mixed age couple benefits [access to Pension Credit] and kept working. Because the client was unaware of when to claim he decided to keep working for a few more months then collect his pension. He feels as if he has been penalised for working rather than quitting early. Client has also stated it has left him in a difficult financial situation, he has only a very small Universal Credit award of GBP50 p/m and has had to stop paying for phone and internet.

Adviser in Leicestershire

Those with limited digital skills/ digital access

Lack of digital skills and/ or access to technology can have a detrimental impact on a claimant's experience of Universal Credit.

Case study:

¹ A3/2019 Mixed age couples: changes to entitlement conditions from 15 May 2019, [online], [Access date: 28/02/2020], Available here: <https://www.gov.uk/government/publications/housing-benefit-adjudication-circulars-2019/a32018-mixed-age-couples-changes-to-entitlement-conditions-from-15-may-2019>

Client is unable to log in to her Universal Credit account without support. Every time she has a text message for Universal Credit she has to come to Jobcentre Plus to try to find someone to open her Universal Credit account to accept commitments and check her To-Do list. Client is in her late fifties and lives alone - no friends and Family Support. Client's first language is Gujarati and it is difficult for her to communicate in English.. Client says "I get worried and stressed if I receive text message from Universal Credit and If don't check it my Universal Credit will stop and I will have no money". Client also feels let down and feels like a burden as sometimes when she comes to Jobcentre Plus and has to wait ages before someone can help her.

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Case study:

When Universal Credit is stopped and the client does a mandatory reconsideration over the phone or online, the mandatory reconsideration decision letter is only sent out electronically. In order to appeal, a paper copy has to be sent with the SSCS1, but clients with no money or access to printers cannot print out the man recon decision letter. This means they cannot appeal and lose the chance to have their benefits reinstated.

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New DWP guidance on non-digital claims was made available on 13th August 2019. This is available [here](#). Crucially, if a claimant insists on maintaining their claim over the phone, they must be allowed to do so. However, anecdotal evidence indicates local inconsistency in the effectiveness of non-digital claims for resolving issues around digital access and digital skills.

Prison leavers

Citizens Advice Leicestershire has supported a number of prison leavers that have experienced financial hardship as a direct result of extended Universal Credit delays, owing to limited ID documents and not having a bank account.

Case study:

Client left prison without being able to make a Universal Credit claim was not able to access an advanced payment on release. He had limited ID docs and was left with no money until he could verify his ID. He had a prescription for a health condition which he would have to pay for until his claim was processed.

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The Payment Exception Scheme, which is supposed to be a way for people who do not have a bank account to collect benefits or pension payments.

Anecdotally, we know that this is not well known about by frontline Jobcentre staff and is often a lengthy process .

Non-British nationals

From April 2019 - December 2019, 67% of clients advised on Universal Credit in Leicestershire were white British, compared to 73% of our overall client base. This difference is significant and could be related to an increase in issues related to Universal Credit and the Habitual Residence Test.

The number of clients with issues related to the Habitual Residence Test and Universal Credit in Leicestershire has increased by 89% between April 2018 - December 2018 and April 2019 - December 2019. This compares to only a 58% increase in Universal Credit clients over the same time period.

2. Does Universal Credit's design adequately reflect the reality of low-paid work?

While only 15% of all employees are paid weekly or fortnightly, the DWP estimates that this proportion is around 30% among working Universal Credit claimants². This means that some clients that are used to budgeting for weekly or fortnightly payments may find the five week wait difficult to manage. While clients are able to take the advance payment, this can cause financial hardship further down the line:

Case study:

The client is unable to manage with current deductions form Universal Credit (from 3 different advances) and is left with no money not long after her monthly payment. They have to rely on Citizens Advice for food and fuel. This is causing distress and the client is unable to adapt to having no money.

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Furthermore, the monthly assessment period has caused unmanageable

² House of Commons Library, 2020, Universal Credit: Does the monthly design work for claimants? [online], [Access date: 30/01/2020], Available here: https://commonslibrary.parliament.uk/social-policy/welfare-pensions/universal-credit-does-the-monthly-design-work-for-claimants/?utm_source=House+of+Commons+Library+research+alerts&utm_campaign=31a2a3e9f5-EMAIL_CAMPAIGN_2020_01_16_08_00&utm_medium=email&utm_term=0_a9da1c9b17-31a2a3e9f5-102526909&mc_cid=31a2a3e9f5&mc_eid=af775a51e6

volatility in pay for those in receipt of wages that do not match the assessment periods.

Case study:

The client is employed by the NHS. One month she is recorded as receiving no salary and the following month she is recorded two months salary. The client is then penalised in the month she is recorded as receiving two months salary, as she the claim is stopped. This is making her debt problem worse.

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Case study:

The client receives 4 weekly pay, and therefore sometimes receives 2 salaries in an assessment period. This means Universal Credit is greatly reduced or not paid at all. The impact is that the client is unable to afford her rent and other priorities in a month where she receives no Universal Credit. The client has already faced possession proceedings and has a suspended order, which may be breached if she does not have the funds to pay. This could result in her eviction.

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

In England and Wales, the Alternative Payment Arrangement of more regular payments is available for those that can't manage single monthly Universal Credit payments and are at risk of 'financial harm'. However, in reality these are difficult to access because of eligibility criteria; Nationally less than 2% of all households on Universal Credit in August 2019 had more frequent payments³. Clients should be able to easily opt into receiving more frequent payments to match their other income.

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³ DWP, 2020, Households on Universal Credit>Table 4 - Local Authority, [Access date: 30/01/2020], Available here: <https://stat-explore.dwp.gov.uk/webapi/jsf/tableView/tableView.xhtml>