SCORSS
Scottish Campaign on Rights to Social Security

Scottish Campaign on Rights to Social Security: Universal Credit Briefing

January 2020

About us

The Scottish Campaign on Rights to Social Security (SCoRSS) is a coalition of organisations who advocate for a reformed social security system that reflects the five principles set out in our Principles for Change. SCoRSS (previously the Scottish Campaign on Welfare Reform) encompasses over 40 organisations from key third sector organisations, charities, faith groups, and unions. Our members have a diverse range of experience and expertise and a strong understanding of social security and its impact on the people and communities we work with.

Since 2006, SCoRSS has highlighted the shared concerns of a diverse coalition of organisations in Scotland about the UK Government's welfare reform proposals. Since then, the coalition has informed debates on changes to both UK and Scottish government policy and has influenced the creation of Scotland's first social security system.

Background

The collective experience of our member organisations – and the people and communities that our member organisations work with – suggest that Universal Credit is too often resulting in people; being less able to navigate the social security system, not being supported into decent employment, pulling people into poverty and, often, extreme income crisis.

This briefing focuses on the current failings of Universal Credit, specifically:

- The five-week waiting period for first payments
- The requirement for claims to be made and managed online
- The inadequacy of support provided
- Single-parents losing out on money because they are under 25 years old
- The single household payment
- The high levels of conditionality applied
- The payment of childcare costs in arrears
- The monthly assessment period not aligning with how people are paid by their employers
- The inclusion of housing costs in advance payments leading to greater indebtedness

The Impact of Universal Credit: Evidence for Change

Since its development, heavy cuts – such as the four-year freeze on working age benefits – and changes – such as the cut in work allowances and removal of the first child premium - have significantly undermined its ability to achieve its stated aims, and have pulled substantial numbers of people, particularly women and disabled people, into poverty, whilst exacerbating poverty for people already experiencing it.

In the last two years, small changes have been made to Universal Credit, such as the removal of the initial seven day wait, however these changes do not compensate for the previous cuts that were made. Given that the majority of people accessing Universal Credit will be receiving less money than they were previously; there also remains a fundamental issue around the inadequacy of support being provided.

The Five Week Wait

The five week wait for first payment is having a significant impact on communities across Scotland and the rest of the UK, with increasing levels of food insecurity and rent arrears just two of the most concerning impacts. Trussell Trust research shows a 52% average increase in food bank use in areas that have had Universal Credit for at least 12 months compared to 13% in areas that have not.[1]

Digital by Default

Claims for UC are made and maintained online. Alternative offline options are meant to be available, although only in exceptional circumstances. The DWP's own study found that almost 1 in 3 people (31%) require support to maintain their Universal Credit claim.[2] The Work and Pensions Select Committee has emphasised the need for offering alternative communications methods.[3] People should be able to apply for and maintain their Universal Credit in a way that works for them; whether this is through face-to-face support, telephony, home visits or online.

Benefits Freeze

CPAG's recent report *Universal credit: what needs to change to reduce child poverty and make it fit for families?*[4] finds that restoring all working-age benefits to their value in 2015-16 - when the four-year freeze began - would move 200,000 children out of poverty. A modest package of re-investment in children's benefits would lift 700,000 children in the UK out of poverty by 2023, when universal credit will be fully rolled out, and increase family income by an average of £1,000 per year.

Benefit Cap and Two-Child Limit

People should be assessed for social security support according to need, however the benefit cap and the two-child limit break the link between what you need and what you get.

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[1] Trussell Trust, The Next Stage of Universal Credit (2018)
[2] DWP, Full Service Survey (2018)
[3] Work and Pensions Select Committee, Universal Credit and Survival Sex (2019)
[4] CPAG, Universal Credit: What Needs to Change (2019)

A stated aim of the benefit cap is to incentivise people to move into work, but only 17% of people affected by the cap are on Jobseeker's Allowance – i.e. expected to work. The cap mostly impacts people who can't work to increase their income, and hits households with children in 93% of cases.

Women have been seriously ill-affected by the introduction of the family cap, which frames children as a product of women's irresponsibility and undermine reproductive autonomy. The 'rape clause' is an affront to women's dignity and privacy, requiring them to disclose a trauma at a time and place not of their choosing in order to avoid poverty or further poverty for themselves and their families. The Women's Budget Group estimates that by 2021-22 around 680,000 families on UC with three or more children will receive £1300 less per year.[5]

Single-Parents under 25

Universal Credit has created a young parent penalty. Single parents under 25yrs get a reduced Universal Credit standard allowance rate; even though they have the same costs as older parents. Under the 'legacy system', single parents under the age of 25 were exempted from a lower rate of support in recognition of their caring responsibilities. In most cases young single parents are given no warning that when they move from Income Support to Universal Credit, that they will get less benefit. This change affects young parents in employment and those not in paid work.

Under Universal Credit they are treated the same as other under-25s and only qualify for the lower 'standard allowance' rate. Parents between the ages of 18 and 25 will receive £66.05 per month less than they would under the current system (£792.60 per year in total). Single Parent Universal Credit claimants aged between 18 and 24 are entitled up to £251.77 per month as standard allowance. Meanwhile, those parents aged over 25 receive an average of £317.82 per month - £66.05 more.

Household Payments

Women are twice as likely as men to rely on social security due to factors including lifetime lower incomes and being more likely to give up work due to caring responsibilities. The single household payment undermines women's equal access to resources and reinforces a traditional 'male-breadwinner-female-carer' model. A lack of independent resource puts women at an increased risk of financial abuse by a partner.

Conditionality and Sanctions

The extension of conditionality to couples with very young children has ignored gendered dynamics in the division of household labour as well as the impact of the gender pay gap on women's ability to find well-paid work that fits around childcare responsibilities and of the higher risk of domestic and sexual violence. Single parents are particularly likely to be sanctioned.

Childcare Costs

[5] Women's Budget Group, Social Security and Women (2019)

There are significant issues arising around paying for childcare within UC.[6] Unlike under the legacy benefits system, childcare costs must be reported, and in some cases evidenced, on a monthly basis. Payment is therefore in arrears, however less than 60% of UC claimants with a childcare element are being paid on time and accurately.[7] Parents can also face significant upfront costs, with some childcare providers requiring a deposit and/or payment in advance when a childcare arrangement is entered into. The Government has confirmed that when someone is moving into work they can request help with upfront costs from the Flexible Support Fund – a discretionary fund operated at a local level.[8] Payments from the Flexible Support Fund will be paid direct to the childcare provider and are not repayable. However parents are not always advised about the availability of the Fund.

Assessment Period

The inflexibility of the monthly assessment period can have severe financial implications for people on Universal Credit. People who receive their wages four-weekly, fortnightly or weekly are susceptible to losing their Universal Credit entitlement, despite not actually earning any more from their employment in practice.[9],[10] This issue, which can also be caused by employers changing pay frequencies (such as paying staff early at Christmas) has led to income shocks for people in low-paid work through no fault of their own. In 2019, the High Court found that the way income has been assessed through assessment periods is unlawful and could lead to 'nonsensical' situations.[11]

Housing Costs

Recent research from Residential Landlords Association indicated that Universal Credit is causing tenants to get behind with their rent, with 54 per cent of those private landlords who have let to tenants on Universal Credit in the past 12 months have seen them fall into rent arrears.[12] The experience of social landlords is that too often the Advance Payment with housing costs included is not used to pay the rent, leading to the claimants both being in arrears and having a greater debt to pay back. The Scottish Federation of Housing Association's monthly surveys of member on the impact of Universal Credit have consistently shown higher average arrears for those on UC compared to those who are not on UC.[13]

[6]CPAG, Early Warning System Report on Universal Credit and Childcare Costs (2019)
[7] UK Parliament, Universal Credit: Written question - 259875
[8] UK Parliament, Universal Credit: Written question - 259875
[9] DWP, Universal Credit Different Earning Patterns and Your Payments (2019)
[10] CPAG, Rough Justice (2019)
[11] See CPAG, High Court finds DWP Universal Credit assessments unlawful (January 2019)
[12] Residential Landlords Association, State of the Private Rented Sector (2019)
[13] Scottish Federation of Housing Associations, Universal Credit Monthly Survey (October 2019)

Recommendations for Change

Universal Credit, as currently designed and delivered, is not working for the vast majority of people and communities across Scotland, and risks tightening the grip of poverty on people's lives. To enable the policy to meet its initial aims, a range of actions are required.

SCoRSS members recommend the UK Government:

- **Remove the five-week wait and put in place alternative arrangements that allow for non-repayable advance payments to be made.**
- **Provide suitable non-digital options for individuals to make and manage their Universal Credit claims and promote these options to claimants, particularly disabled people, people with health conditions and other complex needs.**
- **Invest in a package of reinvestment in Universal Credit, including by restoring the child element to its 2015/16 value and restoring the higher amount for first children, and removing the Two-Child Limit, its exemptions and the Benefit Cap.**
- **Uprate the entitlement of single-parents under 25 to the same rate as single-parents over 25.**
- **Introduce a right to an individual income which meets individual needs by separating the single household payment automatically at source, and ensuring that entitlements meant for children are paid directly to primary carer.**
- **End the punitive application of conditionality and sanctions, which is ineffective, complex, costly and stigmatising.**
- **Increase the support available for childcare and paying childcare costs upfront rather than in arrears, to prevent parents from getting into debt or giving up work in order to provide childcare. At a bare minimum, increase awareness of the Flexible Support Fund.**
- **Modify the assessment period, to ensure that people do not lose Universal Credit entitlement because they are paid more frequently than once a month; including when employers pay employees early because of holidays (i.e. Bank Holidays and Christmas).**

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