

Briefing for MSPs – Scottish Government Debate on Universal Credit Roll-Out, Tuesday 3 October 2017.

Child Poverty Action Group works on behalf of the one in four children in Scotland growing up in poverty. It doesn't have to be like this. We use our understanding of what causes poverty and the impact it has on children's lives to campaign for policies that will prevent and solve poverty – for good.

What is Universal Credit?

UC is being gradually introduced to replace current means-tested benefits and tax credits for working-age people. When the introduction of UC was announced, there was widespread hope that the intended simplification of the benefits system, strengthened work incentives and a more gradual progression into employment would prove beneficial to low income families.

Six years later however, delays, changes to entitlements and reported administrative problems have raised serious concern that universal credit is having a detrimental impact on struggling families in Scotland and will contribute to increased rates of child poverty. CPAG's March 2017 report [“Broken Promises: What has happened to support for low-income working families under universal credit?”](#) sets out the changes in more detail.¹

Roll Out of Universal Credit:

CPAG has supported the UK government's decisions to delay the original October 2017 timetable for completion of the roll-out of UC in order to resolve problems and safeguard financial support for families.

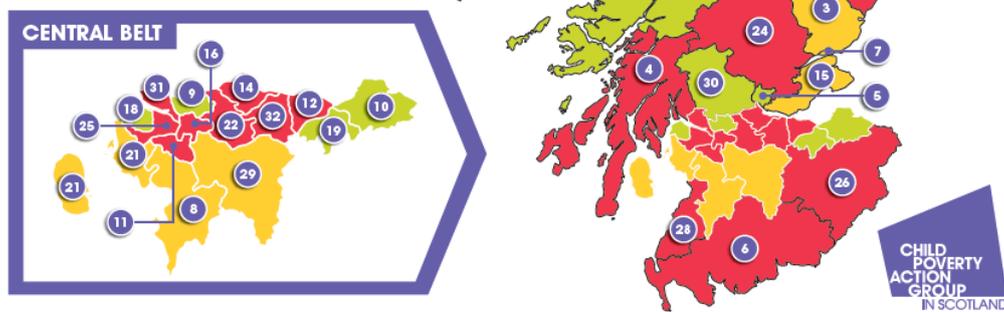
However our Early Warning System, and other evidence, shows that UC continues to be beset by systemic design problems, as well as serious operational issues. In light of this evidence, CPAG believes the UK government should now pause the roll-out and fix these issues as a priority.

Key ways to improve Universal Credit:

- Restore work allowances for low paid workers in universal credit and establish a work allowance for second earners to boost work incentives.
- Raise the universal credit childcare ceiling so it's not limited to two children and pays a higher rate for disabled children.
- Reduce the current six week wait for a first payment to two weeks.

¹ <http://www.cpag.org.uk/sites/default/files/Broken%20promises%20FINAL%20for%20website.pdf>

UNIVERSAL CREDIT FULL SERVICE ROLLOUT IN SCOTLAND



Universal Credit Roll Out: Key problems from case evidence

The **Early Warning System (EWS)** was been developed by CPAG in Scotland to collect and analyse case evidence about how changes to the social security system are affecting the wellbeing of children, their families and the communities and services that support them. The cases enable us to develop an in-depth understanding of the impact of welfare reform and to identify how policies and services in Scotland can contribute to delivery of better outcomes of children.

CPAG's report from March 2017 on [Universal Credit Full Service Roll Out](#) sets out in detail the evidence gathered through the Early Warning System that the first months of the roll out of UC has left many claimants in financial hardship.² A summary of the report's key findings is below:

Administrative problems experienced by claimants include:

- difficulty making claims for UC, with many online claims seeming to 'disappear,'
- UC being underpaid because 'real time information' provided by HMRC regarding income is not always reliable or accurate

² http://www.cpag.org.uk/sites/default/files/CPAG_EWS_UC%20full%20service%20May%202017.pdf

- claimants being paid the wrong amount of UC for no apparent reason. This appears most common in relation to housing costs and has resulted in some claimants facing eviction
- difficulty claiming contributory benefits that should be available alongside UC

Rules and policies relating to the administration of universal credit are causing difficulties for claimants. For example:

- claimants experiencing financial difficulties due to the six week wait for the first payment
- DWP's policy of only working with a client's adviser where there is evidence of unequivocal consent from the claimant
- homeless claimants being left unable to fully meet their temporary accommodation costs because the maximum housing costs they can receive through UC have been capped at the amount they would be entitled to if they were to rent private sector accommodation
- claimants facing hardship due to the rate of deductions that are applied in relation to rent arrears and other debts
- increased conditionality and sanctioning rules causing claimants stress, anxiety and undue hardship, particularly where individual characteristics and circumstances are not fully taken into account

EWS Update – March to October 2017

As UC roll out moves across the country, CPAG's Early Warning System is picking up further issues impacting on claimants.

- **Delays in work capability assessments**

We have collected a considerable number of case studies about people who have been submitting sick notes from their doctor, but have either not been referred, or have experienced a long delay before being referred, for a work capability assessment. In the meantime there is a huge discrepancy between work coaches' use of discretion to vary the claimants' conditionality, in some case resulting in the client being sanctioned repeatedly.

A client with mental health problems claimed UC over a year ago and has been submitting sick notes for the last 6 months. She has been sanctioned repeatedly for failure to comply with her claimant commitment and to date has only received one payment of universal credit and has been refused hardship payments. Despite submitting sick notes for six months she has not been referred for a work capability assessment. #13930

A UC claimant has kidney failure, is awaiting dialysis and is submitting fit notes pending a work capability assessment. She has had her conditionality reduced from 35 hours to 20

hours but is very ill and really not able to take part in any work-related activity or look for work. #12768

This practice may be contributing to high number of UC sanctions noted in Dr David Webster's report³, which noted there were approximately 129,000 JSA and 229,000 UC sanctions on unemployed people before challenges in the year to March 2017. This accounts for 7.4% of UC claimants compared with 2.5% of JSA claimants.

- **Delay processing applications for people who are terminally ill**

Individuals who submit a form signed by their doctor confirming that they are terminally ill, should have an additional amount (limited capability for work-related activity element) included in their UC award. However case studies highlight that this is not working as it should and people are facing excessive delays in having the relevant amount included in their award.

A terminally ill client claimed UC and submitted the form confirming their terminal illness at the same time, which should have led to them being automatically entitled to the limited capability for work-related activity element. The client died three and a half months later, without the additional amount having been paid. The family received a payment following the client's death, but it erroneously did not contain the LCWRA element for the first three months (the assessment period) but there is no assessment period for claimants who are terminally ill. #13227

- **Unnecessary re-assessments following migration from ESA to UC**

Individuals who have the limited capability for work or limited capability for work-related activity element included in their ESA award, should automatically have the relevant element included in their UC award unless their ESA award ceased prior to them claiming UC. For example, someone who is receiving ESA making a new claim for housing benefit in a full service area would trigger a claim for UC. However we have collected a number of case studies that evidence the relevant elements are often not being included automatically and individuals are being told they will have to be re-assessed before the relevant element can be included in their award.

Client with learning difficulties has been underpaid UC for five months. She was claiming income-related ESA, but had to claim UC when she had to start claiming help with her housing costs. She should have had the limited capability for work-related activity element included in her UC award automatically, but has not and has been told that she will have to undergo another work capability assessment first. #12079

³ Benefit Statistics briefing August 2017, Dr David Webster, Glasgow University.

Who is affected by changes to universal credit?

Analysis by CPAG shows families with children will be worse off by an average of £960 a year in 2020, compared with the income they could have expected in the absence of cuts to universal credit, and single parent families by a huge £2,380 on average.

Ways to Improve Universal Credit

In order to restore UC's poverty reducing potential the UK government must:⁴

- Reverse the freeze to the child element of UC and child benefit. Across the UK this could keep up to 400, 000 children.
- Restore work allowances, keeping up to 300,000 children from poverty.
- Lift the two-child limit, keeping up to 200,000 children from poverty.
- Remove the benefit cap, keeping up to 100,000 children from poverty.

If the current design of universal credit was retained, the following changes could also have a positive impact across the UK:

- A second earner work allowance for couples, equivalent to that available to first earners, could keep up to 100, 000 children from poverty.
- Applying a triple lock to the child element of universal credit could keep up to 500,000 children from poverty.
- Further reducing the taper rate to 55% could keep up to 200,000 children from poverty.

Were all the cuts to universal credit reversed up to 1.7million children could be kept out of poverty, who would otherwise experience poverty under the current design.

Devolved social security powers and supporting family incomes in Scotland

The Scottish Government has very limited control over the operation and roll out of universal credit, but is committed to using its limited powers to bring forward very welcome flexibilities around split payments, payment frequency and payments to landlords.

- **Universal Credit - Scottish Flexibilities** - CPAG supports the introduction of UC flexibilities on more frequent payments and direct payments to landlords and looks forward to the regulations coming into force on 4th October. We also support the intention to bring forward regulations on the remaining UC flexibility, split payments between members of a household and look forward to these being implemented in Scotland. It is vital that these flexibilities are operationalised effectively, that it is clear how and when UC claimants will be informed of payment options, and that they are provided with information and support to make informed choices as to the implications of different payment options.

⁴ <http://www.cpag.org.uk/sites/default/files/Broken%20promises%20FINAL%20for%20website.pdf>

- **Using Powers to Top-Up Reserved Benefits to support the incomes of families at risk of being negatively impacted by the roll out of UC** – the use of powers to top up reserved benefits could make a significant difference to the lives of children and families living in poverty. For example the introduction of a £5 top up to child benefit, as called for by the Give Me Five campaign,⁵ would in itself lift 30, 000 children out of poverty.
- **Increasing awareness and uptake of Scottish Welfare Fund (SWF) to support families experiencing income crisis as a result of difficulties with the roll out of UC** - The commitment by the Scottish Government to increase uptake of entitlements is welcome. Working with local authorities to raise awareness of the Scottish Welfare Fund, pathways should be put in place to ensure that people experiencing income crisis are directed in the first instance to the SWF, for example, rather than a local food bank.

⁵ <http://www.cpag.org.uk/content/give-me-five-child-benefit-top-campaign>