

Briefing for the appearance of Esther McVey, Secretary of State for Work and Pensions, before the Social Security Committee Meeting on April 16th 2018.

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.

CPAG in Scotland's **Early Warning System (EWS)** was developed 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.

This briefing provides an overview of the EWS findings in relation to universal credit from January to March 2018.

[Claimants worse off after they move from legacy benefits to universal credit](#)

It has been stated that no one will be worse off when they move from legacy benefits to universal credit (UC) because there will be transitional protection in place, but there is no transitional protection in place for people moving over to UC prior to the planned migration.

Causes of people moving from legacy benefits to UC just now include:

- Moving from one local authority to another
- The birth of a child
- Bereavement
- Relationship breakdown
- The end of an award of a legacy benefit

A client claimed UC while he was waiting for a reconsideration of a decision stopping his employment and support allowance (ESA) because he failed the work capability assessment. The decision was overturned, but the client could not return to ESA (because it was not possible to return to legacy benefits having received payments of UC) and has an additional amount to reflect his limited capability for work included in his UC award instead. Under ESA he also received disability premiums, additional money to reflect the additional costs arising from his disability. There are no disability premiums in UC, so the client is £80 a week worse off on than he was on ESA.

[Claimants with long-term health problems/disabilities not receiving money they are entitled to](#)
People who were receiving an additional sum in their ESA for limited capability for work or limited capability for work-related activity element should have this automatically included in their UC award, unless they move to UC because their ESA has stopped. For example, this could include people who claim UC because they have to claim housing costs for the first time or start a family. Case evidence highlights that the additional amounts are not being included in UC

awards and that claimants are often incorrectly advised that they will have to undergo another work capability assessment before additional amounts can be paid. Furthermore they are also being given inappropriate full conditionality, risking their health by forcing them to undertake unsuitable tasks or resulting in sanctions for failure to comply.

Accuracy of payments

An increasing number of cases indicate that claimants UC payments are sometimes for the wrong amount, often in relation to the housing costs element. A significant number of the cases include overpayments, which the claimants then have to repay, often causing hardship.

UC overpaid £1000 to a homeless client's temporary accommodation provider which the client is now expected to pay back.

A client had to claim UC when her partner went to prison. DWP have only included 50% of the rent in her award because they were joint tenants, however 100% of the rent should have been included in the award because you are treated as a single person if your partner is in prison.

Assessment periods

The monthly UC payment is calculated based on the amount of income you received in the previous monthly assessment period. This is problematic for anyone whose payments do not fit in with the monthly cycle. For example:

Client is on UC, gets paid weekly. This means that every so often he has five pays in one month which means that his UC is reduced by about £75 for the next month. Nothing else has changed - he still earns the same and pays the same rent, but some months he is worse off than others, making it very difficult to budget.

A self-employed gardener was in the habit of invoicing his clients every 6 months which meant he received a large sum of money through payments in the New Year which resulted in his UC claim being closed. DWP are concerned with when the money is paid and not the fact the work had been carried out over the previous 6 months. The client was relying on using the money to repair his van so he can start trading again at the start of the season.

Claimant commitment and sanctions

Work coaches have a large amount of discretion about the amount of work-related activity that a claimant will be required to do in return for receiving UC. Cases gathered through the EWS indicate that the needs and circumstances of some claimants are not being adequately taken into account when conditions attached to their universal credit are being established and applied, causing claimants to struggle to meet their requirements and sometimes resulting in sanctions. Case evidence indicates this particularly affects people who are waiting for a work capability assessment because they are ill or disabled, who would have had no work related

requirements pending the equivalent assessment in ESA. The current rate of sanctions is around 4-4.5% of UC claimants compared with 1.7% of JSA claimants.¹

Deductions causing claimants hardship

Several cases highlight that DWP are recovering arrears, overpayments and advances at the higher maximum amounts from UC causing many claimants financial hardship. Claimants can ask for the rate of deductions to be reduced; we have been advised by DWP that their debt management department would be responsible for this, but we have received a number of cases where the debt management department has turned the client away and told them to ask the other relevant party. This contradictory advice risks prolonging hardship.

UC failing to support self-employed claimants

If a claimant has been self-employed for more than a year, DWP will set a 'minimum income floor' which is the amount of earnings that it is assumed you will earn and is used in the calculation of your UC award, even if you earn below that. We have received a number of examples of self-employed claimants who are facing destitution because their actual income falls well below the minimum income floor. For example:

A self-employed client who was receiving working tax credit and housing benefit was incorrectly advised to claim UC by the local authority when he reported a drop in his income because he had broken his arm and was no longer able to work. His work coach did not lessen his conditionality at all and set the weekly minimum income floor at 35 x the national minimum wage. The client has had no UC paid since he claimed and now has rent arrears and no money to live on which has had a detrimental effect on his mental health

Engagement with local authorities

There are two issues arising in relation to the link between UC and housing benefit.

Firstly, we are routinely seeing cases of local authorities incorrectly stopping HB awards and advising people to claim UC, particularly if someone has moved to a new address. Moving within the same local authority should not trigger a new claim for UC so many people are being inappropriately advised to claim UC and consequently finding themselves worse off because there is no transitional protection at this stage.

The second issue is around specified accommodation (often refuges and certain types of supported accommodation) where claimants should receive UC for their living costs and HB for their housing costs. It is sometimes unclear if accommodation meets the 'specified' definition and DWP and local authorities quite often both say it is the other's responsibility to pay for housing costs, with the end result that no one is paying the housing costs and the claimant is left in rent arrears.

¹ Dr David Webster's briefing: Benefit Sanctions Statistics March 2018

Difficulty claiming contributory benefits

Contributory benefits can be claimed regardless of income providing the claimant has made sufficient National Insurance contributions prior to their claim. While income-based JSA and income-related JSA have been abolished, their contributions-based counterparts have not. It should still be possible to claim contributory benefits in universal credit (UC) areas because these benefits continue to exist alongside UC.

We have repeatedly reported evidence that the UC system is not set up to allow people to claim contributory benefits and that claimants routinely experience difficulties making a claim or are told that all JSA and ESA have been abolished. DWP have advised that they are alive to the problem and working on a solution but a resolution has not yet been reached.

Key ways to improve universal credit

- Pause roll-out of universal credit to address aspects of UC administration that are causing claimants unnecessary difficulty or hardship for claimants.
- 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.
- Lift the two-child limit from universal credit as it breaks the link between the assessment of children's needs and the support they receive.
- Provide more thorough training and support to Jobcentre Plus staff in relation to processing claims and assessing entitlement.
- DWP ensure claimants are aware of the consequences of claiming UC pending mandatory reconsideration of an ESA decision and are informed that they also have the option of waiting for the result of the mandatory reconsideration and then claiming ESA during the appeal process.
- Ensure wider discretion work coaches have in relation to conditionality is used appropriately and that the needs and characteristics of individual claimants are being taken into account, including around health and disability and caring responsibilities for children or others.

For more information about the above, please contact

Kirsty McKechnie, Welfare Rights Worker (Early Warning System)

Email: kmckechnie@cpagscotland.org.uk

Tel: 0141 611 7091