

Universal Credit and its impact on communities - how can we help?

Headlines from Tenant Think Tank

15th-16th October 2018

1. Universal Credit is causing many problems in local areas:

- Many people on low incomes do not have bank accounts. Post Office accounts cannot be used for Universal Credit. One barrier to setting up a “Basic Bank Account” is the requirement to already have a current account
- The delay in initial payment of Universal Credit can cause serious arrears. The government has agreed to advance the whole first payment to reduce this problem, but the Universal Credit claimant then has to pay it back through a monthly deduction, which can make it difficult for Universal Credit to last until the next month’s payment
- Payments by calendar months can mean that payments do not fall evenly and can leave the claimant without cash for priority bills
- Online applications with full I.D can lead to mistakes which are slow to correct. Some applicants give up trying
- Wrong assessments cause hardship, delays and debt
- Many claimants are in part time, casual or zero-hours jobs so their pay doesn’t fit with the Universal Credit pattern of calendar monthly payments
- Vulnerable claimants find the system too hard to understand
- Some claimants have had to resort to using food banks whilst waiting for Universal Credit to come through. This is considered by some the very “lowest moment in their lives”
- The pressures caused by Universal Credit and especially the gap in payments can have serious impacts on people’s mental health

2. Universal Credit methods have adapted as the pilots have extended further around the country :

- Advance payments of rent to a landlord aim to help both landlords (secure rents) and vulnerable claimants (avoid debt). However, it is administratively so complex and time consuming that small and community based social landlords do not have the resources to deliver this service to tenants – a major cause of greater arrears
- There is considerable variation between Job Centres in how they work with clients and social landlords. Some job centres work very closely with the local authority, which in turn sets up personalised advice for claimants, working directly with the Job Centre in some cases
- Due to major delays, frequent modifications and the complexity of individual’s lives and circumstances, there is not yet a comprehensive IT based system for running Universal Credit. Large areas of the system operate manually and depend heavily on local, regional and national staff training. Within this framework there is a lot of variation

- 3. Job Coaches within Job Centres now play a vital role in ensuring that Universal Credit works the way it should for individual claimants.** This crucial face-to-face role varies between Job Centres as rules are applied differently, and even vary within some Centres, where the Coach has decided it is the right thing to do to work flexibly

 - **Sanctions imposed by Job Coaches can be extremely severe** and create even bigger problems. There is a serious need for more training. Ideally, advice and support would follow a clear pattern. It seems inevitable that in such a highly centralised, but also decentralised system, a remote but personalised support system would lead to significant variations
- 4. Building trust with the Job Centre is key.** Pilot Universal Credit areas housing staff strongly advocate “winning over” and collaborating with Job Centres. For housing and council staff this may be possible, but the response of Job Centres is very variable. Advice to claimants and to landlords in how to make Universal Credit work for them is crucial.
- 5. Avoiding debt and building up savings are two vital ways to secure a better outcome for claimants in difficulty.** The biggest hurdle that advice agencies face is that people do not want to discuss finances, debts and bills. Most Universal Credit claimants face some kind of financial difficulty. Yet the greater the problems with managing finances, the greater the reluctance to discuss them. Ways forward include:

 - Helping people to work out how to cover different bills over the year
 - Introducing people to local Credit Unions so they can form the habit of small scale saving and low cost borrowing
 - Helping people switch providers for energy and other regular outgoings, looking out for the cheapest offers (e.g. some providers have annual special offers for new customers)
 - Fixing priority payments (e.g. rents, utility bills, Council Tax) to correspond with the Universal Credit payment dates
- 6. Face to face, hand-holding advice makes a big difference to people’s ability to cope.** The government is now recognising this. In addition to advice and support provided by Job Coaches and local authorities, the government has awarded a major grant to the Citizens Advice Bureau. Many money advice services, such as Pennysmart, Quids in and Policy and Practice are helping claimants. Social landlords can make a big difference and can offer advice to individual tenants. However, front line social landlord staff need proper training for this to work. Housing associations are learning ‘on the job’ about how to make Universal Credit work
- 7. Universal Credit is a massive system change on a scale that was bound to cause problems, and DWP are learning on the job.** The rules and their application change frequently as UC is being rolled out, so there are still many gaps and inconsistencies between areas. Consistent, clear training is needed in how to handle the changes and inconsistencies. The gap between

the government model of how Universal Credit is supposed to work and its application is far bigger than expected. Regional DWP advisors meetings offer a forum for this form of learning. These “customer reference groups” can help solve problems and carry back messages to DWP. Many tenants for example do not realise Council Tax is paid separately from rent, or that their rent was previously paid directly to the landlord through Housing Benefit, and therefore they had no prior experience of paying rent.

- 8. The methods for delivering Universal Credit are improving, even though there are still huge hurdles.** New problems arise constantly as new phases of the roll out come into play, causing further delays. The transition of millions of clients from existing “legacy” benefits over to Universal Credit is not yet happening. One big unresolved problem is the time lapse in payments between former benefits ending and Universal Credit starting. “Managed migration” from “legacy benefits” to Universal Credit should be halted until the problems have been ironed out. There are many other glitches such as the single payment to couples, the difficulties for people who are self-employed, the impact on people with disabilities. People’s lives are complex, varied and changeable.
- 9. There is wide spread recognition that the previous benefit system had many flaws in it.** The original aim of Universal Credit was to make people better off in work. Although it is still true that people are generally better off working than not working, there are serious disincentives due to cuts to Working Tax Credits that accompany the shift to Universal Credit. However, changes proposed in the budget will help those in formal jobs.
- 10. There is strong support in the public at large for getting rid of the worst effects of Universal Credit.** Putting in extra money to smooth the transition will be helpful. The recent intervention by two former Prime Ministers (Brown and Major), warning of major upheavals if Universal Credit is not reformed has added to the pressure to do more to make it work more smoothly.