Taking the Credit?

Early Impressions of the Local DWP Implementation of Universal Credit from Advice Workers at Citizens Advice
Case Study

Ben separated from his wife and had no money. As a vulnerable disabled person, Ben was placed in temporary accommodation by his local authority.

When he contacted the DWP enquiry line to claim benefits, Ben was advised that as a single person he needed to claim Universal Credit and that the application should be made online.

Ben was struggling with the online process so sought help from his local Citizens Advice Bureau (CAB). An adviser was concerned that because of Ben’s circumstances, he should not be claiming Universal Credit. A phone call to the DWP’s Universal Credit team confirmed that because Ben did not have permanent accommodation and was not fit for work, he needed to claim benefits other than Universal Credit.

The CAB adviser assisted Ben to make a claim for Employment Support Allowance. As a result of misdirection by DWP, Ben has endured more stress and disruption at a time of personal difficulty.

We have seen other similar cases, including for care leavers, that have been directed by DWP to claim Universal Credit, only to later be informed that they need to claim alternative benefits.

Top 5 Concerns highlighted by our Advisers Survey

1. For a simple system, it quickly gets confusing

Universal Credit is receiving a soft roll out and is starting with single people with the most uncomplicated of circumstances. Yet some single people are actually not entitled to Universal Credit and need instead to be claiming alternative benefits. Amongst the people affected include those without settled accommodation and care leavers. Unfortunately this appears to have been confusing for both claimants and the Department for Work and Pensions (DWP).

Advisers have seen evidence of people who have been misdirected to claim the incorrect benefit by the DWP. Whilst people are being directed from pillar to post, there are inevitable delays in receiving payments and financial hardship.

Universal Credit intends to use ‘real time’ information from HMRC about people’s earnings. In theory, this should lead to reduced fraud, error and overpayments. Unfortunately employers can and do make errors in submissions to HMRC. We have seen cases of delay and disruption when people have to challenge erroneous ‘real time’ data provided through employers/HMRC.

Ambiguous questions in the online application can also cause delay and be difficult to resolve quickly.

When changes to our welfare system are not joined up well to all its constituent parts, people often face confusion and detriment. Universal Credit can give entitlement to additional help towards health costs. Yet health cost forms were not immediately updated to include eligibility for Universal Credit. This has led to people being incorrectly informed that they were not entitled and could face a fraudulent claim penalty.
2. Universal Credit is an ‘Online by default’ application process

Universal Credit claims can only start once an application has been made. But we know many people have never used the internet and some people who can use the internet do not have access to online facilities. In our adviser survey, two out of three advisers identified this as a major concern.

Helpful support is available including at Chesterfield Borough Council’s Customer Support Service. Surprisingly, support at the local job centre has been less than generous, with people being declined access to available computers there.

DWP enquiry lines are not proactive at offering support when needed. We advised someone who was blind and did not have access to the internet. She was not asked about barriers to making a claim online or told about alternative claim arrangements in exceptional cases.

4. People are potentially left in financial crisis because of a five week waiting time

Unlike current benefits, Universal Credit is paid monthly in arrears. It usually means that people will have no money coming in for at least the first five weeks after they have successfully made their claim. They may get a short term advance if they know to ask.

As a result of this design fault, we have seen people without money and unable to meet energy and council tax bills. They have had to focus on securing short term benefit advances, help from Derbyshire Discretionary Fund or subs from relatives thus distracting them from job searching.

In our adviser survey, one in two advisers indicated this was a significant issue.

These problems were highlighted here: www.theguardian.com/society/2015/nov/18/flaws-universal-credit-system-vulnerable-people-penniless-citizens-advice-study

3. Monthly payments will make it harder for people to manage money

DWP policymakers think that paying people monthly will help them adjust to how they might have to manage money if in work. A survey from DWP reportedly asked benefit and tax credit recipients the following question: “If payments of benefits and tax credits are made monthly, would you find it easier or harder to budget, or would it make no difference at all?” Four in ten said it would be harder to budget after the changes and just one in ten said it would be easier.

Many low paid people we see are used to being paid weekly or fortnightly rather than monthly. Some people have told us that being paid monthly may mean that they run out of money for essentials such as food or energy before the end of the month. Whilst support may be available, it will be interesting to see if people are comfortable asking for help at the job centre.

In our adviser survey, two out of three advisers were concerned that monthly payments would stretch some people’s money management of a low income beyond breaking point.

5. Tenants are not being offered an automatic choice to have their rent paid direct to their landlord through assistance with housing costs

Under Universal Credit there is one payment which includes what was housing benefit.

Any contribution towards rent will be included with your Universal Credit payment with an expectation you will pay your landlord yourself.

A key question is when can universal credit be paid direct to a landlord?

It may be decided that because you are at risk of eviction, that your housing costs can be paid direct to your landlord. This will not necessarily happen simply because you prefer it or ask for it.

This is one type of alternative payment arrangement that Jobcentre Plus can arrange to help you manage.

www.gov.uk/universal-credit/overview
What needs to get better?

Recommendations

It is too early for us to determine whether Universal Credit will meet its objectives of being a revolution in welfare and helping people in and out of work to become better off. Locally there have only been very small numbers of people going on to Universal Credit. It is important, therefore that any issues are ironed out before roll out is extended further.

We welcome attempts to simplify the welfare system but clearly there are basic issues with the pilot implementation of Universal Credit that need addressing:

- **Recommendation 1:**
  The Government should ensure that DWP advice and support is fit for purpose, is truly holistic, person centred and ensures people can identify and claim the right benefits first time round.

- **Recommendation 2:**
  The Government should ensure that people are properly supported through the Universal Credit claims process including at job centres and delivering assistance online. There needs to be clearer processes for identifying and removing barriers, including for vulnerable people and those who need extra support.

- **Recommendation 3:**
  The Government should remove inherent flaws in Universal Credit including lengthy built-in delays before first payment.

- **Recommendation 4:**
  Claimants should have choice about what intervals they are paid and whether they prefer housing costs paid direct to landlords.

- **Recommendation 5:**
  People should have access to resourced independent advice and support to enable them to manage change and ensure that the financial inclusion objectives of Universal Credit are met.