Blunt, bureaucratic and broken

How Universal Credit is failing people in vulnerable situations

By Becca Stacey

Z2K
Fighting poverty

Note on terminology

We recognise the dehumanising nature of the word "claimant" that the Department for Work and Pensions (DWP) uses when referring to someone applying for or receiving Universal Credit (UC), and where appropriate we have used alternative terminology. There are instances in this report, however, where its use has been upheld for continuity with Government communications, and clarity regarding recommendations.

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Acknowledgements

Many thanks to each of the research participants who volunteered to share their personal stories and provide an honest insight into the human impacts of the UC system. This report is dedicated to them, and to everyone else who has been adversely affected by UC, but not had the opportunity to voice their experiences.

Who are Z2K

Zacchaeus 2000 Trust (Z2K) is an advice and campaigning charity working across London to solve problems within the Social Security system. Every year we help over 1,000 clients with their housing and Social Security issues, and use evidence from this work to campaign for change.

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Foreword

Since its rollout, we have seen and reported the harmful impact of UC on our clients. Much political and media attention has focussed on DWP's insistence that people wait at least five weeks for their first payment. It is well exposed how this wait results in destitution, forcing people to rely on emergency food aid to be able to feed themselves and their families. Our concerns include but go beyond this unnecessary delay; this report evidences the systemic failings that disproportionately impact people in vulnerable situations.

Day after day, our welfare rights advisors are helping clients who are completely excluded by UC's digital by default set-up, whose legitimate queries are ignored by its opaque bureaucracy, and who have to battle to get the level of support they are entitled to. In our experience, people who are disabled and seriously unwell suffer from the failings in this system most of all.

This report is based on in-depth interviews with 15 of our clients. Inside, they share their experiences of UC in their own words. Again and again, they highlight the systemic flaws with a system that left them facing destitution. Often, it is not easy for our experienced advisors to resolve issues so that people receive what Parliament says they are entitled to. Whatever problems there were under the legacy benefit system, they are nothing compared to the gruelling UC obstacle course. It is not by accident UC has the lowest satisfaction-rate of any benefit.

A year ago, the independent Advertising Standards Authority published the outcome of its investigation into Z2K's complaint about DWP's "UC uncovered" adverts in The Metro newspaper. The Advertising Standards Authority concluded that DWP's ads were "misleading" and "exaggerated" and it ordered that they should never be published again. For Z2K, this damning

judgment was a vindication of the concerns we, and others, had raised about UC for a number of years. Shockingly, neither ministers nor officials have apologised.

Last year, we were hopeful some of these issues would be resolved as the Work & Pensions Select Committee cast an increasingly forensic eye over the real-life experiences of people on UC and the former Work & Pensions Secretary, Amber Rudd, ordered changes. Under a new Prime Minister and Secretary of State, DWP has stopped listening, seemingly deaf to the concerns of people in receipt of UC and their advocates.

The Covid-19 pandemic has had a swift and seismic impact, leaving even more people in need of an adequate and dignified Social Security system. DWP has spent the past eight months highlighting the number of new claims being processed, while ignoring the number that were discontinued. This isn't good enough. The Social Security system exists to protect everyone, not just those able to navigate its digital labyrinth. Ministers and senior officials must engage meaningfully with those people for whom UC isn't working at all.

On behalf of Z2K, I would like to thank our 15 clients whose stories are told in this report and the many others whose views and experiences helped inform it. The recommendations are theirs as well as ours, and we hope decision-makers at all levels of Government will consider them carefully.

Anela Anwar
Z2K CEO

Introduction

Z2K's experience of UC

Z2K is an anti-poverty charity that uses advice and casework to prevent homelessness and support people to access the Social Security benefits they are entitled to. We use evidence from this work to campaign for change.

The majority of our clients live in the City of Westminster, which became a UC 'full service' area in June 2018. Now, over two years later, many of the people we support are either on UC or at risk of adverse effects if they move onto it. This report draws on the UC casework and client engagement that we have undertaken both before, and during, the Covid-19 pandemic. Its focus is the people who have faced financial and emotional hardship as a result of UC. The Government's own research shows that one in five people are not satisfied with UC (the lowest satisfaction rate of any welfare benefit), and Z2K's focus is this 20 per cent for whom the system is not working, with those in the most vulnerable circumstances most at risk.[1] As the National Audit Office recently explained,

"the [UC] system is really designed for simple cases and it works well for those cases…it works less well where there are specific needs for individuals that need a tailored approach."[2]

The issues that our clients experience with UC are multifaceted. Many have existed from the outset, and DWP has failed to resolve these, and any changes made have fallen short of delivering real improvement. As a result, UC remains a source of stress as opposed to support for too many people. This report outlines the key areas where UC is failing people, and the major reforms that DWP must make, if UC is to support all those on it to live stable and dignified lives. Central to achieving effective reform, is meaningful engagement by DWP with people receiving UC. If a system is to work effectively; it has to be rooted in the context within which it is delivered.

RECOMMENDATION ★

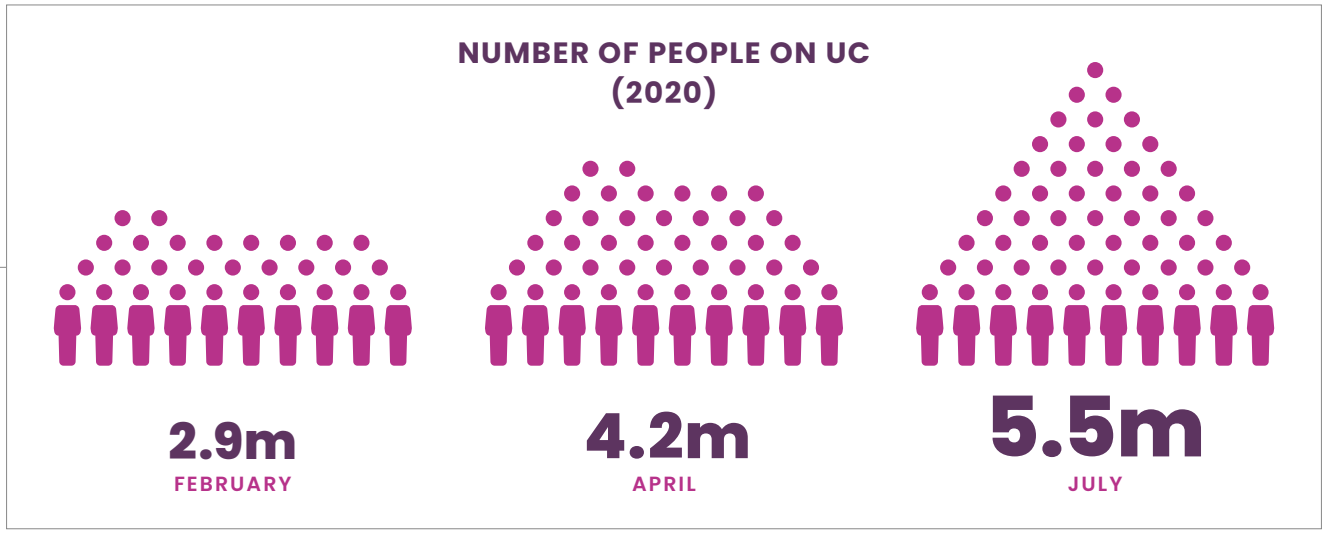
DWP must facilitate greater involvement from the people with lived experience of UC in the design and reform of this policy.

1 DWP 2019, DWP claimant service and experience survey 2017 to 2018

2 Work and Pensions Committee 2020, Oral evidence: Universal Credit: the wait for first payment, HC 204

3 DWP 2020, Universal Credit declarations (claims) and advances: management information

4 DWP 2020, Universal Credit Statistics: 29 April 2013 to 9 July 2020



UC during and beyond Covid-19

This year, UC has been put to the ultimate test with the outbreak of the Covid-19 pandemic. **In February 2020 2.9 million people were on UC. This had risen to 4.2 million by April 2020, and 5.5 million by July 2020.** April 2020 saw a 40 per cent increase in the number of people claiming UC compared with an average 4 per cent month-on-month increase between April 2019 and March 2020.[5] While UC has managed to withstand this huge influx of claims, this should not be conflated with the success of the system as a whole. There are many structural issues, outlined in this report, that people claiming UC for the first time have had to face subsequent to making their initial claim. It is worth noting that many of these people may have been shielded from the harm of some of these embedded structural flaws as a result of being recently unemployed and having savings to tide them over the initial five week wait. This is not the case for those who have been naturally migrating onto UC from legacy benefits for the last seven years.

As the pandemic eases, many of the emergency Covid-19 measures that were put in place, such as the suspension of conditionality, sanctions, and deductions for benefit overpayments, are being withdrawn. As things currently stand, the Chancellor still hasn't confirmed the retention of the temporary £20 a week increase to the UC Standard Allowance rate in April 2021. In many ways, we are seeing a return to business as usual for UC. While the Covid-19 changes never went far enough, they constituted some steps in the right direction to making UC a more supportive and effective system, and should be built on going forwards instead of removed. What is more, as employment protection schemes wind-down, it is important that the Government doesn't just return to business as usual. Instead, it must give serious and urgent thought as to how the Social Security system can adequately protect people from the impact of rising unemployment.

Central to this, is large scale reform of the UC system, so that it effectively supports people for whom employment isn't a viable or available option. This is especially important as DWP turns its attention again to the migration of the remaining 2 million people on "legacy benefits",[6] the majority of whom are either disabled or seriously unwell and living in vulnerable situations.

5 DWP 2020, Universal Credit: 29 April 2013 to 9 April 2020

6 DWP 2020, DWP benefits statistical summary, February 2020

Introduction to the Z2K clients who have shared their experiences

This report wouldn't exist without the insight and feedback from the following Z2K clients.[7] We're extremely grateful to all those who took the time to talk us through their experience of being on UC, and for sharing their thoughts on how UC could be improved.

Alana had to stop working and apply for UC because of a back injury. She is left with very little to live on each month after money is taken for her Managed Payment to Landlord (MPTL) and she has been Benefit Capped, and has had to rely on the support of charities like Z2K for assistance with bills, and vouchers for shopping.

Anahita claimed UC when her hours were reduced, and she needed support paying her rent. She struggles on the limited income she receives – her already limited UC allowance is subject to multiple deductions – and as a result has had to use the foodbank, and her daughter has to support her with bills.

Arif was previously on Severe Disability Allowance as a result of his hip dysplasia, but was told that he was no longer eligible for this benefit at a reassessment. He had to claim UC instead, and with the support of Z2K appealed to get the Limited Capability for Work and Work Related Activity (LCWRA) rate.

Callum applied for UC in November 2017 because of a physical impairment that left him unable to continue work due to chronic pain and fatigue. He was initially declared fit for work by a DWP Work Capability Assessment (WCA) and had to endure months of uncertainty before the decision was overturned at an appeal Tribunal. He has been categorised as Limited Capability for Work (LCW) since August 2019 and feels that after claiming UC for nearly three years, it has been of little support in helping him find employment.

Claire claimed UC when she needed additional support after losing her job. She would not have been able to make or manage her claim without the support of her mental health worker, support workers, and advice agencies.

Clara moved to the UK from Spain in 2009, and first applied for UC in 2017. However, she was wrongly denied her Right to Reside a total of six times, and had to wait two years to receive her first UC payment.

7 We have used pseudonyms throughout to protect our clients' identities

Daniel suffers from severe osteoarthritis, which limits his mobility and meant he had to stop work. Daniel had to appeal to get the higher LCWRA rate on UC with the support of Z2K.

Farhana has been claiming UC since July 2019. Throughout her claim, she has been working 16 hours a week and earning above the Benefit Cap threshold, but was incorrectly Benefit Capped at the beginning of this year, despite no change in the hours she was working.

Horace was homeless for a period, and Z2K helped him broker a new tenancy, and set up a MPTL for his UC.

Kelly first claimed UC in October 2018. She is a single parent to a two year-old child, and has had to turn to food banks in the past due to the inadequacy of the Social Security support she receives.

Lee has two long-term health conditions, neither of which have a cure. She was on Employment and Support Allowance (ESA) and Income Support (IS) from 2006, and in 2018 was incorrectly advised to apply for UC, despite having a Severe Disability Premium (SDP) on ESA and the SDP gateway being in place. She was on UC for six months, from March 2019 to September 2019, before being put back on ESA.

Marco recently moved into a flat following a period of homelessness. He claimed UC in July 2019, and has struggled to buy essentials for his flat, as well as pay for food and bills, on the UC standard allowance.

Nadia is recovering from a brain injury. She was previously on ESA, but when she failed a WCA, she had no option but to claim UC. Nadia has faced repeated DWP maladministration on UC, and battling to resolve this has diverted the limited energy that Nadia should have spent on recovering from her brain injury.

Pearl claimed UC in 2018 when receiving Statutory Sick Pay (SSP) and half pay from her job as a result of multiple deteriorating health conditions. She has struggled to manage her claim due to a lack of clear DWP communication and support.

Umar was moved from Housing Benefit (HB) to UC in 2018. He struggled to find employment since losing his job, and was particularly frustrated at how unsupportive the Jobcentre were in helping him back into work, but has recently found a temporary agency job.

Summary of the recommendations

To ensure UC works for the people receiving it
Many of the issues raised in this report are demonstrative of a system that has been designed and delivered without reference to those it affects. To ensure that UC works for the people receiving it, DWP must:

- Facilitate greater involvement from the people with lived experience of UC in the design and reform of this policy.

To provide people on UC with a sufficient income
Current UC rates do not adequately cover the cost of rent and living. So that UC can support people to live stable and dignified lives, HM Treasury must:

- Immediately restore all UC and legacy benefit rates to their true pre-2015 value, and in future years increase them by whichever is the higher of average earnings or inflation as has been done with the "triple lock" for pensions.

To improve the experience of people out of work on UC
UC's focus on getting people into work, disadvantages those for whom work might not be suitable due to a health condition or disability. The way assessments and Mandatory Reconsiderations (MRs) are carried out must be improved, so that people can receive the benefits they are entitled to without having to go to appeal. To improve this process, DWP must:

- Ensure that evidence other than medical evidence is properly considered during an assessment and equally weighted, including evidence from parents and social workers as well as people's own accounts. Healthcare assessors should have to explain clearly why their judgement of a person's capability diverges from an individual and their GP's account of their capacity to do work.
- Take into account fluctuating physical or mental health conditions in an assessment, rather than a 'snapshot' or 'typical day'.
- Ensure that people are assessed by someone with appropriate knowledge of their condition, or where this is not possible, the assessor should be advised by somebody with such knowledge.
- Require MR decision-makers to conduct a full case review. This means considering all the evidence, addressing any oversights shown in the assessment, and if necessary contacting the claimant for further information.
- Exempt claimants from claimant commitments when challenging a negative WCA decision.
- Backdate revised entitlement to the start of a claim where evidence has been provided to demonstrate entitlement to additional support.
- For people whose conditions will not improve, exempt them from reassessments.
- For people whose conditions will potentially improve, reassess them less frequently than currently, to increase people's security and stability and therefore likelihood of better managing their health, living well and potentially also getting back into work.

Many disabled people and people with health conditions have also lost vital additional financial support on UC. To ensure that these people are not worse off on UC than legacy benefits, the Government must:

- Restore the UC Limited Capability for Work rate and the equivalent Employment and Support Allowance Work-Related Activity rate.
- UC must have a disability element added, that leaves no-one worse off on UC than in the legacy system.

To reverse the damage of bad design decisions

There have been many damaging design decisions made, both at UC's inception and during later reforms to the system, that have had a detrimental impact on the people receiving UC. To reverse these, DWP must:

- Let people decide how they access and manage their UC claim (digitally, via letters, face-to-face etc.).
- Not close a claim if someone has not accepted their claimant commitments until a claimant has been offered the opportunity to accept these commitments over the phone.
- Increase the support available for people struggling to access and use their online UC journal, which could include the provision of IT access at peoples' homes and greater investment in services that could deliver training and support on using a UC journal.
- Pay the first UC instalment within one week of the initial claim, not in the form of a loan, but as a first payment. This payment should be calculated as follows: a) for people in work, their last month's earnings should constitute their assessed income for their first UC payment; b) for those out of work, their legacy benefits should be converted to UC.
- In the meantime, turn Advance Payments into non-repayable grants for the duration of the pandemic.
- Stop misleading the public with damaging propaganda and start meaningfully engaging with the real experiences of people struggling to live on UC.
- Extend the period people can get their UC backdated from one month to three months before their claim date.
- Reduce the severity of existing sanctions, and the length of time for which they are applied.
- Stop sanctioning people with caring responsibilities, and those who are in receipt of a Limited Capability for Work element, or are presenting valid fit notes stating that they are unable to work.
- Undertake independent analysis of the tougher sanctions regime introduced in 2012, to understand its impact and the extent to which it is achieving its objectives.
- Let people choose how often they would like to be paid (for example, fortnightly).
- Let people choose when they receive their UC payment and when their UC housing costs are paid to their landlord.
- Allow people to set up, and stop, MPTLs themselves, without having to meet certain requirements to do so.
- For joint claims, make separate payments and individual online UC journals the default.
- Remove artificial caps on benefits, including the Two Child Limit and Benefit Cap.
- Pay people aged under 25 the same rate of UC as those aged 25 and over.

To create a more user-friendly and supportive system

For many, the UC system is complex, and they struggle to navigate it in the face of inadequate information and support. To create a more user-friendly and supportive system, DWP must:

- Make sure the UC platform is clearer in explaining the potential repercussions of someone making a claim, and effectively stops people who shouldn't be making a claim from doing so.
- Implement a system for monitoring the quality of responses to UC claimant queries, with repercussions for inadequate DWP responses.
- Introduce time requirements for DWP when responding to UC queries.
- Reinstate implicit consent.

- Archive previous UC claims and make them available to claimants once they make a new claim.
- Ensure that UC entitlement pages clearly show the history of a claim, regardless of whether the entitlement or number of people relating to that claim changes over time.
- Provide upload links on peoples' UC journals so all documents relating to a claim can be uploaded.
- Undertake cross-departmental work to address the 'benefits lens' culture of DWP, so that the focus shifts to claimant support as opposed to compliance.
- Permit people to develop commitments that are bespoke and suitable to their situation.
- Compensate people if they have suffered financial loss as the result of any DWP maladministration, including delays in payment beyond the five week wait.
- Stop retrospectively editing DWP errors from peoples' UC journals, but clearly communicate these to claimants.
- Reinstate official error, so that overpayments are non-recoverable.
- Set deductions at a fixed-rate, as opposed to being calculated by the percentage of a personal allowance.

Local Jobcentres also have a role to play in ensuring that people are adequately supported both at the beginning of, and throughout, their claim, and must:

- Provide further staff training so that all staff can provide adequate information and support to people making a claim.
- Introduce effective performance management systems so that work coaches are trained, supported and supervised in providing a better service.
- Provide greater support to people seeking work, with greater resource invested in preparing people for employment, instead of simply administering their benefits.

Until the above recommendations are implemented

UC is currently failing far too many of the people who depend on it for support. To protect more people from its potential harm, until the above recommendations are implemented, DWP must:

- Pause the managed and natural migration onto UC.
- Allow people to choose whether they want to stay on legacy benefits or move onto UC.
- Ensure transitional protection for everyone moving from legacy benefits to UC.

ONE POUND
ONE POUND

COVID-19 UC changes that need to be maintained

When we were having conversations with our clients about UC pre-Covid-19, one of the overarching messages was that UC did not pay them enough to live a dignified life. As Callum explained, once he'd paid his bills **"I was left with normally between £120 and £150 a month…normally by the end of the first or second week I was down to about £20 or £30 and I tried to keep that in the bank just in case there was some kind of emergency."**

People have had to struggle on that limited UC allowance for far too long. It was already insufficient to live on when the then Chancellor decided to "freeze" all working-age benefits back in 2015, and its value has eroded year-on-year since then. These cuts have resulted in the Social Security system failing to provide people with a minimum standard of income, leading to an increase in poverty rates. The recent Covid-19 emergency increase of £20 a week therefore, while still not being enough to meet the real costs of living, was welcome. It says an awful lot, however, that it took a global pandemic for this to happen. It says even more that ministers first requested that this increase only be paid to people claiming UC for the first time and not those already on UC. Even after they were forced to accept the increased rate had to be given to everyone on UC, they have denied it to the 2 million households in receipt of "legacy benefits" - Job Seekers Allowance (JSA), ESA and IS.[8]

While this emergency increase is welcome, it is currently set to be removed at the end of this tax year. What's more, it is currently not being given to people on legacy benefits, despite the additional costs that people with disabilities and long-term health conditions are facing, and this has resulted in people not being able to pay for essentials like food and bills.[9] This lack of parity between the support provided to those on legacy benefits and UC, has meant that people have been moving prematurely from legacy benefits onto UC in order to receive this additional support, without being aware of the financial and conditionality implications of doing so in the long term.[10]

As well as being applied to all benefits, this increase needs to be maintained beyond March 2021, and brought further into line with the cost of living. As many of the people claiming UC for the first time because of Covid-19 have had to learn, even with an extra £20 a week the UC allowance is not enough to provide people with a decent standard of living – six in ten families with children on UC or Child Tax Credits (CTC) have had to borrow money during the pandemic.[11]

RECOMMENDATION ★

Immediately restore all UC and legacy benefit rates to their true pre-2015 value, and in future years increase them by whichever is the higher of average earnings or inflation as has been done with the "triple lock" for pensions.

8 DWP 2020, DWP benefits statistical summary, February 2020

9 Disability Benefits Consortium 2020, Campaign News

10 CPAG 2020, Mind the Gap Briefing 7: Reporting on Families' Incomes During the Pandemic

11 JRF 2020, Call for a stronger social security lifeline for children

Marco's story

Marco recently moved into a flat in London following a period of homelessness. When he first claimed UC in July 2019, he took out an Advance Payment which he paid back at £26 a month. Marco's full rent is covered by his UC housing allowance, and he must use his UC standard allowance to pay for his council tax, phone bill, electricity, Jobcentre Plus discounted bus pass, and any additional tube and train travel to attend job interviews. Before the Covid-19 emergency increase of £20 a week was applied to his UC standard allowance, Marco was left with £62 a month for food and essentials after paying the above bills and his Advance Payment deduction. As a result, when Marco first moved into his flat he had no means of buying a fridge, cooker, microwave, kettle or bedding. He relied on charities to get these items for him, something that not everyone will have access to. On the new UC rate, Marco is left with £154 a month for food and essentials, which means he now has more independence, flexibility and the chance to save a little for larger one-off items.

Kelly's story

Kelly is a single parent to a two year-old child. In March 2020 she received £407.91 from UC (£251.77 standard allowance, £231.67 child element with £75.53 deducted for arrears and advance payments), as well as £89.70 in Child Benefit, giving her a total monthly income of £497.61. After paying for council tax, gas and electric, internet and travel, she was left with approximately £300 a month to spend on food and other essentials for herself and her infant child. She had to turn to food banks on many occasions, but preferred not to do this as she likes to provide fresh food for her child instead of tins. Since April 2020, she has received the Covid-19 increase to her UC standard allowance, and since May 2020 when Kelly turned 25, she has also been entitled to the over-25 increased UC rate. These increases, combined with Child Benefit, mean Kelly is now left with approximately £460 a month for food and essentials after paying her bills. This means she can provide for her child without needing to rely on foodbanks. Kelly wants to go back to college to study, but will likely need to take a lower level course first and courses lower than Level 2 do not qualify for an advance learner loan. Previously, Kelly had been unable to afford the fees, but with this new rate she is hoping to be able to cover some fees herself together with a college bursary if she's awarded one.

Support for people out of work

Many of our clients who are unable to work as a result of their health condition or disability, are denied the additional support they are entitled to, because of incorrect decision making at their UC WCA. The MR and appeals process for challenging this, is a hugely time consuming and stressful process. As Callum explains, **"it basically took DWP two years to get to the position where they believed what I told them within the first 15 minutes of the first meeting, and for two years they've basically made me feel like I was lying or trying to be dishonest, or trying to cheat them."** Z2K would like to see DWP stop spending money on the appeals process and instead invest in making the correct decisions at WCA.

Work Capability Assessment

For people moving onto UC without existing disability benefit awards, LCW elements are not paid from the start of their UC claim. Instead, they must wait a minimum of three months for a WCA that will assess whether their disability or health condition means they are entitled to additional support and reduced work requirements. Many people in this position since the outbreak of Covid-19 have also had to wait a lot longer than three months, with some reports of people being told that no WCAs are taking place for new claimants at this time.[12] The wait for a WCA often causes both financial and emotional hardship, especially if someone's work coach is not understanding of their situation, and still enforces strict requirements on them despite their illness, condition or disability.

DWP's assumption under UC that everyone can and should work has resulted in many of our clients being incorrectly assessed as fit for work by the WCA and placed in a UC conditionality group that is not suitable for them. This means they receive the same level of financial support and are subject to the same work related requirements as someone who is able to work, and have to go through the lengthy appeals process to challenge this. As Arif says,

> **"if I got a correct assessment a year earlier, I wouldn't have had to go through everything I went through."**

The WCA itself is often a very frustrating and humiliating process, where assessors rarely take into consideration or report on the medical evidence provided by peoples' GPs, or the individuals' accounts of their condition, and misrepresent the facts. We have experience of assessors including false information in their reports, such as claiming people can walk without aids when they can't. For Arif, **"I am disabled, I know I've got limitations, so for someone to say no you don't…I find that very insulting. I mean I wish I wasn't disabled, I wish I wasn't in the situation I'm in and I wish my condition wasn't deteriorating."**

The assessors themselves are rarely specialists in the condition or disability that a person has, and as a result often fail to fully understand the evidence that a person is presenting them with.

12 Oral evidence given by Mind to UC APPG on 23rd June 2020

As Nadia argues, "the medical assessment, certainly for people with brain injuries, should not be with a physiotherapist. It should be with somebody who is trained in brain injury." This is of particular concern for people suffering with mental health problems, who are rarely assessed by professionals familiar with their conditions.

What's more, many assessors fail to appreciate how peoples' conditions affect them over a period of time, instead focusing on daily snapshots. As Lee explains, this means that if there are some days where you might feel well enough to volunteer, assessors take that as you being fit enough to partake in some type of work:

"I truthfully tell them that when I'm doing well and I'm not stressed, I take up volunteering… once a week for 3 hours…and they said well you can go back to work [based on that]. I should have lied; I say that facetiously of course… we're being punished for trying to live a supported life meaningfully, because if you have a meaningful life, you must be able to work. They don't know that in the morning I don't know whether I can get up or not."

Fundamental to ensuring that people with disabilities and long term health conditions are adequately supported on UC, is major reform of the WCA.

RECOMMENDATION ★

Evidence other than medical evidence must be properly considered during an assessment and equally weighted, including evidence from parents and social workers as well as people's own accounts. Healthcare assessors should have to explain clearly why their judgement of a person's capability diverges from an individual and their GP's account of their capacity to do work.

RECOMMENDATION ★

Fluctuating physical or mental health conditions must be taken into account, rather than a 'snapshot' or 'typical day'.

RECOMMENDATION ★

People must be assessed by someone with appropriate knowledge of their condition, or where this is not possible, the assessor should be advised by somebody with such knowledge.

Mandatory Reconsideration

It can be very difficult for people to challenge these incorrect WCAs for UC, because decision letters are much less detailed than they were for ESA. They omit crucial information, such as how many points someone has scored for each "indicator" and what the healthcare professional noted during the face-to-face assessment. In Callum's case, he never even received this decision letter: "I did ask for a written explanation which is part of the process you have to go through which they never sent so I wasn't actually able to find out what had gone on in the assessment until I got the disclosure for the Tribunal case."

While UC WCA decision notices say people can ask for a more detailed explanation of their decision within one month of receiving it, people are also required to request their MR within the same one month timeframe. Z2K also has experience of DWP gatekeeping clients from making a telephone MR request. People are able to request an MR over the phone, but some of our clients have been told that they would

need to request one in writing, which is not true and could lead to someone being deprived of appeal rights.

Many people then have to wait a long time for a decision from their MR - 2,530 people had to wait more than three months for their MR decision in October 2019.[13] In Arif's opinion **"they [DWP] give you time limits... and yet they have zero time limit on their response which I think is a really unfair thing, because if we're restricted on our time limits they should be too."**

Our clients' original WCA decision is frequently upheld at this MR stage, without what appears to be any real consideration of the evidence. For Arif, **"the mandatory reconsideration is completely a time tactic, because they will never ever say by the way we made a mistake, they just repeat everything the assessor said without taking anything you said into account...it is a complete waste of time... they need to get rid of mandatory reconsiderations or be honest with them and do them properly."** The fact that many MRs result in no change of decision is incredibly frustrating, and for Nadia **"all my energy should have been going on the vital brain rehab but I wasn't doing these things because I was in such a state because of the benefits [having to go through the MR and appeals process] which was not helping me recover."**

If people are being expected to put time and energy into the MR process, it has to consist of a serious review of the original assessment. Making the MR fit for purpose would also save money – the Government spent £120 million on the appeal process in the last two years.[14] During this period, three-quarters of original decisions that should have been overturned at the MR stage weren't overturned until appeal.

RECOMMENDATION ★

Require MR decision-makers to conduct a full case review. This means considering all the evidence, addressing any oversights shown in the assessment, and if necessary contacting the claimant for further information.

Appeals

As a result of the often ineffective MR stage, many clients then have to appeal this decision at a Tribunal. For the period October to December 2019, LCWRA represented 66 per cent of the Elements recorded against UC appeals,[15] and from January to March 2020, the overturn rate at Tribunal for all UC cases was 64 per cent.[16] It is incredibly frustrating that people have to struggle, often for more than a year due to long wait times with the WCA / MR / appeals process, to get the benefit the law says they are entitled to. Even now, many of those claims are only won in the face of opposition by DWP at the Tribunal, while others are conceded by DWP at the very last moment before the hearing – putting people through utterly unnecessary stress and anxiety.

Under ESA rules, people who appeal a negative decision can claim the appeal rate of ESA while waiting for their Tribunal date. This crucial regulation means that people do not have to fulfil Job Seeking requirements which are necessary under JSA, while still getting a modest amount to live on until their appeal is heard. Shockingly, under UC regulations, no equivalent rules apply. When people fail a WCA, they are required to start actively seeking work for their standard allowance to continue. Added to this, UC

13 DWP 2020, FOI Reference Number: FOI2019/42731

14 The Independent 2020, Government spends £120m in taxpayer money fighting disability benefit claims in two years, figures show

15 DWP 2020, UIN 43912

16 Ministry of Justice 2020, Tribunal Statistics Quarterly, January to March 2020 (Provisional)

does not allow for an extended sickness period of 13 weeks as with JSA. Instead, it gives people a maximum of 14 days rest from job seeking due to disability twice a year. Someone can ask for their claimant commitment to be reviewed in light of their disability and the fact that they are appealing a negative decision, but this is at the discretion of their work coach and there is little consistency. For Arif, "I think if you are appealing and you are disabled there needs to be this kind of more relaxed attitude where you don't need to come in once a week and travel to see your work coach, it can be phone catch ups instead of face-to-face."

When people are successful at Tribunal, their entitlement is only backdated to the date of their WCA, even if they have been providing fit notes since the start of their UC claim. For Arif, this is unfair given that "my disability didn't come about afterwards, it was always there."

Given how many people have to go to Tribunal before they are awarded what they should have been entitled to from the start, it is vital that people are adequately supported during this lengthy process, and receive compensation for the entire period they were without this entitlement.

RECOMMENDATION ★

Claimants should be exempt from claimant commitments when challenging a negative WCA decision.

RECOMMENDATION ★

Backdate revised entitlement to the start of a claim where evidence has been provided to demonstrate entitlement to additional support.

Reassessments

For many clients, it isn't long after this lengthy WCA, MR and appeals process that they are asked to attend another WCA to be re-assessed for their benefit, and therein starts the whole process again. As Nadia explains, "a year and a half after [the MR] I had to have another one [WCA] so I had to go into the system and do it all again." This causes unnecessary stress, time and energy, and for the system itself it is an inefficient use of resource.

RECOMMENDATION ★

For people whose conditions will not improve, they should be exempt from reassessments.

RECOMMENDATION ★

For people whose conditions will potentially improve, they should be reassessed less frequently than currently, to increase people's security and stability and therefore likelihood of better managing their health, living well and potentially also getting back into work.

Arif's story

Arif was on Severe Disability Allowance, but when re-assessed he was told that he was no longer eligible for this and had to claim JSA instead, which he did. Arif was then told to apply for ESA, which he was denied, and he had to go back onto JSA. Arif, as advised by his work coach, appealed this ESA decision, and was told to apply for it again. ESA said this was a mistake, which left Arif without any income for three months. He was then told that he couldn't go back on JSA, but would need to apply for UC instead. It was six more weeks, on top of the three months he'd already been without income, until Arif received his first UC payment. Whilst waiting for a WCA, Arif's work coach did conduct some interviews over the phone in light of his disability, but he was still made to travel to his local career centre to undertake certain job search and preparation commitments whilst waiting for his WCA. In his WCA, the assessor lied and said that there was nothing wrong with him physically, and didn't record the fact that Arif requires walking aids as a result of his hip dysplasia, and said that he was fit for work. Arif's doctor was furious, and couldn't believe that a professional could have written that about his situation. Arif had to go through the MR and appeal process, and it took over a year to get this original decision overturned, after which he was put in the LCWRA group. During that time, he had to meet certain commitments to continue receiving his benefit and had to see his work coach at least every three weeks.

Daniel's story

Daniel suffers from severe osteoarthritis, which limits his mobility and meant he had to stop work. When Daniel first claimed UC, he received the standard allowance. Whilst on this rate, DWP were taking deductions for an overpayment of rent – Daniel has a MPTL so he couldn't identify on his journal when or why this overpayment had taken place. Daniel was struggling as a result of these deductions and being on the standard rate, and had to take out his pension early to stay financially afloat.

However, he now loses out as a result of this because his pension is deducted from his UC – something that he was unaware would happen. Daniel also had to meet job search requirements, but couldn't always get to the Jobcentre because of this osteoarthritis, so his work coach would conduct some meetings over the phone. Daniel felt that despite his work coach being understanding, his hands were tied, and he still required certain commitments from Daniel. His work coach was the one who initially sent for the UC50 form so that Daniel could attend a WCA. At this assessment, Daniel was assessed as fit for work, but with the support of Z2K he successfully appealed this decision, and Daniel is now in the LCWRA group. However, he was without this higher rate for 11 months.

Limited Capability for Work rate

People in the LCW group are not required to search for work in the short term because of their disability or health condition. However, as a result of the 2016 Welfare Reform Act, anyone placed in this group after April 2017 has been without any additional financial support to help them manage their condition.

The argument behind this cut was that it would *"remove the financial incentives that could otherwise discourage claimants from taking steps back to work."*[17] The reality, however, is that people within this LCW group are out of work because of the barriers to work caused by their health, and the lack of support they receive from employers, not for financial gain as the Government implied. As a result, many people in this group struggle to cover the additional costs incurred as a result of their health condition or disability.

Reinstating the LCW rate would mean that people like Callum could be more adequately supported to live a dignified life, and are not penalised as a result of their health condition or disability.

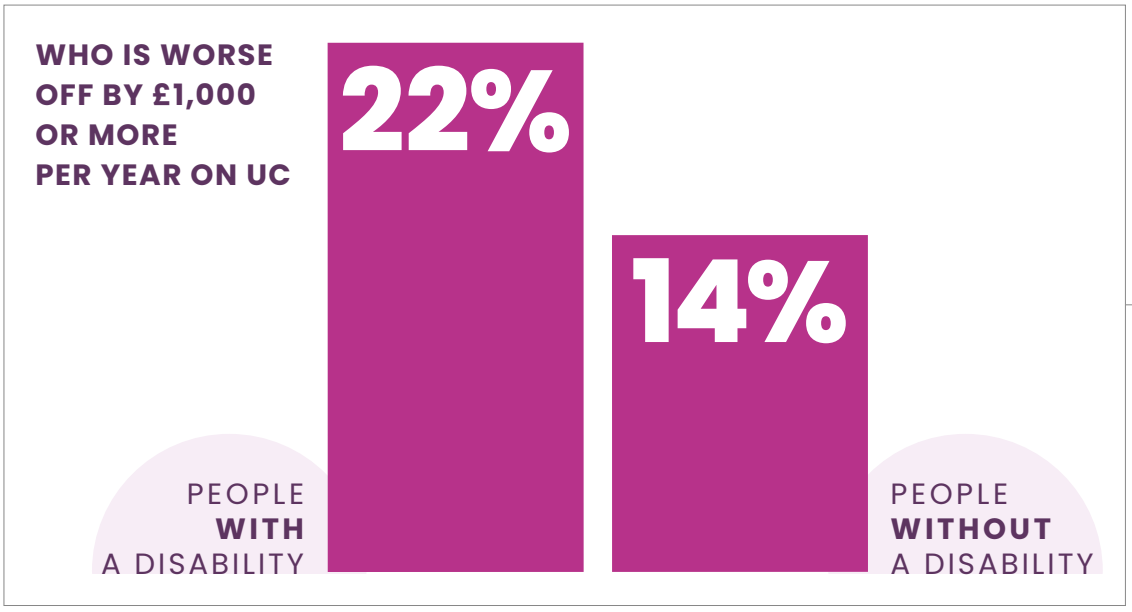
RECOMMENDATION ★

Restore the UC Limited Capability for Work rate and the equivalent Employment and Support Allowance Work-Related Activity rate.

Disability premiums and elements

Adults with learning, social and mental health disabilities receive between £400 and £500 a year less on UC than they would on legacy benefits,[18] **and 22 per cent of people with a disability, or those who live with someone with a disability, receive at least £1,000 less a year from UC than they would on legacy benefits, compared with 14 per cent for other claimants.** This is in part because disabled people are more likely to be out of work - it is relatively difficult to gain from UC if a family is out of work – and UC's treatment of disability.[19]

The Government's rationale for reducing or removing elements relating to disability for UC was that it had designated the disability



17 Work and Pensions Committee 2017, Disability employment gap

18 Disability Benefits Consortium 2019, Has Welfare Become Unfair? The impact of welfare changes on disabled people

19 Institute for Fiscal Studies 219, Universal credit and its impact on household incomes: the long and the short of it

Callum's story

Callum worked in construction, but had to stop and claim UC due to a degenerative back condition. At his initial interview with his work coach, he was told that he would need to get a doctor's note to confirm his condition, which he did. The Jobcentre wouldn't accept Callum's note from his doctor initially, because it didn't state when he would be fit for work, despite both of them explaining that Callum had a degenerative condition and that his back will only get worse not better. Callum's work coach took a very condescending attitude, and implied that DWP weren't there to accommodate Callum's 'poor life choice' of working in construction. At his WCA, Callum was assessed as fit for work, but was never sent a written explanation to outline why the assessor had made that decision. He wasn't aware about the extent to which the assessor had lied about his experience in this WCA report until it was revealed in papers at his appeal Tribunal, which took place 18 months after his assessment. At the Tribunal the original decision was overturned and Callum was placed in the LCW group. It took two years for DWP to acknowledge what Callum had told them in the first fifteen minutes of his first UC interview. Despite the extra costs associated with his health condition, Callum does not receive any additional financial assistance to help with these and the fact he is unable to work, because the additional LCW rate ceased to exist after April 2017. Before the Covid-19 emergency UC increase, Callum was left with around £135 to live off each month after paying for bills, and by the end of the second week of each month he would be left with about £20 or £30. While the Covid-19 increase is welcome, Callum is also frustrated people claiming UC for the first time will be unaware of how inadequate the original amount was, and how difficult it was to live on.

premium as *"payment for care costs rather than daily living costs"*. It maintained that these are *"not part of Universal Credit"*, because *"costs for care are picked up by the social care system."*[20] This is simply not true. Disabled and seriously unwell people often have to contribute towards the costs of social care, which is part of why many disabled people are still worse off on UC than on legacy benefits, despite the fact that the LCWRA element for UC is higher than the ESA support group of income-related ESA.

Those who were entitled to a SDP in the legacy system lose the most under UC.[21] Following legal action against DWP by some of those adversely affected, the Government introduced the SDP "Gateway" in January 2019, which prevents those in receipt of SDP making a claim for UC. The intention was to ensure that people entitled to the SDP do not end up worse off after having transferred to UC. Thousands lost that money through natural migration prior to this Gateway,[22] however, and some are still waiting to have it reinstated through transitional top-up payments, and to be recompensed for what they lost up until this point in time. What is more, the SDP gateway will be lifted in January 2021, meaning peoples' SDP transitional payments will be included in their UC payment as opposed to being a separate, and importantly ring-fenced, payment. It means this additional amount will be subject to erosion, placing around 15,000 people at risk of having their support cut.[23] And the core problem of lower benefit entitlements for people claiming UC for the first time will remain.

There are other premiums and elements that disabled people lose on UC, including the Enhanced Disability Premium (EDP) and the disability premium for those who will not qualify as having UC LCWRA, and people cannot receive both the LCW or LCWRA component and the carer element of UC which completely disregards the fact that many disabled people are also carers.[24]

Disabled people use the SDP and EDP – along with other benefits – for essential living and care costs, in the absence of a paid for carer. Even with this additional money, meeting costs can be a struggle. Removing vital additional support offered by the disability premium from UC risks disabled people living more isolated lives, relying on unpaid care (including from their own, dependent children – more than 166,000 children in England are estimated to be a young carer), [25] or simply being unable to complete certain basic daily tasks.[26]

RECOMMENDATION ★

UC must have a disability element added, that leaves no-one worse off on UC than in the legacy system.

20 DWP 2016, UIN 20446

21 Disability Benefits Consortium 2019, Mending the holes: restoring lost disability elements to universal credit

22 DWP 2019, Universal Credit and Severe Disability Premium claims

23 The Independent October 2020, Thousands of vulnerable disabled people face benefit cuts during pandemic

24 Disability Benefits Consortium 2019, Mending the holes: restoring lost disability elements to universal credit

25 Children's Society, Helping Young Carers

26 Work and Pensions Committee 2018, Universal Credit: support for disabled people. Twenty-First Report of Session 2017–19

Damaging design decisions

Damaging design decisions that have a punitive impact on the people claiming UC, and fail to fit with the reality of their day-to-day lives, have been made both during its creation and subsequent reforms. Central to these is a prioritisation of what benefits those administering UC as opposed to those receiving it, and as a result all power is in the hands of DWP, who dictate how you manage and when you receive your money. Everyones' personal circumstances are different, yet the design of UC allows no flexibility in accommodating for this.

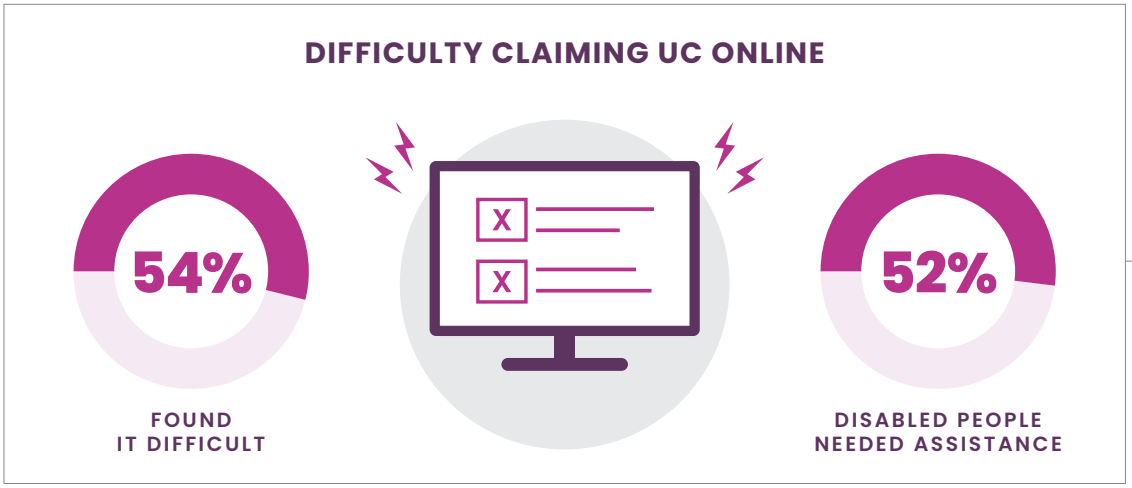
Digital by default

One of the most fundamental problems with UC, that Z2K has questioned from the start, is that it is digital by default. By demanding that everyone engages with UC online, the Government leaves vulnerable those who are digitally excluded.

In its 2012 Digital Strategy, DWP set out its plans to make UC the first truly digital welfare service.[27] In this strategy, DWP anticipated that at least 80 per cent of claimants will choose to manage their claim digitally by 2017. **In reality, by the end of 2018, 54 per cent of people who made their UC claim online still found the process difficult, with 52 per cent of disabled people who managed to register online saying they needed assistance.**[28] In November 2017, 20 per cent of all new UC claims were closed due to non-compliance with the process (failing to book or attend

27 DWP 2012, Digital Strategy

28 Work and Pensions Committee 2018, Universal Credit: support for disabled people. Twenty-First Report of Session 2017–19



an initial interview or failing to accept online commitments),[29] demonstrating the extent to which many struggle to use their online UC account.

In 2020, around a quarter of people still require help making their initial UC claim.[30] Despite ministers upholding the "Help to Claim" service – which started in April 2019, is delivered by Citizens Advice on behalf of DWP, and helps people in the early stages of their UC claim - as the answer, this service has long wait times, DWP refuses to take the first date of contact with this service as date of claim for UC, and it doesn't provide ongoing support.

Digital barriers to UC are not restricted to the initial claim. DWP's insistence on informing people, including those who are not digitally literate, of important decisions and information via their online UC journal only means many of our clients miss important decisions and information regarding their UC claim. As Daniel explains,

> "I'm no computer whizz and when I spoke to Natasha [a caseworker at Z2K] she was able to login to it [his UC journal] and she brought things up on it that I'd never seen."

Some of our clients have not accepted online claimant agreements because they were unable to identify these or access them on their journal due to a variety of reasons (language barriers, digital exclusion), and as a result their claims have been closed. Work coaches should be getting people to accept commitments during their first meeting at the Jobcentre – with the option still available for people to go away to look at them first and accept them later. While a lot of work coaches do this, some don't, instead requiring people to accept them online. DWP is also supposed to make efforts to contact people in vulnerable situations beyond posting on their UC journal, and call clients who haven't accepted their commitments so that they can do so over the phone before their claim is closed, but in practice this does not seem to always happen. This is also an issue when commitments are reviewed annually or following a change in circumstance. For example, if someone has just been awarded LCWRA and they need to accept their new commitments, these can just be added to the journal and the work coach or case manager won't call the them saying that they need to accept these on the journal. If they don't accept these even though they've just been awarded LCWRA, their claim can be closed.

In its 2019 election manifesto, The Conservative Party promised to do more to make sure that UC works for the most vulnerable.[31] However, to date, no progress has been made and many people still struggle to access and manage a UC claim. A lack of funding, staff, IT equipment, space, specialist knowledge, and time mean that front line advice providers cannot meet the high demand for digital assistance.[32]

Part of the issue is that the benefits of digital are currently not being shared equally with the public. The whole design of the UC digital system focuses on what is of benefit to DWP in terms of streamlining processes and reducing costs, as opposed to the people UC is supposed to support.[33] Another issue is accessibility.

29 DWP Central Freedom of Information Team May 2018, FOI Ref. 2025

30 Economic Affairs Committee June 2020, meeting on the economics of Universal Credit. 16.53.46.

31 The Conservative and Unionist Party 2019, Manifesto 2019

32 Administrative Justice Council 2020, Digitisation And Accessing Justice in the Community

33 Pt2 2020, Universal Credit: digital welfare

In 2017-2018 one in six claimants said they did not have internet access at home, suggesting they relied on computers in libraries, cafes or Jobcentres to apply for, or update their claim.[34] If the Government is to insist on rolling out a digital by default service, it has to be accompanied by the provision of adequate training, support and facilities so that everyone is able to engage with it. As our client Pearl argues, "people who do not have any IT experience, there's no point telling them to go online… you either hold some kind of training or give people access [internet access and facilities] at their house…you can't just roll it out and then just leave people to try and access that IT on their own devices." While people can access computers at libraries and Jobcentres, as Anahita puts it,

"it's quite embarrassing if you don't have your own computer or internet at home to have to bring your most private information to the Jobcentre."

Our clients also find the lack of consistency with the online requirements frustrating. Despite DWP's insistence on digital, people are not able to upload documents, apart from CVs and evidence of childcare costs, to their online journals. This means that they

1 IN 6 CLAIMANTS DO NOT HAVE INTERNET ACCESS AT HOME

34 DWP 2019, DWP claimant service and experience survey 2017 to 2018

must attend their Jobcentre and give documents to their work coach, incurring travel costs.

While the online UC system has enabled many newly-unemployed people to make a claim and manage it during the pandemic, there are many who have really struggled. At Z2K we will always seek to improve the experience of those for who this digital by default system is not working. That is why we believe everyone should have the choice about how they manage their claim, ensuring that they can access and manage it in a way that best suits their individual situation.

RECOMMENDATION ★

Everyone should be able to decide how they access and manage their UC claim (digitally, via letters, face-to-face etc.).

RECOMMENDATION ★

DWP should not be able to close a claim if someone has not accepted their claimant commitments until a claimant has been offered the opportunity to accept these commitments over the phone.

RECOMMENDATION ★

There needs to be increased support for people struggling to access and use their online UC journal, which could include the provision of IT access at peoples' homes and greater investment in services that could deliver training and support on using a UC journal.

Five week wait

A key design feature of UC that causes many people hardship, is the fact that they have to wait a minimum of five weeks for their first UC payment. This is a substantially longer wait than for legacy benefits – which is typically around two weeks. It is inexplicable that benefit payments are slower today than they were thirty or forty years ago. Many people experience at least one of the following financial problems during the five week wait:

- not being able to pay their bills,
- not being able to heat their homes,
- having to take out loans,
- having to borrow money from friends and family, getting into debt,
- getting into rent arrears which leads to risk of eviction and homelessness,
- being unable to afford food, and having to rely on foodbanks to feed themselves and their families.

With this, come the equally severe non-financial impacts on mental health and family relationships.

We strongly support the recommendation put forward by the Work & Pensions Select Committee that DWP *"should look at practical options to eliminate the five week wait"*.[35] The Department's refusal to engage meaningfully with this recommendation despite the growing body of evidence of the serious problems caused by this delay is deeply disappointing. There is a clear link between the increasing number of people having to use food banks and UC's five week wait as evidenced by The Trussell Trust's #5WeeksTooLong campaign.[36]

For Pearl, **"the only thing that saved me [during the 5 week wait] was because I was still getting some kind of wages [SSP and half pay from job] and the landlord understood that the money would get paid."**

35 Work and Pensions Committee 2019, Universal Credit: natural migration

36 The Trussell Trust, Five Weeks Too Long

Those moving over from legacy benefits, however, rarely have enough savings to cover their costs during this period. While you can now get a two week HB, IS, JSA, and ESA run-on, the two week run-on for HB does not appear to have made any real difference to the proportion of social tenants in arrears,[37] [38] and given that this run-on for legacy benefits was announced in 2018, it is inexcusable that it took over two years for it to be introduced.

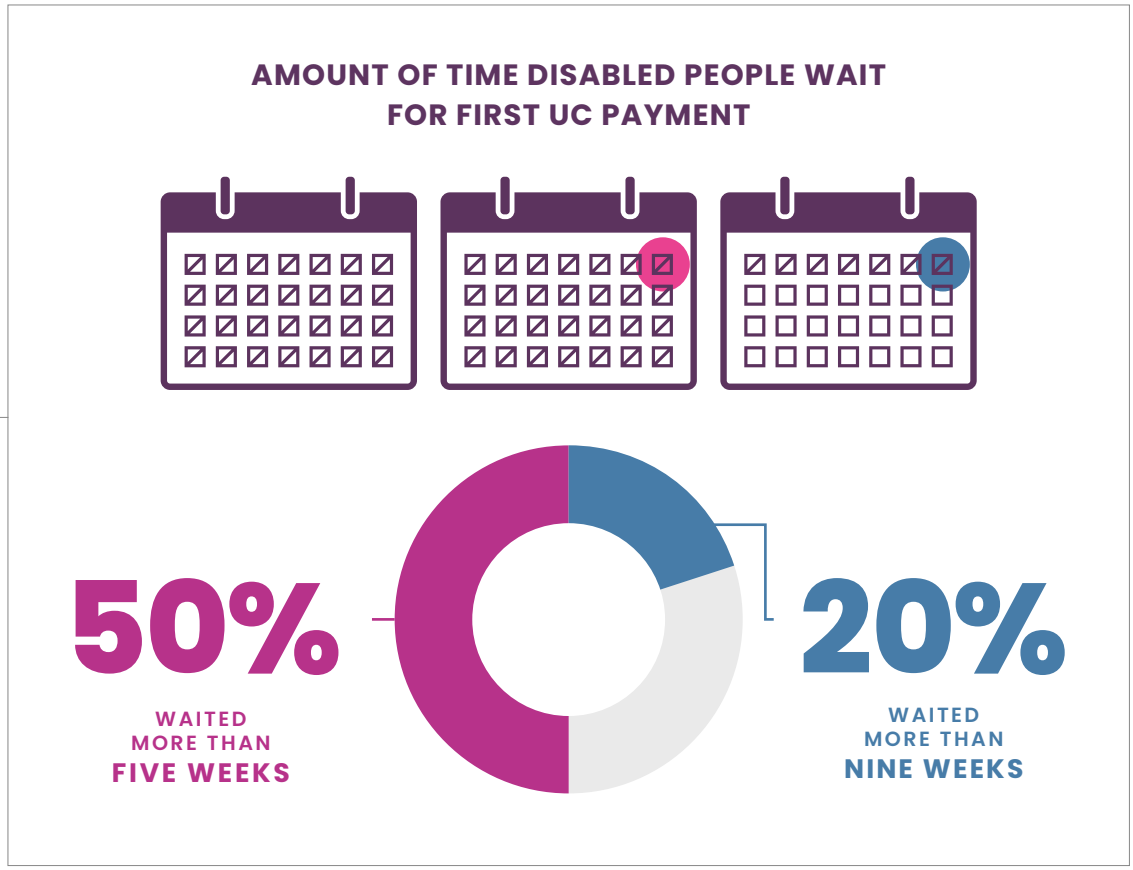
The five week wait is bad enough in itself, but many people actually have to wait even longer for their first UC payment. **Over 70 per cent of a group of 500 disabled people said they had to wait more than five weeks for their first UC payment, with nearly a fifth saying they had to wait more than nine weeks.**[39] Flawed DWP decision-making and administrative errors often prolong an already impossible wait. There are also circumstances where a mistake is made on someone's UC application (this can include technical errors with the system) and they have to resubmit it, meaning it becomes a new claim generating a further delay to receiving their first payment.

In its "UC Uncovered" adverts in *The Metro* newspaper last year, DWP claimed that it was a myth that you have to wait five weeks to get any money on UC, and that your Jobcentre will urgently give you an Advance Payment if you need money. However, the Advertising Standards Authority agreed with Z2K that these Advance Payments are essentially loans. They are offered without any of the health warnings that are legally required of those operating in the commercial sector, and often without even specifying the impact on someone's subsequent UC payments. DWP minister Will Quince MP has claimed *"work coaches will make sure that people are aware of exactly what an Advance is, what it means for*

37 Independent 2019, Universal credit claimants 'six times more likely' to fall into rent arrears despite government reforms

38 City of Westminster 2020, FOI Reference number: 14010967

39 Disability Benefits Consortium 2019, Briefing on findings from Disability Benefits Consortium (DBC) survey #UCandMe: Experience of moving onto Universal Credit



their future payments, and they encourage claimants to take out only what they need for that period of time "[40], but as Claire explains, **"they offered me £1500 [Advance Payment] which was weird…I'm glad I didn't take that because I'm still paying it [the £1,000 Advance Payment that client did take] back now…I wish I hadn't taken that much."**

While DWP allows Work Coaches discretion to put a hold on starting deductions for the first three months, it seems to be rarely used. More recently, the maximum Advance Payment deduction was reduced from 40 per cent of the Standard Allowance to 30 per cent. However, this is still a significant proportion of what is for many an already insufficient income.

By the time UC is fully rolled out, it is estimated that two million families will struggle to meet basic living costs during the five-week wait. Around 700,000 of those will continue to face a shortfall as they repay their Advance over the following year.[41]

What is more, many people are not seeing the £20 a week emergency increase to their UC allowance, because deductions are calculated by a percentage of the UC personal allowance, rather than a fixed-rate like under legacy system. In fact, some of our clients have actually seen a higher deduction from their UC because of this increase. Essentially, DWP is giving with one hand and taking back with the other. Indeed, DWP Minister Will Quince stated that the £20 uplift will help people to pay off their Advance.[42]

40 Work and Pensions Committee July 2020, meeting on Universal Credit: the wait for a first payment

41 JRF 2019, We need to end the five-week wait for Universal Credit – here's how

42 Work and Pensions Committee July 2020, meeting on Universal Credit: the wait for a first payment

Umar's story

Umar first claimed UC when he lost his job. He was ill for a period, and provided DWP with a doctor's note explaining this. However, DWP still sanctioned him for not fulfilling his work search requirements. Worse still, despite having recovered from his illness, Umar was still forced to attend a WCA and threatened with another sanction if he did not. This was a humiliating process given that Umar had already informed DWP that he had recovered. Umar successfully appealed this sanction with the support of Z2K, and the deductions from his UC were back-paid. Umar has struggled to find employment on UC, and did not find the Jobcentre helpful in supporting him into work - he had to pay out of his own limited income for SIA security training to improve his chances of getting a job. He has, however, recently managed to get a temporary agency job.

The COVID-19 pandemic has reinforced how crucial it is to end the five week wait. For the many people who applied for UC as a result of the pandemic,[43] five weeks was too long a wait for support from the state, with many having to go without during this already challenging period. Only 1,285,750 UC Advance Payments have been paid to applicants since 16th March.[44] While this will in part be due to the fact that some people claiming will have savings from recent employment, others will avoid taking an Advance Payment in fear of future repayment deductions. This is why we have argued DWP should make Advance Payments non-repayable grants for the duration of the Covid-19 pandemic. In the long-term, in the same way that it is administered within a week, people on UC should receive their first UC instalment within one week of the initial claim.

Many people, especially amidst the Covid-19 pandemic, may also delay making a claim for UC. This could be for a number of reasons including difficulty contacting the UC helpline, long wait times for the Help to Claim service, lack of digital access, difficulties providing documentation and language barriers. It is for this reason that we would like to see UC payments covering up to three months before the start of a claim made available, so that people don't lose out on vital support out due to delays in accessing support or information.

RECOMMENDATION ★

People should receive their first UC instalment within one week of the initial claim, not in the form of a loan, but as their first payment. This payment should be calculated as follows: a) for people in work, their last month's earnings should constitute their assessed income for their first UC payment; b) for those out of work, their legacy benefits should be converted to UC.

RECOMMENDATION ★

In the meantime, so that no-one accrues debt during the Covid-19 pandemic, Advance Payments should be turned into non-repayable grants for the duration of the pandemic.

RECOMMENDATION ★

DWP must stop misleading the public with damaging propaganda and start meaningfully engaging with the real experiences of people struggling to live on UC.

RECOMMENDATION ★

Extend the period people can get their UC backdated from one month to three months before their claim date.

Sanctions

The 2012 Welfare Reform Act saw the length and severity of sanctions increased and made applicable to many more people than previously. This was part of the Coalition Government's attempt to end what it called the *"something for nothing culture"*.[45] As the Work & Pensions Select Committee outlined, however, the evidence on the effectiveness of sanctions is mixed at best, and at worst, it shows them to be counterproductive.[46]

The Committee concluded that *"any evidence that the threat of a sanction motivates claimants to comply is outweighed by the possible unintended*

43 DWP 2020, Universal Credit declarations (claims) and advances: management information

44 DWP 2020, Universal Credit declarations (claims) and advances: management information

45 DWP 2013, Benefit sanctions – ending the 'something for nothing' culture

46 Work and Pensions Committee 2018, Benefit Sanctions

consequences of a sanction, once imposed", with evidence given of sanctions going beyond just short-term hardship, and instead affecting peoples' physical and mental well-being, driving people into debt and leaving them on the brink of destitution.[47] It is really disappointing that ministers remain unmoved on recommendations calling for sanctions to be reduced. The Government only agreed to evaluate one aspect - the effectiveness of sanctions in getting people into work – and not their impact on peoples' financial and personal wellbeing.[48]

The threat culture associated with sanctions is epitomised by the warning emails and texts that people receive. As Callum explains, **"every now and again they [DWP] send sanctions texts or emails, you wake up in the morning to a text saying you've got a message on your journal, and you go on there and it says if you don't keep up with your commitments you'll be sanctioned…a couple of times they've come through and I've actually thought what have I done? Have I missed something? Have I missed a call or was I supposed to do something? So then you've got to spend like an hour phoning them up and saying I've got a message about sanctions what's it about? And they're like oh it's just an information message, and it's like well, did I really need to be sent that… I find that quite intimidating because when you are trying to string out such a small amount of money you know even like a tenner, that's like a weeks' worth of food so yeah if they're talking about sanctions and you know it might be like £80 or £100 yeah just the thought of it is scary and worrying."** Temporarily suspending the imposition of any new sanction from the end of March 2020 was the right thing to do in light of the Covid-19 pandemic. However, the re-introduction of the sanctions regime in July 2020 was astonishing given the continuing threat from Covid-19 and the utter dearth of jobs. The sanctions system didn't support people into work pre-Covid-19, and it certainly won't now.

RECOMMENDATION ★

People with caring responsibilities, and those who are in receipt of a Limited Capability for Work element, or are presenting valid fit notes stating that they are unable to work, should not be sanctioned.

RECOMMENDATION ★

The Government must commission independent analysis of the tougher sanctions regime introduced in 2012, to understand its impact and the extent to which it is achieving its objectives.

Frequency of payments

UC's brand is *"getting people back into work"* and it is this that is usually given by DWP as the reason for monthly payments to prepare people for "real life" work. While we recognise many workers are now paid monthly, this is not always the case, especially for those in lower-paid or irregular employment. Forty per cent of UC claimants are paid by their employer more frequently than 12 times a year.[49] Those in work who are paid monthly can at least try to negotiate with their employer to be paid more frequently. UC's design does not adequately reflect this reality of lower-paid work.

47 Work and Pensions Committee 2018, Benefit Sanctions

48 Work and Pensions Committee 2019, Benefit sanctions: Government Response to the Committee's Nineteenth Report of Session 2017–19

49 Resolution Foundation 2018, Irregular Payments: Assessing the breadth and depth of month to month earnings volatility

Pearl's story

Pearl needed additional support when receiving SSP and half pay from her job. She was first told to apply for HB, then received a letter saying she was not entitled to HB and had to apply for UC instead. Pearl was back and forth between HB and the Jobcentre at least four times throughout this process, despite HB having Pearl's up-to-date information and having passed this onto the Jobcentre explaining that Pearl should be claiming UC. Once on UC, Pearl struggled to access her journal, and would not have been able to do so without the support of one of her work coaches. Pearl has a MTPL – she was previously in rent arrears and had used a lump sum payment from work to repay these. However, UC continued to take deductions for rent arrears that were a result of UC rent payments not matching up with when her rent was due, meaning that she was in arrears. Pearl's landlord had to get in touch with UC to tell them to stop taking these deductions. UC have also told Pearl that the rent arrears will level out eventually, but as Pearl says, why should she have to wait until the year ends for her to no longer be in rent arrears, just because of the fact that UC's payment cycles don't match her rent payment cycles? And why didn't UC tell her that they weren't paying her rent on the same day that they paid her UC allowance? Knowing this would have helped resolve some of the initial confusion.

For people who are used to receiving income or legacy benefit payments more regularly, being paid monthly can cause budgeting problems. As Umar explains, "before with JSA you were paid every two weeks and that was okay…but when you're paid this money [UC] monthly…you have no life." Combine this frequency with the fact that what you receive from UC is a really limited amount, and as Daniel says, "it's just too long a gap on such a small amount of money." While alternative payment arrangements that allow for someone to be paid more regularly do exist, these are not readily granted – in May 2020 only 1.5 per cent of households on UC in England and Wales were granted More Frequent Payments[50] - and people must demonstrate a high degree of vulnerability to access this arrangement.[51]

Our clients would prefer to have more control over how often they are paid, given that many struggle to receive their UC payments monthly. Claire's opinion is that,

> "with tax credits you can get paid weekly or you can get monthly, I don't know why they don't offer that to be honest, because it's a long time with such little money…it's a long time to wait."

Being able to choose when you were paid would also mean that people like Pearl could have more control over when her rent is paid, as currently her rent account is frequently in arrears because of how UC housing costs are paid.

While some progress has been made in improving the rent payment system, in particular the move to pay social landlords direct rent payments on the same day that tenants are paid their UC,[52] many issues still remain. Because assessment periods for UC start and finish in line with when an initial claim is made, this creates the potential for a significant lag between when someone receives income from work or has to pay their rent, and when they receive their UC. This increases their risk of financial hardship, debt, and arrears. People should be able to adapt their assessment periods so their payment date and frequency fits around income, and outgoing costs. The inflexibility of the system was deemed as perverse and irrational in a recent legal challenge which DWP lost against four mothers who had all experienced fluctuations of their benefit income and significant cash losses solely as a result of a 'clash' between their monthly paydays and their fixed monthly UC assessment periods.[53] The resultant change in legislation, which means only one not two sets of earnings will be taken into account in each assessment period for people who are paid calendar monthly helping to maintain a regular payment cycle[54] is welcome; but ultimately we would like to see people on UC have greater control over their assessment periods.

RECOMMENDATION ★

Everyone should be able to choose how often they would like to be paid (for example, fortnightly).

RECOMMENDATION ★

Let people choose when they receive their UC payment and when their UC housing costs are paid to their landlord.

50 Work and Pensions Committee 2020, Universal Credit: the wait for a first payment: Third Report of Session 2019–21

51 DWP 2020, Alternative Payment Arrangements

52 Inside Housing 2020, Admin-saving Universal Credit change for social landlords to be introduced next month

53 CPAG 2020, Court of Appeal Finds DWP's Treatment of Earnings under Universal Credit Irrational in Further Victory for Four Single Mothers

54 DWP 2020, Explanatory Memorandum to the Universal Credit (Earned Income) Amendment Regulations 2020, No. 1138

Alana's story

Alana first applied for UC because she had to stop work due to an injury. Alana's UC allowance is subject to the Benefit Cap, and because she had a MPTL, most of her capped allowance was sent directly to her landlord, leaving her with just £85 of UC per month for her living expenses. Alana asked for a DHP, but was refused on the basis that housing costs are being paid in full. This was despite DHP's being able to be used where a person actually gets full housing costs paid by UC, but is left with practically nothing to live on due to the Benefit Cap. This was challenged with the support of a solicitor, and Alana was then awarded a DHP to help cover this shortfall. The discretionary nature of these payments means they cannot be relied on and undoubtedly there will be similar cases where a DHP is refused. Alana still struggled to make ends meet, though, and relied on the support of charities like Z2K for assistance with bills, and vouchers for shopping. Covid-19 meant that her chances of finding employment so that she could be exempt from the Benefit Cap were almost impossible. She had been looking for work and had an interview for the end of March, but this was cancelled, and she has struggled to find work since. At the end of September, she moved into emergency accommodation. Because of the way UC treats changes of circumstances, she was treated as being in emergency accommodation from mid-September (the start of her relevant UC assessment period), and therefore not paid UC housing costs for the final weeks of her tenancy despite still being liable for rent, meaning she is now in £750 of arrears.

Managed Payments to Landlords

DWP is insistent that the default position is that people on UC manage their own rent payments. While it has recently introduced a scheme permitting landlords to request MPTL's for their tenants more easily,[55] there is limited flexibility concerning requests from people to set up MPTLs.

Because people who struggle to manage their limited UC allowance aren't just able to set up an MPTL, this is leading to tenants falling into significant arrears and facing the prospect of possession action and even eviction. Our clients would benefit from having more control over setting up, and stopping, an MPTL.

RECOMMENDATION ★

Everyone should be able to set up, and stop, MPTLs themselves, without having to meet certain requirements to do so.

Risk of economic control and abuse

UC can also have an adverse impact on people who experience domestic, including economic, abuse. Financial abuse affects as many as one in five adults, and it is experienced differently by women and men; for women abuse lasts for longer and also occurs post-separation. It is also worth noting that women who are financially abused are more likely than abused men to live in a household whose income is less than £10,000 or between £20,001 and £50,000 per year, and half of women reporting financial abuse have personal incomes below £20,000 annually.[56]

Joint UC claims are paid into a single account. This can lead to individuals being denied access to their UC income by their partner, or situations where a partner who is controlling the money diverts it away from household expenses, putting the couple in debt due to joint liability. What is more, because deductions for rent arrears in a sole tenancy are taken at a percentage of the joint standard allowance, an individual who has no liability for the rent can still be in debt if their partner does not pay it.

The possibility of requesting split payments is unrealistic and dangerous for victims of domestic abuse due to the coercive control they experience. What is more, because joint claims are managed via one online account, people who experience domestic and economic abuse are at risk of being denied access to their online journal, which contains important information regarding their claim and entitlement.

RECOMMENDATION ★

For joint claims, separate payments and individual online UC journals should be the default.

Two-Child Limit & Benefit Cap

The Benefit Cap and the Two Child Limit have a seriously detrimental impact on clients' already limited UC allowance.

The Two-Child Limit, which was introduced in 2017, unfairly penalises families on UC who have more than two children by only paying UC to cover the cost of the first two children within a family. CPAG estimates that 230,000 families are affected by this restriction, and that an additional 60,000 families could be affected as a result of COVID-19. By 2025, more than 600,000 families are likely to be

55 DWP 2020, Universal Credit and rented housing: guide for landlords

56 End Violence Against Women, Women's Budget Group, Surviving Economic Abuse 2018, Universal Credit & Financial Abuse: Exploring the links

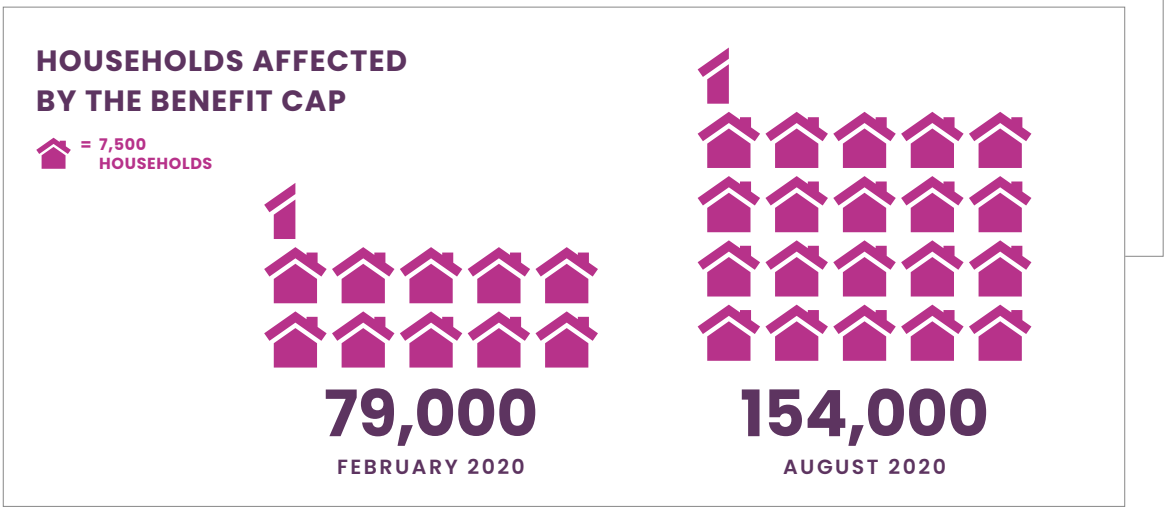
subject to the limit, pushing an estimated 1.3 million children into, or deeper into, poverty. As well as having a disproportionate effect on women,[57] the Two-Child Limit also disproportionately impacts Black and Minority Ethnic families.[58] Parents say they are unable to compensate for the loss of support by working longer hours, due to childcare costs and pressures on family life, trapping them in poverty.[59]

The Benefit Cap restricts the total benefits that can be paid to some people of working age. The maximum amount a household can receive depends on several factors, including where they live, whether they are in work, and who they live with. The cap was introduced in the UK from April 2013, and lowered from November 2016.[60] The Coalition Government said that the aim of the cap was to incentivise people into work, to introduce fairness between those not in work and those in employment, and to discourage long-term dependency on out-of-work benefits. Despite this, only 5 per cent of capped households move into work because of the cap.[61] The cap largely affects people already below the poverty line, pushing them further into destitution.

People subject to the Benefit Cap lose out even more on UC than on legacy benefits. Previously, a household could only have their HB capped. However, on UC the cap can be applied not just to a household's housing costs but to its whole UC award.

While the Government upholds Discretionary Housing Payments (DHP) as a means of ensuring no one is left destitute as a result of the Benefit Cap, Alana's experience demonstrates how difficult this support can be to get.

The Covid-19 increase to the UC standard allowance means that those already on benefits who were close to the level of being capped, are now affected by the cap as a result of this increase. The increase will not go to them, despite the fact that they face the same financial pressures as others. CPAG estimated that 12,500 households were likely to be capped as a result of the increase to the UC standard allowance. They also expected some 10,000 additional families to be subject to the cap either because of job loss or furlough pay bringing their earnings below the threshold for exemption, or because of new claimants who will be affected by the cap.[62] **Statistics released in August showed that the number of households affected by the cap (up to May 2020) has almost doubled when compared to the previous quarter – 154,000 households are now affected by the benefit cap compared to 79,000 in February 2020.**[63]



57 The Church of England, CPAG, Women's Aid, Turn2Us, Refugee Council, Supporting and Empowering Refugees 2019, All Kids Count: The impact of the two-child limit after two years

58 Women's Budget Group 2019, No, Universal Credit is not 'gender neutral'

59 CPAG 2020, No One Knows What the Future can Hold

60 Work and Pensions Committee 2020, DWP's response to the coronavirus outbreak: First Report of Session 2019–21

61 Work & Pensions Select Committee 2019, The Benefit Cap - Report Overview

62 CPAG 2020, Mind the Gap Briefing Eight: Reporting on Families' Incomes During the Pandemic

63 CPAG 2020, Mind the Gap Briefing Eleven: Reporting on Families' Incomes During the Pandemic

This pandemic has only made clearer the extent to which these artificial caps can push people into destitution. DWP has indirectly acknowledged the destructive impact of the Benefit Cap by introducing a grace period for newly unemployed claimants, whereby people will not be capped for the first nine months of their UC claim.[64] However, to qualify people must have a consistent work history over the past year which many may not have, and this selectiveness of who qualifies for the grace period furthers the *deserving and undeserving poor* mentality that Covid-19 has exacerbated within our Social Security system. This grace period will also be coming to an end for many who became newly unemployed at the start of the pandemic.

RECOMMENDATION ★

Artificial caps on benefits, including the Two Child Limit and Benefit Cap, which push people into destitution, must be removed.

Reduced under 25 rate

Under-25s receive 20 per cent less of the UC standard allowance for living costs than over-25s do. This is due to the premise that younger people are more likely to be living in somebody else's household and will have fewer financial responsibilities.[65] However, an estimated 350,000 young claimants live independently,[66] and this reduced rate leaves many young people struggling to pay the bills and at risk of homelessness.

This is of particular concern to young parents under 25 who are paid the lower rate despite caring responsibilities. CPAG has submitted a renewal application to the Court of Appeal challenging the lower standard allowance in UC for lone parents who are under 25 on the grounds that no consideration was given of the equality impacts in the decision to apply a uniform rate for under 25s, and that this treatment of lone parents is discriminatory.[67]

The need to increase this under 25 rate is especially pressing in light of Covid-19, when under-25s are two and a half times more likely to work in a sector that closed due to COVID-19.[68] This age discrimination should never have been allowed in the first place.

RECOMMENDATION ★

Recommendation: People aged under 25 should be paid the same rate of UC as those aged 25 and over.

64 DWP 2020, Response: COVID-19: SSAC letter from the Secretary of State

65 Centrepoint 2018, Ready to Move On: Barriers to homeless young people accessing longer-term accommodation

66 Centrepoint 2020, Chance to Move On: make Universal Credit fair for young people living independently

67 CPAG, Universal Credit and Lone Parents under 25

68 Centrepoint 2020, Chance to Move On: make Universal Credit fair for young people living independently

A lack of information and support in the face of complexity and error

The UC system is not always easy to navigate, especially in the absence of sufficient DWP guidance, support and communications. This, combined with the high rate of DWP error, means that many people depend on the support of advice services to manage, as well as identify and challenge errors relating to, their claim.

Making a claim

From the moment people claim UC, many feel like they are not provided with enough information or support - 43 per cent of people say they need more support registering their claim for UC.[69] While improvements are gradually being made, the online system still doesn't provide people with clear enough breakdowns of the potential repercussions of making a claim, or sufficiently inform them of when they shouldn't be making a claim. This was demonstrated when people on Tax Credits claimed UC following Government Covid-19 advice, only to find that they were not eligible for UC and that their claim had stopped their Tax Credits, meaning they were left without any support.[70] While DWP has now updated the UC platform to warn people of this, changes often come too late, and in some cases still don't go far enough to protect people. For example, Lee made a successful claim for UC despite receiving ESA SDP, after the SDP gateway was in place. As she explains,

"the way that they write about it on the UC platform wasn't actually that clear. Because, before I know it, I haven't even given consent and all of a sudden 1 2 3 you're done [transferred from ESA to UC]. There wasn't a definitive yes button to say transfer over to UC. It certainly didn't on that page tell you what you are losing, and it was up to Z2K to say well you're losing something [SDP], and that's not made clear."

Claiming at the Jobcentre doesn't necessarily make the process any easier. Nadia's experience was that "I didn't know anything about UC at all…I went to this place [the Jobcentre]…and it was like they assumed I could deal with a computer… they just pointed there and said you have to do the thing online." For Pearl, she felt that the people at the Jobcentre didn't understand the UC system much more than she did, and that more often than not they were unable to answer her questions about it. As Claire explains, "without that [support from benefits advice agencies], I would have gone insane…I just didn't understand it, it was a complete minefield."

69 DWP 2018, Universal Credit Full Service Survey

70 Work and Pensions Committee 2020, DWP's response to the coronavirus outbreak

RECOMMENDATION ★

The UC platform needs to be clearer in explaining the potential repercussions of someone making a claim, and effectively stop people who shouldn't be making a claim from doing so.

RECOMMENDATION ★

Further DWP staff training needs to be provided so that all staff can provide adequate information and support to people making a claim.

DWP communications

The problems don't stop once you've made a UC claim. Poor DWP communications can make managing a UC claim really difficult. Many of our clients have been provided with wrong information – such as people claiming UC via the phone not being provided with login details for their UC journals, because UC said there's no journal as it's a phone claim - and do not receive sufficient answers when they try and communicate with DWP.

When trying to resolve a question or concern via the UC journal, it is incredibly frustrating when DWP doesn't even acknowledge or respond to it. Claire's experience was that "they don't always respond to me if I message them through it [UC journal]", and Lee's experience was that

"their responses wouldn't always answer my questions, and there is absolutely no consequence [if they don't]...in their system I suppose they can see that the client has asked a question, and there was a response. Whether that response was correct or relevant or not, I don't think anybody looks into that."

In addition, as Lee explains it often feels as though the people answering your queries are only dealing with the most recent one: "they don't seem to read the past posts [when you contact UC]. They only look at the one they are dealing with on the top...if they don't read the history and they are not the same person you were speaking to before, their answers are going to be completely irrelevant. I'm not sure that UC was actually made to deal with people."

What's more, the language DWP uses when communicating with people on UC is often a source of confusion in itself. For Claire, "the way they [DWP] explain things you can't understand it. I'm not benefits led, so I don't understand all the ins and outs." However, due to issues with explicit consent, it can be difficult for people to obtain necessary assistance from representatives when attempting to resolve questions and issues relating to their claim. This is of particular concern for people who are in vulnerable situations and find it difficult to manage their financial affairs. Many of our caseworkers face the following barriers when supporting people due to explicit consent;

- DWP challenging the validity of someone's explicit consent,
- explicit consent only lasting for limited time periods that do not account for the natural progression of cases, and

Claire's story

Claire was advised by her work coach to apply for LCW. However, DWP gave Claire the address for a derelict building instead of the Assessment Centre, and then closed the assessment process on Claire's case stating that she didn't turn up, despite sending her to the wrong place. Claire started the process again, although DWP had changed Claire's address on her UC journal so were sending correspondence about assessments to a wrong address. When Claire did finally receive the correct time and place for her WCA, she arrived to be told at the centre that they'd already cancelled it - Claire thinks this is because they received extra evidence that enabled them to make the decision without her being there. While she's grateful for now being in the LCW group, she wished they'd told her that this assessment wasn't going to take place after all, as she was extremely anxious leading up to it.

- given the current suspension of most face-to-face advice services people not being able to obtain necessary assistance from representatives if they can't access their UC journal to give explicit consent without attending a Jobcentre nor be present when caseworkers call UC.

Many people also struggle to work out the breakdown of their payments and deductions on their UC journal entitlement pages. Neither do the entitlement pages show changes to an assessment period, so there is no way of seeing what your entitlement was before a change in DWP decision relating to your claim was made, unless you have screenshots of previous payment pages. This is not clear enough for clients when their payments change without an explanation. A lack of transparency also exists when a claim closes and someone has to make a new one as they are unable to access their previous claim, and when a single person who has an existing UC claim adds a partner to that claim as all their previous claim history as a single person disappears on their UC journal. Both of these situations make it incredibly hard to identify mistakes and challenge previous decisions.

The method as well as manner of communications presents another barrier. There are no upload links (apart from for CVs and evidence of childcare costs) for people to provide documents relating to their claim. While an upload link can be requested, our caseworkers often have to request them multiple times before they are provided. Introducing a function that enables people to upload documents onto a UC journal, such as supporting evidence for MRs, would mean all documents could be time stamped and recorded as opposed to being lost in the post or not received on time. The current UC postal system is inadequate, with only a freepost address provided and our clients' letters routinely ignored.

RECOMMENDATION ★

Implement a system for monitoring the quality of responses to UC claimant queries, with repercussions for inadequate DWP responses.

RECOMMENDATION ★

Introduce time requirements for DWP when responding to UC queries.

RECOMMENDATION ★

Reinstate implicit consent.

RECOMMENDATION ★

Previous UC claims should be archived and made available to claimants once they make a new claim.

RECOMMENDATION ★

UC entitlement pages need to clearly show the history of a claim, regardless of whether the entitlement or number of people relating to that claim changes over time.

RECOMMENDATION ★

Provide upload links on peoples' UC journals so all documents relating to a claim can be uploaded.

Work coaches

The experience our clients have with their work coach varies. While some feel like their work coach does their best to support

them, others have faced stigmatising treatment and a lack of sufficient support from theirs.

Nadia's work coach never told her how to use her UC journal, **"he just said you have to sign this else you won't get any money... he made me sign a thing to say I was going to do 35 hours a week work when I had a brain injury...he gave me wrong information about my rent... I became suicidal because I couldn't deal with it; I was worried about losing my home and having no money."** Given her health condition, she would have to rest for a day before attending an appointment at the Jobcentre , so would then find it very frustrating when her work coach didn't show up for an appointment. While her work coach did say that Nadia could start doing her conditionality interviews on the phone, it was still up to Nadia to organise for her GP to be there to support her with these, as she couldn't cope with them on her own.

A big issue that our clients also face is stigmatising treatment from work coaches. As Pearl explains, **"I know the staff [at the Jobcentre] are overworked, there's less staff than there is work, but they have to try and think how would they like to be treated if they were on the other end."** For Callum, **"they [DWP] sort of try and make you feel as if you're a burden and there's no real attempt to sort of be empathetic with the situation"**, and Nadia's experience was that **"the people who work [at the Jobcentre] there it just feels like they're focused on targets...there's this assumption that everyone is a benefit thief and that's not true."**

As Tom Pollard explains in his Pathways from Poverty report, these issues are a product of the wider 'benefits lens' culture of DWP – where conditional benefits are seen as the main lever to change claimant behaviour. This belief is deeply embedded in departmental thinking and results in a cross-Department focus on claimant compliance as opposed to support. *"Rather than trying to understand why people are unable or reluctant to engage with the support they are offering, DWP places the blame on the claimant and concludes that the threat of withdrawing benefits is the best or only way to overcome such barriers...the effective question that is asked by DWP work coaches becomes "what can we reasonably require this person to do?" rather than "what support does this person need?"."*[71]

RECOMMENDATION ★

There needs to be an effective performance management system in place so that work coaches are trained, supported and supervised in providing a better service.

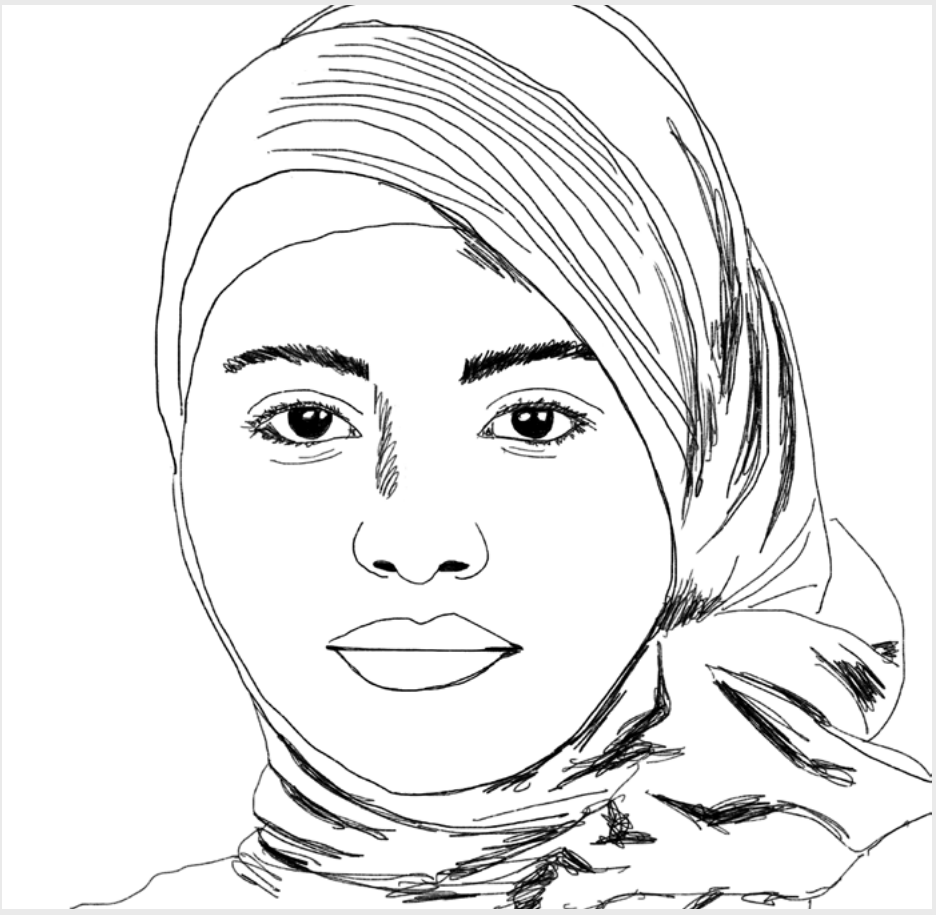
RECOMMENDATION ★

Cross-departmental work needs to be undertaken to address the 'benefits lens' culture of DWP, so that the focus shifts to claimant support as opposed to compliance.

Commitments

To receive UC, you have to fulfil a claimant commitment. What you are expected to do as part of this commitment depends on your circumstances such as health, caring responsibilities, and whether or not you are working. Those in the All Work-Related Activity Group are expected to do all they can to find a job or work more, but their work coach should still adapt

71 Demos 2019, Pathways from Poverty: A case for institutional reform



Anahita's story

When Anahita's hours were reduced, she needed support paying her rent and was initially told to apply for HB. While on HB, Anahita received a letter saying that she had to apply for UC, which she did. During a three-month gap between HB and receiving her first UC payment, Anahita got into rent arrears of about £2,000, and she is still in arrears because her UC was only backdated for one month. Anahita's monthly UC payment that she uses to top up her limited income sees deductions for: rent arrears, the Bedroom Tax, an overpayment of Working Tax Credits (WTC) and her pension. She has had to use the foodbank as a result, and her daughter has to support her with bills. Anahita was struggling to look for more work on UC because her current job, which she has done for fifteen years and really enjoys, requires her to work on the weekend, but so do most other jobs so if she was to take a new job it would likely mean that she would have to give up her existing one. Her choices are very limited, and she does not feel that her work coach is understanding and flexible about her commitments. These require her to spend twenty hours a week searching and preparing for another job that she can work for a minimum of twelve hours a week.

their claimant commitment to suit their needs. For those who are disabled, work coaches are required to make reasonable adjustments under the Equality Act. In reality, though, adapting commitments and making reasonable adjustments does not always happen.

Many of our clients are also frustrated that, despite having to meet stringent commitments such as spending thirty five hours a week looking and preparing for work, work coaches do very little to support them in getting one. An additional problem is that peoples' commitments rarely take into account their existing skillset. As Nadia explains, **"nobody asked me what work I had previously done."** The Institute for Fiscal Studies may have evaluated that UC would strengthen the incentive to work,[72] but people are not always incentivised to enter employment that is best suited to them or their skillset, which can have a detrimental impact on their mental health and wellbeing, and on their likelihood of sustaining employment. As Callum explains, **"all they're sort of interested in it seems at the Jobcentre is just getting you into a job, and whatever job comes first basically."**

Our clients' experiences have been that work coaches' focus is on administering benefits instead of providing employment support. Callum's opinion is that **"they're not there to facilitate people getting jobs, they're just there to make sure you're looking for a job and you're doing your bit."** For Umar, **"the problem with the Jobcentre is that their programmes don't suit people who are actually looking for jobs...they are just there to update records."** It is for this reason that we were not reassured by DWP Secretary of State's statement that work coaches and Jobcentre managers will be there to provide tailored support to individuals looking for work following the Government's premature reintroduction of the claimant commitments that had been suspended at the start of the Covid-19 pandemic.[73]

Any attempt to improve employment prospects has to be done entirely by the individual, and in Umar's case, out of his own pocket: **"I had to force myself on my own from this small money to do SIA security training... I've got some interviews, but it's all on my own [that I've organised these]... most of the jobs on the [Jobcentre] websites are outdated jobs."** For Callum, **"the Jobcentre were just literally hands off, if you want help, you've got to go and get it yourself. Which is indicative of the wider metanarrative I suppose, the overarching individualism you know, if you've got problems it's your fault....they've just continued through with that mind-set the whole way through."**

It is important that what the Jobcentre requires of people is both realistic given that individuals' situation, and that people are adequately supported in achieving this.

RECOMMENDATION ★

People need to be able to develop commitments that are bespoke and suitable to their situation.

RECOMMENDATION ★

Jobcentres must provide greater support to people seeking work, with greater resource invested in preparing people for employment, instead of simply administering their benefits.

72 IFS 2011, Universal Credit: A Preliminary Analysis

73 House of Commons June 2020, Oral Questions to the Department for Work and Pensions

AMOUNT OF UC PAYMENTS THAT WERE OVERPAID

£1.7bn

NEARLY £1 IN EVERY £10

Maladministration

An original objective of UC was to cut back on error,[74] **yet in 2019-20 £1.7 billion of UC payments – more than £1 in every £10 – were overpaid.**[75] Z2K is concerned about the serious repercussions this high level of UC maladministration has on people like Clara and Farhana.

DWP maladministration concerning MPTLs can have equally severe consequences. As well as taking months to arrange, we have seen UC housing element payments being made to clients despite them having successfully requested a MPTL on the basis of their vulnerability, or MPTL underpayments resulting in tenants getting into arrears through no fault of their own.

Another common DWP error relates to the fact that people undertaking low-paid work receive fluctuating amounts each month - over 80 per cent of lower earners with a steady job have notable changes in pay from month to month.[76] While this is supposedly built into the UC design, UC does not adequately respond to this reality, and due to UC income being calculated by automated in-arrears reporting, incorrect calculations of UC payment amounts are often made.

As well as the serious implication DWP errors have for individuals' claims and income, it also takes a lot of time and energy identifying and challenging these errors. For Nadia, "it feels very personal because the mistakes [that DWP make] are so frequent… I now document every phone call and conversation because if something does go wrong I have to remember it." Nadia is recovering from a brain injury, and UC should be there to support her during this period so that she can focus on recovery. However, all her energy has had to go on challenging DWP errors, to the point that this has actually hindered her recovery.

RECOMMENDATION ★

People should be compensated if they have suffered financial loss as the result of any DWP maladministration, including delays in payment beyond the five week wait.

Retrospective editing

For many clients, it can be especially difficult trying to discern where an error took place, because DWP are known to go in and retrospectively correct their errors on peoples' UC journals.

74 DWP 2010, Universal Credit: welfare that works

75 NAO 2020, Universal Credit: getting to first payment

76 Resolution Foundation 2018, Irregular Payments: Assessing the breadth and depth of month to month earnings volatility

Clara's story

When Clara first applied for UC in 2017, she was wrongly denied her Right to Reside. This meant that later that year when she approached the council due to being evicted from a private rented tenancy, they could not assist Clara because she was listed as not being entitled to benefits. Clara kept reapplying for UC, but was wrongly denied Right to Reside a total of 6 times. Whenever Clara contacted DWP to ask why she was failing her Habitual Residence Test (HRT), they would just repeat the information that she had received in her decision letter, which did not clarify to Clara where and why she was failing these tests, or what she needed to do to ensure that she wouldn't fail the next one. Clara had to wait two years for her first UC payment. Throughout this period, Clara was homeless and had to stay with friends, and sometimes had nowhere to stay. While Clara's MR for failing her sixth HRT was ongoing, she also applied for and was granted settled status, meaning that the MR was overturned and she was approved and paid UC. With the support of Z2K, Clara has had her UC backdated to the date of her first UC claim in 2017. After being accepted onto UC, she also attended a WCA and was awarded LCWRA, and with the support of Z2K this LCWRA element has been backdated to the date of her initial claim, as Clara had been submitting fit notes since then.

Farhana's story

Farhana had been earning above the Benefit Cap threshold and had payslips to demonstrate this. However, for one UC assessment period, DWP did not take her income into account, and capped the amount she received. Farhana should not have been capped as her monthly pay was above £520. This capped amount left Farhana concerned that she would be unable to pay the rent and afford food for the coming month. With the support of Z2K, DWP acknowledged its error in applying the Benefit Cap, and lifted it. Months later, however, and Farhana has still not been reimbursed for the period she was capped.

Claire had a similar experience. After speaking to DWP and determining that the reason it had been paying her less than usual for a period of five months was because of debt repayment deductions, DWP edited her UC journal to reflect the total amount paid before deductions, as opposed to what had shown previously and what had been received in Claire's account which was the amount received after deductions. As she suggests, "why change it [on my UC journal] why don't they put it as a sub kind of text?...for a while I kept thinking I must be getting a back payment because they changed it all on there...it just made me really angry and I couldn't understand it...write to me or something or tell me, at least write it on my journal."

RECOMMENDATION ★

DWP errors must not be retrospectively edited from peoples' UC journals, but clearly communicated to claimants.

Horace's story

Z2K helped Horace put the following entry on his UC journal: *"I want to apply for an APA to allow direct payment of my housing costs to my landlord. I fulfil Tier One conditions as I have been homeless and this is my first tenancy in a long while. Please contact my landlord."* Instead of doing this, DWP sent Horace's new landlord a UC47 form so they could apply for a MPTL on the basis of rent arrears. This is not only incorrect, it risks implying to Horace's landlord he won't be able to sustain the tenancy. Another tenant who made the same APA request that week had it quickly approved without any contact at all with the landlord.

Deductions

More often than not DWP makes people pay for its own errors by clawing back overpayments through deductions from people's already limited UC allowance. As Pearl explains,

> "when they've [UC] made their error, the next month they just take everything back, which is really bad because you're making us pay for your mistake."

For Claire, whose MPTL wasn't being paid because the Jobcentre said they were waiting for her to confirm her address, despite her having confirmed it five times already, "DWP did a back payment [of rent to cover arrears as a result of UC not processing client's address]…but I'm still paying £30 a month for the arrears… because they took so long to sort out my address…even my adviser could see that I'd given it [my address] to them multiple times."

While there is a discretionary waiver that DWP can apply when the recovery of an overpayment is causing substantial medical and/or financial hardship, the official figures suggest that this is not utilised. A total of just eight waivers were granted in 2018/19 and 2019/20.[77]

The impact of deductions on someone's personal allowance can be the difference between facing destitution or not. Anahita told us that, after deductions have been taken from her monthly UC, "I go to the back of restaurants [to get food], what can I do?" While the 2020 Budget sets out that the standard deductions will not exceed 25 per cent of a claimants' Standard Allowance from October 2021, given the clear evidence that such steep deductions push people into destitution, it is inexplicable ministers are waiting until 2021 to make this change, and for many people this will still deplete their already limited income. What is more, while this 25 per cent limit will be on standard deductions, it will not apply to Last Resort Deductions (arrears of housing and fuel) and ongoing arrears payments for utilities,[78] meaning peoples' income can still be subject to higher deductions than 25 per cent.

RECOMMENDATION ★

Reinstate official error, so that overpayments are non-recoverable.

RECOMMENDATION ★

Deductions should be at a fixed-rate, as opposed to being calculated by the percentage of a personal allowance.

77 DWP 2020, UIN 27034

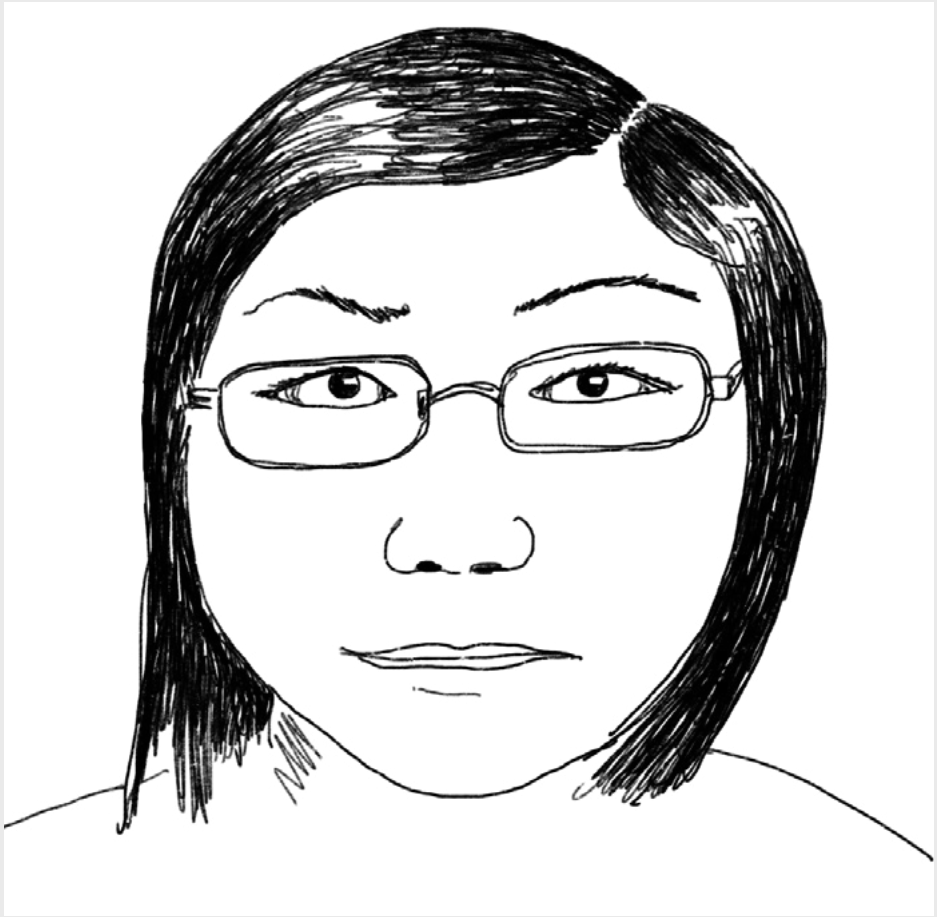
78 DWP 2019, Universal Credit: debt and deductions that can be taken from payments

Nadia's story

Battling to resolve DWP's persistent maladministration has diverted the limited energy that Nadia should have spent on recovering from her brain injury. When she failed her WCA for new-style ESA, Nadia had no option but to claim UC. In the meantime, she requested an MR for this ESA decision, and the original decision was overturned and Nadia was placed in the ESA Support Group. UC wrongly thought that ESA had placed Nadia in the WRAG group, however, and therefore for six months did not award her UC LCWRA which she was entitled to. As a result, Nadia was treated as only having LCW for these 6 months, and still had to go to the Jobcentre , and was told to continue submitting "fit notes". Worse still, DWP was deducting the ESA Support Group rate from her UC standard allowance and UC Housing Cost payments, whilst not awarding her the LCWRA rate. As these deductions were more than the total entitlement, Nadia got into rent arrears.

This was finally resolved, but despite being found unfit for work for three years by her ESA WCA, Nadia then received an incorrect request to complete another WCA questionnaire for UC - only a year after her previous ESA WCA. This illustrates how poorly the UC and ESA teams within DWP communicate with each other. Nadia was also paid both HB and UC at the same time for over a year. She left numerous messages on her UC Journal about taking the excess rent credit from her rent account. Despite this, the money was initially deducted from Nadia's UC payments, then deducted from her backdated payments of UC. Whilst payments were being taken from Nadia's UC payments, she was accruing further arrears of rent.

Since being on UC, Nadia has also set up a MPTL. Due to DWP maladministration, though, her landlord was underpaid her rent by £205 per month for four months. As a result, she was in rent arrears, and it took DWP two and a half years to make this back payment in rent. However, according to Nadia's UC journal, DWP paid her landlord the correct amount of £640.98 for these four months, as they had retrospectively rectified their initial error in her journal. If it wasn't for Nadia screenshotting the original underpaid payments of £435.98 on her journal before this amendment, there would have been no evidence of what the erroneous payments were. Nadia recommends having an additional entry on UC online journals to demonstrate when a payment has been retrospectively amended. As she says, this would provide both clarity and transparency, and remove unnecessary stress and confusion for people claiming UC.



Lee's story

Lee was incorrectly advised to claim UC while appealing an ESA decision, despite having a SDP on ESA and despite the SDP gateway being in place. When Lee ran into debt because of being without this premium on UC, she told the Benefit Service this, and in response it started paying Lee HB (Lee, despite being on UC, was also eligible for HB because she had been awarded PIP mobility and living components, did not have any carer's allowance, and did not have non-dependants living with her). However, UC continued to incorrectly pay the rent, despite the local authority having notified DWP three times that it was paying Lee's rent. This resulted in overpayments - although UC never admitted this as they never acknowledged their error of paying UC at the same time as HB. Another issue was that Lee was also overpaid Tax Credits in 2006, and this was being deducted from her UC. On the morning of Lee's ESA hearing, it was cancelled. She had to wait another two months until her hearing. When she arrived she was told that she needn't have come at all because all the evidence they had received meant they were going to grant the appeal. Once Lee won the Tribunal she was put back on ESA, and her ESA was reinstated from when she first made her UC claim. Lee, as calculated by Z2K, should have been awarded a backdated payment of approximately £3,000 for the period she was without ESA SDP, but she has only received around £1,000. Lee has asked DWP multiple times how they arrived at that calculation, but they have never provided her with an answer.

Looking Ahead

The pilot project for Managed Migration from legacy benefits to UC commenced in July 2019. Yet as of Christmas 2019 the number of cases in the pilot was just 69.[79] While we welcomed the Government's decision to pause this pilot so that DWP could focus on processing the huge influx of new claims at the outset of Covid-19, we are concerned that the natural migration of more and more people onto UC continues unabated, with over 2 million people currently on legacy benefits[80] at risk of being unwittingly drawn into the UC net at any time. Z2K feels that many of the flaws in UC outlined in this report are so fundamental that a genuine pause should take place before anyone else is migrated from legacy benefits onto UC. This is of particular importance for the 1.5 million people in the ESA Support Group,[81] who are living in some of the most vulnerable situations, and who would suffer if pushed onto UC as it stands.

Not only would the UC system in its current form fail to work for these people, they would also be at risk of losing money on it. People being manage migrated onto UC receive "transitional protection" - an extra amount which tops up your UC award so that you are not worse off when you move onto it. This protection is not available for people who continue to be moved onto UC via "natural migration". **Policy in Practice estimates that 40 per cent of households (around 200,000) who move onto UC without transitional protection will be worse off by an average of £59.45 per week**.[82] While this figure was released prior to the £20 a week increase to UC, the potentially temporary nature of this increase means that the long term financial implications for many naturally migrating onto UC remain adverse.[83]

PERCENTAGE OF HOUSEHOLDS THAT WILL BE WORSE OFF ON UC

40%

79 DWP 2020, UIN HL457

80 DWP 2020, DWP benefits statistical summary, February 2020

81 Taken from Stat-Xplore on 11.11.2020. 1,544,644 people in ESA Support Group as of May 2020.

82 Policy in Practise 2019, Natural migration: Policy in Practice's evidence to the Work and Pensions Committee

83 CPAG 2020, Mind the Gaps Briefing Four: Reporting on Families' Incomes During the Pandemic

Given this significant loss, we are seriously concerned that DWP still refuses to publish a full list of triggers that transfer people onto UC, meaning people are kept in the dark about what changes to their circumstances will switch them over to UC. As the Work & Pensions Select Committee explained in their 2019 report on Natural Migration, *"for claimants, some of the changes that can trigger this move will not seem significant. For example, moving house within the same local authority area does not trigger migration to Universal Credit—but moving to a different local authority does… once on UC, there can be no return to legacy benefits—leaving claimants trapped with substantially less income."*[84]

Given the potential for this substantial loss of income, as well as the harm that many people on legacy benefits would face on UC as a result of the bad design decisions, lack of information and support, and high level of complexity and error outlined in this report, it is vital that people are aware of what triggers will push them onto UC. And what's more, given the further postponement of UC's completion date which has now been extended to 2024[85], DWP must use this time to implement this report's vital reforms, that will ensure UC adequately supports and works for everyone.

RECOMMENDATION ★

Until the fundamental reforms to UC recommended in this report are implemented, the managed and natural migration onto UC should be paused.

RECOMMENDATION ★

In the meantime, people should be able to choose whether they want to stay on legacy benefits or move onto UC.

RECOMMENDATION ★

DWP should ensure transitional protection for everyone moving from legacy benefits to UC.

84 Work and Pensions Committee 2019, Universal Credit: natural migration

85 Commons Chamber 2020, Universal Credit: Delayed Roll-Out Volume 671

Conclusion

As this report makes clear, UC was flawed from the start. While it has coped with the huge increase of new claims during the pandemic, the system as a whole is not working – especially for those in more vulnerable and complex situations - and the people who had to depend on UC before Covid-19 have felt the full force of this for too long.

These inadequacies are only going to become more pressing as the 2 million people currently on legacy benefits[85] are pushed onto UC. Many of these people will lose out financially and face harm as a result of the inadequate UC system. This inadequacy stems from the fact that UC was designed to deal with the most straightforward of cases, but the reality is that peoples' lives are rarely straightforward. UC's disregard for the experiences of the people who depend on it for support, has resulted in an inadequate safety net.

The whole attitude of our Social Security system has to shift. UC's aim of making sure that work pays more has always failed to understand that for many – including those with health conditions, disabilities, and caring responsibilities – work is not always suitable. Not only is there no evidence to suggest that UC's aim of getting 200,000 more people into work was achievable,[86] as we enter the worst recession in 100 years,[87] the short-sightedness of this aim will only become more apparent. Covid-19 has provided us with an opportunity to re-think the role of our Social Security system as something that is not just there to half-heartedly prop you up until you get back into work, but to provide you with a minimum standard of income when you are in low paid work or receiving benefits, and to ensure that everyone is provided with the support and dignity they deserve when employment isn't a viable or available option. This is the time for those in Government to start appreciating that, as Callum says, there are always **"structural factors that might be increasing poverty and making it harder [for people] to get by,"** and to penalise as opposed to support people because of that, is immoral.

The report puts forward recommendations, grounded in the experience of people receiving UC, that if implemented would form part of the fundamental reform needed to ensure UC better supports people in more complex and vulnerable situations, and provides everyone with the means to live a stable and dignified life.

85 DWP 2020, DWP benefits statistical summary, February 2020

86 NAO 2020, Universal Credit: getting to first payment

87 Health Insurance and Protection 2020, Worst recession in 100 years – but it could be worse, Bank of England says

Glossary

CTC - Child Tax Credits. CTC is paid to help people with the costs of bringing up a child. It is being replaced by UC so only some people can still claim CTC.

DHP - Discretionary Housing Payment. DHPs can provide extra money when your council decides that you need extra help to meet your housing costs.

DWP - Department for Work and Pensions. The Government department responsible for welfare, pensions and child maintenance policy.

EDP - Enhanced Disability Premium. An EDP is an extra amount that is included in some means-tested benefits to help with the cost of disability.

ESA - Employment Support Allowance. ESA is money for people who have illnesses or disabilities that make it hard for them to work.

HB - Housing Benefit. HB is money to help you with your housing costs if you are on a low income. It can help with rent and some service charges. HB is being replaced by UC.

HRT - Habitual Residence Test. If you're from the EU, Norway, Switzerland, Iceland or Liechtenstein and you want to apply for benefits, you'll need to show you have the right to claim and that you plan to stay in the UK by passing the HRT.

IS - Income Support. Income Support helps people who do not have enough to live on. It is only available for certain groups of people who do not get JSA or ESA and are not in full time employment. IS is being replaced by UC.

JSA - Job Seekers Allowance. JSA is a benefit for people who are not in full time employment (work less than 16 hours per week), are capable of working and are looking for work.

LCW - Limited Capability for Work. This means that although you may be not be able to look for work now, you can prepare for work with the aim of working at some time in the future.

LCWRA - Limited Capability for Work and Work Related Activity. If you are awarded this, you will not be asked to look for work, or to prepare for work, and you will get paid more UC due to your sickness or disability.

MPTL - Managed Payment to Landlord. Someone's UC housing costs are paid directly as a Managed Payment to the landlord (MPTL).

MR - Mandatory Reconsideration. MR is the first step of challenging a DWP decision. It is asking DWP to look at their decision again.

SDP - Severe Disability Premium. A SDP is an extra amount that is included in some means-tested benefits to help with the cost of disability.

UC - Universal Credit. UC is a means-tested benefit for people of working-age.

WCA - Work Capability Assessment. The WCA is used to decide whether or not you are fit for work for ESA and UC.

WTC - Working Tax Credits. WTC is money provided to boost the income of working people who are on a low income. It is being replaced by UC so only some people can still claim WTC.

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