

Social Security Advisory Committee: Moving claimants to Universal Credit from other working age benefits



Submission from St Mungo's

August 2018

About St Mungo's

St Mungo's vision is that everyone has a place to call home and can fulfil their hopes and ambitions.

As a homelessness charity and housing association our clients are at the heart of what we do.

We provide a bed and support to more than 2,700 people a night who are either homeless or at risk, and work to prevent homelessness.

We support men and women through more than 300 projects including emergency, hostel and supportive housing projects, advice services and specialist physical health, mental health, skills and work services.

We work across London and the south of England, as well as managing major homelessness sector partnership projects such as StreetLink and the Combined Homelessness and Information Network (CHAIN).

We influence and campaign nationally to help people to rebuild their lives.

For any questions about this submission, please contact publicaffairs@mungos.org

Summary of response

The current roll out of Universal Credit (UC), designed as a test and learn approach, has revealed serious flaws within the new system. These include difficulties for claimants who wish to access Universal Support, and significant administrative problems and delays. Whilst we welcome the Department's approach to uncovering problems within the system before it is rolled out to all claimants, the majority of these issues have yet to be resolved.

These issues exist in addition to inherent problems with the design of the new benefit, such as the long wait for a first payment, repayment of advances, high levels of third party deductions and the difficulties which face people with poor digital skills.

We also have specific concerns about the proposals for managed migration. The current timetable for roll out is very ambitious, and the notification period before legacy benefits are stopped is too short.

However, our biggest concern is that the DWP lacks the ability to identify and support vulnerable claimants through the process, regardless of how they are migrated onto the new system.

Until these issues are resolved, we believe that the roll-out of UC should be paused and no-one should be migrated over to the new system. We also recommend that when roll out

proceeds individuals claiming ESA should be moved across after all other claimants, a new system of identification for vulnerable claimants should be introduced, and sanctions should be paused during the migration period.

Identification of vulnerable claimants

The explanatory memorandum to the SSAC demonstrates that some provisions will be put in place to support vulnerable claimants delay their migration to UC. We welcome the fact that vulnerable claimants can request delayed migration, the suggestion that the process will be tailored for claimants, and the inclusion of homelessness as a key indicator of vulnerability.

However, most of the onus for identifying vulnerability is on the claimant themselves.

It states that *“the Department is currently investigating whether it is possible to identify those in groups 2 to 4 [including vulnerable claimants] before they are managed migrated to UC”*. However, if this is not possible *“they will be treated the same as other claimants and issued a notification.”* Therefore, the responsibility for seeking an extension for their migration will be on the claimant themselves.

In its report earlier this year on the roll out of UC, the National Audit Office found that *“the Department has found it difficult to identify and track those who it deems vulnerable. It has not measured how many Universal Credit claimants are having difficulties because it does not have systematic means of gathering intelligence from delivery partners.”*¹ It therefore seems very unlikely that the DWP will have a method of identifying vulnerable claimants in place before managed migration begins to roll out in early 2019.

This is very concerning as people with multiple and complex needs may struggle to identify themselves to the DWP. In our experience of supporting individuals to make UC claims, the UC helpline can be difficult to access and operational staff sometimes offer conflicting guidance, while Jobcentres are often very busy and difficult to access for people with multiple, complex needs. Advice workers also struggle to support claimants in a timely way due to their inability to hold implicit consent. As the roll out of UC intensifies, we are concerned that DWP resources will become ever more stretched, particularly as we are not aware of plans to dramatically increase staffing levels. As a result, vulnerable claimants may fall through the cracks and be totally unable to make a claim.

Furthermore, individuals with unsettled housing, such as those who are sofa surfing, may not receive their initial notification and so will be unaware that they need to submit a UC claim.

We do not believe that roll out of UC, including managed migration, should continue until the DWP is confidently able to identify vulnerable claimants and offer them the support that they need. As a result, we recommend that roll out should be paused until the DWP can provide details of how it will identify vulnerable claimants, and the support that will be offered to them.

Migration notices

We welcome the announcement that claimants will have a *“warm up period”* of four to six months, during which time they will be advised that they will be moved to UC. Many of our clients have difficulty accessing a bank account or email address, and this period may help them to prepare for submitting a new claim.

¹ National Audit Office (2017) *Rolling out Universal Credit*. Available at <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf>

However, the minimum of one month's notice in which to make their UC claim is far too short, particularly as their legacy benefits will be stopped if they do not make a claim. This builds a "cliff edge" into the system, as the minimum assessment period for UC is five weeks, and is also too brief a period for individuals to significantly save money ahead of their assessment period.

St Mungo's staff already support many clients to submit benefits claims. Some claimants need a significant amount of support to understand and complete the claim process, and we frequently have to request deadline extensions on their behalf. This is due to a combination of our own capacity to provide support, as well as our clients finding the process difficult to complete.

It is welcome that there will be flexibility to extend the period in which individuals must submit a UC claim, but, as outlined above, the fact that the onus is on the claimant to prove that they have "good reason" for such an extension is worrying. We believe that this system will lead to some vulnerable individuals being unable to submit a claim in good time, losing access to welfare as a result.

As noted above, we recommend that roll out be paused until the DWP is better able to identify vulnerable claimants. We also recommend that claimants are given at least three months' notice of the date when they should make a claim and, if they are identified as vulnerable, significant support should be provided to ensure they are able to do so. Legacy benefits should not be stopped for individuals with an identified vulnerability if they have not migrated by their allotted date.

Alternatively, claimants could be migrated without the need to submit a new claim, as the name 'managed migration' already implies. This would ensure that no-one would lose access to welfare, and follows a precedent set by the migration of claimants to ESA. An initial UC claim could be calculated using someone's legacy benefit award, and the 'indicative amount' required to calculate Transitional Protection and advance payments. Claims could then be terminated if claimants do not adhere to certain commitments, such as attending a Jobcentre Plus appointment. This would remove the risk of a cliff-edge for claimants.

Transitional protection

The regulations state that "*the Secretary of State need not determine whether a transitional element is to be included in a case where...the regulation 8(3) (continuation of housing benefit in respect of specified accommodation or temporary accommodation) applies.*" This is very concerning as, although Housing Benefit will continue to pay housing costs for people living in these types of accommodation, claimants should still be eligible for Transitional Protection for their other legacy benefits

The memorandum suggests that individuals will lose access to transitional protection (TP) if they are unable to provide a "good reason" for making a delayed claim, or if their initial claim is incorrect. This puts individuals with multiple and complex needs at serious risk of losing income. We know that people with a history of rough sleeping often find it difficult to submit an accurate UC claim, and may face delays even before submitting a claim. Our clients have also found it very difficult to access any support from the DWP. As a result, we feel that it is likely that some people within this group will lose access to TP, despite their high level of vulnerability. We recommend that TP is reinstated for individuals living in supported housing, and that the regulations are amended to state that if an individual is identified as vulnerable they will not lose their access to TP even if their claim is delayed or incorrect.

Sanctions

The explanatory memorandum states that individuals who receive a sanction prior to moving to UC will continue to have this sanction applied as they transition, as is currently the case for those naturally migrating.

The current regime of sanctions is a “one size fits all” system, which fails to take into account the vulnerability of certain groups and individuals. People who have a history of homelessness, or are at risk, are less likely than the general population to have the financial and emotional resilience required to withstand the impact of a sanction. The impact of this will be even greater during the period in which they make a UC claim.

The transition period to UC can be financially difficult. It is very unlikely that the people we represent will have the financial resources required to bridge the gap between applying for UC and receiving their first payment, as few people who are homeless or at risk of homelessness will have savings or support from family. We have numerous examples of individuals who have become reliant on foodbanks, run up huge arrears, or been served with notices of eviction whilst waiting for their first payment. Many of these individuals will require an advance payment to cover their living costs during the assessment period and may struggle to repay this from their award, particularly if they are subject to sanctions.

We therefore recommend that, as part of the proposed move to identify vulnerable claimants ahead of them making a UC claim, individuals who are subject to sanctions on their legacy benefits should not be migrated (under either the natural or managed processes) until this sanction is resolved. If this is not possible, then their sanction should be paused for at least three months after their UC claim is completed.

Timetable

The memorandum states that the initial roll out of managed migration will begin from January 2019, with increased roll out from July 2019. However, no outline is given of how this roll out will take place. We would welcome clarity on this but, as the system currently stands, do not believe that roll-out should begin in early 2019. We believe that managed migration should be paused until our concerns about the identification of vulnerable claimants is resolved.

We would recommend that claimants who currently receive ESA are moved over to UC after all other claimants, as this group are more likely to be vulnerable and would benefit from additional notice and a smooth migration process.

Existing problems

The memorandum estimates that between January 2019 and 2023 approximately 2.09 million households (2.87 million individuals) will be migrated to UC. The NAO reported that, as of March 2018, there were 815,000 claimants on UC (490,000 on full service and 325,000 on live service).²

There will be a huge increase in the number of people using the system, and relying on support services whilst making their claims as managed migration rolls out. However, we are not currently aware of any plans by the DWP to dramatically increase their resources to meet growing demands for support.

² National Audit Office (2017) *Rolling out Universal Credit*. Available at <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf>

We are very concerned that existing problems with the system, which have been repeatedly raised with the DWP, remain unresolved and are likely to worsen as more people are moved over to the new system. The Secretary of State for Work and Pensions has herself acknowledged that “*there are changes which are still needed, which I am working on.*”³ In particular, she referenced debt repayments, payment cycles and the need for extensions of outreach work and flexible support.

We are concerned that issues with the implementation of UC and the design of the system will lead to people with a history of rough sleeping having a negative experience. In particular, we have noted that:

- **There are still significant errors and delays in processing claims.** In our experience, the knowledge and experience of DWP staff is very variable, and there is often confusion about what is and is not allowed under UC. Many of our clients have complex claims, and there are often delays or errors in award allocations. For example, the DWP have told us numerous times that claimants should be able to use a Post Office account, but this is often refuted by workers on the helpline. We have also been unable to establish direct payments for ineligible service charges for our clients.
- **It can be very difficult to access the UC helpline or Jobcentre staff.** Waiting times for these services can be very long, and we are concerned that this will be exacerbated as demand for the services increases. It is also very unlikely that claimants will be able to speak to the same helpline worker during subsequent calls, which can result in conflicting and confusing advice being given
- **Access to Universal Support is extremely limited.** We have only found one example of a client being able to access Universal Support and this was several months after submitting his claim. Many St Mungo’s clients may have low digital skills or concerns about budgeting, and we would welcome greater access to these services.
- **The level of deductions can be very high.** At present, someone’s standard allowance can be reduced by up to 40 per cent to pay third party deductions (although this can be increased in exceptional circumstances). Under the previous benefits system, the limit was 25 per cent. The former Employment and Housing Minister, Alok Sharma, stated that claimants in financial difficulty can contact the DWP and request a reduction in deductions be considered. However, there does not appear to be guidance for how this is implemented, and it is up to the discretion of Jobcentre staff to apply a reduction. People who are homeless, or at risk of homelessness, can be put in real financial difficulties as a result of these deductions, and we have recommended that they be reduced.
- **Advance payments can be difficult to repay.** Some individuals also struggle to repay advance payments. Although the 2017 Autumn Budget allowed claimants to apply for advances of up to 100 per cent of their potential claim and repay this over a longer period, the amount that claimants repay remains the same. In fact, they will be repaying the debt for a longer period. This can be overwhelming and some advice services have stated that they advise people not to take out advances, but rather rely on foodbanks and other sources of support, to avoid increasing their debt. We instead recommend that *all* legacy benefits should have a run on period in addition to the current two weeks of Housing Benefit.

Until these issues are resolved, we recommend that the roll-out of UC, including managed migration, should be paused.

³ <http://www.reform.uk/publication/speech-by-rt-hon-esther-mcvey-mp/>