



Society of St. Vincent de Paul

UNIVERSAL CREDIT

THE WAIT FOR A FIRST PAYMENT

Submission to the UK Work and Pensions Committee

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Introduction

We welcome the chance to respond to the Work and Pensions Committee's inquiry into the waiting period for Universal Credit. The following submission is based on the experience of the Society of St Vincent de Paul (SVP), an all-Ireland charity which offers direct, personal assistance to individuals and families in need.

SVP's main area of work is person to person assistance with people who request help. When a member of the public makes contact they can expect to receive a visit from two SVP volunteers who belong to a local SVP group who are there to listen and provide information and assistance. SVP volunteers spend time talking with those who request help to ensure we fully understand the issues they are facing, enabling us to provide the best support possible, in the form of information and signposting, and practical or financial assistance towards day to day essentials.

Response to Question One

To what extent have the mitigations the Government has introduced so far (e.g. Advance payments) helped to reduce the negative impact of the five-week wait for UC claimants?

Advance Payments provide a very temporary stopgap for the clients supported by SVP. Whilst the money is a vital bridge between applying for Universal Credit (UC) and receipt of first payment for clients with no other savings or incomes, the amount provided is often insufficient and after making priority payment of rent and bills there is often nothing left for day to day living costs, including essentials such as food, gas and electricity.

There is a long-term impact from paying back Advance Payment loans as clients are left struggling with ongoing deductions from their UC Standard Allowance. Often clients will also be faced with additional deductions, for example, if they received a Discretionary Support loan or overpayment of legacy benefit. We have found that clients may not understand what the various deductions are for and do not know where to turn for support.

In short, the Advance Payment creates additional financial stress for individuals and families who are already living below the poverty line.

We would also echo the analysis of Advice NI (in the evidence given by Kevin Higgins, Advice NI's Head of Policy to the Northern Ireland Affairs Committee¹) that whilst fortnightly payments of Universal Credit are welcome, in combination with the initial five week wait this leads to a very small first payment and, effectively, an even longer wait for the first full months payment which is only received after week two of the second assessment period.

What problems do claimants still experience during the five-week wait?

From the 1st January 2019 onwards, the SVP reporting system has recorded 861 requests for assistance that either contain the term Universal Credit or are classified as someone requiring support due to delays in social welfare.

Those who are in the waiting period require support with living essentials during an extended period of no income, most often mentioning the need for support with the basics of food, gas, electricity or

¹ Evidence to the Northern Ireland Affairs Committee on Universal Credit, available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmniaf/2100/210008.htm>

oil. Some are asking for assistance at the point that they have no money left at all and are without heating or food for themselves and their family.

The following case studies are reports from volunteers with details changed to protect client anonymity. They illustrate some of the challenges faced by clients as they struggle to provide for their own and their family's basic needs at a time of no income and are backed up by information on our database. The first two case studies show the difficulties of the five-week waiting period, and the third case study illustrates the depth of hardship deductions from UC can cause.

Client Case Study²

A single parent with significant mental health issues moved to a new home. This required the client to make a new claim for Universal Credit as her house move was considered a "change of circumstances". At an already stressful period in this family's life, they were faced with a five-week wait for first payment of benefits. The client opted to take the Advance Payment, but the amount was insufficient to support the family through the waiting period.

When she requested support from SVP, the client was in great distress. She didn't have enough money to buy basics, like bread and milk, and had absolutely no heat or light in her home. Her children had gone to bed early with hunger. This very negatively impacted the client's mental health to the point where she was contemplating suicide. She had no one to turn to for support. She was already worried about the debt incurred by receipt of the Advance Payment.

Client Case Study

Following a long period of homelessness a client was moving into a new home. His flat was completely unfurnished, unpainted and had no flooring.

The client had made an application for UC and had used an Advance Payment for immediate housing costs (rent, electricity, gas and food) and then had no money remaining to buy furniture. He had spent the first week in his new home in a sleeping bag on a concrete floor and was using a garden chair for furniture.

The client explained that this was exacerbating his poor mental health.

Client Case Study

A client who had previously been living in social housing was served with an eviction. He appealed the decision, but due to previous anti-social behaviour his appeal failed.

He was claiming Universal Credit and due to benefit deductions was trying to survive on less than £40 per fortnight (50% of the standard UC allowance).

When SVP volunteers visited, the client had only £2 remaining. He had no heat, electricity or food and hadn't eaten in 3 days. Due to having no electricity he couldn't heat food from the food bank and volunteers spoke with him sitting in the dark.

He felt he had no choice but to borrow money from acquaintances and was worried about the repercussions of not being able to repay them. He had reached the limit on taking any further loans from the Department for Communities.

² These case studies are reports by volunteers who have supported clients. Details have been changed to protect the anonymity of the clients while still illustrating issues faced by those waiting for UC.

The above case studies are supported by information from our client support database. The database reflects that many requests for assistance come from lone parents with young children (lone parents are the group SVP supports most often). Some of these families have also been impacted by the two-child limit and struggle to ensure their children can access essentials such as food, nappies and school uniforms.

Vulnerability

People may be faced with no income when they are at a particularly precarious time in their lives and are least able to cope with an extended period when there is no money coming in. This includes moving into their own accommodation after leaving prison, losing a job due to health reasons or having hours reduced beyond their control, a lone parent with a new baby, someone who is transitioned to Universal Credit due to a change in household circumstances such as marriage breakdown. This is a time when people are already managing logistical and administrative challenges, and the Universal Credit wait means they can be faced with doing so with no income and are expected to comply with the often extensive work-search requirements detailed in their claimant commitment.

Housing

Many clients will have difficulty paying rent during the waiting period and get into rent arrears compromising their housing security and potentially facing eviction. Households in the Private Rented Sector are at the discretion of their landlord if they are late for payment due to the 5 week-wait.

SVP support many clients who are moving into a new home, for example following a period of homelessness; following a period in prison; due to a change in family circumstances such as marriage breakdown; or due to domestic violence. Social housing in Northern Ireland is provided in an undecorated and unfurnished state. In these circumstances, clients find the five-week wait particularly difficult as they are faced with the additional costs of moving.

Discretionary Support

Some clients are successful in securing a grant from Northern Ireland's Discretionary Support Fund, however a report from the NI Audit Office reported that the number of awards granted has reduced by 60% compared to the Social Fund due to a tightening of the criteria, including a limit of one award per year (these conditions have been relaxed in the context of Covid-19)³.

Often a client will not qualify for a grant, as they have already accessed the Discretionary Support fund due to an unexpected expense, for example the breakdown of white goods. If a client has received even nominal support it will preclude them from applying for further support. It is at this point where clients often turn to charitable organisations such as SVP to support them with basic furniture such as beds, a sofa, and curtains.

Response to Question Two

What is the best way of offsetting the impact of the five-week wait?

³ Northern Ireland Audit Office (2019) Welfare Reforms in Northern Ireland. Available at <https://www.niauditoffice.gov.uk/sites/niao/files/media-files/Welfare%20Reform%20Report%202019.pdf>

SVP recommends that the five-week wait should be removed. In the context of Covid-19, previous Secretary of State for Work and Pensions, Sir Iain Duncan-Smith confirmed to the House of Commons that the waiting time can be reduced ‘almost immediately’, and the potential to change this has been ‘built into the system for flexibility and ... can be done today’⁴.

In Northern Ireland, claimants have access to a Universal Credit Contingency Fund, which was introduced as part of the Welfare Reform Mitigations Package to support those going through hardship associated with the five-week wait. It is a non-repayable grant and requires claimants to make an additional application following their application for Universal Credit. We have found that a great majority of the clients we have supported during the five-week wait have not been made aware of the Contingency Fund.

Providing a grant payment rather than a loan would go a long way to easing many clients’ financial burdens and would prevent some clients from facing destitution. Until March 2018, the NI Audit Office reported that only 115 grants were awarded, totalling £17,000⁵. SVP recommends that the Department for Communities should do more to increase awareness of the Contingency Fund and consider making an automatic Contingency Fund payment to those who are considered to be at risk of destitution.

Response to Question Four

Are there barriers or potential unintended consequences to removing the five-week wait—either for claimants or the Department? How can they be overcome?

We are aware that clients who have already had to take out an Advance Payment would be disadvantaged by the removal of the five-week wait in comparison to new claimants. We recommend that in this instance the Department immediately stop further deductions and by provide a monthly top-up to compensate for the hardship incurred.

Conclusion

At St Vincent de Paul we support people facing hardship at their most vulnerable moments. Often at a precarious moment in life, any loss or disruption of income can cause a crisis. In the case of the five-week wait for Universal Credit, a disruption in income of up to five weeks is extremely significant and an unnecessary risk for those already on low incomes. Social security should have the opposite effect, offering a safety net to people when they need it most, and acting as a bridge towards stability.

SVP strongly recommends the removal of the five-week waiting period. The experience of our volunteers is that this is increasingly a cause of hardship in Northern Ireland, and in our view, it can be immediately removed to better support people accessing social security in a time of need.

SVP social policy team would like to acknowledge Dr. Ciara Fitzgerald for her voluntary assistance in writing this submission.

⁴ Sir Iain Duncan Smith MP (2020) Transcript available at: <https://www.iainduncansmith.org.uk/content/sir-iain-duncan-smith-calls-government-make-use-flexibility-universal-credit-help-those-work>

⁵ Northern Ireland Audit Office (2019) Welfare Reforms in Northern Ireland. Available at <https://www.niauditoffice.gov.uk/sites/niao/files/media-files/Welfare%20Reform%20Report%202019.pdf>

