

## Shelter briefing: Opposition day debate on Universal Credit

### Summary:

Shelter is the UK's largest housing and homelessness charity. Last year we gave information, support and advice to millions of people experiencing bad housing and homelessness.

The managed migration of Universal Credit is due to commence in 2019 and will ultimately see millions of individuals across the country transfer from their existing benefits onto Universal Credit. Shelter has serious concerns about the proposed migration process which risks many vulnerable people being left without support, if not altered. These concerns are informed by the experience of Shelter services around the country who want to make sure they can help support our clients through the migration.

We believe that the government urgently needs to consider the following:

1. That migration should happen automatically wherever possible, instead of requiring people to reapply for their benefits;
2. That there should be sufficient support for people who are moved onto Universal Credit;
3. That a proper timetable for the migration should be published as a matter of urgency and should include sufficient pauses and firebreaks to allow for evaluation of the phased rollout and adjustments to be made where necessary.

### Context: the managed migration of Universal Credit

Between January 2019 and 2023 the Department for Work and Pensions expects that 2.87 million people will migrate from their existing benefits onto Universal Credit.<sup>1</sup> This will add to the roughly 1 million people that already receive their benefits via the Universal Credit system.

Shelter is concerned that the Universal Credit system is not yet ready for the strain of this managed migration and that the current proposals leave open some serious risks that individuals may be left in a situation where they fail to migrate and are subsequently left without any benefits. The profile of those who will undergo managed migration also means that a **large proportion will be vulnerable** and will need help with their claim. More than one third (36%) of those who will manage migrate over to UC will be Employment and Support Allowance (ESA) claimants, meaning they have a disability or health condition that limits their ability to work.<sup>2</sup>

### Risks of the managed migration

Shelter and other anti-poverty groups believe that the proposals for the managed migration process that have previously been set out are inherently flawed. Specific issues we foresee include:

<sup>1</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/718580/uc-transitional-regs-2018-explanatory-memorandum.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718580/uc-transitional-regs-2018-explanatory-memorandum.pdf)

<sup>2</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/718580/uc-transitional-regs-2018-explanatory-memorandum.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718580/uc-transitional-regs-2018-explanatory-memorandum.pdf)

- The migration **pushes the risk onto individual claimants** by relying on people reapplying for their benefits. This means if – for whatever reason – someone fails to reapply then they will lose their benefit entitlement until such time as they reapply. If they are entitled to transitional protection (i.e. a higher rate of benefit payment than they would normally receive for a new UC claim) and they miss the deadline for reapplication they will lose the access to that transitional protection for good. There are many reasons why a claimant might miss their deadline day. Notifications may be sent to the wrong address, get lost in the post, or get missed. Some claimants will struggle to understand the importance of the notification and the implications of not responding i.e. their benefits will stop. In a review, DWP found just 54% of claimants could make a new claim without assistance, and **30% found registering their claim online very difficult**.<sup>3</sup>
- **Informing claimants of the need to reapply by post is particularly concerning.** For example, people who are homeless may be moving around several addresses, whether they are rough sleeping, sofa surfing, or living in temporary accommodation. There is a risk that people in this situation will miss a letter or DWP will send it to the wrong address. In such a case, the claimant could miss their letter and would not get a chance to reveal their vulnerability and gain an extension.
- Many claimants are **likely to need significant support** to both apply for Universal Credit and then manage their claim. DWP has not set out how this will be adequately provided. A significant proportion of the caseload moving to Universal Credit via managed migration are likely to have issues with digital literacy or access, will be unfamiliar with the new system, and be particularly vulnerable. Although Universal Support should help people apply for Universal Credit, it is **widely considered to be insufficient**. Additionally, once claimants have migrated, many will have new obligations under Universal Credit that they do not have on their existing benefit, e.g. reporting actions in an online journal or contacting advisors. With that in mind they may need additional support to comply that they do not require under the current system
- Currently the proposals for the managed migration do not include any ‘firebreaks’ or pauses where the process can be assessed. This means that learnings will not be properly taken from any successes or failures of the phased rollout and **runs contrary to the government’s stated ‘test and learn’ approach** to Universal Credit.

**With the regulations relating to the final managed migration due for publication in the coming weeks Shelter believes it is vital that further thought is given to how to minimise the potential risks and ensure that the process does not have unintended consequences.**

### **Universal Credit and the risk of homelessness**

Shelter has previously raised concerns that a five-week wait for payment at the beginning of the Universal Credit claim, or a period where an award is not in place if claimants miss the deadline day, will put pressure on people’s ability to pay their rent. This will put people at risk of arrears and homelessness.

<sup>3</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/714842/universal-credit-full-service-claimant-survey.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714842/universal-credit-full-service-claimant-survey.pdf)

While the addition of the two-week housing benefit run-on in the 2017 Autumn Budget was welcome, this still leaves a period where the payment is not in place. If claimants miss their deadline day, this period will be prolonged and tenants will be vulnerable to falling into further rent arrears and therefore at risk of homelessness.

Recent research from the Residential Landlords Association shows that the number of landlords who let to tenants on Universal Credit who have experienced their UC tenants going into rent arrears in the past 12 months has more than doubled since 2016. The average size of the arrears has also increased dramatically. This risk of rental arrears has significantly impacted many landlords' confidence in the system and willingness to let to UC recipients, which makes accessing the private rented sector and/or alleviating homelessness for those on UC increasingly more challenging.

Managed migration is planned to take place following a number of far-reaching welfare changes that are already putting people under severe financial pressure and making it harder for local authorities to prevent homelessness. Claimants are already suffering hardship from the introduction of the bedroom tax, the benefit cap, the freeze on Local Housing Allowance (LHA) rates, and UC natural migration.

Moreover, since April 2017, councils have new duties to prevent homelessness for all eligible households within 56 days of becoming homeless. We are concerned that local authorities do not have sufficient resource to cope with the number of people who will undergo managed migration and who could be at risk of losing their home and will struggle to find landlords who are willing to accommodate homeless households.

### **Case Study**

*A Shelter client had to leave her employment as it clashed with her childcare arrangements. She applied for Universal Credit but she did not receive any payment until after she started a new job, five months later. By the time she received her first payment, she was £700 in arrears to the nursery and £1,100 in arrears with her rent. Her partner had been ordered to move away from her property by the court due to domestic violence, however she felt like she had been forced into a situation whereby she needed him to move back in because she could not afford to live on her own.*

### **Addressing the risks**

The government should urgently take steps to ensure that the managed migration of Universal Credit does not have an adverse impact on those who will move from legacy benefits onto the Universal Credit system. In particular, it must be ensured that nobody is at risk of losing their benefits because of the migration process.

**In the immediate term this means pausing plans to take the rollout forward to allow for more planning and preparation to take place.**

Additional key recommendations that Shelter would make to government include:

1. That migration should happen automatically wherever possible, instead of requiring people to reapply for their benefits;
2. That there should be sufficient support for people who are moved onto Universal Credit;
3. That a proper timetable for the migration should be published as a matter of urgency and should include sufficient pauses and firebreaks to allow for evaluation of the phased rollout and adjustments to be made where necessary.

**If you require any further information, please get in touch with Ami McCarthy at [Ami McCarthy@shelter.org.uk](mailto:Ami.McCarthy@shelter.org.uk) or call the Public Affairs team on 0344 515 2274.**