

Shelter's response to SSAC consultation on the government's proposal to move claimants on legacy benefits to Universal Credit

Summary

- Shelter welcomes the opportunity to submit evidence to this inquiry.
- More than 4.7 million people came to Shelter for help last year for help with housing and homelessness problems across England and Scotland.¹
- DWP expects that 2.87 million people will manage migrate from existing benefits to Universal Credit (UC) between January 2019 and 2023.² Alongside the natural migration process, this means that 8.5 million claimants are expected to be on UC by 2024/25.
- Despite the welcome changes in the Autumn Budget 2017, many of the most serious problems with UC endure. Long waits for initial payments and unaffordable third-party deductions and advance payment repayments are causing severe hardship.
- Shelter is concerned that UC is not yet ready for the additional strain that managed migration would introduce. Under managed migration, DWP estimates that 95,000 people will migrate per month when the operation is at pace.
- Additionally, the profile of those who will undergo managed migration 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.³
- It is concerning that DWP is making claimants responsible for making sure there is no gap in their award and the process risks claimants falling through the cracks if they do not make a claim before deadline day.
- A period where a payment is not in place will put pressure on rent payments and puts people at risk of eviction and homelessness.
- DWP's proposed safeguards depend on work coaches identifying vulnerability, however vulnerabilities are not currently being adequately identified and tailored for.
- Shelter is very concerned that if claimants fail to claim by their deadline day they will lose their transitional protection. This will leave many vulnerable people significantly worse off indefinitely.

¹ https://england.shelter.org.uk/__data/assets/pdf_file/0016/1405006/OBR-1177_Impact_report_and_one_pager_A4_Digital_v17_FINAL.pdf

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718580/uc-transitional-regs-2018-explanatory-memorandum.pdf

³https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718580/uc-transitional-regs-2018-explanatory-memorandum.pdf

Universal Credit's readiness for expansion

1. We are concerned that the government is pressing ahead with managed migration in 2019 without considering how this might compound the clear problems with UC.⁴ Many of these issues were recently identified by the National Audit Office (NAO), which found that the project is not value for money.⁵ Despite welcome changes to UC in the Autumn Budget, many of the most serious problems with the policy endure.
2. For example, while the removal of the seven-day waiting period for UC was welcome, the long waiting time for UC continues to be a major issue for many clients. This is partly an inbuilt issue with the design, as the standard waiting period is now five weeks. On top of this, administrative problems are still widespread and are leading to delays and incorrect payments. It is concerning that nearly one quarter (24%) of claims that include the housing element are not paid in full and on time.⁶
3. Given that many UC claimants do not have any savings, during this time they are liable to fall into rent arrears and face the threat of eviction. While the new two-week housing benefit roll-on will help somewhat, this still leaves claimants to cope with a period where a payment is not in place.

A Shelter client had to leave her employment as it clashed with her childcare arrangements. She applied for UC 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.

4. Shelter clients are also presenting with unaffordable third-party deduction repayments. The increase in deduction rates in UC to a punitively high rate is squeezing the finances of affected households to an unsustainable level. Households with rent arrears are facing a sudden jump in their deduction rate, meaning their weekly income is reduced significantly. This is pushing people into severe poverty.

A Shelter client was having 40% of his standard allowance taken in deductions due to fines, housing benefit overpayments, and repayment of a UC advance. He was struggling with anxiety and depression and was waiting for a Work Capability Assessment. He had just £3 for

⁴ <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/public-accounts-committee/universal-credit/written/86293.pdf>

⁵ <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf>

⁶ <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf>

his gas and electricity, and would have to borrow from a friend after that. Shelter issued him with food vouchers because he could not manage on the money he had.

Recommendations

- Universal Credit is not yet ready for an expansion to claimants through managed migration. DWP should not start the managed migration process until there has been an independent review of both the inbuilt and administrative UC issues that are causing hardship to claimants. DWP should demonstrate that it has made progress in resolving the issues identified in this review.
- Certain groups who will be worse off under UC are eligible for transitional protection if they manage to migrate to UC, but not if they naturally migrate. To ensure that a pause to managed migration would not disadvantage such groups who may naturally migrate in the meantime, they should be awarded additional protections during such a pause.

The managed migration process and safeguards

5. Under DWP's proposal for managed migration, existing claimants will be sent a notification informing them that they will need to make a new UC claim by a specific day. They will be given a timescale of a minimum of one month. If claimants do not make a new claim by the deadline day, their existing benefits will stop the day before this day.
6. Shelter is concerned that DWP plans to put the responsibility on claimants to make sure that there is no gap in their benefit claim. People's existing benefits could stop completely if they do not manage to make a claim in time, putting them at risk of considerable hardship. Those going through a crisis such as homelessness or poor health may struggle to make a new UC claim before their existing benefits are stopped, meaning they would have no money to live on or pay their rent.
7. 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 everything on the notification and fail to realise that their benefits will suddenly stop. In a review, DWP found just 54% of claimants could make a new claim without assistance, and 30% found registering their claim online difficult.⁷
8. Under DWP's proposals, there are many instances where claimants could fall through the cracks, with vulnerabilities going undetected. For instance, it is relatively common for people

⁷https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714842/universal-credit-full-service-claimant-survey.pdf

to fail to open their mail and read letters. According to a Shelter/YouGov survey, more than one in five (22%) people in Britain have delayed opening a letter as they thought it was a bill or late payment reminder.⁸ A further 16% have put such a letter to one side and never opened it. It is also common for people to fail to seek help because either they do not know who to approach or they are ashamed that they are struggling. Three in ten (31%) people say they would not know where to go for advice to help with housing costs, while four in ten (42%) would feel so ashamed that they are struggling that they would not ask for help.⁹

9. People who are homeless may be moving around several addresses, whether they are rough sleeping, sofa surfing, or living in temporary accommodation. For example, a family accommodated under the homelessness legislation may be moved between emergency temporary accommodation and longer-term housing once a decision on their application has been reached. 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.
10. Living in insecure and temporary accommodation can make it difficult to access the internet or telephone to make a UC claim. Some homeless people rely on expensive mobile data, which has a major impact on their finances. In an investigation in which Shelter interviewed 23 parents living in emergency accommodation, three quarters of families had no internet access in the accommodation.¹⁰
11. Under the proposed regulations, claimants who fail to claim by their deadline day will lose their entitlement to transitional protection. This is an extremely punitive measure that leaves open the possibility that claimants will be thousands of pounds worse off if they make a mistake in their application, miss a letter or cannot get an advice agency appointment in time. The threat of having transitional protection being withdrawn will add to the pressure and anxiety caused by managed migration.

Recommendations

- DWP should explore migrating people over to UC without the need to make a new claim. The first UC amount could be calculated based on information used for their

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http://media.shelter.org.uk/home/press_releases/one_in_11_brits_worry_they_cant_pay_the_rent_or_mortgage_this_january

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http://media.shelter.org.uk/home/press_releases/one_in_11_brits_worry_they_cant_pay_the_rent_or_mortgage_this_january

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https://england.shelter.org.uk/___data/assets/pdf_file/0008/1471067/2017_Christmas_investigation_report.pdf

legacy benefits. There is precedent for this in that advance payments are calculated and awarded before the claimant's first monthly payment cycle.

- At the very least, there should be greater protections for those who have not made their claim or asked for an extension before deadline day. DWP should make contact with and offer support to all those who fail to make a claim or ask for an extension. Legacy benefits should not be switched off until this contact happens.
- One month's notice is not enough time for claimants to receive notification, gather evidence, ask for an extension (which may or may not be granted) and plan for the temporary loss in income that migration entails. DWP should notify claimants about their deadline day at least three months in advance.
- DWP should ensure that the evidence needed to prove homelessness is not burdensome, and should recognise that not all homelessness people are in contact with third party services. DWP should recognise the various types of homelessness from statutory Temporary Accommodation to sofa surfing, and should understand its impact on people's ability to receive post and access the internet.
- Failing to make a UC claim by deadline day should not result in claimants losing their entitlement to transitional protection.

UC payments and the risk of homelessness

12. Shelter is concerned that a five-week wait for payment at the beginning of the UC 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. While the addition of the two-week housing benefit run-on in the 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.
13. Eight weeks or two months' rent arrears is a mandatory ground for repossession for assured and assured shorthold tenants (Ground 8). This means when landlords are able to prove tenants are in arrears, the court has no discretion and must make an order for possession. Claimants are at serious risk of possession and eviction if UC combine with further delays, or some previous arrears, to push claimants into eight-weeks or two-months' arrears. Tenants can also be evicted for any amount of rent arrears on discretionary grounds.
14. 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, real-terms cuts to Local Housing Allowance (LHA) rates, and UC natural migration. Some of this hardship has been mitigated through local authorities' discretionary housing payment (DHP) budgets.

15. 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.

Recommendations

- Funding for DHP budgets should be significantly increased to reflect the additional pressures that managed migration would entail.
- DWP should work closely with local authorities to ensure that claimants experiencing managed migration do not become homeless – for example by using the new duty to refer under the Homelessness Reduction Act.
- DWP should ensure that housing costs in UC reflect the cost of rent by ending the LHA freeze and by re-aligning rates back to the 30th percentile of local market rents.

Tailoring support for vulnerable people

16. A large proportion of people who undergo managed migration 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 ESA claimants, meaning they have a disability or health condition that limits their ability to work.¹¹ Other legacy benefit claimants will have a disability or a health problem, however DWP says “it is not currently possible to identify how many”.¹² Many others will be vulnerable or need additional help due to other reasons, such as homelessness, domestic abuse, or caring responsibilities. A survey of Shelter clients found that 49% were struggling to cope or manage with life on a day-to-day basis.¹³
17. Many claimants are also likely to be highly anxious and distressed by the possibility that their existing benefits will stop, which could exacerbate health conditions.
18. DWP has stated its aim to “tailor the process more effectively for claimants”. Under DWP’s proposals, people with a “good reason” will be able to apply for an extension to their ‘deadline day’. While DWP has said some people will be able to delay the process if they

¹¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718580/uc-transitional-regs-2018-explanatory-memorandum.pdf

¹²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718580/uc-transitional-regs-2018-explanatory-memorandum.pdf

¹³ Shelter survey of client outcomes, unpublished

have a good reason (e.g. homelessness), this relies on the DWP staff to identify this vulnerability.

19. We have serious concerns about the ability of DWP to deliver this kind of tailored service, to identify vulnerable people and to adapt their treatment accordingly. One of the most worrying aspects of the NAO's recent report on UC was the department's lack of ability to monitor the treatment of vulnerable claimants nationally.¹⁴ The report also identified that DWP has not measured the impact on claimants or assessed how much hardship UC claimants suffer.¹⁵
20. The NAO highlighted DWP research in October 2017 showing that some staff found it difficult to support claimants because they lacked the time and ability to identify claimants who needed additional support; lacked the confidence to apply processes flexibly and make appropriate adjustments; and felt overwhelmed by the volume of claimants reporting health problems.¹⁶
21. The number of UC claimants will grow immensely over time, reaching 8.5 million claimants by 2024/25. It is therefore possible that the aforementioned lack of jobcentre staff time to support claimants, and number of staff feeling overwhelmed, will increase as the caseload increases.
22. Shelter has helped clients on UC whose vulnerabilities appear to have not been picked up, where easements have apparently not been properly applied, and where consequently people have suffered severe hardship. A longitudinal study of welfare conditionality from nine policy areas including Universal Credit found that flexibilities designed to tailor work search commitments in recognition of particular circumstances were not being routinely applied.¹⁷ Given that DWP is not currently consistently tailoring processes such as work search commitments, we have concerns about the department's future ability to tailor UC managed migration for vulnerable people.

A Shelter client, who was claiming Universal Credit, had a severe mental health condition that limited her ability to work. Even so, she was serving a three-year sanction, the maximum that can be imposed. Despite meetings between her benefits advisor and Jobcentre Plus, her sanction had stayed in place. She was consequently in rent arrears and a possession hearing for her social home was due the next month.

¹⁴ <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf>

¹⁵ <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf>

¹⁶ <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf>

¹⁷ http://www.welfareconditionality.ac.uk/wp-content/uploads/2018/05/40414_Overview-HR4.pdf

Recommendations

- DWP should urgently review its systems for identifying vulnerable people and offering support. It could do this initially by using existing flags on legacy benefits and updating information later on in their UC journey.
- Given that a large percentage of those being managed migrated are likely to have vulnerabilities, this group will need more intensive support for their claim, which may include adjustments such as home visits. DWP should ensure that it has adequate staffing levels nationwide, including rural areas, to cope with the number of claimants likely to need this type of support before starting managed migration.

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