

Appendix A

Scrutiny Committee – Universal Credit Review

1 March 2018 - 31 July 2018 – Citizens Advice Harlow

Questions for all organisations –

1. What evidence is there to suggest that the transfer to UC has caused –

- **Rent arrears, or increased rent arrears**

90% of clients claiming UC report they were in rent arrears. Some clients report they have never had arrears prior to their UC claim. The other 10% were supported by family members.

Client's site delay's in making their claim, delays with payments, deductions and sanctions are the reasons why they are in arrears or their arrears have increased.

Vulnerable clients who have limited capability for work are often placed in the basic UC group whilst they await their work capability assessment. They're vulnerable to sanctions as they they are more likely to have difficulty in complying with claimant commitments during this time.

45% of CAH clients have Disabilities or long term health problems. Vulnerable UC claimants report they are unable to manage their claim leading to delays in their payments, leading to rent arrears.

Delays in claims can be due to Clients having issues with their online journals and a delay in the response from their Work Coach. Advisers have recently reported lengthy delays to get through on the helpline

APA-There have been a number of clients reporting issues with their Alternative Payment Arrangements where there has been significant delay in rental payment to their landlord. In one case the vulnerable client had an APA arrangement in place, there was a change of circumstances during the UC claim and the APA broke down completely. When the next UC payment was paid to the client, they were paid the Housing Cost element directly and spent the money, leading to rent arrears.

Our Housing Specialist has reported some Private rented clients have been issued with a S21 notice as a direct result of rent arrears due to UC delays, confusion over Housing Cost element of UC payments and their inability to 'catch up' once payments are in place.

4 Clients failed their Habitual Residence Test for UC after the DWP misapplied the correct test. This led to no income for a period and rent arrears. CAH successfully challenged and the claims processed enabling Homelessness Prevention. There continues to be confusion by the DWP on HRT.

- **Debt issues for claimants**

Citizens Advice 2017 report on UC and debt found that clients we advised on Universal Credit were 37% more likely to need debt advice than clients on legacy benefits.

Working clients report difficulty in managing a budget where their UC claim fluctuates (Often Zero hours contracts) where they may have worked more hours in a month, leading to a 0 award of UC claim, their claims have been stopped completely. They then have to reclaim UC. The DWP now have a rapid reclaim process.

An increasing number of clients have reported they cannot manage to pay their priority expenditure or debts due to deductions taken from their UC monthly payments. This often includes existing agreements for repayment of rent and Council Tax arrears.

As with legacy benefits, the Department for Work and Pensions has the power to deduct sums of money directly from UC claimants. Citizens Advice Nationally saw 2,300 deductions cases in the first three months of 2018, around 5% of all our UC caseload. Locally, Citizens Advice Harlow saw 13.5% of all our UC caseload with deductions issues although we estimate the problem is higher due to the cross over with debt recording. The problem claimants face as they move to UC is that these deductions and recoveries are levied at higher rates than under the old system.

Currently an overall cap of 40% of a claimant's standard allowance applies to most types of deductions, and other rules limit what can be taken. This potentially leaves single people with budgets of around £45 a week (excluding housing costs). With recovery of loans and overpayments, as well as deductions made to pay third parties, we see many cases where 40% of the standard allowance is taken as well as somewhere that cap is exceeded. Looking at our data, evidence forms and discussions with clients, key issues include:

- High deductions rates causing hardship. Deductions in UC are made for the same reasons as legacy benefits, but at higher rates, so lead to a greater loss of income.
- Multiple issues meaning the 40% cap is exceeded. Claimants who owe money to third parties like landlords and utility companies often also have advances or other loans they are repaying, as well overpayments that are being recovered.
- Inflexibility in the system. The rules that decide how much is deducted and what for are rigid and may not take a claimant's ability to pay into account.
- Communication issues. Claimants are told about deductions from their UC payments in monthly award letters, which usually arrive a few days

before the payment date. Many clients do not understand their deductions, why they are being made or how to challenge them.

- **Referrals to agencies such as the Food Bank/CAB, or an increase of referrals.**

Issues with UC claim, monthly payment reductions due to deductions and periods of no income (due to appeals, sanctions) continues to be the top reason why clients require a Foodbank voucher.

We have seen a rise in the number of referrals we make to organisations offering support and specifically Mental Health support.

We have seen a marked increase in the number of clients whose UC claims are causing their mental health to deteriorate. Clients reported feeling pressured to look for work when they may have not worked for a substantial period of time due to ill health or their Disability, they are often in receipt of PIP and were previously claiming ESA. Clients have reported feeling very anxious and stressed trying to manage their claim without support.

We have had a large number of clients expressing that they cannot cope and the UC issues are directly impacting on their wellbeing. Some clients have disclosed they are feeling suicidal.

- **People to approach pay day loan type facilities to support themselves of their families?**

The Debt Advisers have reported no significant increase in the number of clients presenting with Pay day loan debts although we have seen a number of working clients on low incomes accessing online loans from Sunny and Quick quid in particular. This normally 'tops up' their income or is accessed in an emergency.

2. What impact is the introduction of UC having on the rental/housing market?

We have had reports that Landlord are refusing to accept tenants on UC due to the delay in processing housing payments. This does not appear to be a marked increase compared to tenants claiming benefits/ Housing Benefit. This has historically been a barrier to Landlords renting to benefit claimants.

3. What is the impact of UC on your organisations resources?

For the period of March-July 2018, on average, Clients with UC issues present with at least 2 other advice issues such as debts, housing issues, relationship and family issues and employment issues.

50% of all clients presenting to CAH with UC issues for the period of March to July had issues with making their initial claim.

In March/April this year we saw a marked increase in clients presenting requiring help with making their claim. The Job centre were sending UC claimants to CAH as initially

their computers were not working (which was confirmed by the regional manager) however, this has continued. We spoke to a manager in the job centre who confirmed 'they do not have the resources to help people with their claims, they are signposted to a partner agency , normally the Citizens Advice'. This put added pressure on the frontline as each new claim takes on average 60 minutes from our initial advice process to making the claim. An appointment is normally required which means the claim is delayed by at least a couple of days to a week, depending on resources. Clients who are referred or require Personal Budgeting support normally have a immediate issue to address normally a problem with their claim, they are not in the correct group and more often have no income at all. The UC lead Adviser can take 1-2 appointments assisting the client to a stable point, addressing the immediate and priority issues before they can get to the actual budgeting support where their income is stable and consistent. This can take a number of weeks, even months.

Again, clients presenting with increasing complex needs especially Mental Health issues, does place an increased demand on resources and time. Citizens Advice Harlow have arranged for West Essex Mind to deliver Mental Health First Aid training to frontline staff to ensure they are trained to respond to the increasing clients presenting in Mental Health crisis.

4. Are there any requirements for the links between the agencies to be strengthened and if so in what way?

We initially had excellent communication from the Job Centre and there was regular partnership meetings set up. With staff changes they appear to have fallen off the agenda. The fact that clients, especially vulnerable clients, report there is no assistance available from the Job Centre to help them make and manage their claim is concerning and falls to non-statutory organisations to support the client, not just with the long term budgeting support but the full making and managing the claim.

Deductions policies are complex, and so the practice and effect of deductions policy are not well understood by all parties. Citizens Advice nationally are working on this as a UC campaign. With the evidence we gather, and the government's 'test and learn' approach, we hope to make practical recommendations for improving the system and have good reason to believe these will be heard.

5. Are that any areas in which you believe Harlow Council can provide additional assistance to help in managing the challenges of Universal Credit?

We would ask Harlow Council to continue to be patient in regard to rent arrears/possession proceedings and Council Tax proceedings when a UC claim is involved and the client is working with our Advisers for Specialist Debt, Housing, Benefit or Personal Budgeting support. In addition, if a change of circumstances occur, this can lead to further delays in payments and we would ask for the council to also be considerate of these situations.

We have regular communication with a number of council departments who continue to refer clients for Personal Budgeting Support and Specialist Advice which is a great example of partnership working.