



## Citizens Advice Scotland written evidence Work and Pensions Committee inquiry: Universal Credit Update March 2017

1. *Citizens Advice Scotland (CAS), our 61 member Citizens Advice Bureaux (CAB), the Citizen Advice consumer helpline, and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. Our self-help website Advice for Scotland provides information on rights and helps people solve their problems.*
2. *In 2015/16 the Citizens Advice network in Scotland helped over 310,000 clients in Scotland alone and dealt with over one million advice issues. With support from the network clients had financial gains of over £120 million and our Scottish self-help website Advice for Scotland received over 4 million unique page views.*

### Summary

3. Citizens Advice Scotland recommends:
  - The seven 'waiting days' at the start of a Universal Credit claim should be reviewed.
  - A single, additional, non-refundable Assessment Payment is made to new Universal Credit claimants to avoid hardship being caused by having no income for six weeks.
  - The DWP takes all steps to ensure that the processing of Universal Credit claims is not delayed. In particular, it should ensure that additional information required from claimants, particularly in relation to housing costs, is appropriate and is processed in a timely manner.
  - The UK Government consider giving Universal Credit claimants the choice of weekly, fortnightly or monthly payments.
  - The UK Government should give people who receive Universal Credit the choice of whether they would like the housing element of their payment made directly to their landlord, or to receive it as part of their single payment.
  - Couples and families who claim UC are given the choice of whether they would prefer a single household payment, or individual payments to each partner.
  - The Universal Credit Helplines should be 0800 Freephone numbers.

- Increased resources are provided to reduce the length of phone calls to the Universal Credit Service Centre.
- Jobcentres must ensure that the support provided to those who lack computer skills is appropriate and that alternatives are provided for those who may never be able to use digital services due to illiteracy, disabilities or other complex needs.

## **Introduction and context of response**

4. Citizens Advice Scotland (CAS) welcomes the opportunity to provide evidence to the Committee's inquiry. In 2015/16, citizens advice bureaux in Scotland advised clients on 227,561 new issues related to social security benefits. Of those, 98,699 (43%) related to the six legacy benefits that are due to be replaced by Universal Credit. It is likely that Universal Credit will eventually become the largest single issue that Scotland's CAB Network provides advice on, and in areas where Full Service Universal Credit has already been rolled out, it is quickly beginning to take up a significant proportion of CAB advisers' time.
5. Citizens Advice Scotland has previously reported on early impact of 'Live Service' Universal Credit on Scotland's CAB network<sup>1</sup> and some of the challenges that need to be overcome for Universal Credit to meet its original aims. CAS is also gathering evidence of the impact of 'Full Service' Universal Credit, with some early issues outlined below.

***How long are people waiting for their Universal Credit claim to be processed, and what impact is this having on them?***

***Has Universal Credit improved the accuracy of payments?***

***Have claimants reported making a new claim for Universal Credit, and then found that the system has not registered their claim correctly?***

6. One of the changes that Universal Credit brings compared with the existing benefits system is a substantial period of time between a person applying for UC and receiving their first payment. The design of the system means that a claimant has to wait six weeks from application before receiving their initial Universal Credit payment.
7. The six-week period is comprised of an initial seven 'waiting days', where a claim has been successful, but the claimant is not entitled to any award. This is followed by the first Regular Assessment Period of one month, which determines how much the claimant should be paid, taking into account any other sources of income they may have. Then, after a further period of seven

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<sup>1</sup> Learning From Testing Times: Early Evidence of the Impact of Universal Credit in Scotland's CAB Network – Citizens Advice Scotland, June 2016 <http://www.cas.org.uk/publications/learning-testing-times>

days, the claimant will receive their first payment in arrears, to be followed by payments every month until their Universal Credit claim is closed. This in-built six week wait for income at the start of a Universal Credit claim is emerging as a significant problem for a substantial number of CAB clients in Scotland.

***A North of Scotland CAB reports of a client who has applied for, and been awarded Universal Credit. However, he will have to wait another five weeks until he receives his first payment. He currently has no money. He has advised the Council as he is in receipt of Housing Benefit [which will cease as a result of being on UC]. He wanted to apply for a short term advance to enable him to buy food and heating until his Universal Credit payments start. The prospect of having to wait five weeks with no money is causing the client hardship and distress.***

8. CAS recommends that the seven ‘waiting days’ at the start of a Universal Credit claim should be reviewed.
  9. CAS recommends that a single, additional, non-refundable Assessment Payment is made to new Universal Credit claimants to avoid hardship being caused by having no income for six weeks.
  10. In addition to the inbuilt waiting period, CAB evidence indicate that in some cases, the lengthy six-week wait for a first Universal Credit payment may be extended by delays to processing all information required for a claim to be accepted. In other cases, the first payment does not include an element of the claim.
- A North of Scotland CAB reports of a client who started an application for Universal Credit on 27th April. His first award was to be made on 2nd June, although he was given a £350 advance. Each time he has phoned to ask why he has not been paid they ask him for another document. They have promised money 'by the end of tomorrow'. Nothing has come through. The client is extremely stressed, has no money, and had to have a food voucher. Also, although he listed his children on the application form, he has received no 'child element' on the award. Now after a phone call from the CAB they will register a 'change of circumstances', but not make any payment for money due since 2nd June until 2nd July.***
11. A particular issue seems to relate to the processing of information required for the housing element of a claim. Several CAB clients have sought advice because their first Universal Credit payment did not include any payment for their housing element. This can cause further rent arrears for claimants.

**An East of Scotland CAB reports of a client who has been claiming Universal Credit for two months. He has not had the housing element included in his payment and has subsequently incurred rent arrears of £780. The Council are threatening possession procedures, but he has been in contact with them on a regular basis and they are aware that there has been a problem with his Universal Credit payments. The client had spoken to the DWP who told him they were going to look into the situation.**

12. With the long in-built delay before a person receives a first Universal Credit payment and the importance of the housing element in providing support to pay rent, it is critical that claims are processed swiftly and efficiently, including all information required for each element of the claim.
13. **CAS recommends that the DWP takes all steps to ensure that the processing of Universal Credit claims is not delayed. In particular, it should ensure that additional information required from claimants, particularly in relation to housing costs, is appropriate and is processed in a timely manner.**

#### ***How are claimants managing with being paid Universal Credit monthly in arrears?***

14. Following the initial waiting period, people receive Universal Credit payments on a monthly basis, representing a change from current arrangements for the six legacy benefits. To inform the use of devolved Scottish flexibilities around Universal Credit, one of which enables the Scottish Government to vary the frequency of Universal Credit payments, CAS conducted a survey with 601 CAB clients in 2015, most of whom claimed at least one of the six legacy benefits.<sup>2</sup>
15. The survey revealed that 26% of respondents budgeted weekly, with slightly smaller proportions budgeting monthly (23%) or fortnightly (22%). Just under half (49%) budget in the way that they do because that is when their payments come in, rather than because that is what is most comfortable (39%).
16. More than a third of respondents who claim one of the legacy benefits (34%) often run out of money, and have to borrow, get a Crisis Grant, or go to a food bank. However, a quarter said they managed well and look for ways to save money. However, almost half of respondents with a legacy benefit indicated that they would sometimes or often run out of money if their benefits were

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<sup>2</sup> Designing a Social Security System for Scotland: Universal Credit flexibilities – Citizens Advice Scotland, December 2015 <http://www.cas.org.uk/publications/designing-social-security-system-scotland-universal-credit-flexibilities>

paid monthly (47%). This was higher than the number that thought they would have no problem, or manage most of the time (41%).

17. Whilst it appears that no one particular budgeting strategy will lead to an individual managing well or struggling, those who budgeted according to when it was most comfortable for them appeared to manage slightly better than those who planned around when their money came in.
18. The majority (55%) of respondents who received a legacy benefit would prefer their benefits be paid weekly. Just 13% of respondents who claimed a legacy benefit would prefer a monthly payment, with 32% preferring a fortnightly payment.
19. From emerging evidence, citizens advice bureaux in Scotland are starting to see clients who are struggling to cope with monthly payments and have required emergency support due to having no money to pay for food or fuel.

***An East of Scotland CAB reports of a client who requested another food parcel as he is struggling with being paid his Universal Credit monthly. The client received his Christmas 2015 payment on 23 December instead of the 27th and is now struggling with money as his next payment is not due until 27 January 2016. The client mentioned he got on better when he was paid fortnightly and is finding it extremely difficult to cope with the monthly payments. He also mentioned he had rent arrears, at first stating this was for around £300, but later admitted it might be closer to £700. The CAB adviser arranged for a food parcel for the client but was advised by the local food bank that as the client had received six food parcels in the last few months this would be his last one.***

20. As our previous research indicated, there are a number of people for whom a monthly Universal Credit payment does not work, and emerging evidence indicates that this can lead to clients being thrown into crisis situations and requiring support from the Scottish Welfare Fund, or referrals to a food bank. The impact of the length of wait for a first payment, and repaying advance payments results in clients whose Universal Credit payment merely pays off debts from the previous month.
21. **CAS recommends the UK Government also consider giving Universal Credit claimants the choice of weekly, fortnightly or monthly payments.**

***What impact is Universal Credit having on rent arrears, what effect is this having on landlords and claimants, and how could the situation be improved?***

22. There is growing evidence from social landlords that tenants who are Universal Credit are more likely to incur rent arrears than those who are not.

For instance, in evidence to the Scottish Parliament Social Security Committee, East Lothian Council reported that 82% of tenants who receive Universal Credit have some level of arrears, with the average UC arrear being £300 higher than the typical arrear. Inverclyde Council reported that 69% of Universal Credit claimants in arrears, with an approximate arrear of £700 per claimant. In the Highland Council area, the average UC Live Service arrear is £627, the equivalent of eight weeks' rent, with average arrears under Full Service rising to £962, the equivalent of 12 weeks' rent. These figures are even higher for tenants in temporary homeless accommodation.<sup>3</sup>

23. Rent arrears for Universal Credit tenants is starting to emerge as an issue in Scottish citizens advice bureaux as it is rolled out more widely.

***A South of Scotland CAB reports of a client who is single, lives alone and has no children. She has been on Universal Credit since losing her job due to poor attendance following an accident, about which she is taking legal action. She lives in a bedsit and is paying £390 rent per month including Council Tax and bills. The housing element of her Universal Credit is £258 per month. She is also repaying her UC advance payment at £42 per month, together with further loans (£55 per month). The client is being evicted and is currently on the social housing waiting list. She is unsure how she will manage on her benefits once the rent is paid out of her UC payment and is worried about finding new accommodation.***

24. Payments towards rent arrears can be directly deducted from people's Universal Credit payments. However, these can be at steep rates of up to 20% which can cause clients further hardship. In line with our recommendation below, CAS recommends the Government give claimants the choice of having the housing element of their Universal Credit payment made directly to their landlord.

***Would certain groups benefit from greater payment process flexibility and, if so, what might the Government do to facilitate it?***

25. As detailed above, CAS recommends that Universal Credit claimants should be given the choice of weekly, fortnightly or monthly payments. However, there are other options for greater flexibility that could be considered.
26. CAS has previously raised concerns about evidence of clients falling into rent arrears as a result of the Universal Credit housing payment arrangements<sup>4</sup>.

<sup>3</sup> Official Report: Social Security Committee, 10 November 2016 – Scottish Parliament <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=10621&mode=pdf>

<sup>4</sup> Designing a Social Security System for Scotland: Universal Credit flexibilities – Citizens Advice Scotland, December 2015 <http://www.cas.org.uk/publications/designing-social-security-system-scotland-universal-credit-flexibilities>

Direct payments to claimants, coupled with monthly payments presents a new challenge to often-stretched finances, and leave them susceptible to accruing substantial rent arrears due to maladministration or poor communication by the DWP. We have recommended that the Scottish Government use its devolved flexibilities to give claimants the choice of having direct payments to their landlord, whether in the social sector or the private sector, which the Scottish Government intends to do.<sup>5</sup>

- 27. CAS recommends that the UK Government should give people who receive Universal Credit the choice of whether they would like the housing element of their payment made directly to their landlord, or to receive it as part of their single payment.**
28. If a couple are both eligible for Universal Credit, then they must make a joint claim. Their entitlement is calculated on a household basis, and they are paid one single household payment. This can be to a couple's joint account, or one of the partners' individual accounts.
29. This feature of Universal Credit has caused concern from a number of organisations about possible scenarios that may occur. These concerns include potential loss of independent income for women<sup>6</sup> or making it more difficult for a claimant to leave an abusive partner<sup>7</sup>. Partly in response to these concerns, the Smith Agreement<sup>8</sup> proposed devolving the power to vary the payment arrangements that would make it possible to split couples' Universal Credit payments into individual payments to each partner.
30. As part of a survey of 601 CAB clients in August 2015, we asked respondents who also had a partner who claims benefits whether they would prefer payments to be made as one single amount, to be paid to the respondent; one single amount paid to their partner; or as individual payments made separately.
31. There was a very even split between respondents who wanted single household payments and individual ones. 49.2% of respondents would prefer a single payment, with most of those preferring the payment to be made to them (41.9%) and only 7.3% wanting it to be paid to their partner. A narrow majority (50.8%) would prefer individual payments, paid to them and their partner separately.
32. This indicates that whilst single household payments would not be the choice of around half of claimants with a partner, there is still support for them. However, given the preference of the slight majority of respondents for

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<sup>5</sup> A New Future for Social Security: Scottish Government response to the Consultation on Social Security in Scotland – February 2017 <http://www.gov.scot/Resource/0051/00514404.pdf>

<sup>6</sup> The Gender Impact of Welfare Reform – Scottish Government Communities Analytical Services Division, August 2013 <http://www.gov.scot/resource/0043/00432337.pdf>

<sup>7</sup> Housing Policy and Welfare Reform – Women's Aid

<http://www.womensaid.org.uk/page.asp?section=00010001001000320002&sectionTitle=Housing+We lfare>

<sup>8</sup> Report of the Smith Commission for further devolution of powers to the Scottish Parliament – November 2014 <https://www.smith-commission.scot/smith-commission-report/>

individual payments, CAS believes it should be made easier to facilitate this. We would support claimants being given the choice of a household or individual payment at the outset of their claim, with the option to switch to the other option at any point.

**33. CAS recommends couples and families who claim UC are given the choice of whether they would prefer a single household payment, or individual payments to each partner.**

***How well is Universal Support working, and how could it been improved?***

34. As CAS understands, the final version of Universal Support Delivered Locally has not been rolled out. The Department for Work and Pensions has published an evaluation of trials conducted in 2014-15.<sup>9</sup>

35. Currently local delivery partnerships have been negotiated in different local authority areas. In general, citizens advice bureaux aim to build good working relationships with local Jobcentre Plus offices, local authorities and other services in their areas, although the scope of this will vary in different areas.

***What impact is Universal Credit having on the income and costs of local authorities, housing associations, charities and other local organisations?***

***What impact has the introduction of full Universal Credit service had in areas where it has replaced the live service?***

36. The most noticeable impact of Universal Credit on Scottish citizens advice bureaux is on bureaux in Full Service areas - at the time of writing Musselburgh, Haddington, Inverness, East Dunbartonshire and Nairn. Bureaux in these areas have reported a significant impact, as all people who would have previously claimed one or more of the six 'legacy benefits' will now make claims for Universal Credit. Early reports from the Full Service bureaux indicate a number of effects on the bureaux and clients seeking advice on a Universal Credit issue, some of which are outlined below:

**Long, multiple and expensive phone calls to resolve issues**

37. Despite the 'digital by default' approach to Universal Credit, there are issues that require a phone conversation to resolve. This includes issues where a client is in urgent need – for instance if a Universal Credit payment has not arrived, or where a miscalculation has meant an element of the payment has not been included.

38. As CAS reported in our previous report on the rollout of Universal Credit, 'Learning From Testing Times'<sup>10</sup>, unlike other Unlike other DWP benefits new

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<sup>9</sup> Evaluation of the Universal Support delivered locally trials – Department for Work and Pensions, July 2016 <https://www.gov.uk/government/publications/evaluation-of-the-universal-support-delivered-locally-trials>

claims lines which are 0800 Freephone numbers, the Universal Credit helpline is a 0345 number which costs a minimum of 9p per minute from a landline and 8p – 45p per minute from a mobile<sup>11</sup>.

39. CAB advisers have reported that this is proving an unreasonable amount for a benefit claimant to be able to afford. However, it also has an impact on citizens advice bureaux, particularly when the calls are lengthy, or multiple calls are required to resolve an issue.
40. For instance, in November 2016 advisers at one CAB made a total of 77 calls to three Universal Credit helplines, all 0345 numbers. The shortest call latest 5 minutes 16 seconds, with the longest taking 54 minutes 17 seconds. In the experience of advisers, the average phone call to a Universal Credit helpline takes between 20 and 30 minutes.
41. In another area, the CAB's phone bill increased by £100 in the first period immediately following the roll out of Full Service Universal Credit in the area. CAB managers have expressed concern that these increases will be unsustainable in the long run for their services, which are small grant-funded charities unable to absorb significantly increasing costs.

**42. CAS recommends that the Universal Credit Helplines should be 0800 Freephone numbers.**

**43. CAS recommends that increased resources are provided to reduce the length of phone calls to the Universal Credit Service Centre.**

### **Digital access and impact on advice appointments**

44. In 2013 and 2016, CAS published research into CAB clients' digital skills and access. The most recent iteration of the research found that although there is an improvement in respondents' ability to use a computer and the internet, one in five (19%) cannot use a computer at all, with a similar proportion (21%) never using the internet. This number rises when people's ability to make benefit claims or apply for jobs online is considered - 59% could not make a claim for benefits online without help, and 54% could not apply for a job online without help.<sup>12</sup>
45. Bureaux in Full Service areas have reported that it is not uncommon for advice sessions to last two hours, for making a new claim for Universal Credit when someone has not used a computer before. Despite improvements in the

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<sup>10</sup> Learning From Testing Times: Early Evidence of the Impact of Universal Credit in Scotland's CAB Network – Citizens Advice Scotland, June 2016 <http://www.cas.org.uk/publications/learning-testing-times>

<sup>11</sup> 'The new DWP benefits helpline is going to cost claimants up to 45p a minute' – The Independent, 18 February 2016 <http://www.independent.co.uk/news/uk/politics/claim-benefits-helpline-number-dwp-universal-credit-45p-a-minute-premium-rate-iain-duncan-smith-a6881441.html>

<sup>12</sup> Bridging the Digital Divide – Citizens Advice Scotland, May 2016  
<http://www.cas.org.uk/publications/bridging-digital-divide>

digital access and support provided within Jobcentre Plus offices, people will choose to come to a CAB for assistance to make or manage a Universal Credit claim. It is an unfamiliar environment – some CAB clients have never had to choose a password before, and having to set up email addresses is common. Clients often forget or lose their 16 digit personal code, or forget their password and are unable to access their Universal Credit account as a result, and require a short appointment to get help to retrieve the information.

- 46. CAS recommends that Jobcentres must ensure that the support provided to those who lack computer skills is appropriate and that alternatives are provided for those who may never be able to use digital services due to illiteracy, disabilities or other complex needs.**

### **Removal of Implicit Consent**

47. Following a change of policy in December 2016, ‘implicit consent’ is no longer accepted for Universal Credit claims under Full Service. This process enabled CAB advisers to be mandated by clients to contact the DWP in their absence to discuss their claim. This can be helpful in situations where a case takes several contacts to resolve, or if there is a lengthy hold time on the Universal Credit helpline and the client is not able to be physically present on every occasion. In the case of clients with limited capacity who require assistance to manage their claim and communicate with officials, it can be essential in enabling the client to be supported effectively.
48. The DWP’s rationale for the change of policy was that, with claimants being able to access their online Universal Credit journal, that they could access information related to their account online. However, in some cases it is not possible for a client to be present with the adviser to resolve an urgent issue, as in the case below.

***A North of Scotland CAB had advised a client who had a brain tumour. There were difficulties setting up a Universal Credit claim for him and his partner, which they had done themselves. Due to a minor error on the form (putting down the monthly figure for rent in the box for weekly housing costs) the client quickly accrued a ‘massive’ overpayment. The client and his partner were afraid to withdraw any of the money from their account as it would need to be repaid, which effectively left them with no access to income.***

***The client was in hospital for brain surgery at this time, so had no access to their online account. Due to the removal of implicit consent, the CAB could not phone DWP on the client’s behalf to correct the error in the claim and discuss the overpayment despite the client being content for them to do so. No-one was able to help the client so eventually their claim was suspended. This left them with no income.***