

Inquiry into Universal Credit 5-Week Wait

Consultation Response

August 2020

Response to Inquiry into UC 5-Week Wait

August 2020

Introduction

The Work and Pensions Committee launched an Inquiry into the Universal Credit wait for a first payment. Advice NI made a submission to the Inquiry and in this paper we provide a summary of the response.

Summary of Response to Questions

The inquiry asked if the mitigations introduced so far had helped to reduce the negative impact of the 5-week wait. In our response, we didn't agree that mitigations such as extending the length of time required to repay the UC Advance; or reducing the maximum deduction rate from 40% to 30% had been successful in adequately reducing the negative impact of the 5-week wait.

We made several points to support our position. The 5-week wait was leaving claimants with increased benefit debt, including rent arrears, even for claimants who never had rent arrears in the past. A statistic from NI is that 92% of Northern Ireland Housing Executive tenants in receipt of UC are in arrears. And because the UC Advance is a loan that has to be paid back, ultimately it only serves to put claimants into even deeper debt.

The 5-week wait continues to drive thousands of claimants to go without food or heat, and unprecedented numbers to foodbanks—a phenomenon in itself that was unprecedented before the welfare cuts.

The amount of deductions coming out of UC payments, to repay UC Advances, overpayments and other debts, is of great concern and exacerbates the impact of the 5-week wait. Deductions are becoming a norm for UC claimants, rather than an exception, and out of the total UC payments made in February 2019, 57% had a deduction to the standard allowance.

The 5-week wait causes problems for claimants who try to claim passported benefits because claimants who have applied for UC and who meet the criteria for a particular passport benefit but are still waiting for their first UC payment, are being rejected for passported benefits.

Advice NI also discovered that incorrect application, or non-application entirely, of Regulation 25¹ has further disadvantaged claimants because the date of their claim is not calculated correctly and gaps are occurring between the end-date of their legacy benefits and the start-date of their UC. For full details of this failing, see the full press release².

¹ Regulation 25(1), (2), (3) of the UC, PIP, JSA, and ESA (Claims and Payments) Regulations (NI) 2016, 'Time within which a claim to UC is to be made'

² <https://www.adviceni.net/blog/serious-systemic-failures-affecting-sick-and-disabled-people-claiming-universal-credit>

The COVID-19 lockdown has shone a spotlight on the weaknesses in our society, brought about by ten years of austerity. Cuts to public services, including to the social security system and the NHS, and diminishing wages and job security, have all helped to undermine society's resilience and individual capacity to weather shocks, such as the COVID-19 pandemic. People in crisis need help right away, not in 5 weeks' time or longer.

The Inquiry wanted feedback about the most affordable way to offset the impact of the 5-week wait. We rejected the issue affordability, pointing out that it was as a contrived one taking the discussion about eliminating the 5-week wait down a slip road and adding unnecessary complexity to an already complex system. We should stay focused and remember that welfare 'reform' and UC are choices, just as forcing claimants to wait at least 5 weeks is a choice. The government can decide to be humane and eliminate the rule about the 5-week wait to ensure that citizens are not put through unnecessary suffering. Or the government can continue to impose this 'conscious cruelty', a term used by the Participation and Practice of Rights Project based in Belfast³.

We made the point that the 5-week wait simply makes claimants wait for the money that they will be entitled to once their benefit payments commence. Denying them this money for 5 weeks is not saving the government money, just as removing the 5-week wait and allowing claimants to receive their first payment sooner will not cost money. And a run-on of payments between the legacy system and UC would be a neutral cost and would ensure those migrating to UC would not end up in greater debt or hardship.

But denying claimants their first payment until 5 weeks has past does have other more hidden costs to government that are a waste of public money. More than likely, claimants will have to apply for UC Advances, and there is a cost associated with administering and processing those Advances. There is also a cost associated with ensuring UC Advances are repaid, maybe with involvement from Debt Management if claimants struggle with repayments.

Then there are the additional knock-on effects. Claimants are more likely to fall into debt such as rent arrears because of such a lengthy wait on their first payment. If they are in social housing or on housing benefit, the rent arrears become a cost that negatively impacts social housing landlords and private landlords which can have implications for the economy. Again, further administration (and cost) is necessary to recoup the rent arrears.

Leaving claimants without money for weeks on end also means they are more likely to go without food and heating and other basic necessities which is detrimental to physical and mental wellbeing and which in turn places more pressure and expense on health and social services. If children are members of the household waiting 5 weeks for a first benefit payment, the negative impact reaches further still, with their education and health being impacted and the education system and public services being stretched ever more.

We suggested allowing the claimant to get their first payment as soon as their claim is processed (usually within a week or two, just as the legacy system did)? And for those already on legacy benefits, to allow them to have a run-on of their legacy claim so there is no break in payments. These changes could be achieved by introducing twice monthly payments to commence during the first assessment period.

Doing so would not in any way diminish the emphasis UC places on work. In fact, removing the 5-week wait could assist UC work goals because claimants will be better able to focus on

³ <https://www.pprproject.org/resource-document/conscious-cruelty-final-report>

looking for work, and will have more time to do so, if they do not have to worry about how they are going to feed themselves or pay their rent.

There would be some costs associated with changing the software in the UC system to remove the 5-week wait but this would be a one-off cost. In any new software system, it is acceptable that changes are required after installation, as unforeseen bugs or flaws emerge. When we consider that the government has wasted hundreds of £millions developing this system already—a disgraceful misuse of public money—some extra changes will add little to that bill in comparison but it will be money well-spent because it will provide genuine social security for millions of people.

When asked if different mitigating options were needed for different groups of claimants, we made the point that the removal of the 5-week wait would in turn remove the need for a menu of intricate and difficult-to-administer mitigating options. But we did emphasise that certain groups did experience greater difficulties when trying to claim UC.

For example, the online application process can be difficult for those with limited digital literacy, or with limited access to the Internet or a digital device. Vulnerable claimants face greater challenges, including people with mental health issues, people with physical or mental disabilities, ethnic minorities who have little or no English, or people with literacy problems. They find it very difficult to get extra support from frontline staff when it comes to making their initial UC claim and afterwards as they wait for their first UC payment. Face-to-face, telephone or home visit appointments are rare. A lot of the time, DWP's own safeguarding guidelines are not being followed and if those guidelines were followed, it would go a long way to addressing these difficulties.

Families with children, particularly lone parent families, are impacted more negatively than other groups of claimants. The £1,000 increase to the UC standard allowance mentioned previously is of benefit only to those with incomes under the benefit cap threshold. It does not benefit those who are at or over the benefit cap threshold. We know from NI statistics that all those affected by the benefit cap are families with children, and that nearly 90% of those are lone parents.

The Inquiry wanted to know if there were barriers or unintended consequences to removing the 5-week wait. We recognised barriers such as the changes to the software system but highlighted that the biggest barrier is political will. In other words, whether the government really wants to remove the 5-week wait and relieve citizens of the hardship it causes. The COVID-10 lockdown has shown us how immediately and how effectively major changes can be implemented, when the political will is there. The same goes for removing the 5-week wait.

Conclusion

In our closing remarks, we appealed to government to stop pretending that the 5-week wait is a law of nature, like gravity, that simply cannot be changed and that can only be alleviated with small tweaks here and there. We asked them to be honest and accept that they are in charge of our benefits system and they have the ultimate authority and ability to change it as they see fit.

Epilogue

Due to the COVID-19 pandemic, heavy job losses and business closures are being predicted. As a result, there may be a surge in redundancies and UC claims. UC has a complicated interface with redundancy and without knowing the full facts, people could lose out on their entitlements. The Advice NI paper, Universal Credit and Redundancy Payments, provides important information to help anyone who receives a redundancy payment and who also has to make a claim for UC. The paper can be downloaded from the Advice NI website at <https://www.adviceni.net/content/universal-credit-and-redundancy-payments-0>.



Contact information:

Advice NI Policy Team
Kevin Higgins (Head of Policy)
Advice NI
Forestview
Purdys Lane
Belfast
BT8 7AR
Tel: 028 9064 5919

Advice NI Policy Team:

Name :

Kevin Higgins
Charlotte Brennan
Bridget Meehan

Email:

kevin@adviceni.net
charlotte@adviceni.net
bridget@adviceni.net

www.adviceni.net
@AdviceNI