SSAC Submission – Universal Credit (Transitional Provisions) (Managed Migration) Amendment Regulations 2018.

Introduction

We welcome the opportunity to contribute to the Social Security Advisory Committee's consultation in respect to the Universal Credit (Transitional Provisions) (Managed Migration) Amendment Regulations 2018. While we welcome the intention of the managed migration in 'protecting' individuals from reductions in their overall benefit income through transitioning people onto Universal Credit - the single benefit replacing the complexity of the existing means tested benefits we would urge a word of caution for a variety of reasons which we set out below:

Firstly, DWP announced recently that Universal Credit claiming had reach its first 1 million customers which remains a minority of the eventual workload which has been predicted at around 7 million. It has also been widely reported that there is still a large number of individuals within the current caseload who face long term indebtedness because of the initial payment delays and who need a significant amount of support to maintain their claim.

Experience at Citizens Advice Swansea Neath Port Talbot appears to be indicating that the numbers of people transitioned to Universal Credit since full service roll out in December 2017 due to natural changes in circumstances is up to one third of the eventual workload already.(1) We make this assertion in that generally we are finding that around two thirds of people we are helping with Universal Credit issues are also advised by ourselves in respect to a range of other benefits.

A considerable amount of support is required to ensure individuals make their initial claim, can interpret the payments received and are managing effectively the money they have through income maximisation, debt management and negotiation with the DWP's Overpayments Unit.

Many individuals we support are on the verge of destitution and the regime for deductions for overpayments and advance payments increases their financial risk considerably. Presumably the rate of deductions for recovery of advance payments and overpayments will remain the same with the managed migration of Universal Credit claims process so while the intention is that individuals will be 'protected' the rate of payment received will not be at this level. We regularly assist a number of people to negotiate for lower repayment of historical benefits overpayments which can only be achieved through an incremental manual override for each pending payment who would otherwise not be able to maintain the roof over their head.

(1) This was also the position set out in Craven and Harrogate.

Case Study Example – Deductions for Advances and Overpayments

Client previously on UC 'live' service. New claim for UC under 'full service' from February 2018. Client has a 3-month sick note and cannot undertake any work due to physical health problems.

Client has £100 per month shortfall on his housing costs for a one bedroomed property compared with what UC will pay. He has lived in this property 5 years and he could afford the payments while working.

When his claim moved to UC 'full' service he was subject to the initial 5 week delay plus the reduction in his UC payments due to recovery of advance payments and a historic Housing Benefit overpayment. His landlord had started possession proceedings but while he had a Discretionary Housing Payment application awaiting decision he has been spending long periods of time talking to different parts of the benefit system. This has led to greater stress and physical symptoms which prevent medical intervention unless they are resolved. After paying rent he has £96 per month to live on so he has cancelled his car insurance and incrementally each month Citizens Advice have been requesting delay for the recovery of overpayments that would take up to 40% of his UC entitlement. Had these overpayments been the original ones notified he would have just over £45 per month to live on. **CA-137282224. Swansea West.**

We believe the recovery of Advance Payments and Overpayments and the maximum 40% recovery rate being set as the default should not be taken from the first six months of UC being put into payment and they should be suspended should an accredited debt adviser confirm the claimant faces priority debt. This is because claimants often have debt before their first payment; that in our experience the first payment is not always correct and that ongoing hardship through accumulation of debt for priorities such as rent, council tax and fuel is something claimants do not recover from within their first 12 months of a claim. We would support the NAO's recommendation that further DWP analysis of client experience of UC claiming should further be conducted. We look forward to being able to contribute to this evidence.

Secondly, with the managed migration process we wonder whether Digital and Personal Budgeting Support will remain available and whether lessons are currently being learnt about their effectiveness for the existing workload. We have recently undertaken a small research project through following up with individuals who have had Personal Budgeting Support with an extended telephone interview. What we are staggered by is that none of them have had a smooth transition to Universal Credit from their previous financial circumstances. In one case an individual did not receive any Universal Credit claim other than an advance before he returned to work but he is now having to repay that payment back while trying to settle into a new job.

One client told us: *'It's a 'rob Peter to pay Paul' situation since going on UC. I'm always in a shortfall so I have to make it up with my Child DLA money or by borrowing from family. I don't want to have to do that.'* **(Swansea client - CLI-4617685-H2U2Z2)**

Only 1 in 5 of those we interviewed for the study were in debt prior to going onto UC. After going onto UC only 2 in 15 remained out of debt. One person told us: '*I've never been so broke.'*

We routinely come across individuals we need to support to liaise with the UC payments centre because the amount they are paid is not easy to check. Other individuals are trying to do this for themselves and not always getting the correct payment first time or a polite or correct answer when they use the helplines:

'I get conflicting info from UC people and JCP people. Contact speed and communication is very poor. I had to correct them with the info you provided me with when I spoke to you (CASNPT) were really helpful.

Administrative errors caused stress - eg my children were not included in my award even though I had provided proof of them in my claim.

Some people I have spoken on the UC line have been friendly; others have not, though I understand they must have a heavy workload and there's teething problems. One told me that "if people would just stop ringing in then maybe we could do our jobs..."

I had to get an advance payment in 3 parts, and a social fund loan. I'll have to pay these off now.' **(Swansea client - CLI-6340069-I2Q2U2)**

It is not unusual for people to wait upwards of thirty minutes to get through to a person who can assist them with their specific query. We can only foresee that the numbers of calls made to the UC contact centres will increase significantly and those staffing the telephones themselves become more stressed and unhelpful to individuals.

We recommend that the DWP take cognisance of the numbers of people facing problems with UC rather than acclaiming its success on the percentage of people for whom it is working well.[1]

We would recommend that transition to the full UC service should be on the basis of significant protection from financial risk. In doing so, we recommend the DWP look at moving payments over as they are currently made whether fortnightly or four weekly to a period when the claim has been stabilised and then later on a further transition process in conjunction with the Work Coach be made to the calendar monthly payment basis where this appears appropriate.

The recent Citizens Advice report: 'Making a Universal Credit claim' has recommended:

'The government needs to urgently add further features to the system and ensure adequate support is in place so that people are paid on time and their finances are not put at risk.'[2]

Thirdly, we have extensive experience of assisting individuals with welfare benefits issues. During the 2014 - 15 year we were inundated by many individuals who had been advised that their Disability Living Allowance (DLA) claim would be stopped and they would need to claim Personal Independence Payment (PIP) when the migration process between the two benefits was started.

Bearing in mind our total client figures during the period to 31 March 2018 went from 8,021 in 2014 – 15, to 7,464 in 2015 – 16, to 6,532 in 2016 – 17 and then to 5,000 in 2017 -18 (without significant changes in funding) it can be seen that the impact of clients attending our service for support with Personal Independence

[1] NAO (2018) Rolling Out Universal Credit. Found at: https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf 15 June 2018. This recommendation is also echoed by the NAO report.

[2] The recent Citizens Advice report: 'Making a Universal Credit claim' recommended - (July 2018. https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Making%20a%20Universal%20Credit%20claim%202018%20-%20final.pdf)

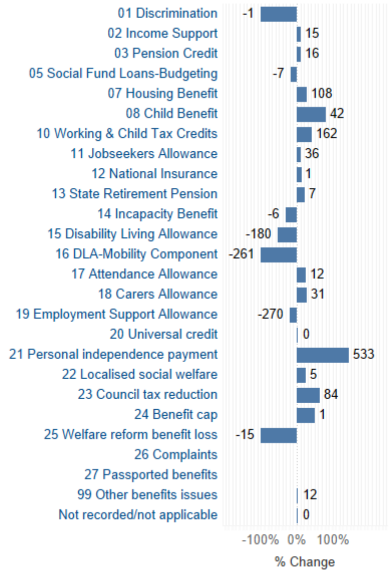
Payment queries had a negative impact on how many other clients we were able to support at the same time.

In the two years to 31 March 2015, clients bringing Personal Independence Payment queries increased 144% (from 11% to 26% of all clients with benefit queries and 11% of all clients).

Issues (part 1) Benefits & tax credits | Report date 31-03-2015 | Select Count Clients

Change P2: Clients

		LY	PY	Change	% Change
Benefits & tax credits	01 Discrimination	0	1	-1	-100%
	02 Income Support	157	142	15	11%
	03 Pension Credit	162	146	16	11%
	05 Social Fund Loans-Budgeting	34	41	-7	-17%
	07 Housing Benefit	497	389	108	28%
	08 Child Benefit	94	52	42	81%
	10 Working & Child Tax Credits	559	397	162	41%
	11 Jobseekers Allowance	348	312	36	12%
	12 National Insurance	9	8	1	13%
	13 State Retirement Pension	39	32	7	22%
	14 Incapacity Benefit	13	19	-6	-32%
	15 Disability Living Allowance	163	343	-180	-52%
	16 DLA-Mobility Component	0	261	-261	-100%
	17 Attendance Allowance	58	46	12	26%
	18 Carers Allowance	144	113	31	27%
	19 Employment Support Allowance	1,007	1,277	-270	-21%
	20 Universal credit	3	3	0	0%
	21 Personal independence payment	902	369	533	144%
	22 Localised social welfare	25	20	5	25%
	23 Council tax reduction	216	132	84	64%
	24 Benefit cap	3	2	1	50%
	25 Welfare reform benefit loss	0	15	-15	-100%
	26 Complaints	5	0	5	
	27 Passported benefits	13	0	13	
	99 Other benefits issues	451	439	12	3%
	Not recorded/not applicable	1	1	0	0%
Grand Total		3,487	3,214	273	8%



The table below shows the number of people assisted by our service with various benefit problems in the year to 31 March 2016 (Last Year – LY) and the year to 31 March 2015 (Previous Year – PY). 1,517 clients compared with 910 the previous year.

It was in quarter 4 of this year that migration from DLA to PIP commenced in earnest. In fact 45% of the annual demand for PIP support came in Quarter 4.

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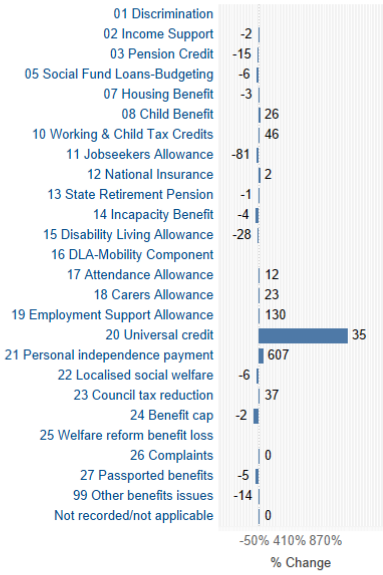
Issues (part 1) Benefits & tax credits | **Report date** 31-03-2016 | **Select Count** Clients

Change P2: Clients

		LY	PY	Change	% Change
Benefits & tax credits	01 Discrimination	0	0	0	
	02 Income Support	155	157	-2	-1%
	03 Pension Credit	149	164	-15	-9%
	05 Social Fund Loans-Budgeting	28	34	-6	-18%
	07 Housing Benefit	492	495	-3	-1%
	08 Child Benefit	121	95	26	27%
	10 Working & Child Tax Credits	601	555	46	8%
	11 Jobseekers Allowance	269	350	-81	-23%
	12 National Insurance	11	9	2	22%
	13 State Retirement Pension	38	39	-1	-3%
	14 Incapacity Benefit	9	13	-4	-31%
	15 Disability Living Allowance	135	163	-28	-17%
	16 DLA-Mobility Component	0	0	0	
	17 Attendance Allowance	72	60	12	20%
	18 Carers Allowance	168	145	23	16%
	19 Employment Support Allowance	1,141	1,011	130	13%
	20 Universal credit	38	3	35	1167%
	21 Personal independence payment	1,517	910	607	67%
	22 Localised social welfare	19	25	-6	-24%
	23 Council tax reduction	254	217	37	17%
	24 Benefit cap	1	3	-2	-67%
	25 Welfare reform benefit loss	0	0	0	
	26 Complaints	5	5	0	0%
	27 Passported benefits	8	13	-5	-38%
	99 Other benefits issues	433	447	-14	-3%
	Not recorded/not applicable	1	1	0	0%
Grand Total		4,009	3,497	512	15%

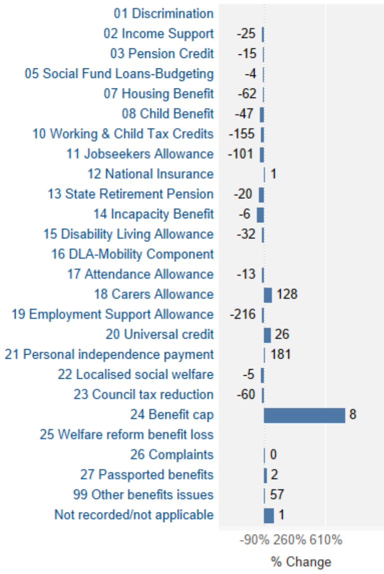


In 2015 – 16 20% of clients came with a PIP issue. This rose to 26% in 2016 - 2017 as shown below.

Issues (part 1) Benefits & tax credits | **Report date** 31-03-2017 | **Select Count** Clients

Change P2: Clients

		LY	PY	Change	% Change
Benefits & tax credits	01 Discrimination	0	0	0	
	02 Income Support	130	155	-25	-16%
	03 Pension Credit	135	150	-15	-10%
	05 Social Fund Loans-Budgeting	24	28	-4	-14%
	07 Housing Benefit	431	493	-62	-13%
	08 Child Benefit	74	121	-47	-39%
	10 Working & Child Tax Credits	447	602	-155	-26%
	11 Jobseekers Allowance	170	271	-101	-37%
	12 National Insurance	12	11	1	9%
	13 State Retirement Pension	18	38	-20	-53%
	14 Incapacity Benefit	3	9	-6	-67%
	15 Disability Living Allowance	103	135	-32	-24%
	16 DLA-Mobility Component	0	0	0	
	17 Attendance Allowance	59	72	-13	-18%
	18 Carers Allowance	297	169	128	76%
	19 Employment Support Allowance	928	1,144	-216	-19%
	20 Universal credit	64	38	26	68%
	21 Personal independence payment	1,705	1,524	181	12%
	22 Localised social welfare	14	19	-5	-26%
	23 Council tax reduction	195	255	-60	-24%
	24 Benefit cap	9	1	8	800%
	25 Welfare reform benefit loss	0	0	0	
	26 Complaints	5	5	0	0%
	27 Passported benefits	10	8	2	25%
	99 Other benefits issues	490	433	57	13%
	Not recorded/not applicable	2	1	1	100%
Grand Total		3,732	4,022	-290	-7%



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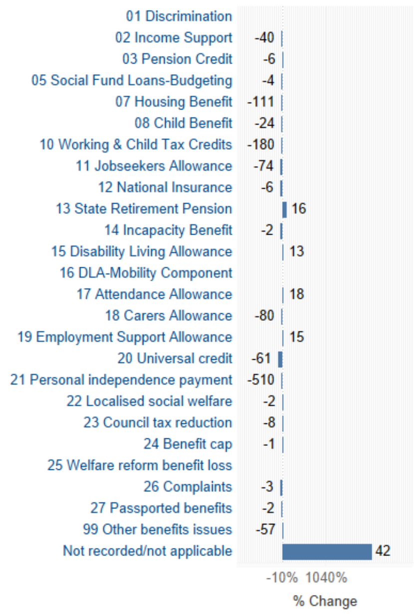
Issues (part 1) Benefits & tax credits | **Report date** 31-03-2018 | **Select Count** Clients

Change P2: Clients

		LY	PY	Change	% Change
Benefits & tax credits	01 Discrimination	0	0	0	
	02 Income Support	90	130	-40	-31%
	03 Pension Credit	129	135	-6	-4%
	05 Social Fund Loans-Budgeting	20	24	-4	-17%
	07 Housing Benefit	320	431	-111	-26%
	08 Child Benefit	50	74	-24	-32%
	10 Working & Child Tax Credits	267	447	-180	-40%
	11 Jobseekers Allowance	96	170	-74	-44%
	12 National Insurance	6	12	-6	-50%
	13 State Retirement Pension	34	18	16	89%
	14 Incapacity Benefit	1	3	-2	-67%
	15 Disability Living Allowance	116	103	13	13%
	16 DLA-Mobility Component	0	0	0	
	17 Attendance Allowance	77	59	18	31%
	18 Carers Allowance	217	297	-80	-27%
	19 Employment Support Allowance	943	928	15	2%
	20 Universal credit	3	64	-61	-95%
	21 Personal independence payment	1,195	1,705	-510	-30%
	22 Localised social welfare	12	14	-2	-14%
	23 Council tax reduction	187	195	-8	-4%
	24 Benefit cap	8	9	-1	-11%
	25 Welfare reform benefit loss	0	0	0	
	26 Complaints	2	5	-3	-60%
	27 Passported benefits	8	10	-2	-20%
	99 Other benefits issues	433	490	-57	-12%
	Not recorded/not applicable	44	2	42	2100%
Grand Total		2,865	3,732	-867	-23%



In 2017 - 18 PIP remains the problem that 24% of our clients bring to us even though it is reducing in volume with Employment and Support Allowance remaining high.[3] This trend through the migration of individuals claiming DLA to being told their claims will cease and they should claim PIP appears to be the process that the DWP propose to move from the six legacy benefits to Universal Credit. As the DLA to PIP migration has severely impacted upon our capacity to support individuals with other issues and led us to attempt to contain the volumes through some delivery of one to many workshops because the demand was unsustainable we can only foresee that individuals will be requesting our support with the new UC requirements and its attendant problems but for whom we may have little remaining resource to assist.

When the PIP workload became unsustainable we took up our plight as did other advice agencies with a local MP who received a response to a Written Question posed on our behalf. The response was that no such impact assessment in respect to advice services had been conducted:

[3] Note Universal Credit is categorised separately from the main category of Benefits and Tax Credits. It is main category in its own right in the years April 2016 – 2017 onwards.

Written questions and answers

Q Asked by **Stephen Kinnock** (Aberavon) Asked on: 07 July 2016

Department for Work and Pensions Commons **42127**

Personal Independence Payment

To ask the Secretary of State for Work and Pensions, whether his Department carried out an assessment prior to the introduction of personal independence payments for existing disability living allowance recipients of the effect of that introduction on advice services such as Citizens Advice Bureaux.

A Answered by: **Justin Tomlinson** Answered on: 13 July 2016

No specific such assessment was carried out.

Citizens Advice Bureaux have been, and continue to be, members of the Personal Independence Payment Implementation Stakeholder Forum and regularly engage with the Department on PIP issues.

We would therefore urge the SSAC to ensure an impact assessment is conducted and that further exploration is undertaken to support advice agencies to receive additional resources at the point the UC managed migration commences. We would also expect that a proper communications process is also set up to work with advice agencies through the DWP Customer Relationship Groups to 'test' the timing of the migration and the potential capacity or capacity needs to assist individuals moving from the multiple benefits to Universal Credit.

We recommend that a full impact assessment on advisory services is undertaken including how supporting a UC client has impacted on other services. This should be accompanied by an analysis of the cost implications of the additional work for those local authority services which have utilised additional funding, internally, that the DWP has directed to them for UC Support.

Only after having completed an impact assessment would we then suggest further roll-out and migration of existing legacy benefits be considered. We believe the business case for the manage migration process needs to specifically demonstrate that the systems and support services can cope with further acceleration of 'load'. Having looked at the NAO report and findings and recommendations reported in June 2018 and seen the publication of the managed migration intentions only a few days later it is difficult to see how commencing a migration process will be successful if it starts in January 2019.

Conclusion

We have set out earlier our recommendations regarding:

- Addressing the areas that the National Audit Office and others including Citizens Advice have raised in respect to the problems faced by a significant number of existing claimants before migration commences;
- Securing 'protection' in the migration process for people to receive the same level of income at the same frequency as currently without any deductions for overpayments increasing and a roll on from the legacy benefits to UC with a later move when financial circumstances are stable on UC to calendar monthly payments for those for whom this is appropriate;
- Undertaking an impact assessment in respect to the workload that advice services will face by the proposed migration process and exploring additional resources to enable the sector to cope.

Due to the successive changes in Welfare Benefits we have also seen the number of unique clients reducing as they are bringing different types of issues. It is not unheard of to assist a client, for instance, with two Tribunal appeals at the same time or on occasions for Employment Support Allowance and Personal Independence Payment entitlement and reviews of entitlement.

In the last year 57% of clients described themselves as having a long-term health condition or disability of whom 25% say it is a mental health condition and only 10% of clients were over working age. We know that in the last year the local Age Cymru organisation in Swansea has significantly reduced its services and is a much slimmer organisation than it has been so we are not aware that there are other services for older people that are assisting individuals in these age ranges and therefore suggest there are gaps in these services and more so when statutory and other services are moving to a digital by default approach. We have faced several years in which funding has stagnated but complexity has increased and the volume of clients we can support is reducing. We anticipate that those involved in the Universal Credit managed migration process will be those who are most digitally excluded and least likely to be near to the job market otherwise they would already be back to work and off benefits. Coping with this level of demand while facing reducing funding is not something the not for profit sector will be able to absorb. Without access to independent advice we would suggest accelerating migration to UC can only lead to greater individual distress and financial risk leading to homelessness and destitution, things that the 'safety net' of social security has always sought to avoid.

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19 August 2018