



UNIVERSAL CREDIT IN WANDSWORTH BOROUGH: AN URGENT BRIEFING FROM CITIZENS ADVICE WANDSWORTH AND WANDSWORTH FOODBANK

Universal Credit full service rolls out in Wandsworth Borough from Wednesday 6 December 2017. Citizens Advice Wandsworth and Wandsworth Foodbank are concerned that, across the Borough, Council and voluntary services are not sufficiently prepared and resourced to support people who will be impacted by the new benefit. We ask Wandsworth Borough Council and the DWP to work together, and with local agencies, to put in place urgent, robust support for residents claiming Universal Credit in the weeks and months ahead.

ABOUT UNIVERSAL CREDIT

Universal Credit has the potential to be transformative. Its twin goals – to simplify a complicated system and ensure that work pays – are sensible. However, Universal Credit currently has significant built-in issues that leave many people in extreme hardship, including:

- People are waiting up to 12 weeks for their first payment without any income
- Universal Credit is complicated and people are struggling to use it
- People aren't getting help when the system fails them

Everyone starting a Universal Credit claim will wait for at least six weeks before first payment, reducing to a minimum of five weeks in February 2018. (This compares with the previous 10-14 day wait for legacy benefit claims, e.g. Jobseekers Allowance, Employment Support Allowance). Claimants will be able to access Advance Payments, and the Government has also announced that, from April 2018, Housing Benefit claimants will now get an additional 2 weeks' payment to help prevent them getting behind on their rent. However, we remain concerned many claimants will face financial difficulties when claiming Universal Credit.

Work and Pensions Secretary, David Gauke, recently confirmed that only 76% of people receive their full payment within 6 weeks. The most vulnerable are waiting even longer. 1 in 3 people Citizens Advice helped on Universal Credit are waiting more than 6 weeks to receive any income, with some waiting up to 12 weeksⁱ.

As the Work and Pensions Select Committee reported: *"In areas where the full service has rolled out, evidence compellingly links [the six week wait for first payment] to an increase in acute financial difficulty, with widespread reports of overwhelmed food banks, problem debt and steeply rising rent arrears and homelessness. Most low-income families simply do not have the savings to see them through this extended period without resorting to desperate measures."*ⁱⁱ

Evidence suggests that problems are particularly acute for people who:

- Are not digitally literate and/or have limited access to the internet: Universal Credit relies on people being able to manage every aspect of their claim onlineⁱⁱⁱ
- Struggle with budgeting on a monthly basis – Universal Credit is paid monthly in arrears, but only 51 per cent of people earning under £10,000 a year currently receive their earnings monthly^{iv}
- Are vulnerable – for instance, people experiencing poor mental or physical health or who have learning disabilities, experiencing domestic abuse, or struggling with substance or alcohol misuse
- Have limited capability for work

These problems not only cause hardship and distress to families, they lead to increased demand for council services and support from local voluntary agencies like foodbanks and advice agencies^v. We must be ready.

ROLL OUT ACROSS WANDSWORTH BOROUGH

Until now, only a small number of single people in Wandsworth have claimed Universal Credit. However, from 6 December 2017, Wandsworth residents – including families – in postcodes served by Streatham, Stockwell and Clapham Job Centres Plus (40% of the Borough's residents) will have to claim Universal Credit if they have a change of circumstance, or make a new claim.

The December roll-out will impact people living in Queenstown, Furzedown, Balham and Nightingale Wards. Further roll-out in January and February 2018 will affect people in Bedford, Graveney, Shaftesbury, Northcote, Latchmere and St Mary's Park Wards. Wandsworth JCP will roll out Universal Credit full service in September 2018, affecting the remaining 60% of the Borough's residents across all remaining Wards.

There are no clear estimates of how many Wandsworth residents will be affected at each stage: even local Job Centre Plus managers say they do not have access to these figures. This makes it very hard for local services to plan their response, and we ask the DWP to provide these figures as soon as possible. However, Citizens Advice analysis suggests that 28,000 families in Wandsworth Borough will be claiming Universal Credit by 2022.

EXPECTED LOCAL IMPACTS OF UNIVERSAL CREDIT:

1. INCREASED RENT ARREARS AND PROBLEM DEBT

In areas of Universal Credit full service, people are incurring increased rent arrears and debt. For instance, the average council rent account in Southwark sits at £8 in credit, but for Universal Credit recipients it is £1,178 in arrears, meaning that rent arrears for those claiming Universal Credit are worse than under the previous housing benefit system^{vi}. In Lambeth, 85% of Council Tenants on Universal Credit are in arrears, with average debt per household of £1399 (compared to average debt of £278 for all other non-UC households)^{vii}.

Currently, Housing Benefit ceases to be paid from when a person claims Universal Credit, meaning that people automatically accrue rent arrears (unless they have sufficient savings, which would be unusual). From April 2018, those already on Housing Benefit will continue to receive it for the first two weeks of their Universal Credit claim, but this will still leave a shortfall of a number of weeks, and therefore increased rent arrears.

Universal Credit Advance Payments currently are available at 50% of the month's payment, and need to be repaid within six months. From January 2018, people can receive 100% of their payment upfront, and the repayment of advances extends from 6 to 12 months. However, paying back Advance Payment debt and other debts accrued during the six week wait will still leave many people struggling to meet essential costs such as rent, utilities and food on a further reduced income.

2. INCREASED POVERTY AND HUNGER

New analysis from the Trussell Trust shows that foodbanks in areas where there has been Universal Credit full service for six months or more have seen a 30% average increase in foodbank use compared to the year before. Pecan Foodbank, which operates in Southwark, reports a 94% increase in numbers of referrals – mainly due to welfare reform and Universal Credit – and it has seen an even larger increase among families with children (179%). Hammersmith and Fulham Foodbank has seen a 97% increase in numbers of people receiving emergency food since full service roll-out in 2016, and for the first time is running short of food. It reports that more people are being referred in crisis, and for longer, with local agencies repeatedly referring clients during the six weeks before first payment, and in the following months when problems caused by increased debt and low income continue.

However, according to the Trussell Trust, in a handful of areas of full roll-out, Universal Credit does not appear to have led to greatly increased foodbank use. More research needs to be done, but Trussell Trust suggests this could be where Advance Payments are easily accessible, where high-quality advice and support is available, and where Local Welfare Assistance Schemes are working well.

3. INCREASED DEMAND FOR ADVICE AND SUPPORT

Nationally, Citizens Advice has already helped people with more than 80,000 Universal Credit issues. Locally, in neighbouring boroughs of Lambeth, Southwark and Croydon, council and voluntary sector advisors^{viii} have identified key problems faced by people claiming Universal Credit, including:

- Meeting requirements to make a claim
- Limited capability affecting ability to make a successful claim
- Failure to provide adjustments for vulnerable clients (e.g. knowing about Alternative Payment Arrangements)
- Delays in processing, including around rent verification
- Claimants being incorrectly advised to claim Housing Benefit
- Inaccuracy of payments made
- Inflexibility of online account
- People not managing well being paid monthly in arrears
- EU claimants failing to meet the right to reside test

These are complex issues that an increasing number of people – particularly those who are most vulnerable – will need expert advice and support to resolve.

Currently, Citizens Advice Wandsworth has funding from DWP (via Wandsworth Council) to provide Universal Credit basic Personal Budgeting Support to 121 people in 2017-18. Take-up to date has been very low and support is limited to two hours of budgeting help with managing the transition to Universal Credit and on-going monthly Universal Credit payments. Wandsworth Council is providing a digital support service to help 153 people this year manage their claim online. However, this funding is *only* for people referred by Wandsworth JCP, and does not provide for Wandsworth residents served by Stockwell or Streatham JCP which rolls out full service first.

Additionally, at a time when demand for advice and support looks set to increase, Wandsworth Council is asking Citizens Advice Wandsworth to deliver its service with a 10% reduction in funding over the next four years.

WHAT WE'RE ASKING

We ask Wandsworth Borough Council and the DWP to work together, and with local agencies, to put in place urgent, robust support for residents claiming Universal Credit in the weeks and months ahead, and to:

1. Urgently establish a Universal Credit/Welfare Reform Working Group comprising Council, DWP and voluntary and community sector representatives to plan coordinated support for claimants
2. Provide access to crisis help from the Discretionary Social Fund for people applying for Universal Credit, so that people are not left destitute. We ask that council teams apply for DSF help *before* referring clients to Wandsworth Foodbank.
3. Provide access to Discretionary Housing Payments to help people manage the 'missing' weeks of housing benefit caused by Universal Credit claims, so that people are not at increased risk of eviction and homelessness.

UNIVERSAL CREDIT IN WANDSWORTH BOROUGH – AN URGENT BRIEFING

4. Continue existing levels of funding – at least – to ensure that local voluntary advice agencies such as Citizens Advice Wandsworth have capacity to advise and support an increasing number of people claiming Universal Credit.
5. Provide resources to establish adequate support for Universal Credit claimants (including advice and assistance with making on-line claims and debt and budgeting advice).
6. Provide training and information for local voluntary and community agencies on Universal Credit.
7. Increase digital inclusion provision, including high-quality, accessible IT training, support and sufficient access to computers with a specific Universal Credit focus.

We also ask that the DWP provides additional funding where needed, to ensure that all necessary local help is available to people adversely impacted by Universal Credit full service roll-out.

To talk further about this briefing, please contact either **Sarah Chapman** at Wandsworth Foodbank on 020 7326 9428 or sarah@wandsworth.foodbank.org.uk, or **Phil Jew** at Citizens Advice Wandsworth on 020 3559 2001 or phil.jew@cawandsworth.org

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ⁱ Based on a representative survey of people coming to Citizens Advice in Universal Credit full service areas as of May 2017, Citizens Advice, *Delivering on Universal Credit*, July 2017

ⁱⁱ <http://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/news-parliament-2017/6-week-wait/>

ⁱⁱⁱ “There are still considerable gaps between richest and poorest in terms of internet access, with households in the poorest quintile more than ten times as likely to lack internet access as the richest quintile.” Digital Inclusion, *Monitoring poverty and social exclusion*, Joseph Rowntree Foundation, 2015

^{iv} N Keohane, R Shorthouse, *Sink or Swim? The impact of universal credit*, Social Market Foundation, 2012

^v *Impact of Universal Credit for Lambeth Council Tenants*. Linda Oginni, Lambeth Council, November 2017

^{vi} *Safe as Houses: The impact of Universal Credit on tenants and their rent payment behaviour in the London boroughs of Southwark and Croydon, and Peabody*. The Smith Institute, October 2017

^{vii} *Impact of Universal Credit for Lambeth Council Tenants*. Linda Oginni, Lambeth Council, November 2017

^{viii} *The impact of Universal Credit in Southwark: What have we learnt?* Advising Communities, November 2017