

WRITTEN EVIDENCE SUBMITTED BY CITIZENS ADVICE SHEFFIELD

To the

WORK AND PENSIONS SELECT COMMITTEE

INQUIRY INTO UNIVERSAL CREDIT ROLL OUT

OCTOBER 2017

1. Sheffield Citizens Advice is the largest advice provider in the city offering a citywide service which in 2016 – 17 helped 23166 clients with 66700 issues – 42% of which were benefit issues.
2. Sheffield has been a live Universal Credit service area since 18/01/2016 and is scheduled to transfer over to the full service area over the summer 2018.
3. We have serious concerns about the pace of the Universal Credit roll out. The key points arising from a recent analysis of the problems reported to us by our clients were:
 - Unsatisfactory arrangements for vulnerable people (e.g. for reasons of mental health; release from prison; domestic violence) when the onus is entirely on the client to run their claim
 - Problems with arrangements for direct deductions to repay arrears and benefit advances, suggesting poor understanding of eviction processes and the imperative to manage court orders
 - Inadequate arrangements for transfer between fully digital and non-digital systems, and lack of clarity about the relationship between UC and other benefits
 - Slow/no response to changes in circumstances, compounded by longer payment periods, making it harder to budget
 - Cycle of debt as advance payments needed while awaiting UC payment are subsequently deducted at a very steep payment rate and heavy reliance on foodbanks
4. Therefore, we welcome the opportunity to respond to the Select Committee's renewed call for evidence.
5. **What have been the effects of the introduction of full Universal Credit service in areas where it has replaced the live service?**

Sheffield is a “live service” area scheduled to become a “full service” area in summer 2018.

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

The evidence from our clients’ points to minimum waiting times of 6 weeks before claims are processed and often these times are longer. This minimum time of 6 weeks is due to the waiting days and 4 weeks payment in arrears that form part of the statutory framework of UC.

Our clients report separate and serious delays in processing living and housing costs.

The impact of delays in living costs means nothing to eat and reliance of help from foodbanks. It also impacts on the ability to pay for fuel for heating, cooking and heating with had a particularly detrimental impact on the poorest who use pre payment meters meaning for some an inability to heat up the tinned food received from the foodbank.

The delays in the processing of housing costs is leading to threats of possession action, possession orders and, in the worse cases reported to us, eviction proceedings.

We make frequent referrals to foodbanks and the evidence from our clients on UC points to this increasing as we lead up to and become a full service area. We have taken the step of embedding advice workers in the foodbanks to reach some of the most vulnerable people who otherwise couldn’t or wouldn’t contact us. Unfortunately, we now see foodbanks as the de facto first source of support for the poorest rather than the State.

7. Is the advance payment system appropriate and is there adequate awareness of its availability?

The advance payment system is appropriate only in view of the delays built in to initial payment of UC. Our clients report long waits before initial payment, for some in excess of 6 weeks, which suggests a lack of awareness of availability. However, the issue of repayment of the advanced payments at a high rate, over a short period, is compounding existing low income/debt problems. The reliance and promotion of benefit advances doesn’t resolve the fundamental delay issue built into the design of UC. The high level of repayment over a short period, often alongside other deductions also recovered at unsustainably high levels, only serves, at best, to defer the problem and, at worse, compounds the problem, of increasing debt and lack of money to live on, leading to repeated referrals back to foodbanks despite UC being in payment

8. How are claimants managing with being paid Universal Credit monthly in arrears? Is the Alternative Payment Arrangements system working effectively?

The evidence of our clients so far is that the Alternative Payment Arrangement system is not working as effectively as it should. Rent arrears is a common problem reported to us by UC claimants liable for rent payments. Many of these have rent arrears at the outset of their claims. Some are subject to Suspended Possession Orders on terms that the claimant can no longer comply with from the outset of their claims, leading to landlords applying to enforce the Order by way of an eviction warrant.

Advance Payment Arrangements should be an option promoted to tenants at the outset of the claim in particular where there are existing rent arrears. The monthly payment of UC in arrears, including housing costs, is built on the assumption that initial claims are made in circumstances where a lump sum has been paid immediately prior to a claim (eg, on payment of final wages on a job ending) but this is not the case for many whose claims are prompted under different circumstances where there is no lump sum to fall back on.

9. Has Universal Credit improved the accuracy of a) payments and b) registration of claims?

We have no evidence either way

10. 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? Does Universal Credit provide people in emergency temporary accommodation with the support they need? If not, how could this be improved?

The impact can only be described as detrimental with a common theme of rent arrears and enforcement action being reported to us by our clients. Partners in our Local Authority private rented housing team are reporting that the landlords registered with them are refusing to take UC claimants and that many of the UC claimants, in the private rented tenancies registered with them, have experienced a tenancy breakdown.

This is what they said when invited to contribute to this response: -

“We, Private Rented Solutions within Sheffield City Council work alongside landlords to accommodate households and individuals into private rented accommodation who present to the local authority as homeless or threatened with homelessness and we offer a cashless bond to secure the tenancy.

One of our major selling points to the service is the fact that through our local arrangement with Capita who administer Local Housing Allowance/ Housing Benefit to get rent payments paid direct to landlords.

As Universal Credit has been discussed with landlords they state they will not look to use our service as households and individuals are not perceived to cascade the rent element of their U/C to them.

Since the introduction of Universal Credit in Sheffield to single claimants, we have had a number of tenancies fail within 2/3 months of the tenancy commencement date.

This was due to the time in which claimants have received their U/C (approx. 6 weeks later) they are already in arrears and have used the housing element for other household costs.

By the second or third month tenants have abandoned their tenancies and going forward landlords have refused to take any further U/C claimants.”

11. What impact is Universal Credit having on the income and costs of local authorities, housing associations, charities and other local organisations? How well is Universal Support working, and how could it been improved?

At this stage we are unable to quantify this.

12. What effect will the scheduled Jobcentre Plus closure and relocation programme have on the operation of Universal Credit?

We are concerned that the closure of jobcentres in some of the outlying suburbs of Sheffield (in particular Eastern Avenue) as this will have a detrimental impact on claimant in the surrounding areas. We have particular concerns about the effect of the closure of Sheffield’s Eastern Avenue Jobcentre which has historically served some of the most deprived areas in the city which are also at considerable distances from the relocated offices in the city centre. We fear that the closure of this Jobcentre will inevitably result in destitute claimants, unable to afford public transport, living in these areas having to walk excessive distances in order to satisfy and comply with UC claim requirements and commitments

13. Is the roll-out schedule appropriate?

As open critics of hasty and rushed reform, we understood and welcomed a roll-out schedule designed around the concept of “test and learn.” However, we feel that the evidence from across the country from a wide range of organisations is that the testing of UC has revealed fundamental problems which need addressing before it is further rolled-out. The roll-out should be halted until it can be shown that the learning process has resolved these problems.