

Universal Credit in Cumbria

A report from the Cumbria Citizens Advice Research and Campaigns Group which highlights issues related to the delivery and implementation of Universal Credit in Cumbria.

November 2019



Allerdale



Barrow



South Lakes



Copeland



Carlisle
& Eden

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All the case studies in the report are real stories of Citizens Advice clients but names are not real, and they have been anonymised.

1. Introduction and Background

Universal Credit is being brought in in stages across the country to replace 6 main income related benefits - Income-Based Job Seeker's Allowance (JSA), Income-Related Employment and Support Allowance (ESA), Income Support, Working Tax Credit, Child Tax Credit and Housing Benefit. Nationally, Citizens Advice agrees with the aims of Universal Credit, which are to simplify the benefits system, help people move into work and support people who cannot work.¹ Citizens Advice have been involved in suggesting changes to UC and welcome those that have been implemented. However, the evidence gathered from local CA offices across the country who are supporting claimants highlights the need for further changes to ensure those aims are met and fairness is embedded into Universal Credit.

Universal Credit (UC) is now fully rolled out for new claimants across Cumbria in all Districts, enabling us to get a fuller picture of associated issues when compared to our 2015 report². There has been Full-Service UC in Copeland and Allerdale since November 2017, Carlisle and Eden since July 2018, South Lakeland (Kendal) since September 2018 and Barrow and Ulverston since December 2018. There are currently over 16 000 people on Universal Credit in Cumbria, a rise of over 500 from July 2019. (data correct as of August 2019). The table below illustrates this is a mixture of people in some form of employment or unemployed.

A process of "managed migration" is still to come (timetable to be confirmed), where claimants on existing "legacy benefits" will be moved over to UC. This will have a significant impact on local people, particularly those in receipt of a disability benefit (Employment and Support Allowance).

¹ Citizens Advice Submission to the Welfare Safety Net Inquiry – December 2018 para 3.8

² "Universal Credit: Early Indications in Cumbria". A report by Cumbria Citizens Advice Research and Campaigns Group, published Nov 2015

Total people on Universal Credit by Local Authority³

	July 2019			August 2019		
	Not in employment	In employment	Total	Not in employment	In employment	Total
Allerdale	2,919	1,627	4,548	3,030	1,643	4,677
Barrow-in-Furness	1,244	703	1,951	1,351	761	2,109
Carlisle	2,050	1,451	3,503	2,182	1,486	3,668
Copeland	2,177	1,032	3,204	2,257	1,047	3,304
Eden	476	399	877	514	406	913
South Lakeland	740	672	1,411	785	675	1,460

Our local evidence demonstrates that in practice there are significant issues with Universal Credit. This can force people to turn to short term loans or emergency welfare schemes, cause undue distress to already vulnerable people, or even put people off applying in the first place. In this report we will illustrate through real case studies just how gravely some of these issues affect people in Cumbria. Where we can, we make suggestions for improvements that can be implemented locally.

This report has been informed by a number of other pieces of research and reports available nationally, either from within the Citizens Advice network, or more broadly. (See bibliography)

There are two specific UC issues in relation to Housing and Conditionality which are not addressed in the body of the report as they are covered by other initiatives:

Housing

We recognise that there are many issues arising out of the housing element of Universal Credit and how it affects clients/tenants– these have been pulled together in an “issues paper” (Appendix 2) and are being explored and taken forward by Housing specialists and local housing associations operating in Cumbria.

³ <https://stat-xplore.dwp.gov.uk/webapi/jsf/tableView/tableView.xhtml>

Conditionality Groups

The majority of Universal Credit (UC) claimants will need to accept a 'claimant commitment' as a condition of their entitlement to the benefit. The claimant commitment sets out a claimant's responsibilities, including the actions they must carry out to find work or even increase the amount of work they are doing in order to receive their UC payment. The actions assigned are determined by the Conditionality Group the claimant is allocated to. Citizens Advice has seen a consistent volume of clients experiencing problems with their claimant commitment over the past two years.

Separate research is being done by national Citizens Advice on Claimant Commitments in UC and whether they are appropriately taking into account client circumstances. This research has been done in different areas of the country, including Cumbria. We await the outcomes of this research so have not covered issues to do with claimant commitments in this report.

2. Digital Access

Issues

A Universal Credit application is ordinarily expected to be completed and then managed online. This means all tasks such as messages, appointments, instructions, claimants' queries and requests for information or guidance etc are sent and received via an on-line Journal. The claimant is responsible for regularly checking and using the journal to maintain their claim. This requires access to the internet and a computer, phone or tablet as well as the confidence and competence to use them, some or all of which can be lacking in UC claimants. In our often rural communities affordable transport to places that do provide internet access, such as a Library, a Jobcentre or a local Citizens Advice, can be very challenging in areas that are poorly served, or not served at all, by public transport. We argue that the Digital by Default system not only causes stress and difficulty, with the potential to deter eligible people from applying, but presents greater risk of unnecessary sanction through lack of reliable communication.

It is possible to make a telephone claim for Universal Credit, but in our experience the DWP seem reluctant to offer this to those with 'computer illiteracy', despite "lack of skills

and training” being a “good reason” to provide alternatives, according to DWP guidance⁴.

While home visits to support vulnerable claimants to make a UC claim are nominally available, it is not always easy to gain access to these and the criteria do not seem to us to be transparent.

Many of the case studies submitted from local Citizens Advice offices across the county were on these issues - lack of internet access, poor to non-existent public transport and other related difficulties. We note only some of the starkest examples of these widespread problems below.

Case Studies

Bernard:

Bernard has no smart phone or internet access, so applying online for UC and for jobs has created considerable difficulties. As an example, he came to Citizens Advice unable to access his email account, necessary for making a claim, as he lacked a suitable device for the required two-step authentication process. Though Citizens Advice assisted him to complete his claim successfully, managing the claim will be inconvenient for him as his nearest source of internet is Brampton library, where opening hours are limited, and computer access is never guaranteed on their two PCs.

Philip:

Philip wanted to claim UC, but as a result of significant physical disabilities and mental health issues, he was unable to attend Citizens Advice by public transport or complete an online application independently. Knowing the client’s difficulties, Citizens Advice advisers made three attempts to organise a telephone claim or home visit without the client present but the DWP insisted that no such claim would be allowed unless the client was in attendance. It was only after arranging special transport into the Citizens Advice office – with considerable effort by the client - and a following a fourth phone call that advisers successfully enabled the home visit that was so evidently necessary.

⁴ DWP internal guidance entitled “non digital relationships”

<https://www.citizensadvice.org.uk/Global/Public/Advice/Help%20to%20Claim/Non%20digital%20relationships%20v1.0.pdf>

Jason:

Jason, a vulnerable adult suffering from schizophrenia, psychotic episodes and other mental health issues, lives alone with no family support and no-one suitable to be his appointee. After recognition from the local Jobcentre that he was unable to complete an online claim, a Citizens Advice adviser proceeded with a telephone claim on his behalf. At the first attempt the adviser was wrongly told that the claim had to be made online and later that Jason had to answer all the telephone claim questions himself, which he was unable to do. By the time the adviser got through to someone who would accept the claim, they had to arrange a call back, creating more difficulty for him.

Even now the claim is set up, Jason will have to phone regularly to check that there is nothing he has to do, but the time on hold and assistance required to complete these calls is a demand neither Jason nor any support agency on his behalf can manage. It could be argued that he is experiencing discrimination under the Equality Act 2010 as the DWP are unable to offer any reasonable adjustments to accommodate his mental health needs. Overall, the case highlights a dearth in specific provision for this kind of claimant.

Vicki:

Vicki lives approximately 10 miles from her nearest Citizens Advice and Jobcentre, without a car or a computer at home. Due to her anxiety and computer illiteracy Vicki made an appointment with Citizens Advice to help her make a UC claim but was severely restricted by the public transport times: the bus runs once a day three days a week, allowing limited time for any appointments in Penrith. When she did attend Citizens Advice, the adviser found that she was not accessing her emails correctly and so was not receiving correspondence. In managing her claim in future, Vicki will be heavily dependent on friends for digital assistance and the very sparse public transport for attending appointments. This puts her at risk of sanctions through potentially not receiving the messages about compulsory work-related tasks.

Possible Solutions:

Suggested potential solutions that could be implemented at a local level include:

- DWP to ensure and support the provision of well-functioning computer access around the county, by investing in libraries and other locations for that purpose – and then ensuring this information is widely available and shared, particularly by Work Coaches.
- Ensuring that at least some members of staff in such venues can assist clients in using the computer and in making their claim.
- Advertising the Help to Claim service by local Citizens Advice which can assist clients in making a claim on the computer.
- Increasing awareness of the Flexible Support Fund (see p.18) to, for example, make mobile phones available to those who need them and/or cover transport costs in travelling to locations with internet access for job search activities.
- Ensuring local Work Coaches take into consideration digital access challenges and other issues, including the impact of limited public transport, when deciding on the consequences of claimant commitment breaches.

Potential solutions that would have to be implemented at national level:

- More transparency and flexibility around non-digital/telephone claims for those who do not have internet access at home, capacity/capability or where online claims cause undue stress.
- Better training and supervision to ensure consistency of approach by staff in non-digital claim contact centres

3. Application of Sanctions and Deductions

Issues

When someone makes a UC claim, their work requirements are negotiated at a Job Centre with a 'Work Coach', creating a 'Claimant Commitment' (what the claimant must agree to do in order to continue to receive the benefit). It is the role of Work Coaches to enforce this commitment. Fairly. If they feel a claimant has "[failed] to comply for no good reason with work-related and connected requirements recorded in the Claimant Commitment", they can pause the benefit. This is called a 'sanction'.⁵

Job Centre Work Coaches have the discretion to take into account a claimant's individual circumstances before imposing a sanction. In particular, claimant vulnerabilities can be held to constitute a 'complex needs situation' under DWP policy. The information below is taken from current internal guidance for DWP staff as to when to sanction such claimants.⁶

Complex needs

Care should be taken with claimants who may indicate they have complex needs or are particularly vulnerable. For example; they indicate they are suffering from mental health issues, are homeless, are a drug or alcohol user, a victim of domestic violence, sexual or physical abuse or are under 18.

Note: This list is not exhaustive. The decision maker **must** always consider the individual claimant's circumstances and whether any easements of their work related requirements should apply. This will depend on scrutiny of the individual circumstances of the case in consideration of what is reasonable for the particular claimant.

⁵ Internal DWP Advice for Decision-Makers Guidance K1 - Sanctions - general principles at K1006 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/810644/admk1.pdf

⁶ Advice for Decision-Makers Guidance K1 - Sanctions - general principles at K1169 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/359962/admk1.pdf

In further guidance, it is noted that “mental health issues (e.g. low self-confidence and self-esteem, anxiety state or depression)” and “declaration of suicide attempt or self-harm” constitute a ‘complex needs situation’⁷. The Case Study (below) of Gregory illustrates that the Work Coach’s discretion to apply the above policy proactively was not used to ease his work requirements. Instead he was threatened with the possibility of sanction.

A ‘deduction’ is different to a sanction: this is where some of a claimant’s full allowance is taken away to pay off existing debts. This can be to **any** creditor and may include court fines, benefit overpayments or other loans, including Advance Payments which claimants may take out to cover the five-week waiting period before their first UC payment. Third Party deductions can also be made to cover rent or utility arrears. Deductions are imposed at a fixed percentage of the award at a national level⁸. The maximum amount that can be deducted is equivalent to 30% of the claimant’s Universal Credit standard allowance and does not need client consent or contact. Normally the maximum is 30% of the benefit for a maximum of three debts at any one time, but this can be overridden to be greater than this figure⁹. There is also apparently no consideration given to vulnerabilities or “complex needs” although it is possible to send evidence to show the DWP that the claimant is suffering ‘financial hardship’ (i.e. you do not have enough to live on), but only *after* the deductions are imposed, in the hope that ‘Debt Management’ will reduce the percentage deducted per month¹⁰.

⁷ ADM Guidance K2 ‘Good reason’ at K2054

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/787447/admk2.pdf

⁸ The gov.uk page on deductions: <https://www.gov.uk/guidance/universal-credit-debt-and-deductions-that-can-be-taken-from-payments>

⁹ DWP Advice to Decision-Makers Chapter D2: Third Party Deductions UC, JSA & ESA

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/793841/admd2.pdf

¹⁰ DWP internal guidance to work coaches on deductions- see ‘Deductions causing financial hardship’ heading:

<https://www.citizensadvice.org.uk/Global/AdviserNet/Resources/Help%20to%20Claim%20guidance%20docs/June%20upload/Deductions%20v5.0.pdf>

Also see Advisernet 9.2.0.23

Given UC is set at the minimum amount the government deem sufficient to live on, it is not hard to understand the impact this level of deductions could have.

For example,

An unemployed couple with two children receiving UC would start with an award of £498.98 (Standard Element), £508.75 (Child element), £409.02 (Housing element) giving a total of **£1416.66**. Out of this they pay £450 in rent and have had 30% deductions applied to their standard element – giving a final award of **£816.99** per month which covers bills, food, transport and all other household expenses for 4 people. It is important to bear in mind, families may also have other outstanding debts they are paying off as well.

It seems that local Work Coaches who are in contact with claimants have little influence over these decisions, with their role being to signpost to the relevant national bodies, or help clients to contact them. The lack of local influence on these decisions means client's particular circumstances cannot be taken into account and this can contribute to unnecessary hardship and strain on local welfare schemes.

The concept of sanctions and deductions is logical but their application in practice can be harsh in the extreme; given that UC claimants are generally economically and/or personally vulnerable, we press for more leniency in the enforcement of sanctions and deductions, with more consideration given to difficulties in keeping up with commitments, and the knock-on effects of removing or reducing what is often the main source of income for claimants.

We understand that many of these factors are out of the control of local Work Coaches and Job Centres. So, as well as greater flexibility at local Job Centre level, we would like greater transparency and clarity as to where accountability lies for every decision made, as even the smallest of errors or miscommunications made by Job Centre or DWP staff can cause great distress to claimants (see Appendix 1 for further illustrative Case Studies). While sanctions and deductions can be challenged using the Mandatory Reconsideration process this can cause further delay in payment of benefits and also be stressful for clients. We believe that it is important to hold all decision makers to account – but within the UC system it is sometimes hard to know who is accountable for what.

It is worth pointing out that Citizens Advice advisers can spend vast amounts of time on hold (an average of 40 minutes per call) to various DWP departmental Service Centres trying to support clients in finding out what has happened around their sanctions or deductions or to challenge decisions which are resulting in extreme hardship for claimants. At times, it is impossible to address issues with the client present as they cannot wait. The current system requires clients to “pass security” before anyone else can speak about the claim on their behalf. It can then be impossible to get DWP to call advisers back in order to progress the issue without the client present. There are significant practical issues involved for Citizens Advice as an advice agency working with clients who are experiencing real hardship but cannot get it dealt with effectively and within a reasonable amount of time.

Sanctions: Case Studies

Gregory:

Gregory had just lost his job and separated from his partner, leaving him unable to afford his debts. Having applied for UC independently, he came to Citizens Advice for help with his debts and to access emergency crisis funds. During the appointment, Gregory stated he was pressured by his Work Coach to apply for a job which involved carrying a heavy bag and walking long distances, even though he told the Work Coach about back pains preventing him from doing so. The Work Coach informed him that if he failed to apply for the job or provide good reason for not applying, he would be sanctioned.

The pressure this client was under appears to have contributed to a suicide attempt. He told Citizens Advice that he had ‘no reason to live’. Citizens Advice referred Gregory for support with his mental health as well as providing help with budgeting and applying for further benefits. They also arranged for the police to perform wellbeing checks at his house, Despite repeated attempts to contact the client, Gregory has not given an update on his situation.

Priya:

Priya came to Citizens Advice with no available funds as her husband had been sanctioned on their joint UC claim. The adviser requested a 'Hardship Loan' from DWP. The UC Helpline staff member advised that to obtain a hardship loan, claimants must show that they have exhausted alternative sources. When the adviser contacted the Cumbria County Council's emergency welfare fund, 'Ways to Welfare', they also refused assistance, explaining that the DWP instructs such local schemes *not* to aid sanctioned claimants, as they should seek a hardship loan instead. This led to a 'catch 22' situation with Priya being refused much-needed emergency assistance by both the Job Centre and the County Council.

Deductions: Case Studies

Suchir

From the outset of Suchir's UC claim in 2018, the maximum of 40% of his allowance has been deducted to repay debts, including advance payments and hardship payments, leaving only £151 per month for him and his two children to live on. This proved insufficient and Suchir, with no available funds, came to Citizens Advice to ask on several occasions for emergency foodbank vouchers and for help with personal items such as toiletries. Citizens Advice managed to secure a limited amount of local crisis funding and food vouchers. Due to time constraints advisers were unable to undertake meaningful negotiations with the DWP to reduce his deductions at that meeting. This was, in part, because the management of his debts spanned three different offices (the UC Helpline, Debt Management and Affordable Credit Helpline), each with their own delays in answering the phone or calling back, and a rebounding of responsibilities between these offices.

Suchir was offered a further Citizens Advice appointment to try and progress this but did not attend, possibly as a result of his stress and mental health issues.

Susanna

Susanna had successfully transferred to UC, having previously been on 'legacy' benefits. However, due to an administrative error by the DWP, her housing benefit had continued after her first UC payment, resulting in an overpayment. Though this was not her fault, and under legacy benefits would have been written off under 'Official Error', the overpayment was now being deducted from her UC allowance, as "official error" does not apply in UC. As a result, she did not have enough money to pay the rent on her council flat, accruing debt to her landlord, the local authority. Even after a small instalment repayment plan was agreed with the help of a Citizens Advice adviser, the local authority would regularly send letters to Susanna warning her of her increasing debt to them, as this was 'procedure'. Every time a letter was sent, Susanna would need to seek clarification from Citizens Advice as to what it meant and what she had to do about it (usually nothing), draining Citizens Advice time and ultimately causing a lot of unnecessary stress for her.

Mary

Mary, a mother of three, claims UC and works 16 hours a week at a supermarket, earning roughly £550 per month. Without notice, her UC payments dropped sharply in May and June. Mary was then informed that there was a £800 UC over-payment which she had to repay. She independently sought explanation from the Job Centre, who informed her that the deductions related to the 'benefit cap' (the maximum monthly payment calculated under family and location criteria). The Job Centre admitted the calculation did not seem right but did not support the client with checking the calculations, as these are done 'elsewhere'. Mary also tried ringing the UC helpline but after experiencing long delays could not get through. She also tried asking for an explanation on her Work Journal (managed by a Job Centre work coach), without response.

She came to Citizens Advice unable to manage with this much reduced income. The adviser studied her monthly payment statements to attempt to explain the deductions and found a likely error by the relevant decision makers. Though this had an immediate and severe impact on this family, it was very difficult to rectify due to the lack of clarity as to who was responsible for the decision.

Andrew

Andrew had just moved to Cumbria for family reasons, leaving his job and running short of funds as a result. He came to Citizens Advice needing emergency food vouchers and was helped to make a successful UC claim. However, he would have to wait five weeks for his first payment. When the adviser informed Andrew of the option of an Advance Payment, he refused, knowing that this would result in sizeable deductions in his benefit once it came through. Between being notified of the success of his claim and receiving the first payment, he has visited Citizens Advice four times needing food vouchers, showing the impact national policy decisions have on local resources which are often provided by the third sector.

Possible Solutions:

Potential solutions that could be implemented at a local level include that:

- More should be done to prevent and more quickly rectify mistakes from Work Coaches or Job Centre staff, for example through greater supervision by experienced staff. If this is due to national or structural issues e.g. understaffing, awareness of this should be greater.
- DWP policy encouraging sensitivity to the vulnerability of claimants and providing clear advance notice should be consistently applied and enforced in making sanction decisions.
- Citizens Advice should continue dialogue with the local DWP office to learn more about the use of discretion by Work coaches and continue to highlight any mistakes and unfair use of discretion made by Job centres affecting claimants.

Suggested potential solutions at national level include:

- Allowing room for dialogue with clients or Work Coaches before imposing deductions
- Ensuring publicity for, and ease and efficiency in, the process of challenging deductions or presenting financial hardship evidence.
- Making it easier for claimants as well as advisers to know who is accountable for what decisions in the deductions process in particular.

- Lobbying the DWP to reinstate the rule that overpayment caused by ‘Official Error’ is unrecoverable from the claimant.

Other issues to highlight:

These issues have been highlighted to us by the evidence. Although we believe they are more to do with national policy and the structural framework they may have particular impact in our county.

i) Self-employed Claimants and the ‘Minimum Income Floor’

Issues

11.5% of working age Cumbrians are self-employed, just above the average in England of 10.9%. This means the structure of Universal Credit for self-employed people has a significant local impact.

Issues have been raised at a national level about the effect of the ‘Minimum Income Floor’ (MIF) imposed by the government. It is defined as “an assumed [monthly] level of income that applies to self-employed UC claimants. It is based on what the [DWP] would expect an employed person in similar circumstances to earn. For most claimants, the MIF is set at the equivalent of 35 hours per week at National Living Wage”¹¹. In any given month, if a self-employed person earns less than their MIF, they are assumed to earn the MIF for UC purposes, so their income is not topped up. However, as with employed claimants, if they earn more than the MIF, their actual earnings are accounted for.

¹¹ Taken from a report by the House of Commons Work and Pensions Select Committee: “Universal Credit: supporting self-employment”

<https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/997/99704.htm>

In short, if a self-employed claimant has a 'good month', they are considered not to need the benefit, and if they have a 'bad month', they are expected to find alternative sources of income to compensate.¹² In some cases, they claim significantly less when compared to employees in the same circumstances earning the same amount annually¹³ and are offered little help in the times of hardship caused by their fluctuating incomes.

The DWP's position is that "fluctuating earnings are something self-employed UC claimants need to plan for, just as other self-employed earners do". Failing that, they should "grow their earnings – whether through self-employment, combining that with other work, or moving to one of the over 800,000 current job vacancies." It is stated that this aims to avoid "trapping claimants in poverty"¹⁴ as well as excess spending from the public purse.

Even if these demands are reasonable, where the lulls in income are seasonal, it is argued that for the farming and gig economy sectors, which are prominent in Cumbria, these demands can be unreasonable. For example, a farmer cannot necessarily "plan" for the many variables that affect their business, including weather conditions, food prices and agricultural disease. Nor would they have the reasonable capacity, in most circumstances, to seek other employment whilst running a farm, as it tends to be an every-day, all-year-round occupation. Similarly, gig economy workers surely cannot necessarily be expected to "plan" for changes in a fast-paced and modernising market.

The relevant Parliamentary Select Committee is disapproving of the policy in its current form, arguing it "risks attempting to force square pegs into round holes, with little reference to the reality of self-employed work" and "does not deliver parity of treatment between the self-employed and employees".¹⁵ The detrimental effects it cites include that it "could lead to successful businesses collapsing" and turn investment focus away

¹² <https://www.cumbriaobservatory.org.uk/economy-employment/>

¹³ Citizens Advice, Universal Credit and Modern Employment: Non-traditional work, 2018, p.7. <https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Universal%20Credit%20and%20non-traditional%20employment.pdf>

¹⁴ All quotations above taken from Government response to the above Select Committee report <https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/1420/142002.htm>

¹⁵ <https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/997/99704.htm>

from “business need and affordability” and towards “[fitting] in with UC and the MIF”, ultimately stifling entrepreneurship, as well as causing hardship.

Though the Committee forwards a number of recommendations, most of the above problems are avoided by having longer income reporting periods, decided on a case-by-case basis. In practice, this would mean income is not necessarily assessed monthly, and the periods are negotiated with a specialist self-employment Work Coach. A couple of examples are given in the report:

a) X is a farmer. His work is largely dictated by the seasons. All of his income is made in a few months each year. The rest of the year is spent working to ensure he has crops or livestock to sell. The most appropriate reporting period for X would be one year.

b) Y is a child therapist. She earns consistently for most of the year, but she experiences short lulls in demand in summer and the Christmas period, when families she works with often go on holiday or take a break. An averaging period of three to six months would work well for Y.

This change would also reduce the time and effort spent on administrative tasks for self-employed people, including having to carefully budget and telephone the DWP monthly, as well as tackling the errors and confusion that can result. Citizens Advice has suggested that DWP “develop options for self-employed people to be able to report and prove their income online”, particularly if monthly reporting continues indefinitely.¹⁶

The government have rejected calls for these changes, “sticking rigidly to a monthly reporting period”¹⁷. We would reiterate the complaints and recommendations of Parliament and national Citizens Advice reminding government of the damaging effects the MIF has in practice, particularly in our region.

¹⁶Citizens Advice, Universal Credit and Modern Employment: Non-traditional work, 2018, p 11-12
<https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Universal%20Credit%20and%20non-traditional%20employment.pdf>

¹⁷ Taken from the above Parliamentary Select Committee report

Case Study:

Sophia:

Sophia is a self-employed child minder and has been for a number of years¹⁸. Her income from this business drops significantly in school summer holidays, and, as she was unable to make ends meet, she resorted to trying to claim UC for these months, receiving an advance payment to tide her over. However, given that Sophia is a self-employed UC claimant, she is affected by the 'Minimum Income Floor'. So, when she suffered a loss of income over the school summer holidays, earning far less than she normally would per month, she could not claim any UC to cover her for the fluctuations in her profits.

Sophia will certainly have to find more work over the school summer holidays to avoid accruing debt or going into poverty. There are likely to be problems finding appropriate short-term work and difficulties with childcare costs for her own children.

ii) Flexible Support Fund

Issues

Nationally there is a lack of use of the Flexible Support Fund (FSF), labelled by one UC claimant and witness to a Parliamentary Select Committee as “the biggest secret in the Job Centre”.¹⁹

The FSF is a discretionary fund at the disposal of local Job Centre Work Coaches to help UC claimants overcome barriers to work or training through grants (that are not required to be paid back). According to internal DWP guidance²⁰, “there are circumstances where payment of travel, childcare and, or replacement care to attend training/education *must* be made to eligible individuals” [emphasis added].

¹⁸ NB the MIF at the time of writing would not apply to new 'start-ups', as there is a 12 month period of self-employment where the MIF does not apply.

¹⁹ All information taken from a publication by the House of Commons Work and Pensions Select Committee on Universal credit and Childcare, published 23/10/18:

<https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/1771/177105.htm>

²⁰<https://www.citizensadvice.org.uk/Global/AdviserNet/Resources/Help%20to%20Claim%20guidance%20docs/Flexible%20Support%20Fund%20v5.0.pdf>

We have not been able to get up to date or local figures for use of the Flexible Support Fund in Cumbria, but the table below gives some indication of the spend nationally.

Flexible Support Fund spending nationally, millions, 2012–13 to 2016–17²¹

Category	2012–13	2013–14	2014–15	2015–16	2016–2017
Total Budget	£99.9m	£127.6m	£178.8m	£76.8m	£51.7m
- Transport	£13.4m	£19.2m	£20.2m	£15.4m	£13.5m
- Childcare	£1.6m	£1.8m	£1.5m	£1.6m	£1.2m
- Training	£15.5m	£18.6m	£10.6m	£15.2m	£8.4m
- Other	£84.5m	£70.6m	£59.2m	£26.1m	£27.8m
Total	£115.0m	£110.1m	£91.5m	£58.4m	£51.0m
Underspend	- £15.2m	£17.5m	£87.3m	£18.4m	£0.7m
Underspend (%)	- 15.2%	13.7%	48.8%	24.0%	1.4%

Notable points from this table include:

Firstly, the FSF budget has been underspent since 2013-14, despite the budget being cut by 70% between 2014-15 and 2016-17. This reflects the “limited” nature of the efforts of the DWP to “promote the FSF to claimants” and shows room for greater expenditure.²² Secondly, ‘transport’ is the greatest categorised destination of FSF funds. This provides encouragement to rural areas such as Cumbria where public transport is sparse and expensive that provision could be made to alleviate this difficulty. Finally, the bulk of FSF expenditure goes to ‘other’ areas that seem isolated and varied enough not to be placed in neat specific categories. This highlights the discretionary and flexible nature of the fund, and should encourage greater enquiry from claimants, whatever the issue is.

In short, we suggest this under-used fund could be an important way of addressing some local needs that have been identified which are otherwise out of the hands of DWP local offices and people. Finding out more about its local application and the criteria for spending could be useful, the only down side being that it may lead to short term fixes and possibly mask deeper structural issues in the system. Citizens Advice,

²¹ Taken from the above House of Commons Work and Pensions Select Committee report on Universal credit and Childcare

²² Ibid

where relevant, should inform clients of the existence and nature of the FSF in adviser meetings as well as on the website and support them to access it where appropriate. ”²³

iii) Reaching Pension Age

Issue

Where a single claimant of UC is approaching State Pension Age, they should be advised by their Work Coach that their UC will end, and they may be eligible to claim Pension Credit instead. (If the claim is a joint one and only one member of the couple has reached State Pension age, the couple will stay on UC but the person who has reached State Pension age should be in the “no work related activity group”).²⁴

Pension Credit claims can be made up to 4 months in advance and Work Coaches should be advising their UC claimants as their State Pension age date approaches. We are aware of cases where this is not happening and claimants are disadvantaged by not putting in a timely claim for Pension Credit. With an ageing population and an older demographic in Cumbria, this is a particularly pertinent issue locally.

We would like to suggest that further training be given to DWP Work Coaches on this issue and some system be instigated to flag up to single claimants approaching State Pension age the implications of their UC claim ending and that they should consider a claim for Pension Credit.

Case study

Sanaz:

Sanaz, who claimed UC to boost her income from working part-time after emigrating from Iran, had just reached pension age, and came to Citizens Advice to find out if she had gained any rights as a result.

²³ There is already a note on the Citizens Advice public site prompting people to ask about the FSF for transport needs, interview clothes and other costs under “Going to your Universal Credit Interview” <https://www.citizensadvice.org.uk/benefits/universal-credit/claiming/going-to-your-interview/>

²⁴ [9.2.0.17 Changes of circumstances on Universal Credit \(EWS\) § You or your partner reach Pension Credit age](https://www.citizensadvice.org.uk/advisernet/benefits/universal-credit/work-related-activity/changes-of-circumstances/#h-you-or-your-partner-reach-pension-credit-age)

Sanaz had received no information directly from the DWP or her work coach informing her either that her UC would cease or of her right to claim a more generous benefit. Were it not for her initiative to come to Citizens Advice she might never have known. This puts more vulnerable pensioners that are unfamiliar with the system and unable to research the complex issues at an unfair and significant disadvantage.

Summary

In this report we have tried to highlight some key issues related to the delivery of Universal Credit throughout Cumbria. We have drawn evidence from all the local districts and have plenty more not included in this report.

At a national level Citizens Advice advocates ensuring greater flexibility within the UC system as a way of ensuring that claimants have enough to live on, as stated in the extract below.²⁵

Ensure greater flexibility within Universal Credit

In the short-term

Reduce the five-week wait by bringing forward the first non-repayable payment to no later than two weeks into a Universal Credit claim.

In the long-term

Explore more flexible assessment periods and payment cycles under Universal Credit to ensure people are paid in a way which reflects their personal circumstances and enables them to budget effectively.

We would repeat this message of flexibility, but particularly in relation to the difficulties found in Cumbria. It could compensate for lack of internet access, sparse public transport, or the volatile earnings of self-employed claimants. Flexibility and leniency should also be consistently afforded to vulnerable claimants when applying policy on sanctions and deductions. We recognise this is often restricted by national structures and policies, but it can nevertheless be improved upon locally through better application

²⁵ CA “Achieving income security for all” report <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/welfare-policy-research-surveys-and-consultation-responses/welfare-policy-research/achieving-income-security-for-all/>

of the Flexible Support Fund, Jobcentre policy/discretion and training of Work Coaches. We would also take this opportunity to emphasise that, where this fails, local emergency funds like Ways to Welfare (the form of localised social welfare adopted by Cumbria County Council following the abolition of the DWP Social Fund and Crisis Loans) need to be in place to pick up the pieces. This funding is currently under threat and evidentially provides an invaluable welfare safety net for some of our most vulnerable local people.

Locally, Citizens Advice organisations across Cumbria have good relationships with our local DWP Partnership Managers, Job Centre managers and, in some cases, Work Coaches. All involved are doing their best to make sense of this wholesale change to the welfare system and there are bound to be some difficulties along the way. We appreciate the opportunities to discuss these at DWP Customer Representative meetings and forums like the Carlisle Welfare Reform Board as well as our district-based individual meetings. These are not easy issues to tackle, either at a local or a national level but we at Citizens Advice would like to do all we can to ensure that local people can access this crucial benefit in the best way possible. We believe that responsiveness to individual circumstances is the only way to accommodate vulnerability issues of different kinds.

Acknowledgments

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For any comments, questions or queries on the report in the first instance please contact Kitty-Booth-Clibborn at Citizens Advice Carlisle and Eden (kitty.booth-clibborn@ca-ce.org.uk).

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APPENDIX 1

Further illustrative case studies:

Haris

A communication error made by the Haris' Work Coach triggered his severe anxiety issues. In order to process a suspension of a debt repayment, the DWP had briefly suspended his UC account, but the journal entry read that the claim had been 'stopped', not just 'suspended'. After explaining the problem, the UC helpline worker labelled the entry as "insensitive and incorrect".

Dawn

Dawn acts as the carer for her husband, who, after a stroke and a dementia diagnosis, requires increasing support, including help to claim UC in his own right. As instructed, Dawn brought in a sick note to the Jobcentre appointment but, because this was not the primary focus of the appointment, the work coach refused to accept it, directing her to the main UC helpline to make another appointment for this purpose. Upon getting through to the helpline, Dawn was told that the work coach should have simply accepted the sick note there and then, demonstrating relatively harmless, but disconcerting, internal confusion about basic Jobcentre policy. The Citizens Advice adviser relayed this feedback to the work coach.

EU migrants and settled status:

Darius, Barrow

Darius migrated to the UK from EU in 2004 and since then has undertaken low-paid, seasonal work which was not enough to cover his living costs. As a result, he sought CA's help in claiming UC. To do so, Darius had to show he had a 'right to reside' in the UK, by proving he had 'worker status' or 'settled status'. Unfortunately, his seasonal employment was not enough to give him worker status and he did not know about applying for settled status, for which he was clearly eligible. It took over 3 ½ months for the decision that he had settled status to come through and it would take many more weeks for a new UC claim to be processed on top of the standard five week wait for UC payment. This case shows how the flawed settled status system can have a devastating knock-on effect on benefits claims, much needed by migrants to support typically low incomes.

APPENDIX 2

Issues presented here are now being worked on by Eden Housing Association with a view to further discussion at a future meeting of Housing Association Chief Execs

Housing Related Universal Credit problems – Jan 2019

Paper developed by David Mason, Housing Adviser at Citizens Advice Allerdale based on evidence from working with Citizens Advice clients.

Issues with initial claim

Problems

- It takes time for UC to verify rent details with landlords. This is sometimes not done until after the first UC payment (although the DWP are getting faster at this) and can lead landlords to believe tenants have received, and then spent, Housing Costs payments.
- Housing Costs payments are sometimes missed off claims entirely due to administrative errors and are only put in place once we or the client contact UC to press the issue.
- There is no consideration of context in claims – if information is provided, but in the wrong place, it will be ignored. One client was not considered for a disability element, despite UC being aware of his ESA and DLA awards. He has failed to tick a box on his claim declaring he had a disability.

Solutions

- Early contact with tenants claiming UC is essential. Explanations of how rent is now paid and the (significant) risk of problems can allow these to be dealt with sooner – most clients just expect the system to work and for rent to be paid directly to the landlord.
- Basic UC training for staff and provision of basic assistance with claims (for example checking the online journal to ensure rent details are entered and being processed) would assist clients and pre-empt many of the above issues.
- Putting pressure on the DWP to improve the claim process. It should be much faster, simpler and clearer for clients.

Issues during claim

Problems

- The waiting period causes significant hardship and forces many clients into debt, which then causes ongoing problems once an award is made. Recent reforms have helped shorten the period, but clients are still left with significant deductions being taken from their claims for many months after their initial claim.
- Short term advances are not intended to cover rent costs. Therefore, almost every client who applies for Universal Credit will end up in rent arrears.
- Housing Costs payments are paid by default to clients. This is often not made clear to clients who just assume the system is the same as the Housing Benefit system. This frequently results in rent arrears, particularly with more vulnerable clients.
- Clients who ask for Housing Costs payments to be sent landlords are often ignored. Requests from landlord are normally accepted but take some time to be set up.
- Landlords can request deductions for rent arrears, but these are taken at fixed rates that UC do not alter. This can lead to clients paying more than necessary, despite a low income. Equally some clients can assume the deductions mean their entire shortfall will be paid, when only a portion is actually being deducted.
- When Housing Costs or arrears deductions are paid directly to landlords, they are not paid on the same day they are deducted from the client's payments. They are instead placed into a "holding account" and released to the landlord days or weeks later. This causes clients to appear to have missed agreed rent payment or breached court orders when in fact they have not.
- Any type of debt can be deducted from the client's Housing Cost payments. Under the HB system only overpayments could be deducted.
- Every time Universal Credit is re-calculated or re-started (eg due to a partner moving in or a change of circumstances), any direct payments to a landlord are reset. The landlord or client then need to re-apply for these from scratch.

Solutions

- Landlords need to be aware that most UC claims start with significant deductions. Payment arrangements need to be made on the understanding that the client will start with less money than the minimum they need to live off.
- Early contact with tenants is essential. Especially with clients that are more vulnerable – simply making it clear what the new system is can prevent many issues.

- Early applications for direct payments for vulnerable clients. Even these are often not being set up for the first month or two, but they will at least serve to limit the arrears that accrue.
- An understanding that a certain level of arrears is highly likely has to become the norm (however unfair it is). Possession systems need to be adjusted so possession claims (and all the extra costs) do not become normal for all UC claimants.
- Landlords need to consider each case before applying for direct deductions. They can cause severe financial hardship for some clients; equally they can be convenient and less stressful for some more vulnerable clients.
- Landlords need to be aware of the later payments of Housing Costs due to the DWP's "holding account" system. These should not be classed as arrears where possible, as the payments are not missing but just paid late. In particular possession proceedings based on such payment would not be fair.

Issues caused by the DWP

Problems

- Clients transitioning from ESA to UC not awarded the Limited Capacity for Work elements. This problem has now been resolved and our Benefits team have seen no cases for several months.
- Clients who make single claims but have a joint tenancy are paid only half rent by default.
 - This problem is continuing despite contact with the DWP.
 - The DWP will ignore information provided about other occupiers and will always start by assuming the second tenant is present and paying half the rent.
 - The DWP will not notify the client of this issue or how it can be corrected. It is only looked at after the client notices and queries the lower Housing Costs payments
 - We were told by the DWP that a client can resolve this problem by providing proof they are the only tenant occupying the property (eg a council tax bill in their sole name). However, this is not asked for at the point of claim and the DWP's call centre continues to tell clients the only solution is to have the tenancy put into their sole name.

- Direct monthly Housing Costs payments made via UC's "holding account" system appear to be being made 4 weekly. This creates a situation where one payment per year is not made, to avoid 13 monthly payments within a year.
 - This problem is continuing and is causing significant problems
 - Neither the landlord nor the client are given any advance warning of the one missed payment per year. Both can then assume that the direct payments have stopped.
 - The DWP's call centre seem not to understand this part of the system and will insist (based on the calculation on the UC journal) that all Housing Costs payments have been sent directly.
 - We have seen several clients where the apparently missed payment has caused them to be accused of breaching court orders. Some have had eviction warrants issued as a result.

Solutions

- The DWP have accepted that single client's in a joint tenancy can get the full rent, but they need proof the second tenant is not in occupation. In many cases they have accepted letters from landlords stating this. In all cases where one tenant is claiming for a joint tenancy, the provision of such a letter should be considered and/or a referral for specialist advice made. Clients should also be advised that the DWP's normal response (that the tenancy must be put in their sole name) is wrong.
- Pressure on the DWP to pay amounts monthly is needed. Landlords could also choose to add the 4 weekly payments to the account monthly, to avoid the apparent missed payment once per year.
- Rent accounts being reviewed prior to court action should be done bearing in mind the apparent missed payment once per year. Court action should not be taken when this issue is causing all or most of the problems on the rent account.

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