



WORSE OFF: The impact of universal credit on families in Tower Hamlets

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Executive summary

Universal credit is a social security benefit for people of working age. It combines means-tested support for adults, children and housing costs into one benefit. It replaces the following means-tested benefits and tax credits: income support, income-based jobseeker's allowance, income-related employment and support allowance, housing benefit, child tax credit and working tax credit.

According to the government, the overarching aims of universal credit are to encourage more people into work, smooth the transition into work, offer a simpler benefit system and tackle poverty.

Tower Hamlets has the highest rate of child poverty in the UK: 57 per cent, after housing costs are taken into account. In 2017, Tower Hamlets became one of the first boroughs in London to become a universal credit 'full service' area, meaning that anyone living in the borough making a new claim for any of the above benefits must claim universal credit instead, and make and manage their claim online. The London Borough of Tower Hamlets commissioned Child Poverty Action Group (CPAG) to research the experiences of families with children in receipt of universal credit. A qualitative research study commenced in October 2018 and ended in July 2019.

Specifically, the aims of the study were to:

- Gain an in-depth understanding of the experiences of families with children on universal credit in Tower Hamlets.
- Gain an understanding of the wider impact of universal credit on the principal interactors with claimants with children ('stakeholders') in the borough.
- Share learning and recommendations from the study with the Department for Work and Pensions (DWP) and other local authorities, in order to improve the wider roll-out of universal credit.

As part of the study, CPAG carried out 16 face-to-face interviews with 11 claimants and 20 interviews with stakeholders. We then carried out a thematic analysis of the interviews, to draw out the key issues affecting claimants and stakeholders.

The London Borough of Tower Hamlets and the Greater London Authority (GLA) also commissioned AudienceNet to carry out a quantitative survey with universal credit claimants in the borough. The survey ran from October 2018 until January 2019.

This report explores the findings of the qualitative research study, incorporating the findings of the quantitative survey and analysis of data on 20 clients with children who were in receipt of universal credit at First Love Foundation (a food bank in Tower Hamlets) and whom CPAG advised over the course of a year.

Key findings

Design problems identified with the universal credit system

1. The **transition to universal credit** has been problematic for claimants, with many confused about what, when and how to claim and some left without money during the transition period.
2. Claimants found **making and managing claims** using the online system difficult and experienced problems getting online. Stakeholders found that claimants lacked the English language and digital skills required to make and manage their claims.
3. Both claimants and stakeholders were troubled by the **complexity of the universal credit system** and struggled to navigate it, as well as find information about claims beyond what appeared on their online account. Many found managing their universal credit claim time consuming and burdensome; those with limited English or digital skills had to rely on their children to help.
4. Claimants often had **problems with universal credit payments**, finding they varied and were often miscalculated or unexpectedly stopped. Stakeholders identified the monthly payment system, advance payment arrangements and deductions as problematic for claimants. This was compounded by difficulties understanding how payments had been calculated and people often found it time consuming to resolve problems.
5. Generally, claimants and stakeholders had negative **experiences of Jobcentre Plus and of interactions with the DWP in general**. A lack of support, training and awareness among Jobcentre Plus staff seems to have resulted in claimants feeling poorly treated and there being an absence of dignity, while stakeholders complained of poor communications with the DWP. Some claimants reported that job centres were unsuitable environments for children, and that appointments were arranged without reference to their working hours or access needs.
6. Some claimants were unhappy with their **work-related requirements**, and often felt that these had not been tailored through a discussion about their circumstances or goals. Employment support from Jobcentre Plus was, with some exceptions, felt to be of limited use, particularly by claimants who were already working. Claimants generally did not feel that there was a connection between universal credit and their finding better paid work or more hours. Claimants and stakeholders had mixed views on **sanctions**.
7. Claimants who were working generally felt that universal credit did not create good **incentives** to increase their hours, despite the fact that one of the system's aims was to make these incentives obvious. Because universal credit is reduced immediately after earnings increase, claimants often felt that it was not worth working more hours. An employment adviser admitted that they sometimes found it hard to persuade people to take on extra work for relatively little financial gain.

The impact of universal credit on families

1. Many claimants were struggling to get by with the amount of universal credit they received, and were **in debt and arrears** as a result of being on universal credit. This is exacerbated by the system of payment in arrears and the five-week wait at the start of claims. Some had to borrow

money from friends or family, or take out credit cards or loans. Some stakeholders thought that claimants needed more help with managing their budgets, but noted that if people do not have enough to live on, better budgeting would achieve nothing. One family was only able to heat one room at the time they were interviewed, despite having a young child.

2. In terms of **financial security**, most claimants felt as though they were worse off under universal credit than under the previous benefits system. Nearly all stakeholders agreed that their clients' incomes were not enough under universal credit and that other reforms, such as the benefit cap, made things worse.
3. Many claimants reported that universal credit had caused them **stress and parental conflict**. Stakeholders observed that many clients were anxious about losing their homes and/or not being able to provide for their children.
4. Universal credit was seen to have had a negative **impact on children**. Claimants were making significant sacrifices for their children – in one case, not eating for several days – and many noted that their children were missing out on the experiences that all children should be able to take for granted. One mother described how her children could not go anywhere in the summer holidays except to the local park. This caused guilt and distress for parents. One claimant was paying for his child to do extra-curricular activities, but only with financial help from family members. Stakeholders identified the cost of the school day, fuel and food as being particularly problematic for families.

The impact of universal credit on stakeholders

1. Universal credit has increased demand for some services in **the London Borough of Tower Hamlets** and generally council staff found related issues harder to resolve. There are particular issues around housing: while housing benefit is managed by the local authority, staff can see when problems have arisen and quickly intervene to prevent or resolve them. With universal credit, councils do not have access to the same information, meaning that problems may go unresolved for much longer, claimants may accrue arrears and their homes may be at risk.
2. Universal credit has increased demand for advice from **the advice sector and housing associations** and staff found it took much longer to resolve cases under universal credit. It has also had a negative impact on **landlords**, who are carrying significant arrears. Some private landlords are reportedly now refusing to accept claimants receiving universal credit, and the council is having to spend more and more on payments to 'incentivise' landlords to let to someone on universal credit, when they need to secure accommodation for families to prevent homelessness.

Universal credit compared with the 'legacy' system

Claimants and stakeholders generally preferred the previous 'legacy' system to universal credit, although some stakeholders saw the potential of universal credit.

Conclusion

The claimants we interviewed generally preferred the old legacy benefits system to the new universal credit system. Seventy-nine per cent of survey responses included some negative sentiment about universal credit. However, 12 per cent of responses included some positive sentiment and some of the stakeholders we interviewed were positive about some aspects of universal credit and thought it had the potential to achieve its aims.

Has universal credit achieved its aims of encouraging more people into work, smoothing the transition into work, offering a simpler benefit system and tackling poverty? On the basis of this research, it has not. The level of hardship faced by some claimants and reports of frequent payment problems, which take a long time to resolve, was very worrying. The system is also clearly placing a considerable burden on local authority departments, voluntary sector organisations and social landlords in the borough, yet they are not recognised as partners in universal credit, so often find it difficult to support claimants as they would like. However, we are still at a relatively early stage of universal credit and we hope that there will be many more improvements made to the system, following research findings like these.

The London Borough of Tower Hamlets recognises the role that local advice services play in mitigating the impact of welfare reforms, particularly universal credit, and reducing levels of poverty by supporting vulnerable residents and low-incomes households to access their rights, understand their obligations and maximise their incomes. As such, the council increased social welfare advice funding by 10 per cent to £974,102 per annum, covering October 2019 until March 2023. The new services, which started on 1 October 2019, have been co-designed with the advice sector and will continue to be co-designed with service users and all stakeholders.

The council is also undertaking a major strategic review of health, social care and welfare advice provision in the borough, with a view to developing an integrated advice and information offer across the major providers in the public and voluntary sectors. The current plans are for new services to begin in September 2020.

Recommendations

London Borough of Tower Hamlets

1. Continue to invest in the long-term delivery of high-quality, local welfare rights advice to support claimants with making and managing their universal credit claims.
2. Further develop and augment its digital offer to residents, including supporting universal credit claimants with managing their online accounts.
3. Make changes to the residents' support scheme:
 - i. Make eligibility criteria clear to residents before the application stage (ie, in a separate document) and include support they should have tried first.
 - ii. Regularly review the amount of money allocated for furniture within a grant and ensure that it is in line with market rates.
 - iii. Publicise to residents in crisis and the advice sector the different types of financial support available from the DWP and the council.

4. Inform council staff about departmental budgets available to support residents in crisis.
5. Consider developing a flowchart for residents and council staff, showing what financial support is available to residents in crisis and the order in which they should try to access it.
6. Write to the DWP urging Jobcentre Plus staff to proactively promote advance payments and hardship payments to universal credit claimants.
7. Working with the voluntary and community sector, give universal credit claimants more help with budgeting.

Department for Work and Pensions

1. Ensure that universal credit provides claimants with enough to live on, meeting their housing costs and the needs of both adults and children in the household.
2. Remove the benefit cap. According to analysis by the Institute for Public Policy Research for CPAG, this would benefit half a million children nationally by 2023.ⁱ
3. End the five-week wait. Many claimants are falling into complex debt situations while waiting for their first universal credit payment.
4. Working with advice sector organisations and councils, offer more leniency or discretion for claimants with vulnerabilities and with poor English/IT skills and consider employing Bengali translators in job centres in Tower Hamlets.
5. Send claimants Jobcentre Plus appointment letters and sanction letters, as well as journal notifications.
6. Offer better training to work coaches to ensure more consistency across the board.
7. Provide family support workers in job centres to support claimants with children.
8. Formally acknowledge that local authorities have a role to play in universal credit and accept payment error notifications from them on behalf of claimants.
9. Working with the National Landlords Association, provide landlord training on the housing costs element.
10. Locate the DWP universal credit liaison officer within the council's offices and provide escalation contacts for benefit processing centres.
11. Provide incentives to local authorities to procure properties in the private rented sector for universal credit claimants.
12. Offer advance payments to claimants who have been on universal credit for less than six months and who are moving into the private rented sector, so they can use them as deposits.

Background

Universal credit

Universal credit is a social security benefit for people of working age. It combines means-tested support for adults, children and housing costs into one benefit. It replaces the following means-tested benefits and tax credits: income support, income-based jobseeker's allowance, income-related employment and support allowance, housing benefit, child tax credit and working tax credit.

Universal credit aims to encourage more people into work, smooth the transition into work, offer a simpler benefit system and tackle poverty.ⁱⁱ

The transition to universal credit marks a significant change in claimants' experience of the previous benefit and tax credits system, now referred to as the 'legacy' system. Notable changes include:

- **Monthly assessment and payment periods.** Universal credit is assessed according to a claimant's circumstances over a month. Awards are based on income received in a month, and payment is made in one monthly sum. Under the old system, people usually get fortnightly payments of adult benefits and four-weekly payments of child tax credit.
- **Online access.** Universal credit is claimed and managed online. The DWP may allow telephone access in limited circumstances and assistance in person in exceptional cases. There is no paper claim form.
- **No hours rules.** In the legacy system, eligibility for various benefits and premiums is affected by the number of hours worked. Universal credit removes these 'hours rules' and instead adjusts continuously to earnings (though with some earnings-related cliff-edges, such as eligibility for free school meals or exemption from the benefit cap). Under universal credit, all work is permitted, encouraged and, in some cases, required, and earnings are automatically taken into account. Universal credit is designed to encourage people to take on even relatively low-paid work. For example, unlike tax credits, you can get help with childcare costs in your universal credit, irrespective of how few hours you work.
- **Work incentives.** Universal credit was introduced with the principle of 'making work pay', with incentives that allow claimants to keep more of their universal credit as their earnings rise. For most claimants, this now means being better off by 37p for every £1 they earn. Some claimants get a 'work allowance' – an amount they can earn before their benefit is reduced in this way.
- **In-work conditionality.** Universal credit claimants who work part time may be obliged to look for more work. Universal credit claimants who do not do enough to increase their hours or pay can be given a 'sanction' (and the amount of their benefit is reduced).

Child Poverty Action Group

Child Poverty Action Group (CPAG) works on behalf of the more than one in four children in the UK growing up in poverty. We use our understanding of what causes poverty and the impact it has on children's lives to campaign for policies that will prevent and solve poverty – for good. We provide

training, advice and information to make sure hard-up families get the financial support they need. We also carry out high-profile legal work to establish and protect families' rights.

In London, CPAG works across the voluntary sector and with politicians at a local, regional and national level, for a London where no child experiences poverty. Recently, we have supported London local authorities to become accredited living wage employers, to make improvements to their council tax support schemes and local welfare assistance schemes and to pilot interventions to help low-income families.

From March 2013 until October 2019, CPAG delivered welfare rights advice on a part-time basis in the First Love Foundation food bank in Tower Hamlets. Over the lifetime of the project, CPAG recovered more than £4.5 million on behalf of claimants.

London Borough of Tower Hamlets

The borough was formed in 1965 from the merger of the former Metropolitan Boroughs of Stepney, Poplar and Bethnal Green. It lies adjacent to the east side of the City of London and on the north bank of the River Thames. Tower Hamlets includes much of the redeveloped Docklands region of London, including West India Docks and Canary Wharf.

A 2017 study by Trust for London and the New Policy Institute found that Tower Hamlets has the highest rate of poverty, child poverty, unemployment and pay inequality of any London borough.ⁱⁱⁱ

However, in the 2019 indices of deprivation published by the Office for National Statistics, there was a reduction of 22 percentage points in the number of highly deprived residents in Tower Hamlets. Ranked the 24th most deprived local authority area in 2015, the borough is now rated 175th of 317 districts in terms of deprivation. The indices are based on income, employment, education, health, crime, housing and environment.

Income deprivation among older people and children is still prevalent, with the highest rate of residents aged over 60 experiencing deprivation in the UK (43.9 per cent) and the 14th highest rate of child deprivation (26.6 per cent).

The borough hosts the world headquarters of many global financial businesses, employing some of the highest paid workers in London, but also has high rates of long-term illness and premature death and the second highest unemployment rate in London.

Tower Hamlets has the third highest economic output of any local authority area in the UK, after Westminster and the City of London. In 2015, the borough's economic output was around £29 billion – accounting for 2 per cent of the UK economy.

Aims and methodology

The aims of the study were to:

- Gain an in-depth understanding of the experiences of families with children on universal credit in Tower Hamlets.
- Gain an understanding of the wider impact of universal credit on the principal interactors with claimants with children ('stakeholders') in the borough.
- Share learning and recommendations from the study with the London Borough of Tower Hamlets, the Department for Work and Pensions (DWP) and other local authorities, in order to improve the wider roll-out of universal credit.

CPAG carried out a number of research activities as part of the study.

Activity 1: Claimant interviews

Nine universal credit claimants were recruited through the Greater London Authority (GLA)/AudienceNet claimant survey (see Activity 4 below and APPENDIX for more details) and two claimants were recruited through Shadwell Children's Centre. With the former group, a first wave of interviews was carried out between November 2018 and January 2019. A second wave of interviews was carried out between February and June 2019 with five claimants who reported changes in their circumstances. With the latter group of claimants, both interviews were carried out in April and May 2019. To ensure the sample was as representative as possible, it included a mixture of genders, relationship statuses, ethnicities, number of children, work statuses and living situations. Sixteen face-to-face interviews were carried out in total with 11 claimants. A thematic analysis of the interviews was carried out to draw out the key issues affecting claimants.

Activity 2: Stakeholder interviews

Key stakeholders (see APPENDIX for more details) were identified by CPAG and the London Borough of Tower Hamlets. These included staff from different council services or teams, welfare rights advisers from the advice sector, housing association staff, the Association of Private Landlords and a food bank. Twenty face-to-face interviews were carried out in total. A thematic analysis of the interviews was carried out to draw out the key issues affecting stakeholders and their clients.

Activity 3: Analysis of food bank client cases

From March 2013 until September 2019, CPAG delivered welfare rights advice on a part-time basis in the First Love Foundation foodbank in Tower Hamlets. For this study, we collated and analysed data on the food bank clients who were in receipt of universal credit and had children over a one-year period (1 May 2018 to 30 April 2019). Twenty food bank client cases were analysed in total.

Activity 4: Incorporation of the results of the claimant survey

The London Borough of Tower Hamlets and the GLA commissioned AudienceNet to carry out a quantitative survey among universal credit claimants in the borough. CPAG fed into the survey design. The survey ran from October 2018 until January 2019. All universal credit claimants in the borough

(approximately 300,000 people) received letters and emails from the council inviting them to take part in the survey. A total of 229 claimants participated.

To ensure the research was inclusive and as representative as possible of the target audience, both online and offline data collection methods were employed (see APPENDIX for more details).

Design problems identified with the universal credit system

Aysha's story

Aysha is in her 40s and is a single parent with a five-year-old daughter. Previously, she was married and living with her husband and child in a one-bedroom housing association home under shared ownership.

Aysha was working 10 hours per week as a cleaner, receiving some benefits. She found the previous benefits and tax credits system straightforward.

'I was in the situation before, with my husband, with working tax credit. We had some housing benefit by the old system. Here, around the corner from my house. The offices there, there were people talking, everything went smoothly, everything was working fine, nobody stressed us out, the payments were weekly. Everything was smooth.'

In March 2018, she separated from her husband. Because he owned their home, they agreed that she would continue to live in the property with her child, paying the rent and service charge, while he paid the mortgage. She applied for universal credit immediately because she was unable to pay the rent, but she did not receive any money for 13 weeks.

When Aysha took the relevant paperwork to the job centre, she was told that they had not seen a case like hers before. Her work coach wanted to see her husband's payslips and evidence of his work, which was not relevant to her claim, as she was claiming as a single person. She felt that no one really understood her situation.

'They asked me for all the documents of my husband. We split, you know. His payslips, everything of his. It didn't make sense for me. Because they asked it, I had to bring everything. So I had my last three payslips of my husband. Even him, he was asking why are you asking? This is personal, we just split. I said, "They're asking, let's bring them because I need the rent.'

After 13 weeks, she received the standard allowance and child element of universal credit, as well as a letter telling her that she was not entitled to the housing costs element. She also had £135 mistakenly deducted for 'maternity allowance' from her first and second universal credit payments.

Aysha was not told about advance payments by Jobcentre Plus until that time, by which point it was too late for her to apply for one.

'In 13 weeks I haven't received any money, nothing. They just asked me if I can call that number for an advance. I called, they said I'm not entitled. I gave up, I just started borrowing money and paying from my credit card and from my overdraft and everything.'

Aysha went to Tower Hamlets Citizens Advice, but was told that they were too busy to help her. However, they suggested that she called the Limehouse Project, who told her that she was entitled to the housing costs element. So she submitted a mandatory reconsideration and received a letter in August telling her that she would receive the housing costs element.

She finally received the housing costs element 24 weeks after she first made her claim. By that time, she had accrued £2,000 of rent arrears and had a court possession order set for October 2018. She was also £800 into her overdraft, paying £20 in monthly fees and unable to take her child out during the school holidays.

'Obviously, all summer we haven't done anything, we just stay in. I couldn't afford anything. I'm just stressed you know, lots of stress... Sometimes she just didn't understand why I'm like that, why I'm stressed, why I have to shout.'

Transitions to universal credit

Since the universal credit 'full service' was rolled out in Tower Hamlets, anyone experiencing a change of circumstances which would have entitled them to make a new claim for one of the 'legacy' benefits being replaced by universal credit – such as starting a new job, increasing or decreasing working hours, having a new baby, a child starting school, a partner moving in or out or a move to a new local authority area – must now claim universal credit instead. They might be moving from a legacy benefit to universal credit, or they might be applying for a benefit for the first time.

Claimants may get more or less money on universal credit than they did under the legacy benefits system (if they were claiming previously) and their previous benefits will stop when they claim universal credit. Since April 2018, housing benefit claimants are paid for an extra two weeks after they make their claim to help reduce the level of rent arrears caused by claiming universal credit while waiting for their first payment.

The claimants and stakeholders we interviewed found that the transition to universal credit was problematic, with claimants generally confused about what, when and how to claim. They found the application process longwinded and some struggled to get by during the initial waiting period. The picture on advance payments was mixed, with some claimants taking them, others unaware of them and stakeholders generally cautious about recommending them because they are recoverable.

What, when and how to claim?

Name of claimant*	Date claimed	Reason for claim
Aysha	March 2018	Not on benefits previously. Separated from her husband, who moved out of their home.
Moussa	May 2018	Not on benefits previously. Wife stopped working full time, so they made a joint claim.
Lauretta	September 2018	Previously on tax credits and housing benefit. Husband started working, so they made a joint claim. However, his immigration leave is on condition that he has no recourse to public funds so she could only make a single claim.
Rachel	June 2017	Previously on employment and support allowance and housing benefit. Failed a work capability assessment.
Christoph	May 2017	Not on benefits previously. Self-employed and could not find enough work.
Shadia	May 2017	Previously on income support, child tax credit and housing benefit. Found casual work.
Sally	June 2018	Previously on income support, child tax credit and housing benefit. Found casual work.
Asad	February 2018	Previously on employment and support allowance, child tax credit and housing benefit. Failed a work capability assessment.
Cindy	May 2017	Not on benefits previously. Maternity leave was ending and she was due to restart work. Needed help with childcare costs.
Velma	January 2018	Previously on income support and housing benefit. Found work.
Linda	July 2018	Previously on child tax credit and housing benefit. Husband stopped working.

*All names have been changed for privacy reasons.

Claimants were confused about what to claim following a change of circumstances. Was it universal credit, jobseeker's allowance, income support, housing benefit or working tax credit? While it was clear that some had been given the wrong advice by Jobcentre Plus, others may have received the wrong information from the advice sector.

'I went to the job centre. I'd been going around everywhere, the Citizens Advice Bureau, calling everywhere, "I don't know what to claim." When I called the Citizens Advice Bureau they said, "You can claim JSA [jobseeker's allowance]." Then, I went to the job centre and they said, "No, you have to claim universal credit." All these things were muddled up.' (Rachel)

'The transition... was so stressful... At first I was working two to three hours a week and it was fine, but then it was too much. But they told me my benefits weren't going to stop, but then they did stop and I wasn't aware of it... So, without wanting to, I had to get online and apply for universal credit because they first said they will get me back on income support, then they said they wouldn't, then they said they would...' (Shadia)

It is important for people to claim universal credit as soon as they think they are entitled to it, as it is very difficult get payments backdated. However, some of the claimants we spoke to were wrongly told to delay applying for universal credit, or they applied late because they were unsure about what to do.

'I was told I can't apply for it until the day I return to work... I know that's not true now, but I was told that on the phone by a universal credit adviser. To apply the day I returned to work... which obviously put me into a lot of debt...' (Cindy)

'Because most people who claim, when they... find out what they want to claim, they might be a bit late.' (Tower Hamlets Benefit Services)

Stakeholders also highlighted the general confusion among clients around who manages universal credit and how to apply for it.

'Many customers think that UC [universal credit] is managed by the council because we managed housing benefit. There's a big confusion – they say they've done the claim form so what's happened? They come here before going to the JCP [Jobcentre Plus] as they say they want to apply for UC. Even after applications they come here and ask what's happened to their claim...' (One Stop Shops)

As well as submitting an online claim, universal credit claimants must verify their identity, either online or in person at the job centre, and book and then attend an interview to agree a claimant commitment. They can get help making their claim via the DWP universal credit helpline.

Some of the claimants we interviewed complained about having to spend a lot of time providing supporting information and handing in documents, such as payslips, during the application process.

'Every week they asked me, every week they asked me for papers, every single week. Because of this system online, nobody even explained to me how it works. Sometimes, in my journal, I can add photos with these papers. Nobody explained, so I had to make an appointment or they'd call me every week, "Drop one paper, drop one paper."' (Aysha)

'If you go to the website, they are saying payslips, okay. They are saying, for example, one form of ID, any two from there. Like the payslips, passport and some other documents. This did not say you must bring three payslips... No. That's why I took one. It's not my fault.' (Moussa)

One claimant expressed surprise that her personal information was not carried over from income support to universal credit.

'I claimed online, and I went into the job centre with the first initial appointment. They asked me all these weird nutty questions that should've been on their system anyway because I was on income support. All of that should've just been transferred onto the new system, yes, but they made us go from the beginning; it was right from scratch.' (Shadia)

Waiting periods and getting by while waiting

Claimants must wait one month and up to another seven days from the date they claim before getting their first payment. Before February 2018, the wait was six weeks.

The stakeholders we interviewed identified the five-week wait as a big problem, particularly when it came to their clients making rent payments. Some reported that clients were waiting eight weeks, and sometimes even 12 weeks, for their first payment. This resulted in some clients borrowing money or going to food banks just to get by.

'One is the issue with the five-week wait... It does cause concern for us as well as our members because it means that the landlord has to wait a long time before they get their payment... it often ends up being an eight-week wait. That's not an uncommon thing.' (Jake McKey, National Landlords Association)

'The initial delay in payment is four to six weeks is quite challenging and how they manage that period. But it's not just six weeks. In reality, sometimes it's up to 12 weeks that families have to wait for their first payment to arrive.' (Director, Limehouse Project)

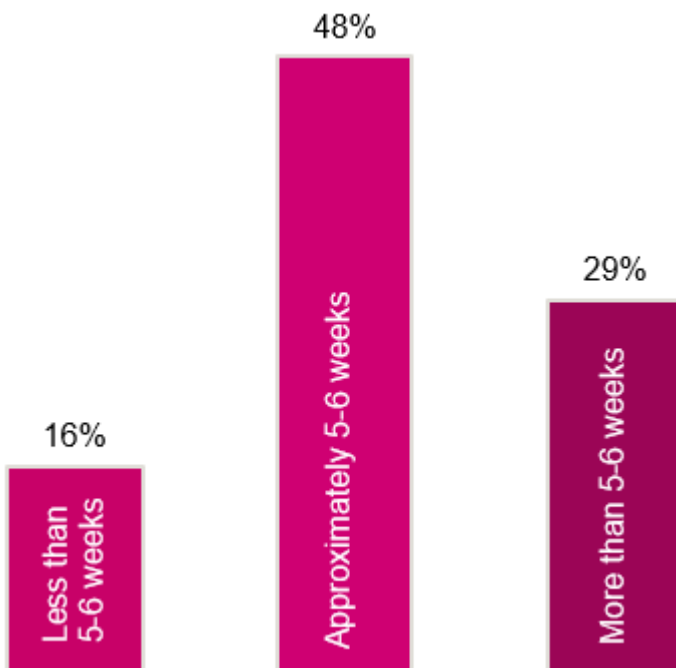
'The main issue with UC is the waiting period. Arrears or debt built up during the waiting period means that people have to borrow money.' (Bow Foodbank)

The majority of claimants we interviewed, however, received their first universal credit payment within five to six weeks, with the exception of Aysha, who had to wait 13 weeks for her first payment and 24 weeks to receive the housing costs element (see Aysha's story above). In spite of this, some struggled to get by while they were waiting (for more on this, see [Claimant debt and rent arrears](#)).

GLA/AudienceNet survey

The survey findings reflected the findings from our claimant interviews, with around a third saying their first payment did not arrive on time. We assume that the 16 per cent of claimants who said it took less than five to six weeks for their first payment to arrive were referring to advance payments, rather than their first monthly payment.

Waiting period from application submitted to first universal credit payment arriving:
(7% can't remember)



However, more than half (57 per cent) of claimants who responded to the survey had to borrow money from friends or family while waiting for their first payment, while more than a quarter cut back on spending (27 per cent), did not pay their bills (27 per cent) or did not pay their rent (23 per cent).

Q: Thinking back, from the day your application for universal credit was approved, how long did it take for your first payment to arrive? Base: N=157 all online participants

Advance payments

After the initial interview at Jobcentre Plus, claimants are asked whether they can manage until their first universal credit payment. They may be offered a ‘universal credit advance’ – a full month’s payment – to help them during the waiting period. The DWP only gives claimants an advance if it considers they are in financial need – ie, if they cannot afford to pay their gas or electricity bills and are not owed any wages. However, claimants transferring to universal credit within one month of being entitled to a legacy benefit do not have to show financial need.^{iv}

Our research revealed that the picture on advance payments was mixed. Seven out of 11 claimants made their claim on or after January 2018, so it should have been easier for them to apply for an advance payment following the DWP's improvements to the support available to claimants.^v Interestingly, the three claimants who were not told about advance payments all made their claims after January 2018. However, two of these claimants were told about them later, by which time it was too late for them to apply.

'They didn't say anything about it. I called them every so often and they said, "Why are you calling if we're giving you the timescale?" Not once did they say, "I can give you an advance payment... Now when you call them they tell you, you can take advanced payments. If I knew that, I would have just taken [it] and I wouldn't have been in arrears as much as I am now.'
(Lauretta)

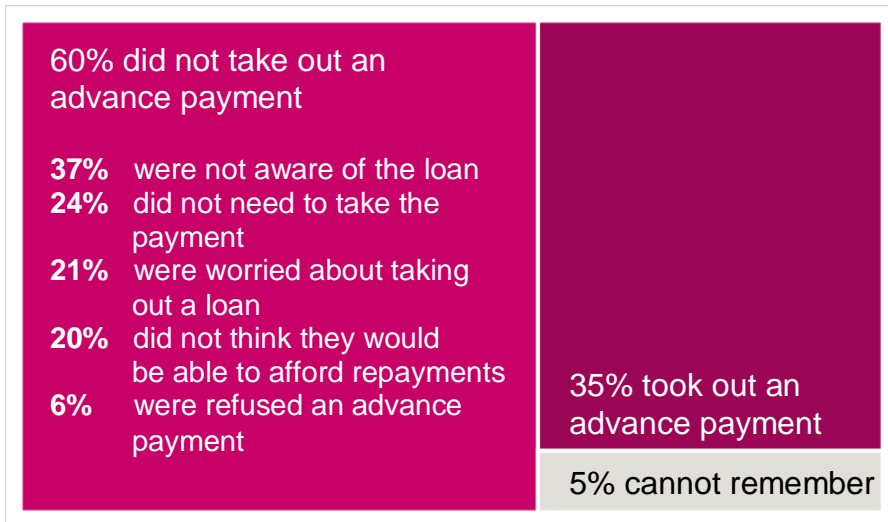
One claimant was offered an advance payment but refused one, and another claimant asked for one but was refused one. In the end, only five out of 11 (almost 50 per cent) of claimants took out an advance payment, either after asking for one or being offered one. They were all satisfied with their experience.

'I called them and asked them, "How am I going to survive?" The universal credit lady told me. She was quite good. I asked if there is any help, like, you know, it used to be a crisis loan and budgeting loan. She told me, "There is no crisis loan, you can take advance." I asked for £150. She told me it was going to take time. "It's going to take time to sort out your benefit, so do you think £150 will be enough for you?" So I took £200.' (Rachel)

Most of the stakeholders we interviewed were cautious about recommending advance payments to clients because they had to be repaid via deductions from their monthly payments, and some only recommended clients take the bare minimum amount they needed to manage.

GLA/AudienceNet survey

Only around a third (35 per cent) of claimants who responded to the survey had taken an advance payment, and more than a third of those who had not taken one (37 per cent) had not realised advances were available.



Q: While waiting to receive your first universal credit payment, you can take out an advance payment. Did you choose to take out an advance payment? Base: N=157 all online participants. Q: Why did you choose to take the advance payment? Base: N=55 all who did take the advance payment. Q: Why did you not take the advance payment? Base: N=94 all who did not take the advance payment

First Love Foundation case studies

CPAG has evidence that some jobcentres have been advising claimants that they must apply for a national insurance number if they do not have one already, before they can apply for universal credit. However, the DWP has advised that claimants should instead use the DWP internal process when making their claim to ensure their national insurance number arrives before their first universal credit payment is due. CPAG has, however, received reports that some job centres are unaware of the internal process. These two case studies from the First Love Foundation food bank in Tower Hamlets demonstrate this specific issue.

1. Client N, who is British, was claiming universal credit as a single person, tried to change his claim to a joint claim with his wife (who is Bangladeshi) who has right of residence. However, he was refused because his partner did not have a national insurance number, which can take six to eight weeks to come through. The couple have a two-year-old and had no money for two months while they waited for the national insurance number. Their child needed nappies and food. During this time, they were living off the food bank and help from family. Client N also had a mental health issue and was in arrears with his landlord and energy provider (he has rent arrears of £1,000).
2. Client R and his wife S have two children. They are both European Union nationals and S applied for a national insurance number but it was delayed, so they were told they were unable to make a joint claim for universal credit. The family had £6,400 rent arrears and were at risk of losing their privately rented accommodation. The DWP refused to pay them universal

credit on the basis of S not having a national insurance number. A tribunal found this unlawful as they had provided sufficient information for the national insurance number to be issued. The couple were awarded £10,752 as a backdated amount of universal credit, plus a monthly award of £2,209.

Rachel's story

Rachel is a lone parent in her 40s with two children. Her 16-year-old daughter lives with her in a housing association property and she has a 23-year-old non-dependent son, whom she relies on heavily for financial and emotional support. Rachel suffers from back pain, asthma and depression.

Rachel went to university and worked in fashion design until 2009, when she became a lone parent and her health began to deteriorate. From that time onwards, she claimed housing benefit and moved frequently between jobseeker's allowance and employment and support allowance. She moved onto universal credit after failing a work capability assessment for employment and support allowance.

Rachel was told by Jobcentre Plus to claim universal credit. She had no computer at home, so her son bought her a smart phone and a tablet so that she could make her claim and manage it.

'I was telling my son, "Look, I have to claim benefit. I have to have a computer." He said, "What... are you talking about, Mum?" I said, "The system." He said, "How can you have that if you're on benefits?" Then, he said, "Okay, don't worry, I will buy a tablet for you." I felt so bad. On that day, you don't know, I've been crying. I'd rather be somewhere else than giving pressure on children. It's not very nice. So, he ordered this tablet.'

She made her claim in June 2017 and it took her three days to apply, with her children's help. Rachel asked if she could backdate the claim to May 2017, when she should have claimed. However she was refused.

'I didn't make the claim [earlier] because I don't know anything about universal credit and all these things... I don't know which benefit to claim. I wasn't well enough, and I was in bed for a long while.'

Initially, Rachel took out an advance payment of £200, which she paid off over six months. Her monthly universal credit payment is £1,241. She pays council tax and an additional £20 per week service charge, which is not covered by her housing costs element.

Without the financial support of her son, Rachel would have almost certainly faced a crisis in her finances. (*'If my son wasn't here I would've been in a bad situation.'*) He pays for her groceries, broadband, TV licence, some utility bills and vitamins not covered by her free prescriptions. He also gives his sister pocket money.

'Sometimes I feel like it's too much asking my son. I feel so guilty of myself. He's got his own life and I'm another burden, which I don't want.'

Despite her son's support, Rachel still has £2,000 of credit card debt. She also has £1,000 of unpaid gas bills and £250 of unpaid electricity bills.

'The credit card... is the only means I've got. What can I do? I don't have anyone... only the person who is earning some money, but he is my son... what more can you expect from him?'

Currently Rachel's claimant commitment commits her to look for between 16 and 20 hours of work per week. However, she is trying to overturn the decision that she is capable for work with help from her housing association.

Making and managing claims

To claim universal credit, claimants must first create an online account and submit their claim, verify their identity (either online or in person at the job centre), then book and attend an interview with a 'work coach' at the job centre.

DWP's Help to Claim service, a free, independent service provided by Citizens Advice, can support claimants in the early stages of their claim, from the online application, through to support with the application before a first full payment. The London Borough of Tower Hamlets also funds a Resident Support Outreach Team, which helps residents make new universal credit claims, supports them through the claims process and offers additional support with homelessness prevention, mandatory reconsideration applications, crisis grant applications and more. The team delivers the service in libraries, food banks and children centres and also makes appropriate referrals to other organisations. For more on this service, see Resident Support Outreach team (p71).

The claimants we interviewed found making and managing claims difficult and generally disliked the online system. Many were dependent on support from others with their claim – something which stakeholders confirmed. Conversely, a higher proportion of survey participants said they found using the online system easy than hard – perhaps because they were responding to an online survey, so they were already more comfortable with going online. However, 64 per cent of survey participants reported experiencing issues with their claim at some stage.

Making an initial claim

Many of the claimants we spoke to admitted that they had problems making their initial claim. Generally, they either lacked the computer literacy or the technology at home.

'First time very difficult to start my claim, you know online, I didn't know how to apply... I went to the job centre and they couldn't help me because everything was online. I got a little bit of help but it was very, very difficult. They sometimes helped me but sometimes were too busy...'

(Linda)

'Making my claim was very complicated, I was up all night. What's that thing? You have to take a photo of your ID. Every time you tried to do stuff, it was really, really hard. You had to take a picture of it and then they have to accept it. If they don't accept it, you have to do it again. It's a process of keep doing it. I was awake most of the night...' (Lauretta)

'The modern technology, you have to have modern technology to claim benefits. What the hell is it?' (Rachel)

Similarly, stakeholders were concerned that many clients did not have sufficient English and literacy, nor the digital skills and resources required to make a claim.

'The people who came up with the legislation have no grasp of what it's like to be poor! Computer equipment is very expensive and not everyone has it.' (Amber van Boost, welfare rights caseworker)

'Digital inclusion is a big issue. Mental health and digital inclusion: learning disabilities mean that some people find it impossible to maintain their claim.' (Veda Petre, Toynbee Hall)

'Accessing the system via a computer or a mobile phone isn't ideal, especially with couples. If English isn't their first language too... with a couple a claimant has to create a journal, then their partner has to do the same. They both get access codes which they have to exchange which is really confusing.' (Veda Petre, Toynbee Hall)

'Everything related to the universal credit is problematic, to be honest, because to start with it's all online. Quite a significant number of our clients who access the service are illiterate even in their own language. So literacy, IT literacy, is a big issue. Sometimes their expectation is if they give us their email accounts and password, then the adviser can do that communication for them, which brings another layer of difficulties.' (Director, Limehouse Project)

Managing a claim

For many claimants, it was not just making a claim that posed a challenge, but managing it too.

'It's like a punishment to be in a position to need their assistance with universal credit. The commitments on your side and the journal commitments. It's 2018, go live, go digital, do what you want to do, but it's not... I work with computers every day. It's really not easy to use. It's crap. It's really bad...' (Cindy)

'Appointment times come to you online, but no email, no text, sometimes you look at your account and see, oh no, my appointment is coming!'(Linda)

This was supported by what stakeholders told us.

'But the real problem is maintaining the claim, digitally... Yes, [understanding] how the system works and how a change of your circumstances, how it would impact on that and why you need to report it.' (Tower Hamlets Resident Support Outreach team)

Even claimants we spoke to who felt that they were IT literate resented the time they had to spend managing their claim and answering questions for their work coach.

'They nudge you and give you hassle with emails from them... It's like a one-way system of bothering people. I really want to sign up to a system where I don't have to use the computer because I found it really annoying, even though I work with computers. I felt like every three days some nonsense message comes in and I have to log in and do something. It's like being a hamster in a wheel for them.' (Christoph)

'Sometimes I feel annoyed because they are asking me things. They told me, "Could you please provide us the June 26th payslip?" I sent them. But now they are asking me again today, "Can

you please provide us [payslips from] before the payment of 26th?" So, why didn't you ask me to do that? Simple as that. But three, four times, they ask me the same questions. So annoying.' (Moussa)

However, some claimants found managing their claim online fine and even preferred the system.

'For me, I'm okay. But for other people, I'm sure they would face problems. If they email me, I'm always on email. Many people are not. You get my point?' (Moussa)

'I think it's better, you don't have to go somewhere, you know, like a job centre. I'm happy with online system, using it at home or on my phone...' (Velma)

GLA/AudienceNet survey

In contrast to the claimants we interviewed, a higher proportion of survey participants said they found using the online system easy (47 per cent) than hard (35 per cent), while 17 per cent were unsure. Perhaps this was because they were responding to an online survey, so they were already more comfortable with going online.



17% found using the digital account very easy

30% found using the digital account fairly easy

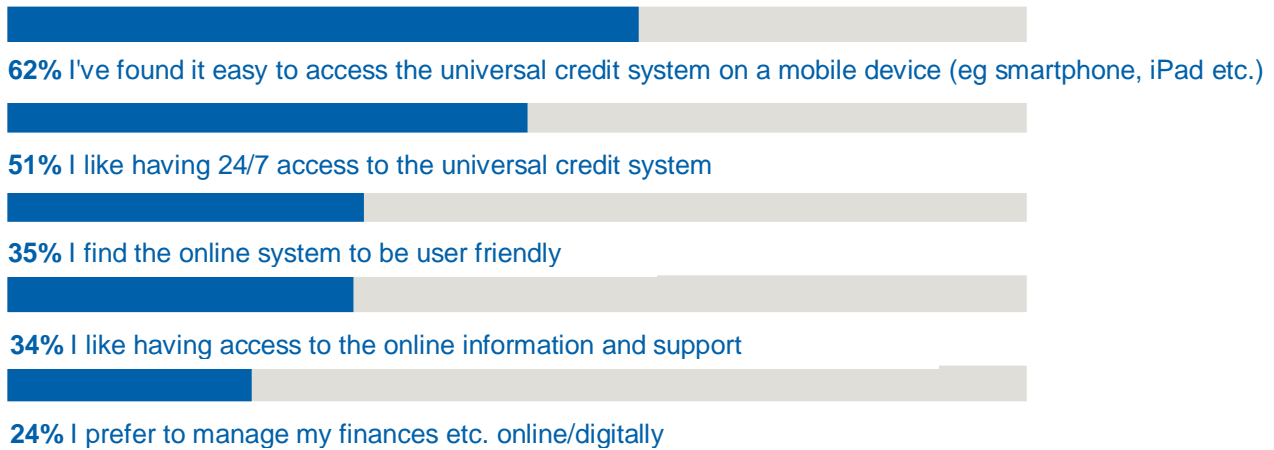
17% neither found using the digital account easy nor difficult

11% found using the digital account fairly difficult

24% found using the digital account very difficult

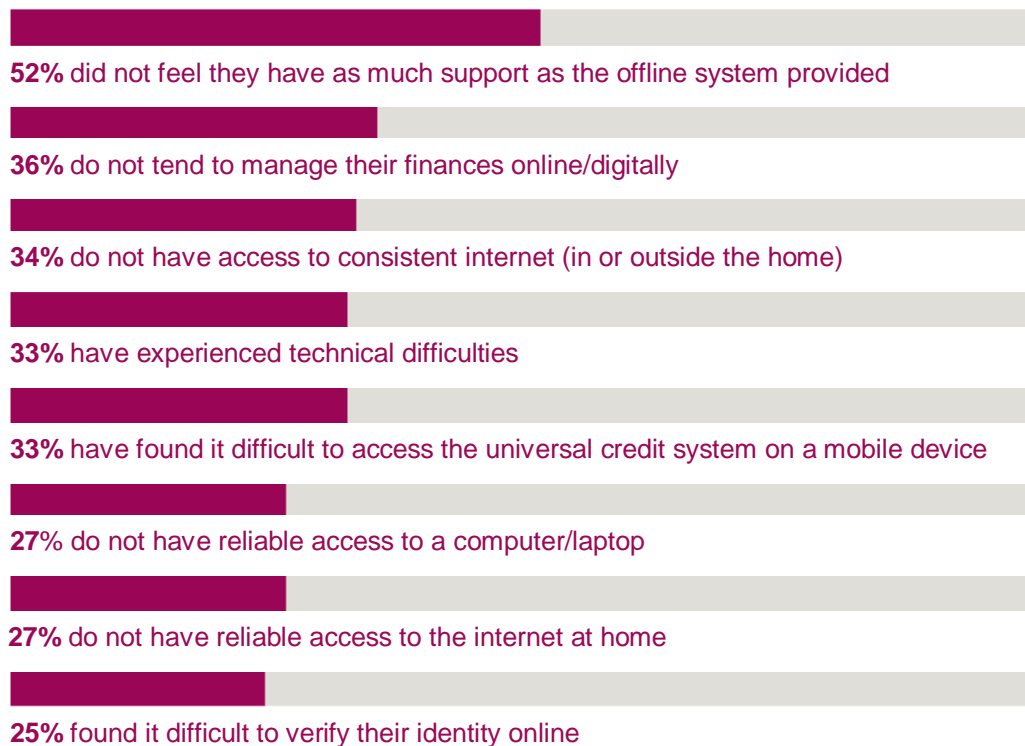
Q: The universal credit system requires you to manage your account online/digitally. How have you found this system? Base: N=229 all participants.

The factors that stood out for participants in terms of the online system's ease of use were being able to use any connected device (62 per cent) and having 24/7 access to it (51 per cent).



Q: You mentioned that you have found it difficult to use the online/digital system to manage your universal credit. Which, if any, of the following have made you feel this way? Base: N=74 all online participants who found using the digital system easy.

The participants who found the online system difficult were asked why. Over half (52 per cent) of participants felt they did not have as much support as they did offline, while 36 per cent were simply not used to managing their finances online.



Q: You mentioned that you have found it difficult to use the online/digital system to manage your universal credit. Which, if any, of the following have made you feel this way? Base: N=56 all online participants who found the digital system difficult.

Getting support

Many claimants noted a dependency on others, including their children, when it came to managing their claim.

'The worst thing is the claiming online, that's one thing. Logging on is another thing. You have to have technology to claim benefits... which is very disadvantageous for some people, even me. It's still not a piece of cake for me. When I don't feel like it, I tell my children to do things for me.' (Rachel)

'When my children were living with me, they helped me setup and look at my online claim, but since they moved out I've depended on the Bromley by Bow Centre because, obviously, I'm not computer literate and I don't read or write much English. I'm worse off with UC, everything is online.' (Asad)

One claimant even told how she had been approached by strangers needing help with managing their claim:

'I've had strangers ask me, "I don't know how to do this, can you be able to log-in?" I've seen their passwords, I've seen their log-in details, I've seen how much they get paid. If I was a fraud, I could have done them, do you see? But my point here is, why are you asking the past generation people who have no experience with technology to touch technology?' (Shadia)

Similarly, stakeholders we spoke to in the advice sector found that their clients were overly reliant on their support to make and manage claims on their clients' behalf.

'They rely too much on advice agencies to support them, even to manage their own journals. You set up an account; they still can't manage it themselves. They still have to come to us, to deal with simple issues, like reporting a change of circumstance, or providing information, which you have to scan into the system for them to pick.' (Euckay Ukandu, Tower Hamlets Citizens Advice)

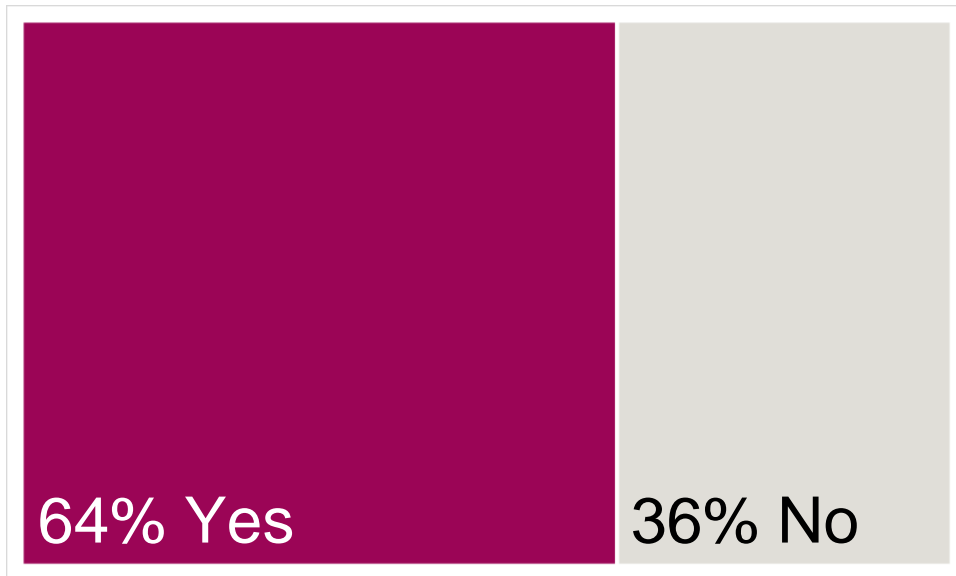
'Then, obviously, the whole application process is a nightmare when people don't have an email address. People don't have phones to access their email address. They don't have laptops. Problems would be the client giving us a call, saying, "I've got a message on my phone. I don't know how to log into my UC. Can you please check it for me?" So we'll have to do it on their behalf.' (Tower Hamlets Resident Support Outreach team)

Another issue raised by stakeholders and claimants was access to Jobcentre Plus, particularly for those claimants with health problems or mobility issues. For more on this, see [Experience of Jobcentre Plus and interactions with the DWP](#).

GLA/AudienceNet survey

Survey participants were asked if they had ever experienced any issues with universal credit. Two thirds (64 per cents) of participants said they had.

Have they had issues with universal credit claim?



Q: Have you ever experienced any issues with your universal credit? Base: N=157 all online participants.

Of the four specific issues asked about, the most commonly experienced was finding it hard to contact the right person/decision maker for support (44 per cent) and/or it taking too long to process evidence for their claim (39 per cent).



Q: Which, if any, of the following apply to you? Base: N=100 who had experienced issues.

Christoph's story

Christoph is an IT consultant who lives with his wife, who works part time, and their young child. Christoph is self-employed and moved to universal credit after a year of not being able to find enough work and relying on his savings. He previously received tax credits, an experience he found 'very painless... because it's a once a year calculation.'

Christoph's problems began in May 2017, when he went to the job centre to apply for universal credit as a self-employed person.

'For self-employed [claimants] it's not so straightforward because all the advice online is for much simpler cases. I had to second guess what they were asking for. The staff are trained to answer questions about people who work as PAYE employees. Often they give incorrect advice... it was a lot of back and forth and guessing.'

Christoph has variable earnings and has found reporting them to be very complicated. His monthly universal credit payments vary by thousands of pounds. The main issue that he faces is the fact that his earnings are significantly less than the 'minimum income floor' applied (equivalent of 35 hours per week at the national minimum wage), so he is 'short-changed' most months.

Also, the salary payments he pays himself do not correspond with the actual work he does, as his clients pay in arrears and also he tends to pay himself the same amount each month, instead of as and when he earns. Christoph thought that the DWP struggled to deal with this system of accounting, and estimates that he loses between £300 and £400 of his entitlement as a result of this incongruity in the system.

Since Christoph started his claim, he believes there have been five separate occasions when the DWP has incorrectly calculated his entitlement.

'I would say there have been five [one-month assessment] periods at least, which required a lot of untangling. I'm not an accountant, but I'm used to dealing with... numbers. I've found it quite incredible the amount of burden that's required to untangle some of these situations. I can't possibly see how an average person with less than an accounting degree can deal with all this stuff because it was complicated for me. For someone who doesn't have free time, has kids, it's... next to impossible to untangle the mistakes.'

He has really struggled to understand the situation. So much so, in fact, that it has taken at least two formal complaints procedures and a freedom of information request for Christoph to get the full picture.

'It would be someone phoning me who was a bit more senior and discussing things, taking down information and then sending me a decision letter later on... [it took] one and a half months, so it's quite long and not completely straightforward.'

Christoph has also found claiming childcare payments very complicated. He repeatedly received incorrect information from the DWP about reporting his earning (eg, being told he had to report earnings within five days instead of one month), and had receipts from his child's school rejected by the job centre. Finally, Christoph resents the amount of time he has spent trying to problem-solve his claim. This is time he thinks would have been better spent with his family.

'I think it's actually worse for the working person who has very little free time and has family commitments. I really think the burden is too heavy, especially if someone has only one free hour a day. I felt like at some points I had to spend the whole hour a day for several weeks to resolve problems with UC rather than doing something with my family...'

Complexity of the system

Universal credit by its very design can be difficult to understand. It combines six benefits into one payment and payments for multiple purposes (adults, children, housing and disability) into a single monthly amount. Claimants may then have certain deductions made from their payment – eg, because of the 'benefit cap', the amount of their earnings, or to repay debts. The rules for calculating payments are complex, and establishing whether a claimant is being paid the correct amount is made more difficult by the lack of detail provided in universal credit payment statements.

Our research revealed that both claimants and stakeholders found the system to be very complex, and that claimants often struggled to navigate it or understand their entitlement. Stakeholders reported that some claimants did not understand who managed universal credit and, once they were claiming it, had problems navigating it and understanding their entitlement – something which claimants confirmed. Meanwhile, everyone found the lack of information in universal credit payment statements frustrating and wanted to see proper statements, detailing housing costs, deductions and money actually paid.

Complex rules, complex enquiries

Some stakeholders were critical of the DWP's expectation that the claimant should understand the problems with the system and felt that this placed too great a burden on their clients.

'The other thing is the expectation that the claimant should know what the issue is, and that's a big jump for claimants. Especially claimants in our area because, you know, claimants do need some support in order to... get to the bottom of what an issue is. And we have basically been in the position whereby [we've had] to explain to DWP staff what their own rules are, and their own regulations... (Tower Hamlets Benefit Services)

They also linked the complexity of the system to the complex nature of the enquiries they had to deal with.

'The people who have universal credit-related issues... It's not just simple enquiries... Universal credit often is quite complex and has multiple issues connected to it. Either their housing problem or their rent arrears or money and debt-related due to rent arrears and so on...'
(Director, Limehouse Project)

As Christoph's story demonstrates above, the rules for self-employment under universal credit are very complex. For example, self-employed claimants are expected to report their earnings every month on a 'cash in/cash out' basis – ie, the income they have received during the month and the payments they have made for that month for any permitted expenses. This is not necessarily the way in which self-employed people manage their accounts for other purposes, creating an additional burden.

Christoph was also affected by the 'minimum income floor', leading to considerably reduced universal credit payments, and the council felt that this was quite a widespread problem. The universal credit system assumes that someone whose business did not start within the last 12 months and who earns below the minimum wage in any given month earns the minimum wage (for the number of hours they are expected to work), and so the amount of their universal credit is reduced accordingly.

'People who are self-employed, it's a bit of an issue... There's a floor limit, so, regardless if you're earning this or not, they will still base on that calculation. There are a lot of self-employed people who are nowhere near earning that. It's quite difficult, especially if they're self-employed quite recently, they can't get accounts from the accountant or anything to challenge it.' (Tower Hamlets Resident Support Outreach team)

Navigating the system

Claimants generally found navigating the system very difficult. Even the claimants we interviewed who considered themselves to be educated, IT literate and accustomed to working with computers, struggled to understand how universal credit worked.

'To go from working to universal credit is a massive shock, and it's like, designed to fail you as well. Nothing is explained... It's not like that money just finds its way into your bank because you're entitled to it. You've got to put the effort in. You get no rules. You get no handbook, guidance, assistance. I'm not unintelligent and I've messed up the system. If someone is not IT literate, they're screwed.' (Cindy)

Lack of information in payment statements

A common theme with claimants and stakeholders alike was the lack of information in universal credit monthly payment statements. Statements show the elements included in the award and their amounts, earned income taken into account in that assessment period, unearned income – its source and amount taken into account in that assessment period – and deductions and what they are. However, the information provided is relatively minimal.

'The month before that, they gave me £250. Then the month before that was £441... I don't know why it's changing.' (Sally)

'The problem was the summary statement, which you must have seen. I find it quite rudimentary... It doesn't go into much accounting and calculations.' (Christoph)

'Not even the tenant gets told the breakdown of their account. So, they're told how much is going to be paid, but they're not told if a deduction is made because of the bedroom tax, or because of non-dependent deductions. They're just told the amount they're being paid... Universal credit does not do what landlords or banks do, give a rent account or a bank statement. They do not give a statement of monies allocated and monies paid.' (Keith, financial inclusion co-ordinator)

This mirrors previous findings from CPAG's research, which found that payment statements do not include adequate breakdowns of how awards are calculated, particularly for housing costs which may be affected by complicated rules on housing cost contributions and the 'bedroom tax', and that claimants find it difficult to obtain explanations, even when they call the helpline.^{vi}

Stakeholders highlighted that the minimal information provided about the housing costs element of universal credit was particularly problematic. Claimants are shown the amount of the housing costs element and their rent/service charge amount, but no information is provided about how the DWP calculates this. When the housing costs element does not match the rent amount, it can be difficult to ascertain why. This creates problems for claimants.

'With housing benefit award letters, they were six pages long but understandable. With the work journal, on the payment page you just get one figure for housing costs and no explanation or breakdown – ie, bedroom tax etc. The amounts go up and down depending on adult kids moving in and out of the house, so claimants don't realise they're falling into arrears, or they don't declare housing costs in the first place...' (Amber van Boost, welfare rights caseworker)

'You never really know what the housing element is. It's hard for claimants to understand the breakdown of their accounts and manage them – they're often dependent on family members to do it, but they may have busy lives etc.' (Arlene Boreland, Southern Housing Group)

Generally, many people we interviewed wanted to see fuller universal credit statements, detailing housing costs, deductions and the amount actually paid.

Cindy's story

Cindy is a single parent with a two-year-old child. She lives in social rented accommodation and works full time. She applied for universal credit for the first time following the end of her maternity leave, to help her pay for her child's nursery fees. Initially, she sought to apply for tax credits (and then universal credit) well in advance of ending her maternity leave, but was incorrectly told by Jobcentre Plus that she could not apply for universal credit until the day she returned to work. This meant that she missed out on her childcare advance and fell into debt.

'I know now you can apply for a month's worth of nursery fees up front. That is what they throw around now when they talk about childcare fees. That was never explained to me.'

Jobcentre Plus also did not explain to Cindy how to report her childcare payments correctly. In spite of her attempts to provide evidence in time, ask questions on her journal (which were unanswered by her work coach) and her filing a request for a mandatory reconsideration, Cindy lost £665 of childcare entitlement that month and received only £300 for her housing costs element.

'It wasn't explained to me at the time. I'd reported the fees when I had my first initial assessment interview. I'd showed them the obligation. I thought that was done... There was no feedback at all and then they said, "That's not sufficient." I couldn't get my head around it, but I couldn't be bothered to appeal it because I was just so stressed with it all.'

For the first year of her claim, Cindy had to attend the job centre once a month to hand in copies of her childcare receipts and payments. The job centre is only open between 9am and 5pm (Cindy's working hours) with no flexibility, so she found it very difficult to attend. She only found out that she could submit receipts online by chance, meaning that there were several months during which time she was attending it unnecessarily.

Another problem Cindy faced was that her monthly nursery fees were £890, but because of the cap on childcare costs, universal credit only paid a maximum of £665, which is just under 75 per cent of her costs.

'I've gone as far as Newham [to find childcare] and I live in Tower Hamlets, just because it's cheap... Mine [nursery] is a Sure Start basic. It's the cheapest I could find, and I think if you can prove you've looked within your radius and you've found the cheapest possible childcare, then the limit should go up ... [because] there's nowhere cheaper.'

Cindy is paid four-weekly by her employer and has had two months in two years without any universal credit payment at all, as a result of two paydays falling in one assessment period. This caused her to fall into debt and meant she had to use a food bank. Cindy could not afford to travel to work, so she ended up having to take sick leave and borrow money from her friends.

'In February I receive nil UC due to my four-weekly salary being paid twice in January. This has forced me to take out loans to cover rent and childcare costs. My debts are mounting and I'm poorer each month through repayments. If there was a no or low interest option for when claimants are in genuine financial difficulty (as in nil income) I would be in a different position now.'

More recently, Cindy's monthly award was reduced by £96 – an error by the DWP's debt recovery department.

'This was rectified and repaid in a couple of weeks, however universal credit and debt recovery would not liaise with each other and it took me to have to source information from both departments, numerous phone calls and journal entries to get the issue resolved.'

Problems with payments

Payment errors

All claimants and stakeholders we spoke to had seen payment errors or miscalculations, including incorrect deductions and some overpayments.

One claimant had £135 twice deducted from her monthly payments because of maternity allowance – five years after she was pregnant. There was no record of these deductions in her subsequent payment statements.

'I called, 13th June, and I said, "There is a mistake there because... there is no document showing that I'm pregnant, why [do] you deduct?" They said, "Okay, it's not our problem. You have to contact the working department [DWP]." I said, "Why should I? It's not my mistake." So I have contacted [them], "Oh yes, in the system it appears that you are pregnant." "I was five years ago." They refunded me on the 16th July, so one more month to refund me the two months... If I hadn't looked properly, every month they would deduct me £135.' (Aysha)

Another claimant told how his wife had to report her earnings directly to the DWP because HM Revenue and Customs (HMRC) stopped reporting them automatically, but when HMRC resumed reporting them, his wife was not notified, so she continued to report them, meaning that her earnings were doubly reported. This resulted in a universal credit underpayment the following month.

'It's [HMRC-reported earnings] supposed to come through automatically. Once it started coming through, no one told us that it's coming through, so she kept reporting her earnings she made,

£1,200. Then the feed comes through saying she made [another] £1,200. That's when the amount started to go down.' (Christoph)

Stakeholders, and in particular the council, were very concerned about the number of errors being made by the DWP and were frustrated with the lack of accountability for mistakes.

The council's Benefit Services team uncovered 539 DWP administrative mistakes in less than a year, which led to hundreds of claimants being underpaid by up to £8,000 or overpaid by up to £25,000. In 2018/19, £194,000 of universal credit overpayments were made to Tower Hamlets residents by the DWP. The average overpayment was £4,500 and about £150,000 of underpayments were made at an average of £104. The council currently has 197 universal credit queries lodged with the DWP.^{vii} In one team member's opinion, the number of errors was completely unacceptable.

'[If] a local authority were to create the kinds of errors that the DWP are creating under UC, I've no doubt in my mind you could get a visit from the DWP equivalent of the commissioners. Your service would be taken off you and, essentially, they would basically run the benefits service for you. They would send a team in, a performance development team I think is their equivalent at DWP level.' (Tower Hamlets Benefit Services)

Payment variations and stopped payments

Many of the claimants we spoke to had had payments that were stopped, or claims that were closed, for no apparent reason. One claimant had his claim suspended for not signing his claimant commitment seven months earlier. However, because he was self-employed, he did not have any work-related requirements. He only realised that his claim had been suspended when he received a nil payment.

Another claimant's payments were suspended three times because HMRC had not properly reported his earnings. He expressed frustration about not being told in advance that his payments were going to be stopped.

'I called many times. I said, "Listen. You asked me to do this, I did." Again, you sent me a text, "Your payment has been stopped." Why? You should ask me. If I fail to provide you then you can stop. But if, without informing me, straight away, "Okay, I'm going to stop your payment." This is ridiculous.' (Moussa)

Monthly assessment periods and non-monthly pay

The frequency at which claimants are paid their wages or salary does not always correspond with their universal credit assessment periods. For example, some claimants are paid their wages every four weeks, not every calendar month (see Cindy's story on p30). This can result in their having two payday's in one monthly assessment period. When this happens, the DWP calculates universal credit for the assessment period as though the claimant had much higher income than usual – which can often result in a nil payment and their being hit by the benefit cap in the following month. The welfare rights advisers and some claimants we spoke to identified this as a particularly difficult problem to resolve.

'I have three cases about this at the moment. I'm following up a dispute with HMRC – you raise it with them but they still have two payments on the system and they're not wrong! You're between a rock and a hard place...' (Amber van Boost, welfare rights caseworker)

'This was a nil payment, because I get my salary four-weekly, which at this point in January this year I had been attending the job centre every month, presenting my bank statements. They knew... Nobody informed me that... In January, you get paid twice. But I had nursery fees and rent always gets paid. I top up my rent with universal credit, but everything else goes out direct debit. So, it just went out. I'm waiting the next seven days for the payment and there was a nil payment. So, I had £56 in my purse, and that was for the whole month of February.' (Cindy)

Alternative payment arrangements

Universal credit claimants who are in particularly difficult circumstances (eg, those with rent arrears, severe debt problems, a learning disability or mental health condition, or an addiction) may be eligible to be paid in a different way. This is known as an 'alternative payment arrangement'. There are three main alternatives: twice-monthly payments or, very exceptionally, payments four times a month; rent paid directly to the landlord; and payment split between partners in a couple. The DWP decides whether claimants can be paid on one of the alternative ways and claimants cannot appeal the decision.

Claimants and stakeholders had mixed reactions to alternative payment arrangements. Some claimants found them useful and relatively easy to arrange.

'I just wanted it hassle free, then I know that at least every single penny is going to them [the landlord]... you can select it online when you do the application. There are some good points and some bad points. It's up to you.' (Lauretta)

One claimant requested an alternative payment arrangement, but found she got asked too many questions about why she wanted one, so she decided against it.

'I told them, "Can you please pay the rent directly to my landlord?" They said, "Why is that? Why? What's wrong? Can you not manage to pay?" I said, "I can, but it's a bit difficult for me"... they were interrogating [me], so in the end I said, "Well, leave it."' (Rachel)

Another claimant had his housing benefit paid direct to his landlord and wished he could have a similar arrangement with his universal credit.

'I would have preferred for them to pay direct to my landlord, how it was before, so I know what my money is and what is theirs. It's really confusing.' (Asad)

Stakeholders, however, generally saw alternative payment arrangements as problematic because of delays, the application and notification process for landlords, and clients cancelling them. They can also be a source of tensions between landlords and claimants. In addition, when claimants have an alternative payment arrangement in place, the landlord receives the housing element in full, while any deductions (eg, due to the benefit cap or sanctions) are made from the amount remaining to be paid to the claimant. This can leave families with little or nothing to live on.

'There are huge delays with APAs. Housing associations can set these up but it can take up to a year... Some are now asking for five to six weeks' rent in advance to prevent them [tenants] from falling into debt, which ironically is causing them to fall into debt!' (Sam Crosby, Toynbee Hall)

'Another big issue is the rejection notice for an APA. Landlords didn't actually know if the claim had been rejected or not, so that caused a lot of, let's just say, blowback among them and a lot

of distrust. We were looking for a response of three to five days. Unfortunately, due to the capacity and how the DWP IT system works... we're still getting response times of five to six weeks.' (Jake McKey, National Landlords Association)

'I think we've had a very small number of cases where we have been told they're [the tenants] not going to pay us anymore. They never tell us why. Basically, they are a bad arrangement, but sometimes, where tenants are very vulnerable, or where the tenants don't connect with us and don't engage with us, they're better than not receiving anything and evicting the people.' (Keith, financial inclusion co-ordinator)

'Yes, the tenant can actually cancel it. If there's a sanction or there's a change in the circumstances... APAs is a good thing but, personally, I don't think it really works as well as it should.' (Tower Hamlets Housing Options Service)

One stakeholder thought that claimants should have the option to request an alternative payment arrangement from the start of their claim. According to the government's guidance on universal credit, this is possible if the claimant meets certain criteria.^{viii}

'Even when they request it, the clients, they [the landlords] still don't do it, unless you've fallen into arrears. I think this is so wrong. If someone wants it, they should do it from the beginning of the claim.' (Tower Hamlets Resident Support Outreach team)

Deductions and overpayments

There are a number of reasons why claimants may get deductions from their universal credit payments: overpayments of universal credit or previous benefits (eg, tax credits) may be recovered through universal credit even if they were not the claimant's fault; they may be fined if they have committed a benefit fraud offence; or they may have deductions made for third-party debts, such as rent arrears.

Three of the claimants we spoke to were having deductions made. For those with several deductions, a huge amount of their award can be eaten up each month.

'They deduct so much money off me. They take debts and stuff. That wasn't my fault... I owed them £84 because they gave me £84 by accident... £36.37 for my hardship payment, then I've got £31.47 for DWP benefits recovery. Then tax credit recovery is £41.47 as well... I'm supposed to get £900 on UC, and from that I pay my rent and have about £400 left over. If I pay the £233 [rent arrears], that leaves me with nothing left. How am I supposed to pay my gas, electric, food and clothes for him [my son] – and everything else?' (Sally)

Some stakeholders criticised the universal credit standard allowance for not taking debt recovery into account.

'What universal credit doesn't take into account is, people have other debt that are being recovered. So when they take an advance payment out, that's taken out. Then they've got tax credit recovery. Then they've got rent arrears recovery. So at the end of the month, they're left with £100 for the whole month, which is literally nothing...' (Tower Hamlets Resident Support Outreach team)

‘Clients have payments resurrected from years ago – 2005 from the social fund! One guy I saw had five different overpayments and they were all completely different amounts.’ (Amber van Boost, welfare rights caseworker)

Housing costs contributions

One stakeholder also felt that housing costs contributions – deductions from the housing costs element where non-dependants live in the household who are assumed to contribute to the rent – were a problem.

‘I came across a single woman who claimed UC. She had three kids. There were two on universal credit, but there were non-dependant deductions made on the mother’s claim. So there was a reduction of nearly £210 a month from her universal credit.’ (Tower Hamlets Resident Support Outreach team)

Childcare costs

The only claimant we spoke to who had problems with childcare costs was Cindy, who struggled to report her childcare payments on time and found that universal credit only covered a fraction of her costs (see above). Recent changes to the rules allow parents one month’s additional grace for reporting childcare costs, but the upper caps have not been uprated for years, despite rapidly rising childcare costs, and can be easily exceeded in high-cost areas such as London.

GLA/AudienceNet survey

When asked about their first universal credit payment, there was a relatively even split between those who received the correct amount (42 per cent) and those who did not (38 per cent). However, a relatively high proportion (20 per cent) were unsure, or could not remember, whether they received the right amount.

First universal credit payment



42% I **received** the correct amount of universal credit I was entitled to at the time

38% I **did not** receive the correct amount of universal credit I was entitled to at the time

20% I am **unsure/can't remember** if I received the correct amount of universal credit I was entitled to at the time

Q: Still thinking back to your first universal credit payment, which of the following applies to you? Base: N=157 all online participants

When asked about their current universal credit payment, around half of survey participants seemed confident that they were receiving the right amount, while 36 per cent did not, and a further 17 per cent were unsure.

Current universal credit payment



48% I think I am receiving the correct amount of universal credit

36% I do not think I am receiving the correct amount of universal credit

17% I am unsure if I am receiving the correct amount of universal credit

Q: Which of the following statements best applies to you in relation to the amount of universal credit you receive? Base: N=157 all online participants.

Asad’s story

Asad is 64 years old and married with two older children (non-dependants) and a four-year-old who lives with him and his wife in their housing association flat. Asad is disabled and has depression. He speaks Bengali and struggles with English. He also has limited IT skills, which makes it difficult for him to manage his universal credit claim.

Asad’s universal credit claim is a single claim as his wife’s immigration leave is on condition that she does not have recourse to public funds. He was receiving employment and support allowance, but failed his work capability assessment. He appealed and lost the appeal, and because of his change of circumstances had to apply for universal credit. He then attended another work capability assessment, which he also failed. He appealed a second time and won, meaning that he has limited capability for work, but he is still expected to prepare for work and meet his work coach regularly. He no longer receives the severe disability premium that he was receiving in his employment and support allowance, because it does not exist in universal credit.

Every three months Asad has to attend an appointment with his work coach at Jobcentre Plus, where he is asked about his health. He cannot walk very much because he feels dizzy, so he either goes there with his wife on public transport, or takes a taxi there on his own, which costs £10 for the round trip. Since Asad won his work capability assessment appeal and does not need to have another assessment for two years, he has asked Jobcentre Plus why he must attend in person every three months. However, Jobcentre Plus has insisted that he must.

Asad has not had much support with his claim from Jobcentre Plus.

'The job centre is not helpful at all. If I'm stuck with anything, I've been there a few times, they just give me a number and say, "Go and make a call. There's a computer there. Sit there, log in." So, I say, "I'm not computer literate. I don't understand." They say, "Oh, we're not allowed to help you with this, so you have to go and find help at home. Do you have children? They need to help you, or family or friends. Like, we're restricted how much we can help." So, they don't help me.'

Because Asad's English is limited, he also struggles to understand his work coach.

'Obviously language is a barrier. My work coach doesn't speak any Bengali. So, it's really difficult that she doesn't get an interpreter either. So, I just sit there. Sometimes I understand, some of the stuff I don't understand at all. Then I just leave after my interview, after 10, 15 minutes... Okay. It's about a five-minute interview. I can't sit there for longer, my health is not good.'

While Asad was waiting for the result of his second work capability assessment, his work coach sent him to English classes, twice a week for a year. ('I took letters from my doctors, yet despite of all this evidence, they still made me attend ESOL classes.') His poor health was affecting him greatly during this time, but he was so frightened of being sanctioned that he continued to attend the classes until he won his appeal. He says he was never offered IT classes by Jobcentre Plus and had to seek them out himself at Bromley by Bow Centre.

Asad was sanctioned once for missing an appointment with his work coach because he was unable to log on to his claim to find out the details of his appointment. He went to the job centre with his wife and child and had a difficult experience, but he did get help from his work coach.

'It was so much hassle when we went, we had to take the baby with us. So, the baby was really distressed because of the amount of time it took and, it's like, nobody knew in there who is doing what. So, we were pushed from one place to another. Luckily, you know, the work coach that I see on a regular basis, she recognised me and took me aside and managed to sort everything out for me.'

Experience of Jobcentre Plus and interactions with the DWP

Universal credit claimants must go to Jobcentre Plus for their claim interview and attend subsequent interviews with their work coach to discuss their work-related requirements or situation more generally. The frequency of these appointments varies for each claimant. In between appointments, claimants must use their online universal credit account to view their payments, record what action they have taken to prepare or look for work, report a change of circumstances, record childcare costs and communicate with their work coach. They can also call the DWP's universal credit helpline to get help with their claim.

Advisers supporting universal credit claimants may be able to help them with their claim if the claimant gives them explicit consent to act on their behalf. This can be done via their online account, by phone with the adviser or in person with the adviser at Jobcentre Plus. The claimant must be clear about the information s/he wants to disclose and the consent only lasts for that particular query.

The claimants and stakeholders we interviewed thought that, generally, there was a lack of support for claimants at job centres and that work coaches could be rude and unhelpful, with some exceptions. One-third of survey participants found their work coaches helpful, but one-quarter of participants found them unhelpful and 22 per cent were undecided. Some of the claimants and stakeholders we spoke to reported there being an absence of dignity or accessibility at job centres and several, but not all,

stakeholders reported that one job centre was much better than the other. Staff training and consistency among work coaches was an issue for both claimants and stakeholders, as were general communications with the DWP.

Lack of support from work coaches

Work coaches are supposed to ‘focus on mentoring and coaching you, to help you meet the requirements recorded in your claimant commitment. They will support and challenge you to fulfil your potential and help you to raise your expectations of what you can achieve.’^{ix}

Apart from a handful of examples of helpful or sympathetic work coaches, there was consensus among claimants that they did not feel supported by their work coaches and were rarely offered the advice, jobs or training that they needed.

‘They look at me... Like I am useless, they made me feel like I’m useless... I’m trying my best. I asked them if they know any courses for me to go on... I even suggested to them that maybe I can go to university to study. “Oh no, no, only part time because you have to work.” They’re not supportive at all. They’re just, “But we don’t have courses here.”’ (Aysha)

‘No support from the job centre – they’re useless. You write them a note on the journal, no reply. You have to call them up or something like that.’ (Lauretta)

‘When I asked not just one, but two, three, four work coaches to give me some jobs, they have paper on the counter and told me that none of the jobs would suit me... I was like, give me something, and they said they’d let me know but they never did... they’re just ticking boxes on the system.’ (Shadia)

‘The job centre don’t help you. They don’t help you at all.’ (Sally)

‘I got a little bit of help but it was very, very difficult. They sometimes helped me, but sometimes were too busy.’ (Linda)

‘When you go for your initial assessment interview, no, not helpful. Because they can’t tell you what you’re going to get, they can’t advise you on how it works for you. It’s all, “Yes, we can put it in the computer. We’re just here to accept your documents. We don’t know anything else.”’ (Cindy)

‘The advice was middling to useless. I didn’t have any aversion to the actual place, but they were not efficient.’ (Christoph)

In some cases, Jobcentre Plus staff were said to have shown rudeness or apathy to claimants seeking support, leaving people with a lack of dignity, of not being treated with respect, not being listened to and being made to feel worthless.

‘He shouted at me, “Why do you have to cry in front of me?” I said, “Sorry to cry in front of you, but you don’t understand my situation.” They’re very rude, they’re very rude... Depressing. No dignity, you go in there and they look at you like you’ve come in to steal their money. It’s just depressing, depressing.’ (Aysha)

'I feel shame... Because of the way they show their attitude. It's not like I am begging them... Because the people are in the job centre working, they are really... Disrespectful, 100 per cent...'
(Moussa)

'Some of them, I noticed, they are very rude... Some of them are prejudiced. Straightaway they make assumptions that you are on benefit because you want to stay on... That's not the case.'
(Rachel)

In other cases Jobcentre Plus staff were said to have provided incorrect information. Overall, there was little sense of claimants receiving the expert, personalised support which universal credit is supposed to provide. Stakeholders reported similar claimant experiences. Some people thought that Jobcentre Plus staff themselves are probably overworked or struggling to keep up with universal credit rules and complexities.

'They're like, "I can't help you. Please leave me alone. Please stop asking me questions, because I don't know myself." You get that a lot from staff. "I don't know myself. We're learning it as we go along. We don't know what's going on." I wouldn't want to be in their shoes, to be fair.'
(Cindy)

'My colleagues who are doing outreach, they just say it's really terrible in the job centres because people are talked to really badly, they're not given any support, they're not told about different types of things. So, it's very demoralising... There's a point you're going to give up. Actually, I would probably give up quite early in that chain.' (Tower Hamlets Residents' Support Scheme)

'I feel quite bad for some of them [claimants] as well, because it feels like, sometimes, they're just on courses, just because they have to be on courses. It's not actually what they want to do. Then, the ones that I do want to get employment, they find it very difficult. The job centre tells them, "You can't work that many hours, or this gets stopped. You can't work that many hours, and that gets stopped."' (Sha, employment and training co-ordinator)

'I always say to people, it's the biggest thing I say, "If you want advice, do not go to the DWP, because they are instructed not to advise you." Yes, I think that is the biggest thing, is serious... Is a lack of training. Even under the old legacy benefits, there was a total lack of training under that.' (Mark O'Donoghue, Clarion Housing)

However, there were some examples of work coaches who were pleasant, and some were able to help claimants find suitable work experience.

'I told [work coach] at the job centre, she's quite a good lady... The interesting thing is [she] supports people who are sick. I had a long discussion with her. I told her my life story. She was a very interesting lady and she was very good, but not everything is in her hands, I realised.'
(Rachel)

'I was very happy. I get a very good man who helped me. Everything, he explained, everything he did for me... And he said where to go to find job, like volunteering here in Shadwell Children's Centre... He asked me what time I can come to visit him, you know? I always said that I can [come in the] morning, because my child is at school. So, book this time and I can... I don't need to wait, you know, like other people queuing.' (Velma)

'I found people were quite polite and reasonably pleasant.' (Christoph)

It is clear that with so much left to the discretion of work coaches in universal credit (compared with the legacy system which is more rule-based), there is a strong element of luck in who you get.

'There are huge differences in the way work coaches work and make decisions. They have a lot of discretion – way more than under JSA [jobseeker's allowance]. Two people with the same circumstances could have completely different commitments because they have different work coaches... UC isn't going away but they must improve staff training.' (Veda Petre, Toynbee Hall)

'It always starts off quite poorly, in the sense of they don't know who's responsible for this, or it's not this person's responsibility. Then when you find the right person to get on board with, things tend to improve, yes. That's generally... I wish I could say something better, but they do, kind of, get there in the end.' (WorkPath)

Stakeholders generally considered job centres to be understaffed and overstretched, with a high turnover, and recognised that this, as well as the difficulty for work coaches of staying on top of complex, frequently changing universal credit rules and procedures, was likely to be a source of some of the problems encountered. The distance between job centres and processing centres was also highlighted.

'They're so understaffed. They're so overstretched. Not only that, UC is such a weird benefit because it keeps on changing. The system's always changing, so even workers at the job centre, they're not 100 per cent about how to advise somebody on universal credit. It's quite frustrating when you go to a specialist, they don't even know themselves.' (Tower Hamlets Resident Support Outreach team)

'Maybe there are other things that the job coaches could do to encourage them to, but I don't know their capacity, because I don't know their caseloads...' (WorkPath)

'Locally, I think their role and their remit is really scaled back. Your processing's all done by the off-site processing centres, so you do lose that connection, I think.' (Tower Hamlets Benefits Service)

However some stakeholders thought that things were starting to improve.

'Work coaches are generally a bit positive, I say tentatively. They are now being upskilled... which is brilliant, so nationally they will be getting training programmes. The tenant, the landlord, and the job coach having a good relationship is what gets claims done... We very rarely find landlords who do not have a good relationship with the work coach.' (Jake McKey, National Landlords Association)

GLA/AudienceNet survey

Claimants who were surveyed were asked how helpful, if at all, they found having a work coach. Positively, a third (34 per cent) found their work coach helpful, with 17 per cent saying ‘very’ helpful. However, 25 per cent felt their work coach was unhelpful and a further 22 per cent were undecided.

Helpfulness of work coach



- 17% found using work coach very helpful
- 17% found using work coach fairly helpful
- 22% neither found using the work coach helpful nor unhelpful
- 10% found using work coach fairly unhelpful
- 15% found using work coach unhelpful
- 19% not applicable

Q: As part of the universal credit system, recipients have access to a work coach who supports them in terms of looking for work, building their confidence and skills etc. How helpful, if at all, have you found having a work coach? Base: N=157 all online participants.

Respondents who felt that they ‘have become much less confident’ in working, were more likely to feel their work coach was ‘fairly unhelpful’ (56 per cent) and ‘very unhelpful’ (54 per cent). Respondents who felt they ‘have become a bit more confident’ were more likely to state their work coach was ‘very helpful’ (35 per cent).

This suggests that work coaches have a great responsibility of encouraging their clients to move into work. Work coaches need to build better working relationships with clients, in order to positively influence their perception about work.

Accessibility of job centres

Some claimants were expected to make long journeys to Jobcentre Plus, or walk up flights of stairs, despite declaring medical conditions. One claimant told how the job centre security guard persistently told her that her appointments with her work coach were on the third floor, knowing that she had poor physical health and there was no lift. She felt this was done to humiliate and upset her.

‘They are the worst security I have found in my life. Rude. When I go I’ve got a stick, because... I don’t have good balance. I tripped up so many times... She asked me to go all the way to the third floor, although I explained to her that if I go one step, two steps, 10 steps, you can see how my heartbeat gets worse. My palpitations get worse... I told them, “I can go if there is a lift, that’s not a problem.” When she [work coach] came downstairs I told her, “Look, this is a joke. All the

time I come the security ask me to go to the third floor.” So, why do they deliberately upset me every time I come? It’s like they’re making fun.’ (Rachel)

Parents complained of having to take their children to the job centre, despite there being no play area and no access to toilet facilities.

Stakeholders agreed that the accessibility of job centres and the inflexibility of work coaches were a problem.

‘You have to go to a job centre which can be difficult for a lot of reasons – ie, lone parents having to travel regularly and far, and find childcare for their kids. Also there are language barriers as a mixture of languages is spoken in Tower Hamlets.’ (Veda Petre, Toynbee Hall)

‘I think parents still struggle with the right understanding and support if they have children of school age and the reality of attending appointments when school finishes at 3pm... [But] Jobcentre Plus on the whole are becoming much more accessible than they were a few years ago.’ (Tower Hamlets Parent and Family Support team)

Claimants were also frustrated at having to go to the job centre during working hours and waiting to be seen.

‘I have to say this. In terms of going face to face, it’s a pain, a serious pain.’ (Rachel)

‘To expect people who work 9am until 5pm to attend job centre appointments in working hours is ludicrous, yet we have to do it.’ (Cindy)

Hoxton job centre and Poplar job centre

There are two job centres in Tower Hamlets: one in Hoxton and one in Poplar. The council’s Resident Support Outreach team had experience of doing outreach in both and very strong views of each one. They thought that the Hoxton job centre had very good customer service, with supportive, well-trained and empathetic staff, including security guards.

‘Hoxton job centre, they’ve been really good. Really proactive, really showing empathy towards their claimants. They will actually sit down, do the claim, explain everything...’

‘Well, I’ve worked in Hoxton. I’ve seen their customer service is really good... once the person’s calmed down, then they’ll be like, “Now do you want to talk?” Then they talk.’

‘In Hoxton, I’ve got nothing but praise for them. The management structure is totally different, the advisers are very well trained, and the whole atmosphere is just so accommodating even, for example, security guards are so accommodating.’

In contrast, they found that the staff at Poplar job centre had a very different attitude towards claimants. They were unsupportive, rude, unwilling to listen and quick to call security.

‘Poplar... left a bad taste in my mouth... it’s when the claimants or the residents are left baffled and like, “Wow.” They were so confused... the way the advisers were talking to them... It did make me feel a bit sad that, “You know what? It’s not how you talk to somebody, like that.” There are reasons why somebody’s on welfare benefits.’

'With Poplar, there's no leniency, so even if they're genuinely wrong in something, if need to be, a claimant was to address that, fair enough, if my tone of voice is a bit loud, that's it, they'll call security and out you go. There's no compromise, there's no willingness to listen.'

Other stakeholders and claimants did not comment on individual job centres.

Support from service centres

Claimants also talked about difficulties getting support from the helpline, sometimes having to wait a long time to speak to someone and finding staff unhelpful or rude, particularly when it came to making job centre appointments. Some mentioned that the opening hours for phone lines were inconvenient, as they clash with working hours.

'I have a case manager who I only heard from once and have never heard from again. I always speak to call centre managers who never note down calls in my journal – I think it's deliberate as they don't know what they're talking about and don't want to be held accountable.' (Cindy)

'When I call them, I'm waiting on the line for 10 or 15 minutes and then I just get sick of it... They're hardly understanding, because they've been on the phone 24/7 and once they get to you, they're just like, "Do you know what? We can't speak to you," or they say, "We can't tolerate this, so I can't speak to you." Then they just put the phone down on you, or I just end up putting the phone down.' (Lauretta)

'She [my wife] had to phone in and wait on the phone for half an hour just to report her monthly earnings. It was hard for her to do, because she was working from 8am until 4.30pm and then picking up the child at 5pm. The phone line is only open until 6pm. It's a bit of a strange situation where the person who works can't even usefully communicate with them unless they really rush to the phone, which they might not be able to do.' (Christoph)

'A negative thing is, they are asking too many questions. And if anyone has a communication issue, he or she will be stuck.' (Moussa)

'[The phone line] is ridiculous. They've got two different numbers. One for full service, one for part [live] service. You spend a lot of time on hold just to be told that. When you do call the right number, you're still on hold for a lot of the time. The staff are really rude on the other end of the phone. Really, really rude. I'm calling up to make an appointment... So, I'm giving them my availability and they're like, "No, we've got these dates. You need to attend this appointment." They just seem to want to give you what they've got in front of them.' (Cindy)

However, when interviewed six months later (May 2019), Cindy noted some improvements in communications.

'The service over the phone has improved, journal entry queries are mainly ignored unless followed up with a phone call – the on-hold times are now only around 10 minutes, which is a huge improvement.' (Cindy)

Communications between stakeholders and the DWP

The stakeholders we spoke to also found communications with the DWP to be mixed at best, but generally quite poor. This has significant implications for council, housing associations and advice centre staff, who find it difficult to resolve their clients' problems and have to spend extra time doing so.

'The only time we hear is if somebody goes on universal credit in the first place, apart from that we hear nothing...There is a total lack of communication. Universal credit are very reluctant to share any information with anybody, whether it's with the council, or whether it's with us, even though we're doing it to try and help our residents.' (Keith, financial inclusion co-ordinator)

'I would still say it's really difficult to communicate with the DWP. It's so difficult. It's not easy at all. So if somebody like us professionals, if we're struggling, then imagine the families out there. I know I shouldn't use this sort of word, but I still think they try to even fob us off, like try to put us from service to another and say, "Call that number. Do that number."' (Tower Hamlets Resident Support Outreach team)

Many complained about having to go through the DWP universal credit phone lines, having delays on the phone and being unable to communicate directly with work coaches.

'It takes a long time to get through on the phone.' (Sam Crosby, Toynbee Hall)

'We can wait for ages on the phone and be told nothing!' (Arlene Boreland, Southern Housing Group)

'Even communicating with job centres, it's so difficult. You can't really get back to anyone. Some clients may have an allocated work coach, and you have to go through the DWP to speak to them. But sometimes, as a professional, it would be good if we could actually communicate with them directly, on behalf of the client. There's no facility to do that. And then appointments. You want something to be sorted out immediately, or you want an answer, and you can't do that.' (Tower Hamlets Resident Support Outreach team)

First Love Foundation case study

Client C has two children and is on universal credit. A few months ago, she received her monthly payment, but she was mugged in the street. The mugger took her bank card and withdrew all her money. Client C applied for an advance payment, which she never received, but the DWP began deducting £67 per month from her universal credit payments. Client C banks with Cashplus, which did not recognise the transfer reference number that DWP provided to prove that it had made the advance payment. Client C was asked by staff at her job centre, "Why don't you get a normal account?" During this time, Client C had no food, so her children did not eat for two days, and no electricity, so none of them could wash. She could not apply for a residents' support scheme grant because she had applied for one in the previous year when her house burnt down. Client C has ADHD and cannot afford the medication for it. She also needs a water meter installed, as she has high water arrears. CPAG helped her apply for personal independence payment and reapply for her missing advance payment.

Shadia's story

Shadia is a lone parent in her 30s, with two young children. She applied for universal credit when her income support claim came to an end when she found casual work as an exam invigilator. She found the transition between income support and universal credit difficult.

Shadia now works part time as a specialist teaching assistant. She works around seven hours per week, but sometimes working overtime brings this up to 12 hours. Her claimant commitment requires her to work for 16 hours at the national minimum wage each week, so she is four to eight hours a week short of fulfilling her claimant commitment.

Shadia has been told by her work coach that she must either work more hours for her current employer, or take a different job with better pay. Shadia does not want to leave her job because she is very satisfied with it and is hopeful that it will go full time.

'They're like, "Well, look for another place, another job," and I'm like, "No, I'm settled here, I'm fine here." I love working with SEN children. These children are like my own children now... I've built a relationship with them. So, a job like that I do not want to leave... that has... more possibility of becoming a full-time position. Why should I drop that, and why should I lose the career I have ahead of me?'

Shadia has to spend 16 hours per week searching for work. She has difficulty finding the time to do this while looking after two young children.

'I'm running around like a headless chicken... why do they think we've got the capacity to be able to work and have a lifestyle and have – I'm a parent, I'm a single parent too, and... to be able to fit everything in and then sit there in front of your laptop... late at night when you want to go to sleep and you're trying, job searching and your eyes are about to close...'

She also feels as though she is being treated as if she is unemployed, rather than in a low-paid job, and resents having to attend the job centre every two weeks.

'If I wasn't working, I would understand... [but] I am working, I am contributing, and I am supplying to the world too... I am doing what I need to do. I'm happy, I'm content... why are we... being targeted more like unemployed rather than employed section?'

Shadia has applied for lots of jobs and got interviews, but feels they have been a waste of time because she knows she will not be able to do them because they will not fit around her childcare arrangements. She is going through the process just to fulfil claimant commitment requirements.

'I've been to so many [interviews] and there's no point. Like for me, it's another waste of time. I go there, I have my little laugh, I just relax... I just go there literally to keep myself in routine mode, to keep myself going.'

Shadia also does not see the benefit of working more, when she believes a disproportionate amount of money is then taken from her universal credit. She also does not feel much better off in work.

'Why can we not keep our money? Why do universal credit need to deduct that 63p per pound? Why? Where is that 63p going? Where? I don't understand. We're getting taxed – if we're getting taxed, then we're getting taxed anyway through HMRC... I can't save nothing. I can't keep anything aside... it feels

as though I'm still on benefits, but it's just I'm running around more... If you want people to work up to that margin, why are you reducing their margin?'

Work-related requirements and sanctions

Everyone who receives universal credit is placed in a 'conditionality group', based on their circumstances and work capability, and their entitlement to universal credit depends on their meeting certain 'work-related requirements'. If a claimant does not meet their work-related requirements, the amount of their universal credit can be reduced. This is known as a 'sanction', and it can last indefinitely or for a set period.

Requirements for each claimant are set out in a 'claimant commitment', which is meant to be personally tailored and the outcome of a discussion with the work coach about the claimant's goals, circumstances and needs. Generally, however, the claimants we interviewed told us that they had not really been involved in developing their claimant commitment. Those who were subject to in-work conditionality were unhappy with their work-related requirements because of their caring responsibilities and did not feel that there was a connection between universal credit and them finding better paid work or more hours. Nearly everyone we spoke to felt that they were worse off on universal credit. Claimants and stakeholders had mixed views on sanctions.

When asked if or how their confidence in relation to work had changed since being on universal credit, more than half (55 per cent) of survey participants said their confidence had not changed, while almost a third (32 per cent) said they had become less confident.

Claimant commitments

Some of the claimants we spoke to admitted that they had signed their claimant commitment without really engaging with, or feeling confident about, the process. Most felt a pressure to comply, and some felt frustrated that they were unable to discuss their claimant commitment in a meaningful way.

'They showed me the computer, "Look, you're going to sign this. You're going to sign this. This is your commitment." "I know." I'm signing, but in my mind it was like, "Am I doing the right thing?'" (Aysha)

'I'll be honest with you, I just ticked everything and signed it off. My husband, number one he doesn't know how to read. I'm not sitting there and going to read it to him because I'm going to have to explain in Bengali. You're telling me I'm going to sit there and actually read through that and then sign it because I believe in it, no... I was pregnant then, I'm not going to be bothered to read through everything. I'm just going to sign it just for the sake of it.' (Lauretta)

'Trust me, there was no negotiating... they've got set bullet points, set protocol, set one, two, three, tick, tick, tick. That's what they follow. They don't care where you come from, what lifestyle you've got, what background you're going through. If you're going through domestic problems... if you've got court cases or whatever background stress you have got, they don't care. They need you to do this, this, this.' (Shadia)

In-work conditionality

Three of the claimants we spoke to were subject to in-work conditionality – ie, they were in work, but earning below the required amount and were therefore expected to make efforts to increase their earnings. These claimants were all women and lone parents and they all expressed how difficult they found trying to balance looking for work with their caring responsibilities. Their priority was to be there for their children – to be able to pick them up from, and drop them off at, school or childcare – and it was the absence of work that fits in with this routine, plus the costs of childcare, that stopped them from working more hours, rather than an inability to find work.

'I'm literally waking up, getting the kids ready, going and dropping them off to school, getting myself sorted, having a little bit of breakfast and getting out to work... And then from work, I come back again. I've literally got half an hour to an hour to myself to sort out the house, or get their feed ready... and the children are there at home... So, like it's a lot, and then they expect you to do job searches.' (Shadia)

The only things the job centre are asking you, "Work, work, what have you done? What have you done? What have you done?" Calling every week, calling even on the phone, "Have you looked for work? Have you looked?" I'd say, "How can I look? I have a daughter, you know it's childcare costs." "I know it's childcare costs." "But you have to look." "My daughter, she just lost her father. I cannot drop her in the child centre there, or wherever. I know I need to find work, but this..." (Aysha)

Aysha, a lone parent who works 13 hours per week as a cleaner, was urged by her work coach to find more hours or better pay as a cleaner, when what she really wants to do is get training to help her find a job in childcare. She recognised that a job in childcare would pay less than her current job, but it would also help her to avoid high childcare costs, because she could work during school hours, and might offer a future fulfilling career with progression. She also felt a lack of support from Jobcentre Plus (for more on this, see [Experience of Jobcentre Plus and interactions with the DWP](#)).

'I told them, I'm looking for a full-time job, but a job which I wanted... childcare. I [would] have the same programme as my daughter, I can have the half-terms with her and I can work locally. I [wouldn't] need childcare. I'm looking for that, and I'm applying for that, but they're still [saying] "OK, but how about cleaning"... they're not supportive at all... if you want to put people to work you have to help them a little bit... I have other qualifications.' (Aysha)

Sally is a lone parent with one child under two. She has two part-time jobs and gets informal childcare from her mother. She works eight hours per week in a pub and sometimes does additional care work with an agency, for about three hours per week. She is also studying for Health and Social Care Level 3, so goes into college for one day every fortnight. Her work coach expects her to find 16 hours' work per week – something that she has reluctantly accepted.

'When I first signed up to universal credit, they were like, "You need to find another job." I said to them, "Well, how am I supposed to find another job when I've already got two [jobs] and I've got a son?" They were like, "On your universal credit, you have to bump it up to 16 hours." I was like, "Okay."' (Sally)

This is concerning because with a child under two Sally should not be required to work at all, only to take part in work-focused interviews, and suggests a poor understanding of the rules by her work coach (see [Lack of support from work coaches](#) for more discussion of staff training and knowledge gaps).

All three claimants suggested that their work coaches would rather see them in poorly paid and less fulfilling work, than wait a little while or find training to allow them to find more fulfilling, stable and desirable careers. Some were also convinced that it would be their own hard work that secured them better employment, not the job centre.

'They are not pushing me in the right direction. I really don't want them to take credit if I find a job in nursery. I really don't want them to take credit because they helped me, because they didn't. They take credit for putting people into work, but it's not because of them. You're freeing people to work, but not on what they want to do... I will find work eventually, but not because of them.' (Aysha)

'I'm like, why am I meeting you every week, why am I wasting my 30 minutes a day meeting you when I could be at home searching for jobs or just thinking about what I want to do? Have a brainstorm. There's so many ways, you could sign up with an agency.' (Shadia)

Shadia also felt that it was unfair for those, like herself, who were already in work to be grouped together with those who were unemployed, suggesting that there is considerable stigma attached to having to attend the job centre, as well as highlighting the lack of suitable support for people looking to progress in work.

'I see no point of the job centre for employed people. Unemployed, yes. Why are you crowding employed people into the unemployed group of people for?... Do it separate, in a different unit... where we get treated differently, and we've got a centre, a focus on us where it's helping actually us to better ourselves, not go into a place where we're just targeted as unemployed.' (Shadia)

Sanctions

The picture on sanctions was mixed. Most of the claimants we spoke to had never been sanctioned. Two had, however – for missing a phone call from their work coach because she was driving (Shadia), missing an appointment at the job centre because he was unable to log into his work journal (Asad). One believed (wrongly) that she had been sanctioned for incorrectly reporting childcare payments, suggesting again that the rules can be complex and difficult for claimants to understand.

The threat of being sanctioned, however, loomed large over some claimants, causing fear and worry.

'I don't have certainty. Every time I go to the job centre I'm thinking tomorrow they will stop my benefits, because they will ask me "did you find more hours?" I will say no. Probably they will [say], "You know what, we're going to cut your benefits". I don't have the security of tomorrow.' (Aysha)

'There's always a threat. There's always that threat, that whip is there all the time, ready for you. They go, "Yes girl, get in shape, you're going to get sanctioned if you don't."' (Shadia)

'Taking my condition into consideration, despite of that they still asked me, "Are you going to your ESOL classes?" and this and that. Although I was really ill, I was really frightened, so I continued attending those ESOL classes... in case they sanctioned me.' (Asad)

Some stakeholders had not come across many clients who had been sanctioned.

'Sanctioning isn't as big an issue as you'd expect, but it may become a bigger issue as UC becomes embedded...' (Veda Petre, Toynee Hall)

I think it's [sanctioning] probably slowed down a bit. The sanction was more... when it was introduced relating to jobseeker's allowance. A more kind of frequent and more, we have seen... without giving any detailed explanation why that person was sanctioned. So... we had to challenge a lot of those sanctions on a regular basis. But I think it's been slowed down a bit.' (Director, Limehouse Project)

However, others had seen lots of sanctions and considered them to be unfair (given their clients' circumstances and difficulties they have managing their claim – see [Making and managing claims](#)) and difficult to challenge.

'I've seen enough families on UC who have been sanctioned... because they just don't know how to keep up with it. They miss their appointments, because obviously they come through the phone, or they have to log in to see this, and they've been sanctioned for that. Then the appeal process and everything, it's so hard.' (Tower Hamlets Resident Support Outreach team)

'What they also don't do is, they don't contact the client. They will just send a message on their journal, saying 'You didn't turn up. We're going to sanction you. What is the reason?' They do that, rather than actually checking up on someone who might be mentally ill or might be physically ill. Just the whole online thing is problematic for our service users...' (Tower Hamlets Resident Support Outreach team)

Work incentives

Universal credit's overarching aims are to encourage more people into work, to make even small amounts of work pay and be seen to pay, and to smooth the transition into work.

In most cases, the claimants we spoke to did not feel there was a connection between universal credit and their entering the workforce, getting better paid work or finding more hours. Some, in fact, thought that universal credit was undermining their work prospects by forcing them to spend time resolving problems with the system or by creating financial difficulty (see also [The impact of universal credit on families](#) on the financial impact of universal credit).

'I think it's actually worse for the working person who has very little free time and has family commitments. I really think the burden is too heavy, especially if someone has only one free hour a day. I felt like at some points I had to spend a whole hour a day for several weeks to resolve problems with universal credit, rather than doing something with my family. Their claim about, whatever their slogan is, getting people to work or helping people to work. I think they're not helping, I think they're... What's the English expression, a spanner in the works?' (Christoph)

'What they're trying to do is make you independent. I don't think that has made me independent. I think money-wise I can't cope anymore. That's why I'm having to look [for work]... Last resort is working. To save myself, that's what it is.' (Lauretta)

'I do get why UC tries to push people into work, motivate them, but it's the wrong way of doing it. When you're snatching someone's food from their mouth and then forcing them to get into work... it's not going to give them the motivation and the energy that they need, the boost.' (Shadia)

Lauretta, who does not need to look for work at the moment because she has a son over two, wants to work but does not feel like she has been given any support to look for work.

'As soon as he turns two I have to go there, actively looking for work. But I don't know how it's going to work because they haven't told me the procedures yet. I think they should, prepare me for it, but they're not doing anything. No information, and when I do need to go they'll just book it the day before and expect me to read it off the journal.' (Lauretta)

Stakeholders, meanwhile, thought that their clients were either keen to work, or being forced into work that was unsustainable because of their circumstances.

'People generally do want to go back to work. They want to be in that situation. A lot of people, you can tell, they just don't want to be in that negative situation of being on benefit and being pestered. Because I think now, the pestering is a lot more. The sanctioning is a lot more.' (WorkPath)

'Yes, people are being driven into work... but clearly, families are suffering as a result. That's why most people, even when they are unable to work, still try to push themselves to get into work. They don't tell employers that something is wrong with them. They get employment, find that, three weeks down the line, they can't cope, and they drop out, so it's just a vicious circle.' (Euckay Ukandu, Tower Hamlets Citizens Advice)

Feeling worse off in work

The claimants we spoke to who were in work said that they do not feel the benefit of working on universal credit. As a result, many of them (Cindy, Christoph, Shadia, Moussa) have seriously considered giving up paid work. In these cases, claimants are almost always working for reasons other than financial gain, such as inspiring their children, bettering themselves through education or finding emotional reward.

'The beneficial part [of working] is helping other people. I enjoy doing that stuff... Money wise it's not beneficial. The same money that I would be earning I would be getting off the government... if I don't earn, that extra £200 would be on my benefit. If I earn the £200, then they take it off my benefit. Where do you really see me winning in this one?' (Sally)

Cindy, for example, believed (whether correctly or not) that that she would receive more money in benefits if she did not work.

'I know I'm not [better off in work]. I think after rent and council tax benefit you get, I think it's £180 per week for a single parent. When my daughter was first born and I was receiving a full salary, I got no benefit except for the £20 child benefit a week. We were fine. The bills were paid. Yes it was tight, but expected, but it wasn't hard... now... working full time is pointless in that respect... Financially, I've got friends who have more disposable money than me and they've chosen to stay at home. It has to be a choice. It's not a financial choice though' (Cindy)

Others highlighted that so much universal credit is taken away each month if they earn, that working extra – or working at all – hardly seems worth it, especially when this means parents having less time to spend with their children.

'I can't save nothing. I can't keep anything aside... it feels as though I'm still on benefits, but it's just I'm running around more... If you want people to work up to that margin, why are you reducing their margin?' (Shadia)

'If I did do extra hours, he has to be in school full time for me to do the extra hours. It's things like paying the bills and stuff like that. Because it's just me, it's harder as well. It's like I'm working so much. Sometimes I work so much that I don't even see him. It's just like, they want you to work but then they don't want you to work at the same time. The more I work, the more money they will take away from me. It's like, is there even any point of working my butt off for nothing? Do you know what I mean?' (Sally)

It is clear that despite universal credit's aim that monthly adjustment to earnings would mean that claimants would see that working more would make them better off, it is having the opposite effect. This is in contrast to tax credits, where disregards allow claimants to increase their earnings by a small amount without immediately reducing their award.

Similarly, some stakeholders admitted that they had to tell clients they would not be much better off working extra hours, and had observed people deciding to work fewer hours so that their payments were not reduced.

'People are also deciding to work less so their payments don't get cut – surely that opposes the policy objective? Also UC is so complicated, people feel better off working fewer hours than changing their circumstances.' (Amber van Boost, welfare rights caseworker)

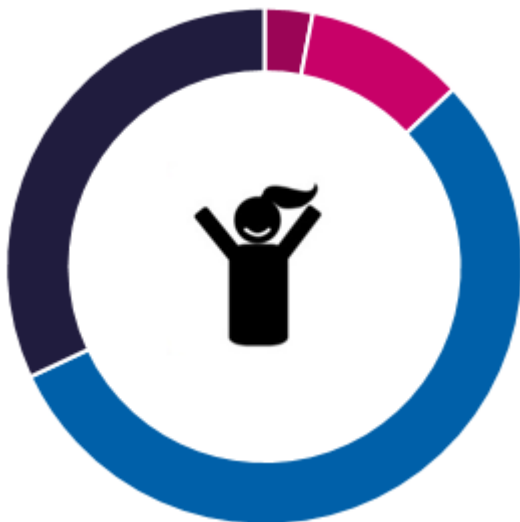
First Love Foundation case study

Client J is a lone parent with two children: the youngest child has special educational needs and the eldest is being bullied. Client J has to attend regular medical appointments because she has anxiety and depression. She lives in an overcrowded, two-bedroom property and has rent arrears of over £200. She waited six months for a work capability assessment, despite submitting medical certificates from the start of her claim. Her work coach and the job centre manager have questioned her medical certificates, documentation of job interviews and the training she attended. CPAG does not believe that her claimant commitment accurately reflected her mental health or caring responsibilities. Client J has had four sanctions under universal credit. After the last one, she said: *'I am actually ready to just give up life now, this is too much and my children are going without every month as I cannot provide everything they need.'*

GLA/AudienceNet survey

Survey participants were asked, broadly, if or how their confidence in relation to work had changed since being on universal credit. While 13 per cent reported an increase in their confidence to some extent, many more (32 per cent) said that it had decreased. The highest proportion overall reported no impact.

Change in confidence in relation to work



3% have become much more confident

10% have become a bit more confident

55% confidence has not changed

32% have become less confident

Q: Overall, since switching to universal credit, how (if at all) has your confidence in relation to working changed? This can include a range of things depending on your situation, such as feeling confident that you will find work, that you will increase your hours, that you will find more relevant work etc. Base: N=157 all online participants.

Lauretta’s story

Lauretta is in her 20s and lives in temporary accommodation with her husband and two children, who are both under five. She made a joint claim with her husband when she was pregnant with her second child and when her husband started working, but his immigration leave is on condition that he does not have recourse to public funds, so she had to make a single claim and her standard allowance is that of a single person. Lauretta is also under 25, so she gets a lower rate of universal credit. Her husband now cannot work as he has health problems.

Prior to going on maternity leave, Lauretta was working part time in a supermarket, but she decided while pregnant that she did not want to return to her job. When she applied, her maternity allowance and ‘leavers’ allowance’ were counted as income and her universal credit payment was subsequently reduced.

Lauretta and her family have been in temporary accommodation for a few years and live in very overcrowded conditions, in a one-bedroom flat. Their accommodation is very expensive (£1,117 per month) and because Lauretta is not working, she is subject to the benefit cap.

Lauretta and her husband are in significant debt. Together they owe about £2,000 in credit card debt and have £800 in rent arrears. Lauretta says that her rent arrears started when she moved onto universal credit. ('It's all only because when I switched over from tax credits to universal credit, that six-week wait has put me in debt a lot.') Lauretta had to borrow significant amounts of money from her family to make ends meet, including to cover rent payments.

'Whatever I need, I get from family... So, if the gas bills comes... I'll have to pay it with the money that I get and get money off someone. Get it off my sister, or something.'

Lauretta was not told by Jobcentre Plus about advance payments and believes that had she been, her rent arrears would be less severe.

'Not once did they say, "I can give you an advance payment..." If I knew that I would have just taken the advance payment and I wouldn't have been in arrears as much as I am now.'

Lauretta has been paying back around £10,000 in tax credit overpayments, because she did not correctly report her husband's earnings when she was receiving tax credits. She also has universal credit repayments, but she does not understand why.

'If you paid me over, then by all means take it. But if you didn't then, why am I getting deducted? Because, at this time, I could put that in my pocket and I could spend it on myself, or my children, or on food.'

Fortunately, Lauretta was able to adjust her deduction rates by speaking to the job centre. ('I was struggling with money, [so] I called up the job centre and said with the deductions I couldn't pay that much, I need to pay less, and they put in a set plan...') However, her family still only has approximately £600 per month to live on, after deductions and the benefit cap.

Although Lauretta has no work-related requirements, she is getting ready for work because of her family's financial situation.

'I'm not supposed to be actively looking for work until my son is two, but I'm already looking for work because I can't live on that. My husband's at home, though he's just gone out looking for work. He can't work because of medical reasons, but he can't take benefits as he has no recourse to public funds. Either way it's really hard.'

The impact of universal credit on families

Claimant debt and rent arrears

Claimant debt is a common problem under universal credit. Nationally, Citizens Advice has found that debt problems are more common for the people it helps with universal credit than those claiming legacy benefits, with 24 per cent of people it helped on universal credit also seeking debt advice. Furthermore, the wait for an initial payment leaves half of the people Citizens Advice helps unable to keep up with bills, rent or essentials.^x

Universal credit causes tenants to fall behind with their rent. The Residential Landlords Association found that 54 per cent of landlords had seen private tenants on universal credit fall into arrears in the last year,^{xi} while Southwark Council found that two years after claiming universal credit, its tenants still have rent arrears.^{xii} Rent arrears do not always lead to evictions, however. There is little research on evictions of universal credit claimants in the private sector and evictions from council properties remain relatively low at 514 in 2018/19.^{xiii}

Our interviews with claimants and stakeholders revealed that many claimants were in debt and had rent arrears as a result of being on universal credit. Some had to borrow money from friends and family to stay afloat, while others had taken out credit cards or loans to help them pay their bills. None of the claimants we interviewed had been evicted from their properties, but stakeholders – though not all – said they had seen an increase in evictions under universal credit.

In terms of the claimant survey, more than half (57 per cent) of participants admitted to borrowing money from friends or family while waiting for their first universal credit payment, 27 per cent did not pay their bills, 23 per cent did not pay their rent and 8 per cent took out a credit card.

Debt

Some claimants told us that they had fallen into debt and arrears for the first time when they moved to universal credit. Debt was a mixture of credit card debt, utility debt and rent arrears (see below).

'I've never been in debt until UC happened.' (Cindy)

'I've never been in arrears, but this is the first time [on] universal credit.' (Lauretta)

'I also have debt, my gas bill is in debt... about £1,000. Electricity is about £250.' (Rachel)

Stakeholders observed that claimant debt was becoming more problematic and they had seen a shift away from credit card debt to rent and council tax arrears.

'Many, many families will end up in a quite complex debt situation, which is quite common with universal credit.' (Director, Limehouse Project)

'There's been a shift from non-priority debt to priority debt. Three or four years ago it was credit card debt, now it's rent arrears and council tax arrears.' (Sam Crosby, Toynbee Hall)

Rent arrears

Some claimants told us they had fallen into rent arrears when moving to universal credit; others said they had had existing rent arrears when they started their claim. Arrears were mitigated by claimants relying on parents or friends or their own children, or by being treated sympathetically by their (social) landlords.

'I had money. I gave it to my landlord. The landlord wants it on time, the payment. So, I gave that to him. I borrowed the money from my friend.' (Moussa)

'There were two months' worth of rent that I couldn't cover. So, I've been paying an extra £100-ish here and there every month... The housing association were really understanding. As long as you are making set payments and you've got a plan with them... and proved that the universal credit system has in a way messed you up and done you over, they are quite understanding...' (Cindy)

Several claimants commented on their frustration at being paid universal credit in arrears and on an inconvenient day of the month. Beyond the initial five-week wait for payments, ongoing payment of housing costs in arrears also creates ongoing problems.

'But anyway, they pay in arrears, so it just messes up the whole system of flow between council, housing benefit – council tax, housing benefit, local authority, well, council, housing, plus the resident who's leaving there, plus benefit. It all mucks it up because they pay in arrears.' (Shadia)

One claimant was worried that accruing rent arrears would make it very difficult for her to get a tenancy in another social rented property, as it would remain on her record.

'I've never been in a situation like this. For me to move out of this property now they're going to look back at my rent arrears to see if I can afford it, which just shows straightaway. It will flag up that she's already got arrears in a one-bed, what makes you think she can move into a three-bed or a two-bed? I have no capabilities. All my history of good payments has all gone down.' (Lauretta)

Stakeholders, meanwhile, generally thought that universal credit was causing people to fall into arrears.

'Clients have difficulties paying the rent and are chased by their landlords...' (One Stop Shops)

'We did a survey: 73 per cent of our members, found this last month I think, have tenants on universal credit who are in arrears.' (Jake McKey, National Landlords Association)

'Arrears have definitely increased.' (Arlene Boreland, Southern Housing Group)

'We still find that the arrears of people on universal credit are much higher than those on housing benefit.' (Keith, financial inclusion co-ordinator)

However, several of them pointed out that arrears existed before universal credit – in part, because of local housing allowance cuts that also apply in the legacy system – and one housing association reported that arrears had actually fallen in the last year.

‘Effectively, people that have either fallen into arrears or are falling into arrears because of the changeover to universal credit... What we tend to find is a high proportion of residents are in arrears already – prior to going over to universal credit.’ (Mark O’Donoghue, Clarion Housing)

‘Actually, the arrears start cropping up because of the fact that the local housing allowance rate doesn’t mean the rental rate. Then, we’re seeing quite a lot coming through the doors in that respect. We don’t really, officially, keep any stats on that...’ (Tower Hamlets Housing Options Service)

‘As an organisation, we’ve managed to get the rent arrears down this year.’ (Keith, financial inclusion co-ordinator)

Evictions

None of the claimants we interviewed had been evicted from their properties since moving to universal credit, but some stakeholders had seen an increase in evictions.

‘More people are getting eviction notices because of rent arrears.’ (Sam Crosby, Toynbee Hall)

‘Since November, I’ve done, I think, about three or four evictions that I’ve seen, and that was all to do with people not being on the right benefit, that was during the time of the transition of the introductions of going live, full service, etc. A lot of people were actually applying for JSA, but when they come to the point when they’re like, “No, it’s JSA, you have to apply for universal credit.” It was quite long winded.’ (Tower Hamlets Resident Support Outreach team)

‘We do know that our assured shorthold tenancy evictions from the PRS [private rented sector], and actually registered social landlords, have gone up.’ (Tower Hamlets Housing Options Service)

Borrowing

Nearly all claimants reported having to borrow sometimes substantial amounts of money from friends or family to pay their bills, and feeling guilty or ashamed about having to ask for it.

‘Sometimes I’ve gone into minuses in my bank. I’ve had to borrow money from my parents and my sister saying I’ll pay them back. How do I pay them back if I don’t get enough money?’ (Lauretta)

‘I’ve had to borrow quite a lot actually, about £10,000 I would say.’ (Christoph)

‘I have got family and they do help when they need to. I don’t ask them for much, and when I do, they know I’m desperate... It was difficult taking it from them man; it was a massive punch to my ego, my self-esteem. It was like, “Okay... you’ve never asked them over 15 years you’ve never turned to your mum or your dad or your brothers in any way to ask for money and here you are.” It seemed as though I was begging, do you see?’ (Shadia)

‘When I moved to UC, I had to wait a long time for my payment to start and... fell into rental arrears and utility... it was really difficult for me to start paying them. I started getting letters from housing benefit, red notices from utility bills, that if I didn’t come to an agreement... then they’ll seek me with notice, a court order. So, I started borrowing money from friends. I still owe them money... I’m slowly paying them off.’ (Asad)

Many people told us that they had taken out credit cards or loans to help pay their bills.

‘I gave up, I just started borrowing money and paying from my credit card and from my overdraft.’ (Aysha)

‘The credit card... is the only means I’ve got. What can I do?’ (Rachel)

‘When I get the amount, obviously I spend [it] by paying my bills and debts and obviously I shortfall on money. So, I use my credit card and this is how I fall into debt. Then, when I get my next payment I pay off my credit card, and then the following month, again, I shortfall and fall into debt. Monthly, on my credit card, I fall into debt between £150 and £200.’ (Asad)

‘I took out a loan from a credit union in February for about £700, to top up my nursery fees and pay for food etc.’ (Cindy)

GLA/AudienceNet survey

Survey participants were asked how they got by while waiting for their first universal credit payment (they were not asked how they got by generally). The most common ways to get by were to borrow money from friends or family (57 per cent), cut back on spending (27 per cent), not pay bills (27 per cent) and not pay the rent (23 per cent). A quarter of participants used an advance payment and 8 per cent took out a credit card.



Moussa's story

Moussa is a full-time PhD student in his 30s, who lives with his wife and their seven-year-old daughter in a three-bedroom flat in the private rental sector. They did not have any previous experience of the benefits system before claiming universal credit. Until recently, his wife, whose immigration leave is on condition that she does not have recourse to public funds, had a full-time job, but Moussa decided to make a claim for universal credit so that she could give up her job to stay at home and focus on their daughter's education.

Moussa has no work-related requirements because he is a full-time student, but he works 32 hours a week because he 'need[s] the money.' Moussa earns about £1,300 per month after tax, although this varies a lot depending on whether or not he does overtime. The rent is expensive (£1,700 per month) and his universal credit is reduced by the benefit cap by £75 per month. Moussa does not really understand what the benefit cap is.

'You know, I don't bother, like, what is the cap? What does it mean, cap? Whatever is getting is getting.'

When he applied for universal credit, Moussa took out an advance payment of £500, which he is repaying over six months. However, he had to wait four weeks for it to arrive. During that time, he relied significantly on financial support to pay the rent and bills from his father, friends and family – something he believes is completely normal and reasonable.

'As a human being, you should have some back-up. You should have some siblings, either you have some relatives, some friends where you can borrow some money for the time being... I think everybody has that kind of support because we live with our community. We live with our friends... So, we are helping each other. That is my understanding.'

Since receiving his first universal credit payment, Moussa reports that his payments have been suspended three times, through no fault of his own, as a result of a problem with HM Revenue and Customs reporting his earnings. His universal credit payments vary a lot: from £930 to around £1,800 per month.

Although Moussa is not financially secure at present, he feels that claiming universal credit is just temporary for him. He plans on getting a well-paid, full-time job after his studies are over, at which point he feels confident he will be more financially secure – albeit still with help from his father and brother.

'My financial situation at this moment is not good. But it's okay. But I have to struggle the next three months until I get my job. That's our plan. Once I get my job, my plan is we can move in some area where it is a little bit cheaper. Or even within the next couple of years, we can buy a house. We can bring some support from back home. My dad can help me. My brother can help me to get some loans and invest to buy a flat or house. That's our plan.'

He is also adamant that he will not be reliant on benefits in future.

'I'm not a person that's going to depend on them in my whole life or even like the next five years. Just for time being, three, four, six months. I'll make some money, yes. And then, once I get a good job, automatically, they will stop paying me. So, this is not my main aim to stay with them.'

Financial security

Being financially secure means being able to afford the essentials, but also to budget, save and afford unexpected expenses, such a new bed or washing machine.

Many of the claimants we spoke to could barely cover their essentials, as they simply did not receive enough money to live on. Saving to cover unexpected costs was virtually impossible. According to *Which?* and the Office for National Statistics Wealth and Assets Survey, just 39 per cent of people in the UK would be able to rely on existing savings or investments if they faced a major and unexpected expense.^{xiv} This figure is likely to be much lower for people on universal credit.

Many of the claimants and stakeholders we spoke to told us that going from receiving weekly payments to monthly payments made it harder to budget. Survey participants also found that the variability of their payments and deductions made budgeting harder.

No money to live on, no money to save

Many of the claimants we spoke to made it clear that they were barely getting by and, once their rent and bills were paid, they had nothing left for the rest of the month. Parents were making significant sacrifices for their children, with one mother saying she had skipped meals for days on end (see Sally's story below and more on the [Impact on children](#))

'All the money, if I'm honest, it goes on my rent and bills... Then, nothing left for me. So, how am I going to survive?' (Rachel)

'In the first week I have to pay the things from behind [in arrears]. The money finishes in the first two weeks.' (Aysha)

'You have to be very careful with what you spend. I would have more money... as it's difficult.' (Linda)

'What is £254 going to do? Where do you see? Once my money comes, it's like the internet bill comes out. £50. Electric and gas, that's another £70. Before it was water. Then what else? Food. £50. £50 isn't going to get you anything for food, especially when you have a son like mine. All together, that's all the money gone. That's £170 and then I've got to use money for travel. That's another let's say £30 for those four weeks. The rest of it is just like little things that I've got to buy. Let's say toilet rolls. All of that domestic stuff.' (Sally)

One claimant admitted that he could only provide a decent standard of living for his family with help from his family.

'I think it would be completely unrealistic to maintain a reasonable standard of living on the money they provide if I didn't have savings as well as recourse to family help.' (Christoph)

Claimants therefore told us that it was impossible for them to save under universal credit, whether for long-term goals like buying a flat or house, or for more modest, immediate needs such as replacing worn-out furniture.

'I'd love to buy a new sofa. It's battered. The springs are coming out. There is no way I can save for anything like that in terms of furnishing. We just had a big bout of rising damp in the lounge. Obviously, the housing association patch it up and re-plaster it, but they don't redecorate. So, it looks a bit like... Yes, it's not great. It doesn't look very good. I'm going to paint that, but I've got to wait two paydays to just get enough together to sort that out. Things like that.' (Cindy)

'I can't save nothing. I can't keep anything aside. No, nothing. It's nothing... There's no way I can make myself a better kind of – say for example if I wanted to buy a house in the future, or if I wanted to save up to, I don't know, become an entrepreneur or a business woman or whatever, I can't.' (Shadia)

Housing costs and the benefit cap

Nearly all the stakeholders agreed that their clients' incomes were not enough under universal credit and felt this was particularly because clients often had to make up the shortfall between the housing costs element paid in universal credit and their actual rent using their standard allowance.

'Under universal credit... you're getting £300 per month, and your gas or electricity bill for the month is, say, £60, it's £120 gone, and you have to pay for your food. You have to pay for your personal hygiene requirements. You have to pay for your own transport to go from point A to point B. It is just not enough.' (Euckay Ukandu, Tower Hamlets Citizens Advice)

'The money is not enough... So do you feed your kids or do you pay the rent? So it's a lot more difficult situation. Universal credit... actually eats into your personal money to top up your housing benefit and it all depends on how many children you've got in there... To be honest, I think it personally is unfair... You are entitled to a fixed amount for housing benefit...' (Tower Hamlets Benefit Services)

Others believed it was the combination of universal credit and the benefit cap that was particularly devastating for families. It is not totally clear why this is, as the benefit cap also exists in legacy benefits, but it may be the combination of initially acquired rent arrears during the five-week wait while on universal credit (see [Waiting periods and getting by while waiting](#)) or the fact that the benefit cap can cut deeper into universal credit as it can eat into other elements (in the legacy system only housing benefit is reduced).

'The impact not only of the introduction of universal credit but of the benefit cap as well, because both combined, together, is lethal. Yes, we can understand why the government is doing what it's doing. Yes, it does help if all these benefits are merged into one and it's easier to manage, but the application of the benefit cap on top of that is where the issue is, because you suddenly see a sudden reduction in the income that these families have.' (Euckay Ukandu, Tower Hamlets Citizens Advice)

'Under universal credit, they're still getting hit by the benefit cap. That is having a big impact because they're getting one bulk lot of money. They are taking a proportion for the rent, which is then leaving a substantial amount less in the household.' (Mark O'Donoghue, Clarion Housing)

'The combination of the benefit cap and UC is terrible – they [claimants] have debts, budgeting problems and struggle to pay their bills...' (Bow Foodbank)

First Love Foundation case studies

1. Client N has one child. While waiting for her first payment from universal credit, CPAG helped her to apply for a residents' support scheme grant because her electricity was running out and she had no money for food, nappies and wipes for her daughter. She took out two advance payments, which she is paying back. She finds the monthly payment system a real struggle and is borrowing money from her family to keep her going.
2. Client F is receiving universal credit for herself and her two children. It is reduced by £402 each month by the benefit cap, making it difficult for her to manage. She is living in temporary accommodation as a result of having to leave an abusive relationship and making a homelessness application, but her accommodation is unaffordable and unsuitable for her needs. She received a discretionary housing payment the first time she applied for one, but the second time it was refused and then subsequently granted. She is looking for more work to avoid the benefit cap and the council is helping her, but she struggles with English.

Monthly payments and budgeting

Some of the claimants we spoke to disliked going from receiving weekly or fortnightly payments to monthly payments and found it much harder to budget for the month under universal credit.

'In one month there are even five weeks sometimes. It's a lot of money once, but until the next... Budgeting is better, for me, weekly because I know what I have to do weekly. In one month I'm lost. I'm paying everything and I have to wait three weeks for the money.' (Aysha)

'I prefer fortnightly to monthly. Monthly is really difficult to budget. I'd be happier if it was weekly, or every two weeks, so I know what my limits are. I used to get child tax credit weekly and ESA every two weeks and I managed to balance it and not fall into any debts or arrears.' (Asad)

However, others were happy with the new system.

'The positive thing is you can get your amount like once in a month, single payment, which is really good.' (Moussa)

'Monthly payments are OK because when your payments are coming you know how to spend them. I'm happy to have it monthly.' (Linda)

'You have to count, you know, how much you can spend, [so] that you will have money at the end of the month. So, it's a challenge yes, you have to count. But still I think it's good.' (Velma)

Stakeholders also had a mixed view. One thought monthly payments were a good idea because they helped prepare claimants for when they would work and receive a monthly salary. This is the argument advanced by the government for monthly payments, but does not reflect the fact that many people are paid weekly, fortnightly or four-weekly.

'In terms of positives... they get paid monthly, so if they do go into work, it reflects what is in the working world.' (Tower Hamlets Housing Options Service)

'A lot of my clients say they would prefer fortnightly pay, rather than monthly. I think that would be good because four weeks is really confusing. They have to wait a really long time for the next payment.' (Tower Hamlets Resident Support Outreach team)

However, many reported seeing clients struggling to manage their monthly payments, and sometimes spending the money, either intentionally or unintentionally, on other things than rent.

'When they receive that lump sum, many families just spend that money without knowing that it includes their rent. That puts them into an even further disadvantaged position, then they will end up in rent arrears and... have to deal with the landlord... Their tenancy will be at risk.' (Director, Limehouse Project)

'Sometimes, when the tenants have first moved into the properties, they're prioritising that income... on other priorities, furniture and so on.' (Tower Hamlets Housing Options Service)

Some stakeholders raised the issue of claimants not being given the support they needed to manage their monthly payments.

'They haven't necessarily been given the skills to manage this amount of money coming into their account. What training have people been given? [Previously] it's been like "We'll pay your rent and we'll do this. We'll pay your council tax, you don't have to worry about it." Now, we're just saying, "Here, here's however many hundreds of pounds a month... Get on with it."' (Tower Hamlets Residents' Support Scheme)

'It's made individuals more accountable for their money and for their responsibility. And I think that's the difficulty that it has put on people because some of them are not used to that level of responsibility.' (WorkPath)

Others who initially said that monthly payments were difficult came back in the end to the fact that people simply did not have enough to live on.

'When they have to manage their money on a monthly basis, that is really, really difficult, because they have bills to pay within a month... It comes from that small amount of money they're going to get on a monthly basis. How do you think a client is going to manage over a month when they can't even manage for two weeks?' (Euckay Ukandu, Tower Hamlets Citizens Advice)

'People need to learn how to manage their money better. But if you're not giving them enough money to manage, then really, what are they managing? Nothing, they're juggling. That's how I see it.' (WorkPath)

'A lot of people simply cannot manage on universal credit.' (Bow Foodbank)

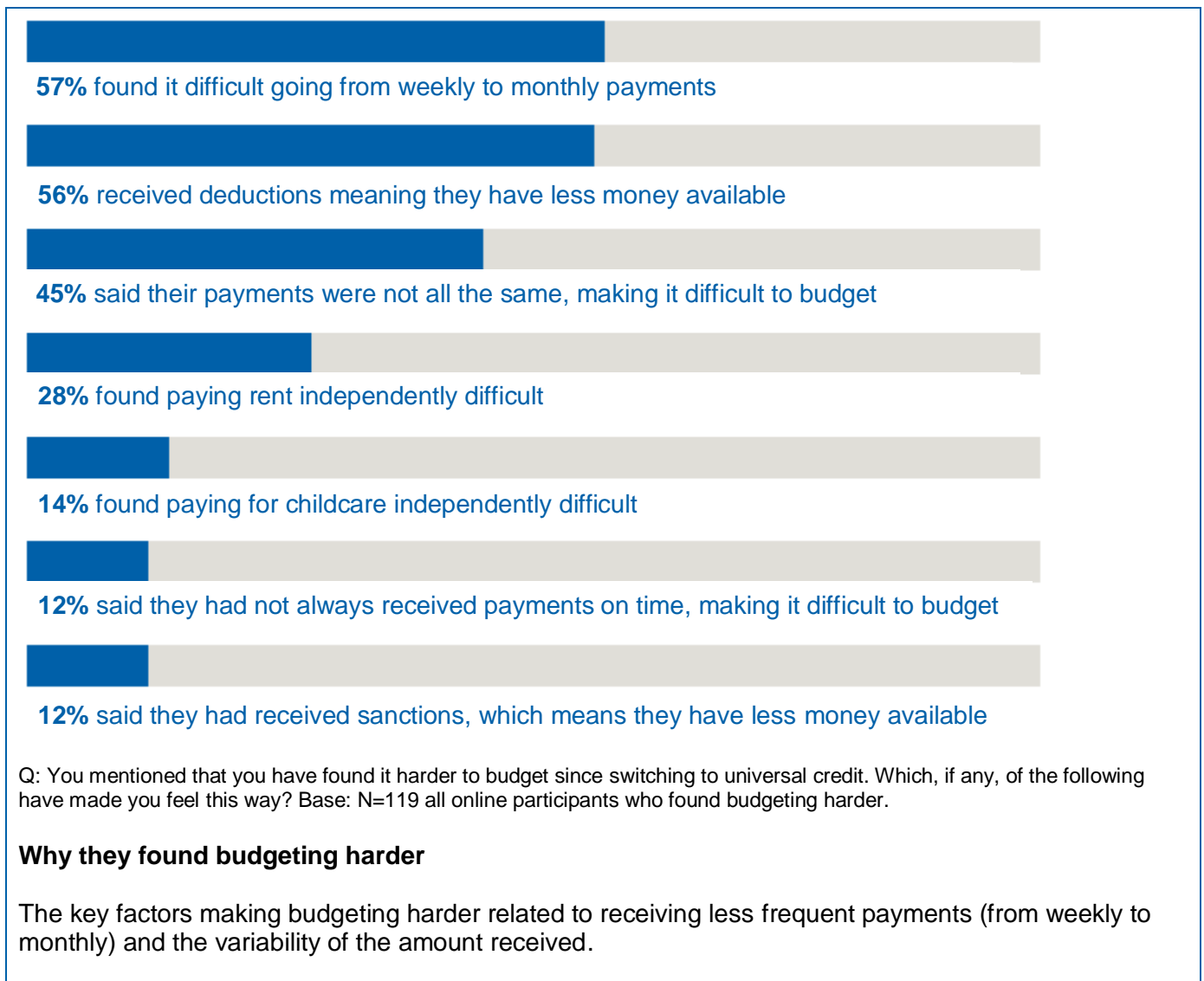
GLA/AudienceNet survey

Three-quarters (76 per cent) of survey participants indicated that, compared to before, they were finding it harder to budget under universal credit. The highest proportion (61 per cent) by some way said it was 'much harder to budget' and around 1 in 10 (12 per cent) found it easier to budget, or about the same (10 per cent).

Budgeting on universal credit



Q: Thinking about budgeting, since being on universal credit, compared to before, would you say you... Base: N=157 all online participants.



Stress and parental conflict

Research has shown that living on a low income increases parents’ stress levels, in turn affecting relationships and family dynamics. Adults in the poorest fifth of households are more likely to experience anxiety and depression than adults in the richest fifth of households^{xv} and children living in families struggling with debt are five times more likely to be unhappy than children in families who do not have difficulty with debt.^{xvi}

Many of the claimants we spoke to reported feeling stressed as a result of moving to, or being on, universal credit. Quotes also reveal that many people are claiming universal credit following life events which themselves create enormous stress, such as health difficulties or the breakdown of a relationship.

‘In that period of time I was so stressed with the house, my husband was lost... I have a daughter, when you have a child you have so much to provide her that you cannot think of anything else... I was so stressed because I needed to sort out this and sort out that. I was

shouting... I couldn't play with my daughter. My mind wasn't here. It affected me big time." (Aysha)

'It's designed to stress you out, make you feel you're not worthy. Like, "We're doing you a favour," sort of thing. It's really, really evil.' (Cindy)

'My wife can see how it [universal credit] has affected me, because I'm already depressed about everything, I take depression medication, and my health, overall, has been affected more because of our financial situation.' (Asad)

Universal credit also does not seem to help make life easier when people have stressful life events.

'In that period of time I was so stressed with the house, my husband was lost and he was thinking, "Okay, look, I want to talk to you." I was, "I'm stressed, can you help me out?" In that period, my husband was trying to reconsider. I said, "I have so much in my head. Please leave me alone, I don't want to reconsider anything this time." Eventually, I started to receive the payments and everything was done, I contacted my husband to see if there is any reconsideration. He said, "Sorry, but I've found somebody else now.'" (Aysha)

Stakeholders also thought that parents claiming universal credit were stressed, not just because of money worries, but also because of payment errors and their claims being closed, compounded by the fact that problems are often hard to identify and resolve (see [Problems with payments](#)).

'The last thing you want is money worries and problems. That's the thing that makes you stressed. Then, you get ill health. That's what you find a lot, as well, the ones that are on universal credit, they are not well. So, they've either got a disability, or they've gone to the GP to be signed off, things like that. It just causes a lot more health problems and issues...' (Sha, employment and training co-ordinator)

'So, it is a bit of a double-edged sword, because what you're doing is, you're actually going to the resident to say, "Look, we've told the DWP about this, but they're not going to action it," and, essentially, "You need to be aware that your universal credit claim is incorrect." So, that does, in itself, create some stress and anxiety on the part of the resident...' (Tower Hamlets Benefit Services)

'We see pressures on parents and they often express their anxiety and frustration at dropping in and out of the system.' (Tower Hamlets Parent and Family Support Service)

Some claimants said that being on universal credit had had a negative impact on their relationships. Claimants reported arguing and shouting at each other more frequently. One pointed to the stigma attached to universal credit – something he had not felt when claiming tax credits.

'I'll be honest with you, I even shout at my husband... I said to my husband, "You're my husband, you're supposed to be paying for stuff." And they [the children] always see me and my husband arguing... Because how am I supposed to pay for... I have to write lists like... These are all lists of shopping that have been there for such a long time, I just feel like chucking it. This is going to take £100, but I can't afford to do that.' (Lauretta)

'I had arguments with my wife who said, "You shouldn't be getting it because..." Look for lesser paid work or something she's argued with me. She definitely feels stigma.' (Christoph)

One stakeholder reported that parents feel under pressure to provide everything their children need and want, which resulted in parental conflict.

'Indirectly it's parental conflict – we're seeing with our parenting programmes, the backdrop of that is parents who are in conflict around their financial situation, the pressures on them to provide for their children and have the things that they would want their children to have and what their children want...' (Tower Hamlets Parent and Family Support Service)

Sally's story

Sally is a lone parent in her 20s with a child aged one. Sally was previously receiving income support, but after a change of circumstances she applied for universal credit in July 2018. While she was waiting for her first universal credit payment, she took an advance payment of £400.

Sally works in two part-time jobs to supplement her income: eight hours per week in a pub and three hours per week of occasional care work with an agency. Sally is studying for a Health and Social Care Level 3, which means going into college for one day every fortnight. On the days that Sally works or studies, she stays at her mother's house as it is easier to travel to work from there than from her own home. This enables her to juggle her work and study commitments with caring for her son.

In November 2018, Sally moved out of a mother and baby unit and into an unfurnished one-bedroom flat, which is owned and managed by the council. Sally faced a lot of issues with the flat initially, including having no carpets, curtains, furniture, fridge or cooker and a broken boiler. She had to sleep on a mattress on the floor with her son and rely on her boyfriend to buy them takeaway or microwave meals. She also used a food bank.

Sally's universal credit payments vary greatly due to her care work and can be anything from £250 to £400 per month. She has significant monthly deductions: an advance payment, rent arrears, a tax credit overpayment and another benefit overpayment. She really struggles to pay for the essentials and especially for unexpected costs that arise, like medicine and extra nappies for her son.

'How can you have a child? It's understandable if it's a single person, but when you have a child, unexpected things come up. You have to go, "He's ill now so I have to always be buying medicine." Sometimes, let's say, I will buy him nappies for the month. Then maybe sometimes because he has something wrong with his belly.... It's like you can't keep the same nappy on him. It's those unexpected things.'

Sally has even had to skip meals to ensure her son does not go without.

'He can always have everything that he needs. It's not like I'll ever make him go without anything. My last money, I will spend it on him. The sacrifices that I will make... Three days I won't eat for, sometimes. You know when you just get used to it? You shouldn't be used to not eating for three days. Do you know what I mean? I'll have water. I make sure he has his juice and whatever he needs to have before me. That's not supposed to be normal. It's supposed to be that you've got money to at least buy a drink at the shop. You shouldn't have not even 1p in your pocket. It's just not practical, to be honest.'

More recently, Sally has started paying less on her bills so that she can afford to buy things for her son, like birthday presents.

'Certain things like for his birthday I have to buy it all at one time... so either I have to cut back on one thing, I'm paying less on my bills so I'm in arrears... I have to pay one thing one month so that means the next month I'm short. Because they change my money every month, I don't know what's going to happen.'

Impact on children

One of the principal aims of this study was to gain an in-depth understanding of the experiences of families with children on universal credit in Tower Hamlets. CPAG is particularly interested in the impact of government policies, including universal credit, on children. Universal credit is a working-age benefit claimed by adults – and it is adults who we interviewed for this research. However, family income has an impact on children's lives and development in a variety of ways. Research has shown that living on a low income increases parents' stress levels, in turn affecting relationships and family dynamics.^{xvii} All areas of a child's life can be adversely affected by poverty: home, school, friendships and more.

Our interviews with claimants revealed that parents reported making significant sacrifices for their children: they had to cut back on essentials as a result of being on universal credit. They also struggled with the cost of school holidays, school uniforms and birthdays and some felt guilty about having to say 'no' to their children a lot. Children, who had mixed awareness of their parents' finances, sometimes missed out on having a warm home, healthy food, clothes, toys, holidays and birthday parties. Some of the claimants we spoke to had to turn to food banks. Stakeholder interviews told a similar story.

Putting children first

Many claimants described making significant sacrifices for their children, such as not eating or buying new clothes for themselves, so that their children could eat and be clothed.

'It's embarrassing, you can see I've got ripped clothes. I'm still wearing ripped clothes because I can't afford to buy myself clothes. Am I supposed to buy myself clothes or am I supposed to buy my kids clothes? I'd rather have my kids looking smart and me wearing trumpy clothes every single day of my life than me looking all smart and making them look like they've got nothing.'
(Lauretta)

'We don't spend any money on ourselves – this benefit is very difficult, so we only spend it on our son... Sometimes I need to buy something for my son but our money is limited... I save a little every month for my son. I've had to say no to my son, £30 to £40 for a toy box is expensive... he has new clothes, but toy boxes are very expensive, like big boxes, but every two to three months I can buy it as I'm saving a little bit.' (Linda)

'The sacrifices that I will make... Sometimes I won't eat. Three days I won't eat for, sometimes. You know when you just get used to it?' (Sally)

'Parents are weighing up whether they pay the rent or food for their kids – it's how people get into rent arrears as they'll always put their kids first.' (Veda Petre, Toynbee Hall)

Cutting back on essentials

Some of the families we spoke to were cutting back on fuel to save money. One claimant, who had a four-year-old-child, only heated one room in his flat, which had affected his child's health.

'We don't put the heating on, obviously, because we're worried the heating cost is going to be really high. The house is big, as well. So, we try to stay in one room with that heater here. Obviously, the child wants to go round the house but, because the weather is so cold, so it's really difficult. Our child is affected, obviously, because the house is cold. He was really ill the last few times, constantly, he's been having a temperature, runny nose and everything...' (Asad)

He also said his son needed a new bed, but they couldn't afford it.

'The child's room is next door and obviously his mattress is really wearing out now, and we need to buy him a new bed, and it's really difficult. He wants his room to be like his friends', and things like that, but we can't afford it.' (Asad)

Another claimant told of her embarrassment at not being able to buy her daughter warmer clothes when she needed them.

'Nursery turn around to say, "Your daughter needs some long-sleeved tops because the weather has changed," and I'm like, "You have to wait two weeks. Keep the hoodies on her, because I can't get to the shops right now and get her one, because I've got no money." It's embarrassing. It's not great...' (Cindy)

Not all claimants were cutting back, however. One claimant was still able to pay for extra-curricular activities for his child, although he made it clear that that he could only afford these because he had some savings and help from family.

'I still send my son to some child lessons, science, piano. They're not terribly expensive, but for something that universal credit pays, they would be totally unaffordable.' (Christoph)

Stakeholders also drew attention to families who were cutting back on fuel, electricity and food – and recognised that some children had poor diets as a result of their parents being on low incomes and that their parents relied on activities where food was provided to feed them during the school holidays.

'I went to one couple's house and the wife said she couldn't offer me a cup of tea because her kettle was broken and they couldn't afford to buy another one, even when they're as little as £18 in Argos. Other people I know cut back on their mobile phone usage, meaning they either get it cut off or arrange to have only incoming calls. Lots of fuel poverty in Tower Hamlets – people cut back on food and fuel when they're struggling.' (Arlene Boreland, Southern Housing Group)

'I don't feel like their children are eating well. It's whatever's fast and cheap to feed them. Then, on top of that, I know as much as they don't want to admit it, they do take them, during half term, to activities and things like that where food is provided.' (Sha, employment and training co-ordinator)

'I have heard some of the horror stories from the advisers that families have no means to support their children, like no means to buy food, even.' (Director, Limehouse Project)

'Now, there isn't enough income coming in, now, to support themselves, and that adversely impacts on the children and on the family as a whole. We've had clients who have come in and said there's no food, and they have children. A couple with maybe four children. There's no food in the house. There's no money to buy food. They have to rely on the resident support scheme,

and there's no guarantee you're going to get it. We've seen families leave here in tears.'
(Euckay Ukandu, Tower Hamlets Citizens Advice)

School holidays

School holidays were problematic for claimants, who struggled to pay for activities and, in some cases, food for their children during the holiday period. Some were embarrassed and stressed about being unable to take their children out and noticed their children being aware of the experiences of their better-off friends.

'Obviously, all summer we haven't done anything, we just stayed in. I couldn't afford anything. I'm just stressed you know, lots of stress. She should enjoy her summer... Sometimes she just didn't understand why I'm like that, why I'm stressed, why I have to shout.' (Aysha)

'When they're [other children] going out and enjoying themselves in some theme park, my daughter says to me "Oh mum, why don't we go?" We have a park just there and she goes there and plays for a little bit but there's nothing there, so she needs that interaction and going out and stuff but I can't afford it which is sad, because they need that, growing up they see other kids doing that.' (Lauretta)

Lauretta was further embarrassed about her daughter having to write about her holiday experiences as homework.

'They even have homework, like what did you do in the half-term and stuff and she says "What should I write because we didn't do anything?" So she's clever like that, so I say "Just write you went to Nan's house" because we did go there, but what else is she supposed to write? Because there is nothing much we do. We can't go on holiday, it's too expensive. So what have I got left to do now? Nothing to be honest.' (Lauretta)

Stakeholders also recognised the problem of holiday hunger.

'I think there's a big problem in school holidays. During the school term they have free school meals, but during the school holidays, particularly in the summer holiday, that goes... When we have half-terms, I have a lot of parents come in with their children. Just to offer them a biscuit is just like, "Okay, they're having something, at least."' (Sha, employment and training co-ordinator)

The cost of the school day

Stakeholders told us that some claimants with children struggled with the cost of the school day. School trips, uniform, resources for learning in class and at home, clubs and activities, food and transport can all be difficult for parents to afford.

'Parents are finding it harder to pay for things around school – ie, lunch, uniforms, activities, after-school clubs etc – they get no support with costs.' (Veda Petre, Toynbee Hall)

Several stakeholders were aware of the council's school clothing grant, which can help towards the cost of a school uniform for children aged 11 who are changing from primary to secondary school. However, they had a few concerns about it: firstly, that the council would only proactively contact families receiving housing benefit or council tax benefit, not universal credit; secondly, that the grant was paid too late; and thirdly, that it was too little an amount to purchase every item of school uniform.

Prior to universal credit, the council was able to automatically identify qualifying recipients for school clothing grants by running a report on its housing benefit ICT system, identifying the cases by child's age and household income. Since the introduction of universal credit, however, the council has seen this functionality dilute as the DWP will not share universal credit data with it. Consequently, the only way the council is able to identify school clothing grant claimants on universal credit is if they are entitled to council tax support. All other claimants in receipt of universal credit need to make an online claim for a school clothing grant following council publicity of the scheme.

Stakeholders were also worried that families on universal credit were unaware they were entitled to free school meals and noted that schools needed to be more aware of families in receipt of benefits.

'One issue is that there's a grant paid by the council. Yes, it comes too late. If you're on housing benefit, they look up their details and they see children, they need a grant, and they write, "Do you need a grant?" This is specifically for a school uniform grant when the children are 11 years old. It's only about once, but it's the beginning of secondary school. They don't necessarily know if the tenant is on universal credit. So, people could be falling through the gaps. People could also be falling through the gaps for school meals.' (Keith, financial inclusion co-ordinator)

'So, for example, parents that get the grant for school uniform, it's about £70, but a blazer costs about £50. Then, you need the trousers, the shoes and the shirts. It's all that stress as well. I think... schools need to be informed of children that are on benefits and not on benefits. It has a bigger effect, because things like school trips, and children wanting to go, you know, everything is, basically, on the poverty line.' (Sha, employment and training co-ordinator)

Birthdays

One claimant told us at great length about the difficulties she had paying for her daughter's birthday party and presents and the guilt she felt around this – particularly when her daughter offered to give her mother her pocket money.

'For my daughter's birthday, she was saying how she wanted to go out, and the only option that we could give her was that we can't go out, because we don't have the money, so we said your dad's ill so we can't go out. We said that and it's true, but the actual point is we can't go out because we don't have any money darling, but I can't tell you that because you don't understand it. Some people give her money, like she's probably got about £50 in her piggybank and has said, "Mummy I told you, you can take it from there" but how can I take it from her? I feel so bad to do that.' (Lauretta)

Having to say no

A consistent theme among claimants was feeling they had to say 'no' a lot to their children, knowing their children were missing out, and feeling guilty about this.

'It's not easy, when you have a child to know that you can be kicked out of the flat. Eventually it could happen. "Mummy, play with me." My mind wasn't here. Of course, we want to do things. "Mummy, usually we're doing that, we're usually doing that." I didn't want to tell her, all the time, that we don't have money. It's not a nice thing to say. I was just trying to avoid everything that could cost something, you know.' (Aysha)

'You know that if you take your child to the shops, and they see a magazine with a toy on it, and... it's like £4.95, £5.99... Little things that are huge for a child, I had to bite my tongue on, say like, "No you can't get it, or put that down, or get out of the shop," that's it, leave everything, I'm gone. My children used to throw tantrums, lose the plot a bit, but I'd leave my basket in the shop and literally walk out. And over time, my children knew not to ask.' (Shadia)

Children's awareness of their parents' finances

Although claimants wanted to protect their children from financial worry – as Aysha's quote above shows – some realised that their children could tell they were anxious.

'My eldest is good at sensing when I'm stressed. She understands if I'm stressed, I'm upset, if I'm worried, she'll come up to me and be like, "Mum, are you OK?"; I'm like, "yeah."' (Shadia)

Some claimants were depending on adult children; one claimant we spoke to had a non-dependent son who pays for her groceries, broadband, TV licence, some utility bills and vitamins. He also gives his sister pocket money. His mother felt as though she were a burden to him.

'Sometimes I feel like it's too much asking my son. I feel so guilty of myself. He's got his own life and I'm another burden, which I don't want.' (Rachel)

Use of food banks

Several claimants reported using food banks while waiting for their first universal credit payment or when their payments had been stopped. One claimant was refused a voucher by Jobcentre Plus, while another was given a voucher by her nurse.

Stakeholders reported seeing clients becoming destitute as a result of universal credit and being forced to use food banks.

'We know that families with young children are suffering because they have no means to support their children. So the only option is to send them to the food bank.' (Director, Limehouse Project)

'The only option we have is to refer them to the food bank, to get some food, at least, for the sake of the children. I can't recall the number of times I've had to make emergency contact with the food banks... It's a very depressing and sad state of affairs that you have to watch these things happen in 2019.' (Euckay Ukandu, Tower Hamlets Citizens Advice)

'There was this woman that came to Poplar food bank. She is a carer for her son... Because she was preoccupied with looking after him, she missed her appointment for UC, and they closed her claim and she had to claim again... and wait another four weeks... She was coming down and she said she had no money for food, no money for bills... The only thing she had was child benefit, which was £30 a week. She wasn't heating up her house, because she had no money for the pre-payment card. She was having crisps and beans. It was so sad.' (Tower Hamlets Residents Support Outreach team)

First Love Foundation case study

Client M is a mother of two and carer for her son and mother. Her son has complex needs. He was on personal independence allowance, but this was stopped, along with Client M's carer's allowance. Client

M claimed universal credit in January 2019 and her case was closed in February 2019 with no warning while her phone was broken, which meant she was unable to log into her work journal. She successfully reapplied for universal credit in February 2019. When she visited the food bank, her only income was child benefit. She and her children had spaghetti and crisps to eat at home. She was very worried about how to pay her gas and electricity bills and she could not borrow any more money from her mother. She was experiencing chest pain, panic attacks and anxiety.

The impact of universal credit on stakeholders

Impact on the London Borough of Tower Hamlets

We interviewed staff in the following teams or services in the London Borough of Tower Hamlets about their experience of universal credit and the impact it was having on their work. We also asked them if they had any recommendations for the council and for the DWP.

1. Resident Support Outreach team
2. Residents' Support Scheme
3. Housing Options Service
4. Benefit Services
5. Parent and Family Support Service
6. WorkPath
7. One Stop Shops

Staff members on these teams had varying degrees of contact with claimants in the borough, ranging from heavy contact (Resident Support Outreach team) to light contact (One Stop Shops).

Some teams (Resident Support Outreach team, Benefit Services, WorkPath) observed that the roll out of universal credit had increased demand for their services, and perceived that the complexity of the new system had made it more difficult for them to support clients, or to resolve cases. Other teams (Residents' Support Scheme, Housing Options Service, Parent and Family Support team) could not be certain of its impact. Meanwhile, the One Stop Shops noticed a decrease in the number of people it saw as a direct result of universal credit, because they deal mainly with housing benefit.

The impact on each particular team or service and recommendations for the council and for DWP are outlined below.

Resident Support Outreach team

In 2017, the council appointed a team of outreach officers to support residents moving to universal credit. The team helps residents with related issues, such as rent arrears, evictions, discretionary housing payments, child tax credit and mandatory reconsiderations. It offers drop-in sessions in different locations across the borough and takes online referrals. The project is due to end in 2020.

It is unsurprising, therefore, that team members found that universal credit was creating more work for them. They noted that they were seeing an increase in referrals and appeals, as well as applications for Residents' Support Scheme grants and discretionary housing payments.

'So last financial year, the amount of DHP [discretionary housing payments] application forms that we had to make and do was unbelievable. Even now, we're still doing this... There are a lot of Resident Support Scheme grants that we're doing as well. It all stems from the benefits, from universal credit.'

The officers we interviewed were all Bengali speakers, which meant demand for their service was high, given that many universal credit claimants in Tower Hamlets speak Bengali and have limited English. They were concerned, however, about what would happen when the service came to an end.

'Because we speak Bengali, it's easy to actually help Bengali families... What I find is, with my families, they keep on coming back to me. But what's going to happen when I disappear?'

In fact, the issue of claimants being dependent on the team's help came across strongly in the interviews.

'We become the point of contact for everything. So any queries they would have, they would contact us, rather than go to the job centre, who are the main people to deal with universal credit.'

This quote also suggests that people may find the team more supportive than job cent staff (for more on this, see [Experience of Jobcentre Plus and interactions with the DWP](#)).

Most agreed that it took much longer to resolve cases under universal credit, because of the complexity of the system, the requirement for explicit consent, incorrect payments, poor communications from the DWP and only seeing clients during specific times.

'Yes, yes, 100 per cent it takes longer to resolve cases. I can remember previously, when I used to do it for ESA [employment and support allowance], pretty much on that day you will get something back, with UC, uh-uh.'

'It's difficult, because imagine you want to make a call to UC for further information. You can't do it under explicit consent, because the person's not there. So you have to arrange a time to meet up, and then do it. It's just time consuming.'

'I see a lot of this, where somebody's universal credit, it's not correctly calculated, so you're having to go back and forth, back and forth, explaining... Obviously, talking to someone on the phone, it takes an hour before somebody even answers, and even then, they'll be like, "Oh, you have to write a message on your journal.'"

'It [the requirement for explicit consent] makes it difficult for us, as advisers, and the support network, to do something immediately. Because our locations are quite busy, so sometimes, we can't see someone for the next five or six days, and something might be very urgent.'

Based on our interviews with this team, we recommend that the council:

- 1) Considers and plans what support claimants will need and receive after the Resident Support Outreach team project ends in 2020 and ensures closure arrangements do not abruptly cut off support.
- 2) Provides universal credit claimants with ongoing digital support with managing their awards.

We also recommend that the DWP:

- 1) Considers employing Bengali translators in both of its job centres in Tower Hamlets.
- 2) Reviews the rules around explicit consent to enable advisers to act more urgently on behalf of claimants.

Residents' Support Scheme

The London Borough of Tower Hamlets' Residents' Support Scheme is designed to support residents who are either in, or at risk of being in, crisis, are in need of immediate help and have no source of financial support available to them. It replaced Tower Hamlets' crisis grant scheme in December 2018.

The scheme can help residents with short-term living costs, such as credit, food and gas or electricity pre-payment meters. In some circumstances, it can also help with white goods and furniture. The scheme does not usually award cash, but it can supply PayPoint vouchers where necessary. The scheme also signposts residents to other sources of support, such as financial, debt and welfare benefits advice. It has strict eligibility criteria in place and residents can only make one application per year. The scheme prioritises those experiencing domestic abuse, families with young children, older people, people with longer term illnesses, people with disabilities, people with mental health needs, and households in which someone is pregnant. Residents must also be aged 16 years or over and must not be subject to any UK immigration control.

The scheme only opened in December 2018, so it was not possible to determine whether universal credit had affected demand.

We obtained data from Northgate, the external company that manages the scheme, on the benefit-related reasons why people applied to the scheme, and, where the applications were related to universal credit, the household breakdown. Data on the other (non-benefit related) reasons why people applied to the scheme were unavailable. The data below only cover the first three months of the scheme – ie, December 2018, January 2019 and February 2019.

Table 1: General benefit-related issues

Reason for application	December	January	February	Total
Benefit-related delay	6	19	12	37
Benefit sanction	16	9	6	31
Total	22	28	18	68
Universal credit related	14	17	10	41
%	64%	61%	55%	61%

Table 1 shows the benefit-related reasons why people applied for a grant. It shows that people applied for a grant if their benefit was delayed or if they had been sanctioned. It also shows that two thirds (61 per cent) of the benefit-related applications during the first three months of the scheme were related to universal credit.

Table 2: Universal credit

Reason for application	December	January	February	Total
New claim	6	7	3	16
Sanction	4	5	2	11
Budgeting issue	1	3	1	5
Miscalculation	0	0	2	2
Delay	2	1	0	3
Not eligible	1	1	2	4
Total	14	17	10	41

Table 2 shows the universal credit-related reasons for applying for a grant. Interestingly, the two most popular reasons for applications were ‘new claim’ and ‘sanction’, which suggests that people were applying for a grant while they were waiting for their first universal credit payment or when their universal credit payments had been temporarily stopped or reduced as a result of a sanction. The third most popular reason was ‘budgeting issue’, which our interviewee told us was slightly ambiguous. It could mean that there had been a discrepancy in an applicant’s universal credit payment (but this should be covered by ‘miscalculation’), or because the applicant had insufficient funds to cover a household bill, even after receiving her/his universal credit payment.

Table 3: Universal credit: household type

Household type	December	January	February	Total
Family	3	2	1	6
Lone parent	0	4	4	8
Single	10	11	5	26
Couple	1	0	0	1
Total	14	17	10	41

Table 3 shows clearly that of the people who applied for a grant because of an issue to do with their universal credit claim, the majority were single people without children. More than three times the number of single people applied for a grant than lone parents, and six times the number of single people applied than families (couples with children). This is interesting for two reasons: firstly because it suggests that single universal credit claimants might be struggling with their finances more than universal credit claimants with children; and secondly, because the scheme theoretically prioritises families with young children over single people. This study has not investigated the impact of universal credit on single people, but this area deserves further investigation.

While Northgate processes the grant applications and makes decisions on them, the staff member at the council handles cases of residents who are having trouble making an application or who want to appeal Northgate’s decision. They highlighted several issues with awarding grants to universal credit claimants.

Firstly, they told us that the scheme was supposed to be a ‘last resort’ for residents, in other words they should only apply to it if they have exhausted all other forms of financial support, such as advance payments or hardship payments from the DWP.

The problem was, however, that residents did not seem to be aware of the support available.

‘No one tells them about advance payments or hardship loans... So, if your benefits are late, you’re supposed to go to the hardship fund or whatever and... If you’re in need of childcare, there are avenues that you’re supposed to go to, but if people are not saying also at the job centre or wherever, “Oh, come to us. We’ve got money here that we can support you with your childcare if you’re going to work...” People are just standing there not knowing what to do.’

Another issue was residents not knowing what other financial support was available from the council and there being some confusion among council staff about what support was available.

Secondly, because Northgate knows which applicants are claiming universal credit and when they get their monthly payments, it sometimes rejects applications on the basis of their apparently having sufficient funds. However, the data Northgate has do not show payment errors, delays or sanctions, so they do not paint a true picture of the applicants’ finances. It then takes time for the council staff member to ‘unpick’ what is really going on.

'What's difficult is when it's [the universal credit payment] been calculated wrong, Northgate who manage the system can see that they've been allocated money, so, therefore, they see it as, "Well, you don't need anything," but the calculation may be wrong or the decision on their benefits may be wrong... So, we have to then unpick all of that... [and] contact other teams, or we have to look at the circumstances as a whole.'

When we asked the claimants we interviewed whether they had come across the Residents' Support Scheme, two told us they had direct experience of it. One claimant (Cindy) expressed frustration about not being told in advance that she would be ineligible for a grant because she earned too much, and not being told in advance that she would need a support worker to verify her situation. In fact, there are no earnings criteria attached to the scheme and verification from a support worker is not required at application stage, although getting support with making an application is recommended by the council.

Another claimant (Sally) struggled when she had to wait two weeks for her grant to arrive, despite being told that it would be four working days. During this time, she had no bed, fridge or cooker, so she had to sleep on a mattress on the floor with her son and rely on takeaways and microwave meals.

'If you can see on the crisis grant that I haven't got anything, then why wouldn't you at least offer it to me and say, "Cool. We can give you this or we can give you that until this time"? Hey [you] could at least give me a date. They did text me. They said, "Within four working days." Within four working days means sometimes they give it the next day, sometimes they don't. It's like, "Give me some idea so at least I know in my head and I'm not worrying." They just don't give you enough material.' (Sally)

Sally also complained about being allocated just £80 for a new sofa in her grant (the actual amount is £160 for a two-seater sofa and £250 for a three-seater sofa).

'They don't give you enough. I saw on there it was, like, £80 for a sofa. What sofa are you going to get for £80? I do not know. Literally, it was little things like that. I'm just like, "Half of this stuff you can't get.'" (Sally)

One of the claimants we spoke to was unaware of the Residents' Support Scheme and therefore did not know that she could apply to it to obtain a new bed.

'Now, I don't know how, because I have to buy a bed, I badly need a bed because my old bed is really bad. My daughter couldn't even sleep. I don't know where to go and who to go and get the money.' (Rachel)

Another claimant told us she was unaware of the scheme, but did not believe it could help her – partly because she associated the council with the government and had a negative view of the government because of universal credit.

'I don't think they'll be able to help me. Because, at the end of the day, the government has done this to me. So, if you turn around, at the end of the day, the council is the government. Part of the government. So, I just think it's all one thing. So, I haven't spoken to them. I didn't know I could or I don't know where to go to, to be honest.' (Lauretta)

In terms of the stakeholders we spoke to, two of them had misconceptions about the scheme's eligibility criteria. One was under the impression that the scheme did not provide emergency items to replace damaged items; in fact, the scheme will not replace items that have been subject to wear and tear. Another believed that the scheme's approval rate was just 25 per cent, when it is over 40 per cent. They thought the scheme only awarded grants for furniture (it can also help residents pay their utility bills and give grants for white goods) and that refusals were not explained (refusals are explained in letters to applicants).

Based on our interviews with claimants and with this team, we recommend that the council:

1. Continues to invest in the long-term delivery of high-quality, local welfare rights advice to support claimants make and manage their universal credit claims.
2. Makes the Residents' Support Scheme eligibility criteria clear to residents before application stage – ie, in a separate document and include support they should have tried to obtain first.
3. Regularly reviews the amount of money allocated for furniture in a grant and ensures that it is in line with market rates.
4. Publicises to residents in crisis and the advice sector the different types of financial support available from the DWP and the council.
5. Considers developing a flowchart for residents and council staff, showing what financial support is available to residents in crisis and the order in which they should try to access it.
6. Writes to the DWP urging Jobcentre Plus staff to proactively promote advance payments and hardship payments to universal credit claimants.

Housing Options

The council's Housing Options Service offers help and advice about homelessness. It primarily sees residents experiencing housing difficulties. These could be related to universal credit, but the council does not actively monitor this and staff members could not say whether universal credit had increased demand for their services.

'Well, I'll be very honest: in the 16 months, 17 months I've been here, I haven't seen anything in terms of tracking [homelessness applications], but I have wondered why we haven't because universal credit is such a big thing.'

'I think 50 per cent of people come here because of UC... I know that the majority of the cases they get are due to the fact that they can't afford the accommodation...'

All the stakeholders we interviewed from the housing sector acknowledged that the benefits system was a major driver of housing issues. For claimants renting in the private sector, the amount of the housing costs element they receive in universal credit is limited to the 'local housing allowance' in Tower Hamlets for the size of the property they are assessed as needing. Stakeholders outside the council

(see [Impact on other stakeholders](#)) talked about the 'shortfall' under universal credit – ie, the fact that universal credit does not cover the full cost of many tenants' rent.

However, as some members of the Housing Options Service observed, the shortfall caused by the benefit cap and the local housing allowance predates universal credit. They also reported that the demand for discretionary housing payment had been driven up by these cuts, but had not particularly changed since the roll out of universal credit.

'I would say the demand for DHPs is the same as before. Where the shortfall was because the client's benefit was capped, DHPs to top up. With universal credit as well, it's the same thing. There was an issue originally when universal credit came out that it was only paying me LHA [local housing allowance]. So we had to top up with DHP for the difference because our TA [temporary accommodation] ones are above the LHA.'

'Actually, the arrears start cropping up because of the fact that the LHA rate doesn't meet the rental rate.'

Nonetheless, universal credit was seen to be having an impact on their work. The team observed that universal credit was putting off private landlords renting to claimants (see [National Landlords Association](#)) and that this had a knock-on effect on the team's ability and motivation to procure private sector temporary accommodation for its residents.

'Basically, getting some PRS [private rented sector] for any of our residents that have come as homeless as an option or an offer, it's very difficult. I think it's probably true to say that universal credit... The whole saga behind it does put a lot of private landlords off, and it makes it very demotivating for the officers to try and acquire anything. It's a lengthy piece of work; a lengthy sort of process.'

This was supported by what one member of the Benefit Services team said.

'Landlords just don't want to offer properties on private rented any more... None of them. Most of the private properties that we get are through individual landlords that we've worked some time with. I would say 99 per cent of the lettings agents that clients come to us, they don't want it.' (Tower Hamlets Benefit Services)

As a result, the team was having to incentivise private sector landlords by offering rent deposits for tenants, with universal credit seen as making this more difficult compared with housing benefit, which councils could quickly get into payment when needed. One member of the team suggested that the DWP could help the council incentivise the private rented sector by agreeing to set up direct payments to landlords when asked to do so by the council. They also suggested that the DWP could provide landlords with training on the housing costs element of universal credit in order to understand whether or not tenants qualified for direct payments and that the DWP could give universal credit claimants advance payments, which they could use as deposits in the private rented sector.

'Tenants have got vulnerabilities, for example. They've got some issues, and then they qualify for the direct payment. With training... at least then the landlord can feel, "We can help them sustain their tenancies by giving the direct payment.'"

'If someone wants to move into a private tenancy, give them some sort of advance... do a quick assessment, give them an advance payment so they don't have to wait the six weeks. That will

assure a landlord that, you know what, my tenant is going there and their benefits are being paid straightaway...'

Another significant problem that the team encountered was the length of time it took to deal with tenants' cases, because of poor communications with the DWP (which also affected private landlords) and the lack of information about universal credit claims, including notifications about the benefit cap, changes to the housing costs element and new alternative payment arrangements. This was a striking comparison with the situation under housing benefit, where the council holds this information.

'It could take a long while dealing with one specific case because you're dealing with the tenant's issue as well as trying to communicate with universal credit. It could be on the telephone; you're waiting – it could be – 25 minutes to get through to somebody.'

'Other issues are, the landlords can't contact the DWP, like, how they used to be able to contact housing benefits, before. Any documents or letters they want to send, they have to send by post, even by recorded delivery. There's no guarantee the letters are actually going there.'

One staff member suggested having a point of contact at the DWP to resolve some of these issues and wanted the council to be proactively notified of changes to the housing costs element where an alternative payment arrangement is in place, rather than having to investigate reductions after the fact, by which time arrears may have accrued.

'It would be good to have a point of contact who can provide information as soon as possible. I think if an [alternative payment arrangement] is in place, if universal credit is paying the local authority directly, if there are any sorts of changes to the housing element, we should be notified. The only notifications that we receive are if they're ending the APA [alternative payment arrangement] or if there's been an overpayment. Then, we're having to wait for the payment to be made and see if there's a reduction. Then, we're having to investigate what the deduction is about...'

In fact, the team was keen to secure an adviser from the DWP to work directly with them to broker the gap between the DWP and the council, and to ensure that tenants or claimants could get their housing issues resolved more efficiently. This used to happen under housing benefit, when a member of the housing benefit team worked with Housing Options to help resolve issues.

'With housing benefit, it was very helpful to have an officer here because we could look at it like the middle person, from when they're getting booked in to when they're actually going in their property. They're seen as somebody in between to help them fill out the right applications...'

It should be noted that the DWP has a 'universal credit liaison officer for Tower Hamlets' who is based at a job centre in Tower Hamlets, but not in the council's offices. For more on this officer's role, see below.

Another issue for the Housing Options Service was that when the DWP arranged for the council to receive direct payments for clients in temporary accommodation, often these would take weeks to arrive, which could cause tenants to fall into arrears and that, in turn, could affect their relationship with the council.

'A lot of the tenants get paid on separate days, so it's hard for universal credit to pay us every single day. What they do: they pay the local authority once a month, but when that payment comes through and it's get credited to us, it could take up to more weeks than it should because of the process. It's this causing the delays there, so that's causing the arrears for the tenants...'

Based on our interviews with this team, we recommend that the DWP:

1. Helps the council to incentivise the private rented sector to take on universal credit claimants by agreeing to set up direct payments to landlords when asked to do so by the council.
2. Provides landlords with training on the housing costs element of universal credit in order to understand whether or not tenants qualified for direct payments.
3. Offers advance payments to universal credit claimants moving into the private rented sector – ie, for deposits.
4. Provides named contacts of advisers who can notify the council about changes to universal credit claims, including changes to the housing costs element and whether the benefit cap and alternative payment arrangements are in place.
5. Puts an adviser in place to work directly with the Housing Options Service on universal credit housing issues.
6. Notifies the council when direct payments have actually been paid, not just when they are expected to be paid (for temporary accommodation tenants).

Benefit Services

The council's Benefit Services team manages housing benefit, council tax reduction and discretionary housing payments for its residents. In theory, it does not have a role to play with universal credit, however, in practice, it finds itself heavily involved in residents' universal credit claims. This is because it routinely checks on universal credit data while processing housing benefit and council tax reduction claims. When it started to do this, it began to spot universal credit claim errors, including hundreds of thousands of pounds of overpayments. It subsequently appointed a full-time staff member to monitor universal credit claim accuracy. See [Payment errors](#) for more on the mistakes it identified.

'It's impacting on the work of our team, because we're getting really bogged down with this. Our job is to close down the housing benefit claim and start up the council tax reduction claim. We're not resourced to go in-depth.'

Not only does identifying these mistakes increase the team's workload, but the staff member often has to explain to the DWP why these mistakes have occurred.

'And we have basically been in the position whereby [we have] explained to DWP staff what their own rules are, and their own regulations.'

Another major issue identified by the team was the DWP not accepting that an error had been made with a claim, unless it was alerted to it by the claimant. This was problematic for the team for a number of reasons. Firstly, because it believed that most claimants would not understand what errors had occurred due to the complexity of the system.

'The expectation is that the claimant should know what those complex issues are to be able to tell the DWP what their complex rules are...'

Secondly, once the council has told a claimant what the error was, this could cause some anxiety for the claimant, as the council could not do anything but tell her/him to ask the DWP to fix it.

'So... you're actually going to the resident to say, "Look, we've told the DWP about this, but they're not going to action it," and, essentially, "You need to be aware that your universal credit claim is incorrect." So, that does, in itself, create some stress and anxiety on the part of the resident.'

Thirdly, it increased the length of time and resources required to resolve the problem. This was said to be in marked contrast to the legacy benefits system, under which the council could notify the DWP of any errors and they could be corrected quickly and effectively.

In spite of this, the Benefit Services team told us that it had offered to dedicate resources to ensuring that universal credit claims were correct in order to prevent people being put into hardship. However, we were told that the DWP continues to refuse to acknowledge the council's role. This was a source of great frustration for the Benefit Services team, because they are unable to resolve customer issues.

'So, we have this sort of scenario where it's like phoning the fire brigade and saying, "Look, I can see out the window, there's a block of flats on fire there," and they go, "Yes, we can see it as well, but we're waiting for the resident to tell us," and that's what you've got.'

The team has continually asked for a DWP liaison resource to be situated in one of the universal credit processing centres and tasked with handling the council's universal credit queries, or to be located in the council's offices so they could access the universal credit system and resolve queries with the Benefit Services team. A universal credit liaison officer has been appointed by the DWP, but they are based in one of the local job centres and the Benefit Services team has found liaising with them to be a lengthy and difficult process.

'The liaison is via email. So, [we] will write to him, he will then go away... [he's] based in the local office, [we] email him, he then contacts, if we're lucky, the UC processing centre, and they feed back to him, he feeds back to [us]. And, one, it takes ages and, two, sometimes the query gets lost in translation, and it's so frustrating...'

The Benefit Services team was keen to see the DWP fundamentally change its relationship with local authorities by acknowledging that they had a role to play in universal credit.

Based on our interviews with this team, we recommend that the DWP:

1. Acknowledges the role that local authorities have to play in the universal credit system.
2. Accepts the universal credit errors identified by the council and takes steps to investigate and correct them, without needing the claimant's permission to do this.
3. Locates the DWP universal credit liaison officer within the council's office.
4. Pays universal credit claimants a high enough standard allowance so that they do not need to use their housing costs element to pay for living costs.

Parent and Family Support Service

The Parent and Family Support Service works with partners and stakeholders in the borough to offer a range of services which inform, empower and support parents and carers of children.

The staff member we interviewed could not confirm that universal credit had had a direct impact on the service, but they did report seeing families under increasing financial pressure and stress, and a greater demand for subsidised nursery places.

In terms of responding to these pressures on families, the Parent and Family Support Service has begun providing food during its parenting programmes that take place in the evenings. It has also had more requests for parents to volunteer with the service, because there are financial incentives for them to do so. In this way, demand for the service has increased, arguably in a positive way.

'With our evening programmes we started to provide some kind of food on a parenting programme. They were very grateful and in need of that light refreshment. We've worked with organisations on Christmas gifts too. We see increasing requests for parents to volunteer with us as there are incentives and for some parents they're very important – that financial contribution is making a big difference to families.'

WorkPath

WorkPath is an employment service for Tower Hamlets residents, providing employment support for people at all levels of work, skill or experience, ranging from basic skills training to CV help and interview preparation.

The staff member we interviewed told us that they had witnessed a significant increase in the number of people wanting to access WorkPath's services since the rollout of universal credit.

'The footfall of people that come through this building, it has increased tremendously... If you say, like, a week, it's increased by at least 15 people... Some days it could be, just, dribs and drabs of people. Other days there's queues of people waiting... Whereas before, it was always very manageable, but now a lot more people are looking for the support.'

Initially people were coming to WorkPath looking for benefits advice, which it was redirecting people to. Subsequently, WorkPath is now offering some benefits advice using the Policy and Practice Low Income Family Tracker dashboard.^{xviii}

One Stop Shops

The council's One Stop Shops offer resident face-to-face contact, and information and support with accessing all of the council's services, including housing benefit and council tax reduction. They also run regular surgeries offering advice on pensions, debt and other services available in the borough. They do not offer advice or support with universal credit.

The staff member we interviewed reported a reduction in the number of customers accessing the One Stop Shops since the roll out of universal credit in the borough. This is because the One Stop Shops offer advice and support on housing benefit, which is being replaced by universal credit.

However, the service is still seeing people claiming council tax reduction and many have questions about universal credit, having been given conflicting advice (presumably either from Jobcentre Plus or the advice sector).

'Customers still coming in to claim council tax reduction (CTR) because even though they applied for housing element of universal credit they need to apply for CTR here... But customers still coming in with questions about UC. They've been given conflicting advice, especially people with disabilities and children to feed – it's all quite confusing.'

In fact, the interviewee highlighted the level of confusion experienced by customers, many of whom believed that the council managed universal credit and had questions about it.

One Stop Shop staff have been trained to be aware of universal credit, but they do not give advice to residents but instead make referrals, either to the Resident Outreach Team, who are sometimes based at the One Stop Shops, to Benefit Services or other services, all of whom can provide assistance claims.

'Our staff don't really have a sense of how difficult it is to resolve issues until customers come back with the same issue...'

Impact on other stakeholders

We also asked a number of stakeholders outside the council about the impact of universal credit.

1. Advice sector organisations (Toynbee Hall, Limehouse Project, Tower Hamlets Citizens Advice, Island Advice, Bromley by Bow Centre)
2. Bow Foodbank
3. Housing associations (Gateway Housing, Southern Housing Group, Clarion Housing Group)
4. National Landlords Association (representing landlords in Tower Hamlets)

Advice sector organisations

Unsurprisingly, welfare rights advisers from advice sector organisations in Tower Hamlets told us that universal credit had increased the demand for their services. They were coming across more clients seeking advice on universal credit – a natural consequence of the roll out – and it took them longer to deal with these enquiries than it had done under the old legacy benefits system.

‘As soon as the introduction of universal credit came into force in Tower Hamlets, where we used to see perhaps 25 clients a day, it’s now about 30, 40, 50 clients a day... So, there’s quite a lot of manpower and resources going into supporting clients who have been migrated, or made a claim for universal credit. As you know, we don’t really have that much resource to put into supporting clients. Most of our advisers are volunteers, you see. It is really difficult for us at the moment.’ (Euckay Ukandu, Tower Hamlets Citizens Advice)

‘I’m definitely taking on more cases which are going on for longer than legacy claims. You have less capacity as you can’t get through each case quick enough.’ (Amber van Boost, welfare rights caseworker)

Some advisers pointed out that welfare reform as a whole, not just universal credit, had increased demand for their services.

‘Universal credit is putting the greatest demand on debt services. But it’s not just universal credit that’s done this, it’s welfare reform more generally, which predates universal credit.’ (Sam Crosby, Toynbee Hall)

Most agreed that it took much longer to resolve cases under universal credit for a number of reasons: the [Complexity of the system](#), incorrect assessments, [Payment errors](#), the requirement for explicit consent and poor [Communications between stakeholders and the DWP](#). Problems also started at the beginning of a claim (see [Transitions to universal credit](#)).

‘We find we’re doing a lot more appeals, when there should be things that can be resolved easily, over the phone, or to the journals. They’re not. Calculations have been made wrong, which doesn’t help things. We spend a lot of man-hours in trying to see that our clients’ assessments are correct in the first place, before we then start dealing with the issue of the [benefit] cap...’ (Euckay Ukandu, Tower Hamlets Citizens Advice)

‘It’s much harder to resolve cases – you used to be able to on the basis of implicit consent, but not now. You could phone up and speak to someone over the phone with the client’s

permission. It's much harder to include notes on people's journals and to request something to happen.' (Sam Crosby, Toynbee Hall)

'Under the old system, JSA/ESA [jobseeker's allowance/employment support allowance] applications were lot easier. Advisers used to help people not with the initial claim but further down the line. But with universal credit, it's starting from the initial claim.' (Veda Petre, Toynbee Hall)

Shockingly, nearly every advice sector organisation reported giving cash to universal credit claimants who were in desperate need.

'The most common request is for money to top up gas and electric, mainly as a result of deductions or pauses to universal credit. A lot of single parents tend to use this fund.' (Sam Crosby, Toynbee Hall)

'In one case I remember, not long ago, probably two months ago, we had to lend £20 from our petty cash, which is not the organisation's policy. But that family were so desperate. They had no food at all.' (Director, Limehouse Project)

'We've been dipping into our hardship fund more since crisis grants were cut – it's literally just us giving people £20 and not telling them it's from us.' (Amber van Boost, welfare rights caseworker)

Staff also highlighted the difficult position they sometimes found themselves in with universal credit in terms of them keeping up to date with the system, exercising caution when advising clients and managing clients' expectations.

'Even after training, sometimes our advisers struggle and they have to go to the advice supervisor to check things out because it's not so straightforward. And because it affects an individual or their families in different ways and different areas of their lives, we have to be very careful when we give advice to clients.' (Director, Limehouse Project)

Bow Foodbank

There have been various reports suggesting that universal credit is driving people to food banks. For example, the Trussell Trust found that when universal credit goes live in an area, there is a demonstrable increase in demand in local Trussell Trust food banks. On average, 12 months after roll-out, food banks see a 52 per cent increase in demand, compared to 13 per cent in areas with universal credit for three months or less.^{xi} Separately, the National Audit Office observed steeper increases in food bank use in three of the four areas it looked at in which universal credit was being introduced.^{xx}

There are two food banks in Tower Hamlets: Bow Foodbank and First Love Foundation. From March 2013 until September 2019, CPAG delivered welfare rights advice on a part-time basis in the First Love Foundation food bank. For this study, we collated and analysed data on the food bank clients who received welfare rights advice, who were in receipt of universal credit and had children over a one-year period (1 May 2018 to 30 April 2019). Twenty food bank client cases were analysed in total. These case studies can be found dispersed across this report.

At Bow Foodbank, we interviewed a volunteer who registered visitors to the food bank, as well as a debt adviser and legal adviser from Bromley by Bow Centre working in the food bank. Generally, the feeling

from those we spoke to was that demand for the food bank was increasing, as the number of people claiming universal credit was increasing. However, it should be noted that Bow Foodbank is open to visitors from across London, not just Tower Hamlets. Most worryingly, people are not just visiting once, but repeatedly having to rely on food bank assistance.

'This food bank is always full. It's a revolving door with UC – you see the same faces again and again.'

'Numbers on UC are increasing. Lots are waiting to hear about UC, lots are on ESA [employment and support allowance] and lots are NRPF [no recourse to public funds].'

In terms of resolving cases, the advisers we spoke to who were based in food banks found it harder than before, echoing what other council staff and advice agencies told us.

'It's difficult for advisers to keep up with UC. Everyone is learning as they go along. It takes a lot longer to resolve problems.'

The advisers told us that they helped clients apply for grants from utility companies, from the council's Residents' Support Scheme and for discretionary housing payments.

'More DHPs [discretionary housing payments] than ever before. Clients keep coming in for DHPs, but they're only temporary...'

Housing associations

Universal credit has changed the way that many social housing tenants pay their rent. Under housing benefit, tenants could choose to have their benefit paid directly by the council to the social landlord. With universal credit, tenants are generally expected to pay their rent directly to their landlord. Research from the National Housing Federation found that it is too early to say what the impact of universal credit has been on housing associations, but that, generally, associations felt that steady or decreasing arrears were an indication that their approach to tackling rent arrears was effective. The research also revealed that housing associations found universal credit cases required more administrative staff time than housing benefit.^{xxi}

We spoke to a mixture of housing association staff working in welfare benefits advice, income and tenancy sustainment, employment and engagement and financial inclusion. Some, but not all, found that rent arrears had increased under universal credit (see [Rent arrears](#)). Others suggested that as a proportion, the arrears of universal credit claimants were much higher than housing benefit claimants, once again echoing what the council told us (see [Housing Options](#)).

'I think the biggest impact for housing associations is the rent, ie, housing element... Effectively, people that have either fallen into arrears or are falling into arrears because of the changeover to universal credit... A lot of the time, sometimes with the first payment, people then fall into arrears because then they're six weeks, seven weeks... we haven't received a payment.' (Mark O'Donoghue, Clarion Housing)

'As an organisation, we've managed to get the rent arrears down this year... We still find that the arrears of people on universal credit are much higher than those on housing benefit.' (Keith, financial inclusion co-ordinator)

Some were seeing an increase in referrals and in the proportion of clients with universal credit-related problems.

'We're getting more [universal credit] verifications, and we've got more rent changes around the time that, obviously, people increased or decreased... More referrals and more people queuing up for referral... we've got referral appointments that are coming out of our ears, basically.' (Michelle, tenancy sustainment officer)

'We help people, primarily, who are affected by all types of welfare reform, but we have noticed that the biggest area of problems are with universal credit.' (Keith, financial inclusion co-ordinator)

Their main concern, however, was the amount of time and resources it took them to advise and support tenants with their claim.

'Universal credit... is creating more work, unnecessary work, for the advice sector. I'm finding it's taking us away from other work that we could be doing.' (Mark O'Donoghue, Clarion Housing)

'It was much easier to resolve a housing benefit issue than resolving a universal credit issue. When people apply for housing benefit, they tick a box to say they will allow the council to communicate with us. The council don't tell us everything, but they will tell us enough for us to be able to focus our help on people... With universal credit, we don't know and we're not told. So, it is much harder to resolve issues.' (Keith, financial inclusion co-ordinator)

'It definitely takes longer to resolve cases when things go wrong with universal credit.' (Arlene Boreland, Southern Housing Group)

One welfare rights adviser told how he offered to go to his clients' homes to help them use their universal credit journals, but even this was time consuming, so he sometimes did it over the phone instead.

'I'm finding twice a week I'm either having to go round to her [a claimant's] home or sometimes I'll say to her, "Look, I just can't come round, I can't take the time. Get your journal open. We'll do it over the telephone. I'll go through it word for word with her, and you get her to repeat it back.' (Mark O'Donoghue, Clarion Housing)

Similar to staff from advice sector organisations, some staff from housing associations felt that their knowledge of universal credit meant that they had to manage clients' expectations.

'I'll be honest with them [and tell them] I don't know everything about universal credit. Every day it feels like it's changing and I'm learning about universal credit.' (Sha, employment and training co-ordinator)

National Landlords Association

The National Landlords Association is the UK's largest membership organisation for private residential landlords, supporting and representing 41,000 members. As of 2011, there were 67,209 private sector homes in Tower Hamlets and 41,670 (62 per cent) of these were in the private rented sector. Private

rented is the largest tenure in the borough with 39 per cent of the housing stock.^{xxii} We interviewed a member of the Association's policy team about the impact universal credit was having on landlords in Tower Hamlets.

The National Landlords Association, like many of the stakeholders we spoke to, put universal credit in the wider context of welfare reform and it was this, coupled with other issues, that was having a particularly negative impact on landlords in London. Perhaps one of the impacts of universal credit which is potentially the most devastating for tenants, was that landlords were being advised by letting agents not to let to tenants claiming universal credit.

'You find that lots of landlords who have taken on private tenants, in particular with the administrative errors, the five-week wait, arrears, homelessness, there are lots of top-line issues. I know I'm listing these, but these all have combined to create a complete culture shift where you find that landlords are often being advised by letting agents. That's the most common source, that they're advised not to let to private benefit tenants anymore.'

This was particularly the case in Tower Hamlets, where there are a number of 'rogue' letting agents who would prefer to take on 'professionals', rather than benefit recipients.

'There are a lot of rogue letting agents in Tower Hamlets. I think often, when the letting sector isn't policed or regulated, property or enforcement measures are carried out, you do get letting agents who act of their own accord. There will be those who just will refuse to take benefit tenants. With the general influx now that you're seeing in Tower Hamlets of professionals who can't afford to move into Aldgate... they will obviously go for that tenant rather than someone who's on benefits.'

For those landlords who do let their properties to benefit recipients, there are a number of reasons why they find universal credit problematic. They all stem from landlords not receiving the rent they are owed from tenants on time, which results in arrears for landlords.

'We did a survey: 73 per cent of our members, found this last month I think, have tenants on universal credit who are in arrears... You'll see landlords who will be tens of thousands of pounds in arrears.'

The National Landlords Association highlighted that arrears are a consequence of payment in arrears and, in particular, the five-week waiting period under universal credit, which often extends to eight weeks. This causes tenants to be two months in rent arrears by the time of the first payment, which puts them at risk of eviction.

'The landlord has to wait a long time before they get their payment. When we talked to the DWP in particular, one of the things we talk about is often they'll be promised a five-week wait, and it often ends up being an eight-week wait... By the time there's an eight-week wait and they're [the tenant] two months in arrears, then that qualifies as a breach of contract so that tenant can be evicted. That's particularly for landlords who... are in high-demand areas like Tower Hamlets. That will increase the rate of evictions and homelessness considerably...'

Also under universal credit, tenants are expected to pay their rent directly to their landlord, which means payments can be unreliable. Consequently, the National Landlords Association told us that landlords would generally prefer to secure direct payment of the housing element of universal credit from the

DWP. However, this currently takes landlords significant time and effort, and the notification process is very slow.

'Another big issue is the rejection notice for an APA [alternative payment arrangement]. Landlords didn't actually know if the claim had been rejected or not, so that caused... a lot of distrust... We were looking for a response of three to five days. Unfortunately, due to the capacity and how the DWP IT system works... we're still getting response times of five to six weeks. So it's really not getting to the crux of the problem.'

This example highlights the wider difficulty that landlords have with communicating and interacting with the universal credit administration system.

'It's still the limited IT, the DWP, which we found to just be consistent throughout the whole system. You find everyone wants to help, you find everyone knows what the issues are, but there's not the funding and the right software to actually make sure something happens on time.'

Interestingly, the National Landlords Association found that the solution to many of these problems was for private landlords to work directly with claimants and their work coaches in 'a three-way relationship, as it were.'

'We're really trying to say to private landlords, "Look, it doesn't have to be this process where you don't know what you're going to get and it's not going to be unreliable. If you work with a work coach correctly... if you are in there from day one, you tell them what you want, if you have a co-operative tenant... The tenant, the landlord, and the job coach having a good relationship is what gets claims done... We find that those [landlords] that are on good terms with them have their claims processed very quickly.'

Universal credit compared with the legacy system

Claimant perspective

In general, the claimants we spoke to preferred the legacy benefits system to universal credit. Some disliked the new system because it was online. They preferred the face-to-face contact they had at the job centre or council previously, and being able to contact advisers by telephone or post.

'Going into housing benefits, which is 5 to 10 minutes' walk from our house and dropping the papers. If not the next day, in two days we had the answer. It came quick. Even if they wanted more papers, I can just drop them in five minutes. There was permanently somebody in the office. I didn't make an appointment for me to drop papers next week.' (Aysha)

Some claimants, both in and out of work, felt that the old system was simpler and more supportive, while the new system felt stigmatising and burdensome.

'With tax credits it was very painless... it's a once-a-year calculation. From what I recall, it was almost automatic. I don't recall doing anything special for it. I think they send a form once a year. Plus universal credit for me still feels like some kind of handout, which it is. Tax credits feel like some kind of refund on taxes.' (Christoph)

'They were brilliant [Jobcentre Plus in 2008]. They were so cool. I was in between jobs and I was getting the JSA [jobseeker's allowance] side of things. Also, they helped me to get a job... Yes, honestly, at that age I was facing a lot of troubles with housing and stuff, and I felt supported. There were always the options of crisis grants when I got my first flat... and that was easy to apply for, I remember, and the money was in my account. It just seemed to flow and that's why I could so easily get into work. Without their support, I don't think I'd still be here now. If I had hit the universal credit system at 17 or 18, trust me, I would've given up on life. There's no support there at all.' (Cindy)

Many believed that they were worse off under universal credit, and also disliked the shift to a single monthly payment. See [Financial security](#) for more discussion of claimants' financial security on universal credit and the difficulties many are having getting by.

'Before UC I was on income support. It was OK, every week I got child tax credit for my son, £63 a week. Also £73 per week. I got more money then – one person got £73, but two people got double that. Also £20 child benefit a week. So it was OK.' (Linda)

'Well, on tax credits I didn't have to worry... obviously I got working tax credit then and child tax credit, then I got my pay as well. Then, on top of that, child benefit. So, at the end of the day, a month, I was looking at £1,200. Maybe £1,000 at the least. But now I'm having to live with £300 a month.' (Lauretta)

'It was better on income support. It makes you feel more stable. It doesn't make you feel, "Oh my gosh." You've got this bill coming. You've got that bill coming. You know? Every week there used to be food in my fridge. Now, I have to wait the whole month to come. Which one sounds better? Do you know what I mean?' (Sally)

Stakeholder perspective

Stakeholders confirmed the difficulties people were facing with universal credit and also generally disliked the new system. They were very concerned that the five-week wait and other features of under universal credit led to mounting debt and rent arrears for their clients.

'But what we are seeing – the difference between the legacy benefit and the universal credit – is more people are ending up in a complex debt situation within a very short period of time... You will end up in a very high level of rent arrears, you will end up borrowing money from wherever possible to cover that long gap in the payment... no other legacy benefit had that lead time when you apply.' (Director, Limehouse Project)

As discussed in [The impact of universal credit on stakeholders](#), this is not helped by the fact that they now find resolving problems with claims much harder and more complicated.

'This system seems harder than the legacy benefit system – it could be we don't know it as well – it seems that it isn't as clear for people for point of contact for info, people can fall out of step with it and struggle to get back onto it in a way that I don't remember previously.' (Tower Hamlets Parent and Family Support team)

'I'm definitely taking on more cases which are going on for longer than legacy claims. You have less capacity as you can't get through each case quick enough.' (Amber van Boost, welfare rights caseworker)

Explicit consent under universal credit was another issue for stakeholders. Under the old system, welfare rights advisers could call the DWP and speak to an adviser on the client's behalf. Under universal credit, advisers must have written consent, which is only valid for one month.

'You can't speak to someone under UC. It's impossible... You need written consent. One person and you have that written consent validated up to one month... Whereas with the other benefits, you can just call them up and just say, "I'm calling under explicit consent." They would be able to give you the information, but they can't give anything under UC.' (Tower Hamlets Resident Support Outreach team)

A strong theme among those working in housing was that under the new system, local authorities lose much of their access to information on a customer's case, which restricts their and others' ability to ensure that payment errors are rectified quickly and efficiently. This was an issue of huge concern for them.

'Under housing benefit, if we see a case today and we notice that we've made an error, we can, through a process of emails, just correct that, and we notify the claimant... DWP notify the claimant if it's...income support, jobseeker's allowance, or whatever, and it's resolved. And that's changed dramatically under UC because, obviously, the claimant responsibility is one of the drivers for UC.' (Tower Hamlets Benefits Service)

'Legacy benefits were something that were good for private landlords because they knew when it was going to be paid, it was a reliable system without administrative error. Obviously there would be the odd issue, but generally speaking it was a system that had the capacity and the adequate funding for it to work in the first place.' (Jake McKey, National Landlords Association)

'Under the old legacy benefits, you'd identify if there's a shortfall, you'd identify the benefit, you'd help them, go through the process, get the benefit, maximise their premiums. Your job was done.' (Mark O'Donoghue, Clarion Housing)

'The main problems, I think, are because [universal credit] is centrally controlled, it's quite rigid. It's very difficult to get the same level of flexibility that housing benefit had in the local area.' (Keith, financial inclusion co-ordinator)

Positives

On the positive side, some advisers saw the advantages of the new system being online, meaning they could get a full picture of their clients' claim, but recognised that the online system was not necessarily easy for claimants themselves to use.

'I think, for people like us, it's great... We know how to use a computer, and we can read and write. But when I use it for someone, I'm like, "Wow, this is good. You can send a message. You can see your payment." But that's because, obviously, I can do that. But not so much for other people, obviously.' (Tower Hamlets Resident Support Outreach team)

'Online is good for advisers, as you can deal with a problem then and there, but it shouldn't be a replacement for phone calls.' (Arlene Boreland, Southern Housing)

Others saw the potential that universal credit has for helping clients to manage their money. However, they were keen to stress that claimants needed enough money in the first place to be able to manage it effectively. This was noticeably at odds with what most claimants that we spoke to felt and their preference for more frequent payments.

'So, in terms of universal credit; yes, it's good. People need to learn how to manage their money better. But if you're not giving them enough money to manage, then really, what are they managing? Nothing, they're juggling. That's how I see it.' (WorkPath)

Conclusion

Tower Hamlets has the highest rate of child poverty in the UK: 57 per cent, after housing costs are taken into account. In 2017, Tower Hamlets became one of the first boroughs in London to become a universal credit 'full service' area, meaning that anyone living in the borough making a new claim for certain means-tested benefits and tax credits must claim universal credit instead, and make and manage their claim online.

In the report, firstly we identified a number of design problems with the universal credit system – many of which have been highlighted by other organisations and reports. The problems include transitions to universal credit, making and managing claims, the complexity of the system, problems with payments, the experience of Jobcentre Plus and the DWP, and work-related requirements and sanctions.

Secondly, we investigated the impact of universal credit on families. We found that claimants were in debt and arrears as a result of being on universal credit. Some had to borrow money from friends or family, or take out credit cards or loans. In terms of financial security and wellbeing, most claimants felt that they were worse off under universal credit than under the legacy benefits system and could do little more than scrape by. Nearly all stakeholders agreed that their clients' incomes were not enough under universal credit and that the benefit cap made things worse.

Many claimants reported that universal credit had caused them stress and parental conflict. Stakeholders observed that many clients were anxious about losing their homes and/or not being able to provide for their children. Universal credit was seen to have had a negative impact on children. Claimants were making significant sacrifices for their children and many felt sad about not being able to give them everything that they wanted. Stakeholders identified the cost of the school day, fuel and food as being particularly problematic for families.

Finally, we looked at the impact of universal credit on stakeholders in the borough, namely the council, advice sector, Bow Foodbank housing associations and the National Landlords Association. We found that universal credit has increased demand for some services in the council and, generally, council staff found related issues harder to resolve. Universal credit has increased demand for advice from the advice sector and housing associations and staff found it took much longer to resolve cases under universal credit. It has also had a negative impact on landlords, whose tenants are falling into arrears. Yet the council has not been recognised as a partner in the universal credit roll-out and often struggled with communications with the DWP.

The claimants we interviewed generally preferred the legacy benefits system to universal credit and when it came to the GLA/AudienceNet survey, 79 per cent of responses included some negative sentiment about universal credit. However, 12 per cent of responses included some positive sentiment, and some of the stakeholders we interviewed were positive about some aspects of universal credit and thought it had the potential to achieve its aims.

Has universal credit achieved its aims of encouraging more people into work, smoothing the transition into work, offering a simpler benefit system and tackling poverty? On the basis of this research, it has not. However, we are still at an early stage of universal credit and we hope that there will be many more improvements made to the system, following research findings like these.

The London Borough of Tower Hamlets recognises the role that local advice services play in mitigating the impact of welfare reforms, particularly universal credit, and reducing levels of poverty by supporting vulnerable residents and low-incomes households to access their rights, understand their obligations and maximise their incomes. As such, the council increased social welfare advice funding by 10 per cent to £974,102 per annum, covering October 2019 until March 2023. The new services, which started on 1 October 2019, have been co-designed with the advice sector, and will continue to be co-designed with service users and all stakeholders.

The council is also undertaking a major strategic review of health, social care and welfare advice provision in the borough, with a view to developing an integrated advice and information offer across the major providers in the public and voluntary sectors. The current plans are for new services to begin in September 2020.

Recommendations

London Borough of Tower Hamlets

1. Continue to invest in the long-term delivery of high-quality, local welfare rights advice to support claimants with making and managing their universal credit claims.
2. Further develop and augment its digital offer to residents, including supporting universal credit claimants with managing their online accounts.
3. Make changes to the residents' support scheme:
 - i. Make eligibility criteria clear to residents before the application stage (ie, in a separate document) and include support they should have tried first.
 - ii. Regularly review the amount of money allocated for furniture within a grant and ensure that it is in line with market rates.
 - iii. Publicise to residents in crisis and the advice sector the different types of financial support available from the DWP and the council.
4. Inform council staff about departmental budgets available to support residents in crisis.
5. Consider developing a flowchart for residents and council staff, showing what financial support is available to residents in crisis and the order in which they should try to access it.

6. Write to the DWP urging Jobcentre Plus staff to proactively promote advance payments and hardship payments to universal credit claimants.
7. Working with the voluntary and community sector, give universal credit claimants more help with budgeting.

Department for Work and Pensions

1. Ensure that universal credit provides claimants with enough to live on, meeting their housing costs and the needs of both adults and children in the household.
2. Remove the benefit cap. According to analysis by the Institute for Public Policy Research for CPAG, this would benefit half a million children nationally by 2023.^{xxiii}
3. End the five-week wait. Many claimants are falling into complex debt situations while waiting for their first universal credit payment.
4. Working with advice sector organisations and councils, offer more leniency or discretion for claimants with vulnerabilities and with poor English/IT skills and consider employing Bengali translators in job centres in Tower Hamlets.
5. Send claimants Jobcentre Plus appointment letters and sanction letters, as well as journal notifications.
6. Offer better training to work coaches to ensure more consistency across the board.
7. Provide family support workers in job centres to support claimants with children.
8. Formally acknowledge that local authorities have a role to play in universal credit and accept payment error notifications from them on behalf of claimants.
9. Working with the National Landlords Association, provide landlord training on the housing costs element.
10. Locate the DWP universal credit liaison officer within the council's offices and provide escalation contacts for benefit processing centres.
11. Provide incentives to local authorities to procure properties in the private rented sector for universal credit claimants.
12. Offer advance payments to claimants who have been on universal credit for less than six months and who are moving into the private rented sector, so they can use them as deposits.

APPENDIX

Stakeholder interviews

List of key stakeholders interviewed

1. London Borough of Tower Hamlets
2. Toynbee Hall
3. Limehouse Project
4. Toynbee Hall
5. Tower Hamlets Citizens Advice
6. Island Advice
7. Bow Foodbank
8. National Landlords Association
9. Clarion Housing
10. Gateway Housing

GLA/AudienceNet survey

Data collection

To ensure the research was inclusive and as representative as possible of the target audience, both online and offline data collection methods were employed.

Online survey:

- 10-minute online survey which could be completed via any internet connected device (eg, smartphone or laptop)
- 38 pre-coded questions and one open-ended

Free SMS survey:

- Free text number
- Two pre-coded questions and one open-ended (short survey due to the format)

Recruitment, sample and fieldwork

In order to raise awareness of the research, universal credit recipients in the borough received letters and emails from Tower Hamlets Council inviting them to take part. As a 'thank you' incentive, participants were offered the opportunity to take part in a prize draw to win an iPad.

All participants were screened to ensure they were universal credit recipients.

Sample:

- Total N = 229
- Online N = 157
- SMS N = 72

Fieldwork dates:

9 October 2018 – 4 January 2019

Research

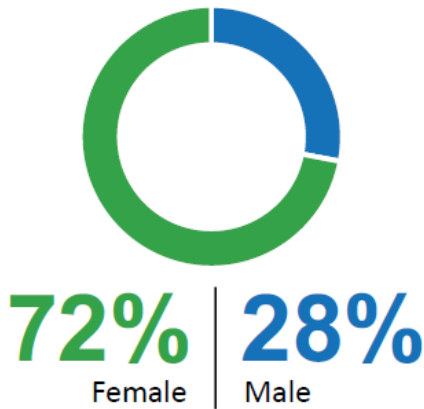
The research was split into four distinct topic areas. This report follows the same format:

- Sample. Establishes participants’ demographics, life stage, housing and work situation.
- Transition phase. Explores the transition from the old benefits system to universal credit, including how long the process took and how participants got by while waiting for the first payment.
- Living on universal credit. Exploring the day-to-day experience of universal credit, including budgeting, using the digital system and any specific issues.
- Work coach and confidence. An in-depth look at the relationship with work coaches and the impact on confidence in relation to work.

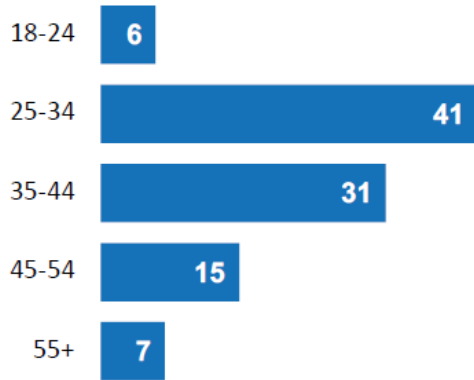
Sample

(Total N=229) N=157 Online Survey + N=72 SMS

GENDER



AGE



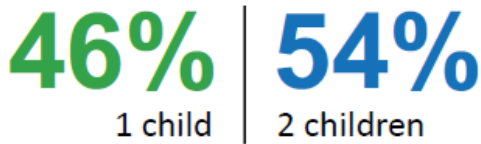
RELATIONSHIP STATUS

Single	48%
Married (living w/ partner)	36%
Married (not living w/ partner)	8%
In a relationship	6%
Prefer not to say	3%

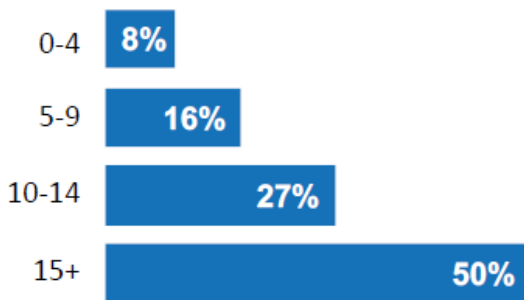
ETHNICITY

Bangladeshi	38%
White British	17%
African	10%
White European	4%
White Other	4%

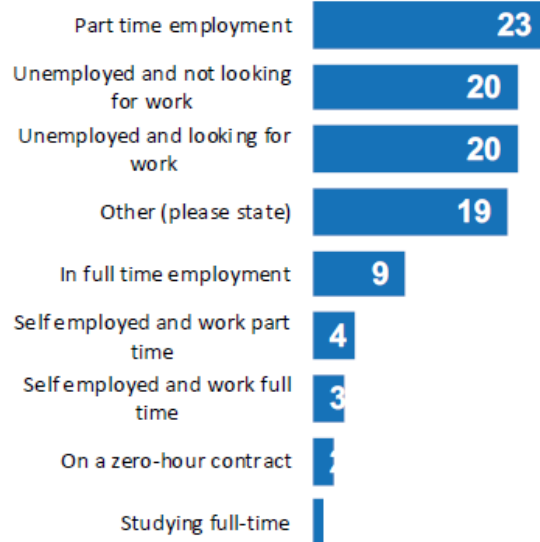
NUMBER OF CHILDREN



AGE OF YOUNGEST CHILD



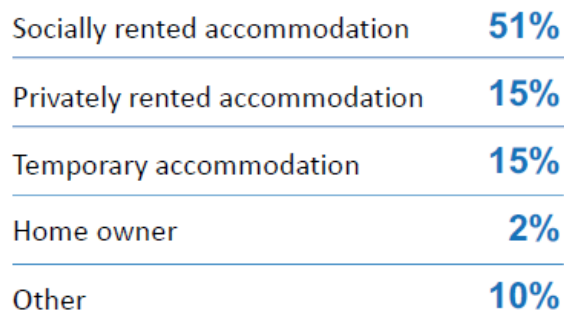
OWN WORK STATUS



PARTNER'S WORK STATUS



CURRENT LIVING SITUATION



- ⁱ CPAG, *Universal Credit: what needs to change to reduce child poverty and make it fit for families?*, 2019
- ⁱⁱ According to the Universal Credit Evaluation Framework December 2012, the aim of universal credit is to tackle the problems of poor work incentives and complexity within the current system of benefits and tax credits. The overarching aims are to:
- encourage more people into work and to make even small amounts of work pay and be seen to pay;
 - smooth the transition into work by offering a single benefit that removes the distinction between being in and out of work;
 - offer a simpler support, with one system replacing multiple systems, therefore reducing administration costs and the propensity for fraud and error; *and*
 - tackle poverty both through increased take-up since the system will be simpler and from increased reward from employment for the customer.
- ⁱⁱⁱ Trust for London and New Policy Institute, *London's Poverty Profile 2017*, 2017
- ^{iv} Regulation 17 of Universal Credit (Transitional Provisions) Regulations 2014
- ^v From January 2018 onwards, claimants can apply for an advance payment of up to 100 per cent (up from 50 per cent) of their estimated entitlement, which they can receive within five days of applying and can pay it back over 12 months, instead of six months. From spring 2018 onwards, claimants can apply online for an advance payment. <https://www.gov.uk/government/news/more-detail-on-15-billion-package-of-support-for-universal-credit>
- ^{vi} <https://cpag.org.uk/sites/default/files/files/policypost/Computer%20says%20%27no%21%27%20Stage%20one%20-%20information%20provision.pdf>
- ^{vii} <https://www.theguardian.com/society/2019/may/07/dwp-slow-response-to-universal-credit-errors-bizarre-says-council>
- ^{viii} <https://www.gov.uk/government/publications/universal-credit-and-rented-housing--2/alternative-payment-arrangements>
- ^{ix} <https://www.gov.uk/government/publications/universal-credit-and-your-claimant-commitment-quick-guide/universal-credit-and-your-claimant-commitment#support-from-your-work-coach>
- ^x Citizens Advice, *Managing Money on Universal Credit*, February 2019
- ^{xi} The Residential Landlords Association, *State of the PRS (Q1 2019) A survey of private landlords and the impact of welfare reforms*, July 2019
- ^{xii} The Smith Institute, *Safe as Houses 3: have government reforms to universal credit reduced the rent arrears of Southwark's tenants?*, September 2019
- ^{xiii} <https://inews.co.uk/news/uk/universal-credit-benefits-dwp-behind-rent-payment-evicted-council-houses-501251>
- ^{xiv} <https://www.which.co.uk/news/2018/08/how-financially-secure-are-you-compared-to-the-rest-of-the-uk/>
- ^{xv} Joseph Rowntree Foundation analysis of Understanding Society data <https://www.jrf.org.uk/data/adults-experiencing-anxiety-or-depression-income-group>
- ^{xvi} The Children's Society, *The Debt Trap: exposing the impact of problem debt on children*, May 2014
- ^{xvii} J Tucker, *Improving Children's Life Chances*, CPAG, 2016
- ^{xviii} <http://policyinpractice.co.uk/policy-dashboard/>
- ^{xix} Trussell Trust, *The Next Stage of Universal Credit: moving onto the new benefit system and foodbank use*, February 2019
- ^{xx} <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf#page=49>
- ^{xxi} National Housing Federation, *Research on Income Collection: housing association changes in response to universal credit*, January 2019
- ^{xxii} https://www.towerhamlets.gov.uk/Documents/Housing/Appendix_3_Private_Rented_Housing_Strategy_Outline.pdf
- ^{xxiii} CPAG, *Universal Credit: what needs to change to reduce child poverty and make it fit for families?*, 2019