



Scrutiny Review of Financial Inclusion and Universal Credit – WBU response

City of York Council clearly share the concerns of many in their consideration of the impact of UC on York residents. I have prepared a response based on the issues raised in the remit.

Universal Credit impact

Universal Credit has impacted on claimant's income in many ways, in general the main issues relate to:

- Lower amounts for disabled people, including disabled workers and families with a disabled child.
- Deductions to third parties (eg for utility debts or rent arrears) are higher.
- Payment patterns for earnings can skew UC payments, making it difficult to budget and, in some cases, reducing overall entitlement.
- The Minimum Income Floor for self employed people means that some are treated as having income they 'should' have rather than actually have.

Along with the continued freeze to the benefit rates and alterations to work allowances (not available unless a claimant has children or limited capability for work) many York residents will find the UC system does not adequately cover living costs. National research has repeatedly highlighted increases in the number of people in poverty.

Issues about the wait for payments were addressed by the government but our UC survey found that many found that accessing Advance Payments, and coping with repayments, were still causing problems.

A main concern about the UC system is the support for the most vulnerable. UC Support through CYC appears effective but the government is only financing help with initial claims rather than ongoing maintenance of claims (and I expect this is similar when this support transfers to Citizens Advice in April 2019). Claimants are expected to check their online journals daily despite many not having access to computers or other gadgets. Many advisers are worried that the most vulnerable will not be able to maintain their claims due to complexity, frustration at continued admin errors by the DWP and difficulties understanding Claimant Commitment responsibilities. It is a concern that these vulnerable claimants will drop out of the UC system and the impact this will have on their health and housing status.

Problems arise when UC are making payments direct to landlords as they are paid four-weekly rather than aligning to the claimant's monthly payment pattern. Payment in arrears and delays are leading to landlords taking court action threatening eviction. We are aware of one housing association requesting that claimants do not request direct payments due to delays; this puts further budgeting pressure on UC claimants. Direct payment to landlords is supposed to support the most vulnerable but appears to be creating extra stress and problems.

Queries to our advice line and feedback from the DWP show that claimants who are unable to work due to health conditions are not being referred for assessment and are expected to meet high job-seeking demands. Sanctions are higher amongst UC claimants with a suggestion that Work Coaches are not using their discretion to understand why some claimants are not able to meet their responsibilities (eg. not assessed or their health problems are not severe enough to class as 'limited capability for work').

We are increasingly seeing queries from EU nationals, both on UC and legacy benefits. This situation is clearly likely to become more complex.

It is important to note that some people are better off on UC; it is essential that these people are identified and reassured about transitioning across given the negative aspects of UC that are highlighted in the media.

Council Tax Discretionary Support

Demand on advice and support providers has increased due to the introduction of UC. This could suggest that they deal with the most pertinent issues facing a client and have less opportunity to advise on other issues. This may impact on take up of the Council Tax Discretionary Scheme. Further, our UC survey suggested that UC claimants were still not being made aware of the Council Tax Reduction Scheme itself by the DWP therefore access to information about discretionary support may be limited if the claimant is not being directed to the council.

Discretionary Housing Payments

The above overview provides an indicator of drivers affecting take-up. The benefit freeze and an increase in sanctioning also applies to people on 'legacy' benefits (ie benefits people could claim before Universal Credit such as Income Support, tax credits).

FISG initiatives

The variety of initiatives provides a broad range of support, particularly for claimants who may struggle maintaining a UC claim. Meetings between recipients of the funding and Advice York meetings support partnership understanding. Advice York provides both a forum for partnership working and communication with CYC; it also helps ensure that DWP communication with the council is shared.

There is a lot of pressure on advisers and on front line staff/volunteers who are finding themselves in an advice-giving role as a peripheral part of the job.

The Welfare Benefits Unit provides specialist benefits advice to anyone who works with claimants. We receive FISG funding for our Universal Credit Focus project. This allows us to provide more in-depth support (ie follow up and case work) and we provide briefings on UC to organisations. We have received positive feedback about the service and how this enables greater support for clients.

Overall contacts to our advice line (phone and email) increased by 50% last year. For both our main service and the UCF project we have found a number of factors are increasing demand:

- Complexity of the advice system. Consideration needs to be given to both legacy benefits and UC when claimants have a change of circumstances.
- UC regulations are open to interpretation and cases have not progressed through the Tribunal/court system to clarify understanding. DWP administration processes also cause concern with our follow-ups repeatedly identifying mis-information provided by the DWP or errors on processing of claims (nationally recognized eg. missing elements in the calculation).
- Traditional advice services such as Citizens Advice do not usually follow up with clients and more queries are one-touch compared to other community services. This is very effective for a majority of clients who are able to take queries forward on the advice given. Other services provide ongoing support with benefit issues and tend to work with more vulnerable clients on a number of issues (eg. Peasholme Charity) or provide a specific service in which benefit issues may be in the background and can at times act as a barrier to accessing support (eg. working with Blueberry Academy but concerned about the impact on finances if moving into work). These services often have very experienced advisers who use our service for more complex queries only. However, with cuts across benefit services nationally there are fewer benefit specialists working directly with clients, particularly on an ongoing basis. As a result we are having to provide a more detailed response – providing basic information before building up directive step by step advice. This can lead to repeated queries for a client that a more experienced adviser would have been able to take forward. This has increased demand and there are times when a worker/volunteer is struggling to grasp the

advice we're offering. The UCF project offers us the opportunity to step in and become more involved in the advice we offer (eg providing a written submission or detailed written advice). This could be taken further by offering direct client contact more frequently but we would not currently be able to offer this regularly due to likely high demand.

- Incorrect decisions need to be challenged and there are few services offering tribunal representation. This is an area of concern and we have limited funding currently to help with representation.

In 2017/18 WBU worked with: Age UK, Blueberry Academy, Brain Injury Rehabilitation Trust, Changing Lives, Citizens Advice, Community Links, Family Mediation Service, IDAS, Lidgett Methodist Church, Lifeline, Mainstay, Masonic Charitable Foundation, NY Aids Action, OCAY, P3, Peasholme Charity, Refugee Action York, Royal British Legion, SASH, York Advocacy. See also our 2018/19 6-month monitoring report.

The FISG initiatives appear to provide effective support, through our project and others. Research into advice work demonstrates the positive impact. FISG support could be strengthened by increasing the length of awards offered. Annual funding can be problematic as any project involves planning, implementation and then scaling back if funding may end. This causes difficulties if expectations are raised and recruitment may be an issue for limited periods. At the WBU, Trustees agreed to offer a permanent position and rely on reserves if funding finished but this is not possible for many organisations. The WBU is working to a deficit budget; we match fund our CYC SLA contract funding through our sales of publications and training.

Supporting advice through a variety of organisations can help people get the support needed when deciding life changes including moving into work or coping with uncertain employment. The FISG initiatives can help mitigate against the effects of the current benefit system. Coping with the effects of the current benefit system remains a challenge within the YFAS, CTR and DHP schemes, particularly as there is more likelihood that they are needed to address long-term situations caused by the levels of financial support and structure of the benefit system; arguably, previously, support was needed to help in exceptional circumstances and easier to define.

Continued joint working between CYC and voluntary organisations can effectively help to challenge the negative impact of Universal Credit implementation. It also strengthens the knowledge gained about claimants' experiences which can help when communication with the DWP and other partners.

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