



## **Depaul UK – Submission to Work and Pensions Committee Inquiry into Universal Credit**

**March 2017**

### **About Depaul UK**

1. Depaul works in some of the UK's most disadvantaged communities, preventing homelessness and providing support to vulnerable young people at every step of their journey.
2. In a typical year, Depaul provides a place to call home for a total of 1,400 young people in supported accommodation services. Our emergency accommodation network, Nightstop UK, provides more than 13,400 bed-nights, saving young people from having to sleep in unsafe places. Depaul also delivers family mediation, prison and floating support services.
3. To find out more about Depaul, or any of the points raised in our response, please contact [daniel.dumoulin@depaulcharity.org.uk](mailto:daniel.dumoulin@depaulcharity.org.uk)

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### **Introduction**

4. Depaul applauds the Committee for reopening its inquiry into Universal Credit (UC). Most of the young people who Depaul support currently rely on benefits to keep a roof over their head and meet their basic needs. It is therefore crucial that these young people receive adequate, reliable benefits that are paid to them in an appropriate manner. We remain concerned that UC may not provide this.
5. We recognise that UC could bring welcome simplification to the benefit system and help to prepare people to enter the world of work. These potential positives are, however, being undermined by severe problems with the delivery of the benefit.

### **Key points and recommendations**

6. **Young homeless people who Depaul works with have to wait over a month for their first payment, and longer if there is a complication with their claim. As the case studies below show, this puts young people in arrears and sometimes leaves them reliant on food banks.**
7. **People who are homeless or living in supported accommodation should be added to the list of waiting days exemptions.**
8. **Some DWP staff setting up UC claims appear unaware of legislation that requires housing costs to be paid through Housing Benefit for UC claimants in supported**

accommodation. The DWP should ensure that staff who need to be are aware of this legislation.

9. **Debts accrued while claiming UC are making it harder for young people in Depaul's projects to move on into independent accommodation and are leaving them with very low disposable incomes.**
10. **As more people claim UC, the additional support that residents in supported accommodation require and the potential for increased rent arrears may have more of an impact on the resources of charities that provide supported accommodation services.**
11. **As far as we are aware, few of the young people Depaul works with who would benefit from Universal Support are accessing it. They are eligible but are not being offered Universal Support by DWP or local authorities.**
12. **In our experience there is little budgeting support available through Universal Support that is appropriate for people with poor basic skills or restricted access to the internet.**
13. **Depaul's staff are having to spend substantial amounts of their time supporting people on UC. The DWP and local authorities should ensure that sufficient, appropriate budgeting support is available as the number of people claiming UC increases. They should work with other agencies, including supported accommodation providers, to make this support available.**
14. **In some cases alternative payment arrangements have been put in place after Depaul staff have requested them on behalf of young people. There are many young people Depaul works with who, according to Government guidance, are highly likely to need alternative payment arrangements but do not have them in place.**
15. **The DWP could facilitate greater payment process flexibility by ensuring alternative payment arrangements are applied as Government guidance states they should be. This could be achieved by better publicising alternative payment arrangements to claimants and other agencies.**

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### **Answers to questions**

16. This submission draws on detailed evidence gathered from the experiences of young people who Depaul works with in the North West, Yorkshire and London. Names in the case studies have been changed to protect anonymity.
- **How long are people waiting for their UC claim to be processed, and what impact is this having on them?**

17. **Young homeless people who Depaul works with have to wait over a month for their first payment, and longer if there is a complication with their claim. This puts young people in arrears and sometimes leaves them reliant on food banks.**
18. There is a five to six week gap between a claim being made and the first payment built into the design of UC. This gap increases if there are complications in the process of making the claim, for example missed appointments, incorrect or incomplete information being submitted or administrative errors.
19. This gap can result in serious problems for people who do not have any savings to fall back on, including most of the young people who Depaul works with. The young people in the case studies below had to use foodbanks to feed themselves while waiting for their first payment.
20. Budgeting advances from the DWP are available to people who are faced with hardship before the first payment is made. These are capped at amounts that are often insufficient to cover young people's housing and living costs.
21. The advances are repaid through deductions from future payments, which can leave people with insufficient income for months. Budgeting advances are particularly difficult for young people to repay, they may have over £10 deducted from their weekly personal allowance of £57.90. Young people have to meet their living costs and possibly repay other debts from their remaining allowance.
22. There are exemptions to the waiting day rule, i.e. certain groups of claimants who do not have to wait seven days after their initial claim for their month long assessment period to start. People covered by these exemptions receive their first payment a week earlier than would otherwise be the case. They also do not miss out on a week's worth of UC.
23. People who are homeless or living in supported accommodation are not included in the exemptions to the waiting days. This is surprising as it is hard to imagine a group who are in more urgent need of assistance from the welfare system.
24. **Recommendation: People who are homeless or living in supported accommodation should be added to the list of waiting days exemptions.**

#### **Case study – Jane**

25. Jane made an application for UC in February, she is expecting her first payment in the second week of April. She currently has no money at all, she is relying on a food bank and has exhausted her emergency heating and electricity credit.

26. She first tried to claim JSA, but was told that she should instead claim UC. Jane cannot access the internet easily and asked to make the claim by phone. She did not have the all of the information needed when she tried to make the claim on the phone, and so could not complete it. She eventually made the claim over the internet with help and an internet connection provided by a Depaul worker.

27. She was told that she would be phoned back by the DWP within three days with details about an initial appointment. It took longer than three days for her to be contacted. It is hard for Jane to get in touch with the DWP as she has no credit on her phone. When the DWP did get in contact with her she was given details of an appointment on the next day. She had to borrow money for the bus from a friend's mother to get to the appointment.

28. Jane could access a £264 UC budgeting advance. She is unsure whether to claim this as it will be taken from future benefit payments, which she will also have to use to pay off over £1,000 of rent arrears, as well as outstanding council tax and water bills.

29. A Depaul worker contacted the DWP and completed an alternative payment arrangement form to ensure that Jane's UC housing element is paid directly to her landlord, a local authority. She is already at risk of eviction due to the arrears she has run up while claiming UC.

- **Have claimants reported making a new claim for UC, and then found that the system has not registered their claim correctly?**

30. **Some DWP staff setting up UC claims appear unaware of legislation that requires housing costs to be paid through Housing Benefit for UC claimants in supported accommodation.**

31. There is alarming evidence that DWP employees do not understand legislation around housing costs for people claiming UC and living in supported accommodation. The previous Government stated that the legislation in question, which still stands, '*protects potentially vulnerable service users from unintended impacts of welfare reform.*'<sup>1</sup>

32. Some young people living in Depaul projects have incorrectly had payment for housing costs included in their UC payments. Depaul staff have informed DWP colleagues of the relevant legislation and as a result the young people's housing costs have subsequently been paid through Housing Benefit.

33. The legislation mentioned above was introduced because people in supported accommodation often have personal issues, such as mental health or substance use problems, learning difficulties, or lack budgeting skills that make dealing with relatively large amounts of money difficult and puts them at risk of financial exploitation. Having housing costs paid directly to the housing provider through Housing Benefit helps removes this risk and helps prevent vulnerable people from running up large amounts of rent arrears.

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<sup>1</sup> Explanatory Memorandum to the Housing Benefit And Universal Credit (Supported Accommodation) (Amendment) Regulations 2014 (No. 771)  
[http://www.legislation.gov.uk/ukxi/2014/771/pdfs/uksiem\\_20140771\\_en.pdf](http://www.legislation.gov.uk/ukxi/2014/771/pdfs/uksiem_20140771_en.pdf)

34. Supported housing providers cannot afford to run services without rental income. If a person is evicted from supported accommodation for not paying the rent they may be left with nowhere else safe to go.
35. People often stay in supported accommodation for less than a month. Where this is the case there is a high risk that supported accommodation providers will not be paid any rent if housing costs are paid through UC. Government has acknowledged this point, which is why they are planning a distinct funding system, not reliant on UC, for shorter term supported accommodation.
36. **Recommendation: DWP should ensure that staff who need to be aware of legislation that requires Housing Benefit to be paid to people claiming UC while living in supported accommodation.**
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- **How are claimants managing with being paid UC monthly in arrears?**
  - **What impact is UC having on rent arrears, what effect is this having on landlords and claimants, and how could the situation be improved?**
  - **What impact is UC having on the income and costs of local authorities, housing associations, charities and other local organisations?**
37. **Debts accrued while claiming UC are making it harder for young people in Depaul's projects to move on into independent accommodation and leaving them with very low disposable incomes.**
38. People living in supported accommodation should have their housing costs paid through Housing Benefit rather than UC, although as shown above this is not always the case. In addition, people in supported accommodation also have to pay services charges which are not eligible for support through the benefits system.
39. A number of people on UC in Depaul's supported accommodation services have fallen into debt as they have not paid these service charges. Monthly UC payments in arrears, as well as the gap between the claim and first payment, have contributed to these young people not having the money that they need to pay these service charges.
40. Owing these service charge arrears sometimes prevents young people from being able to access social housing when they are ready to move on from supported accommodation, see James' case study below. This is because owing arrears means they lose points according to which social housing is allocated. As a result they may have to move into the private rented sector, in which properties often have higher rents and where there is a higher risk repeat homelessness.<sup>2</sup>

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<sup>2</sup> Crane, M., Joly, L. and Manthorpe, J. *Rebuilding Lives: Formerly homeless people's experiences of independent living and their longer-term outcomes*, 2016, London, The Social Care Workforce Research Unit, The Policy Institute at King's College London <http://www.kcl.ac.uk/sspp/policy-institute/scwru/pubs/2016/reports/RebuildingLives2016Report.pdf>

41. Rent arrears can be paid back through deductions to claimants' future UC payments. Young people under 25, who receive a smaller personal allowance, are likely to find it particularly difficult to cope when arrears are paid back through deductions from this allowance, which currently stands at £57.90 a week. Deductions made to pay back arrears can leave young people with an extremely low income with which it is difficult to meet basic needs, and which may increase the risk that they get into additional debt.

#### **Case study – James**

42. James has been claiming UC since before he moved into a Depaul project in November. Since he moved in he has not paid any of the service charge, which unlike the rest of the rent is not paid directly to project through Housing Benefit.

43. James has therefore run up service charge arrears, which means he is unlikely to be able to access social housing, which he could otherwise have expected to move into. By having arrears he has lost 'points' according to which social housing is allocated.

44. He has told staff that he struggles with budgeting and that he spends money very quickly when it is paid to him. This has left him without money and makes him feel depressed. He has told staff at the project that he is hungry as he has no money for food and has asked for access to the local food bank.

45. Staff at the project contacted the local JCP to ask for James to receive alternative payment arrangements. After several appointments these alternative arrangements have not been put in place. James has recently got a job, which the JCP have said means he does not need alternative payments.

**46. As more people claim UC, the additional support that residents in supported accommodation require and the potential for increased rent arrears may have more of an impact on the resources of charities that provide the supported accommodation services.**

47. Currently only a small number of Depaul's residents claim UC. The financial impact from the arrears in service charges referenced above is therefore small. As more residents claim UC, the impact from arrears could increase.

48. UC is also placing a significant extra burden on Depaul workers who are supporting young people to claim the benefit. Young people require a great deal of assistance to set up claims and to budget for monthly payments. Our workers are having to provide this as young people are not getting the assistance that they need from Universal Support, see below.

- **How well is Universal Support working, and how could it been improved?**
49. **As far as we are aware, few of the young people Depaul works with who would benefit from Universal Support are accessing it. They are eligible but are not being offered Universal Support by DWP or local authorities.**
  50. **In our experience there is little budgeting support available through Universal Support that is appropriate for people with poor basic skills or restricted access to the internet.**
  51. **Depaul's staff are having to spend substantial amounts of their time supporting people on UC.**
  52. Starting a claim for UC is a complicated and time consuming process, our staff have had to spend a substantial amount of time supporting young people to claim the benefit. Many of the young people Depaul works with would not be able to claim UC without support from our staff or another agency. We are concerned that there may be people who need to claim UC but do not have access to this type of support.
  53. The majority of the young people who Depaul works with require support with budgeting. Some of the local authorities we work with are promoting links to online budgeting aids provided by the Money Advice service. These aids can be effective for young people with good IT skills, literacy and access to the internet.
  54. These aids are less effective for young people we work with who have poor literacy, IT skills and or find it difficult to access the internet. These young people need more intensive budgeting support, for example a one-to-one session based on their individual income and outgoings. From our experience there is currently little or none of this type of support provided through Universal Support.
  55. Depaul has the capacity to provide a limited amount intensive budgeting support. We will not have the resource to provide this to all of the young people in our services who will need it as UC is more fully rolled out. We would welcome the opportunity to work with the DWP and local authorities to increase the amount of budgeting support we can deliver to young people.
  56. **Recommendation: The DWP and local authorities should ensure that sufficient, appropriate budgeting support is available as the number of people claiming UC increases. They should work with other agencies, including supported accommodation providers, to make this support available.**
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- **Would certain groups benefit from greater payment process flexibility and, if so, what might the Government do to facilitate it?**

57. **In some cases alternative payment arrangements have been put in place after Depaul staff have requested them on behalf of young people. There are many young people Depaul works with who, according to Government guidance, are highly likely to need alternative payment arrangements but do not have them in place.**
58. One of the young people we work with became homeless after being evicted for not paying their rent while they were claiming UC. They had been receiving their UC award in full, including their housing costs, on a monthly basis but were unable to budget for this type of payment. It is unlikely that this person would have become homeless if they were claiming Housing Benefit, or if they had appropriate alternative payment arrangements for UC.
59. In a few cases young people have been placed on appropriate alternative payment arrangements after Depaul staff have proactively contacted the DWP and requested that these arrangements are put in place.
60. There are many more young people using our services who are highly likely to need alternative payment arrangements but have not been had them put in place. Almost all the young people we work with match one or more of the below 'Tier one' factors, which according to the DWP make a claimant high likely to need alternative payments.<sup>3</sup>

Tier one' factors:

- drug and alcohol problems
- learning disabilities
- severe debt problems
- living in temporary or supported accommodation
- current homelessness
- domestic violence or abuse
- mental health problem
- being in rent arrears or under threat of eviction or repossession
- age 16 or 17 or who have left local authority care
- families with multiple and complex needs.

61. **Recommendation: The DWP could facilitate greater payment process flexibility by ensuring alternative payment arrangements are applied as Government guidance states they should be. This could be achieved by better publicising alternative payment arrangements to claimants and other agencies.**
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62. Depaul hopes that the information and recommendations we have provided in this submission are useful to the committee. We would be pleased to provide further written or verbal evidence. Depaul are committed to finding solutions to the issues we raise, we would welcome the opportunity to work with the committee and the Government to do so.

<sup>3</sup> Universal Credit (2016) Personal Budgeting Support and Alternative Payment Arrangements Guidance [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/541512/pbs-and-apa-guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/541512/pbs-and-apa-guidance.pdf)