

Recently lost wife and finding everything difficult. I fell into huge arrears, was not offered support and was eventually evicted from my home. I have been waiting four weeks for one payment of benefit for food - without the foodbank I would literally starve. I have had problems feeding my daughter we have had no electricity or gas during the cold spell or hot food. I have fallen into debt juggling a lot and having my three children my anxiety and depression have returned, well never really went away, but feel like it's gotten *a lot* worse. Can't breathe with worry, very little money left, sometimes going hungry and getting bad stomach pain. No money to get bus tickets to work interviews or Jobcentre which leads to being sanctioned or money deducted. It's hard enough already then it all replays over again.

# LEFT BEHIND

IS UNIVERSAL CREDIT TRULY UNIVERSAL?





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## ABOUT US:

The Trussell Trust is a national anti-poverty charity which runs a network of over 425 foodbanks, who provide three days’ nutritionally balanced food and support to people in crisis in the UK. Foodbanks in our network provided 1,332,952 three day food supplies between 1st April 2017 and 31st March 2018, a 13% increase from the previous year, and issues with benefits continue to be the most common cause of referral to a Trussell Trust foodbank.

Over 90% of the food we give out is donated by generous members of the public. Everyone who comes to a Trussell Trust foodbank is referred by a professional such as a social worker, health visitor or schools liaison officer.

Over 30,000 frontline professionals refer people to Trussell Trust foodbanks. Trussell Trust foodbanks work hard to signpost people to other local agencies and services able to help resolve the underlying cause of the crisis. As part of the charity’s More Than Food approach, many foodbanks also host free additional services like debt and money advice, cooking and budgeting courses, and holiday clubs, to further our aim of stopping UK hunger.

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# FOREWORD

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**Emma Revie**  
Chief Executive  
The Trussell Trust

We must not ignore the experiences of people on the frontline. At the very heart of this groundbreaking research are the firsthand experiences of 284 people referred to a foodbank in our network whilst experiencing an issue with Universal Credit. The insights shared are as compelling as they are concerning.

Many of the principles underpinning Universal Credit make sense. Simplifying the too-often labyrinthine legacy benefits system, removing perverse incentives, and ensuring work pays is not just good logic, it is the right thing to do. However, given the fact that a large proportion of people who will receive Universal Credit payments will either be deemed unable to work or in work already, we have a shared responsibility to ensure that Universal Credit works for everybody who will need its support.

At a first glance, there is significant variety in people's explanations of what led to needing a foodbank following a problem with Universal Credit: some people are claiming the new benefit after losing a job, whilst others have moved home to be near family or have recently dealt with a relationship breakdown. But these different reasons disguise a striking similarity across everyone's journeys from starting an application to Universal Credit and arriving at a foodbank: there was nowhere else to turn, and Universal Credit let them down.

**This is completely unacceptable. We need to move towards a UK where no one needs a foodbank's help, not a country where charity provision is the only defence from utter destitution.**

From a purely practical point of view, voluntary organisations simply don't have the resources to step into this role – several foodbanks that wished to participate in the information gathering for this research were unable to, as they were simply too busy following the rollout of Universal Credit in their area.

But more importantly, this is about the kind of country we are. As a nation we expect no one should be left hungry or destitute, but it's hard to break free from hunger if there isn't enough money coming in to cover the rising cost of absolute essentials like food and housing. Illness, disability, family breakdown or the loss of a job could happen to any of us, and we owe it to each other to make sure sufficient financial support is in place when we need it most.

Universal Credit is the future of our benefits system. It's vital we get it right, and ensure levels of payment keep pace with the rising cost of essentials, particularly for groups of people we know are already more likely to need a foodbank - disabled people, people dealing with an illness, families with children and single parents.

I am honoured to stand alongside thousands of foodbank volunteers across the country who are doing all they can to offer emergency support and simultaneously raise awareness about why that support is necessary. Let's work towards ensuring that work is not needed in the future - this research makes for hard reading, but it is in pinpointing where things are not going as they should, that we can see what needs to change.



# EXECUTIVE SUMMARY

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Universal Credit is currently unable to provide a well-functioning service for some of the people in our society most in need of support, leading to an increased burden on the third sector. Poor administration, the wait for the first payment, and repayments for loans and debts are driving some people to severe financial need. This is particularly acute for families with dependent children and disabled people. A true Universal Support system and more financial support can turn the tide to make sure Universal Credit can achieve its principles whilst still maintaining a robust safety net for people when it is most needed.

## KEY FINDINGS

1. The wait for a first payment had severe and immediate consequences: 70% of respondents found themselves in debt, 57% experienced issues with their mental or physical health, and 56% experienced housing issues. The majority of respondents were waiting or had waited the intended weeks for their payment but this wait still had severe financial implications.
2. There was little statutory support available during this wait. 63% were offered no help, while the most likely form of help offered was a foodbank voucher. Advance payments were helpful for some, whilst a half who provided detail said they were unhelpful, too little, or unaffordable to repay.
3. Only 8% said their full Universal Credit award covered their cost of living. This was even less for disabled people or people with ill-health, of whom 5% said the award covered their cost of living.
4. Poor administration was a persistent concern. 35% had waited, or were waiting, longer than 6 weeks for their first payment. A third had experienced poor communication, and 30% had experienced underpayment. Over and underpayment were particularly rife amongst those in work, with 50% in work affected.

## RECOMMENDATIONS

### **1. A true Universal Support service which: supports people transitioning onto the service or making a new claim; expands support for people with the greatest financial need; and extends beyond the initial claim or transition.**

Universal Support as currently defined by the Department for Work and Pensions must be offered to every claimant, with a statutory duty placed on local authorities to identify need and provide personal budgeting advice and IT support to those who need it. This support should be extended to offer debt advice, given the high proportion of the sample affected by debt due to the wait. These three elements should comprise a new Universal Support package which extends beyond the transition onto Universal Credit to ensure people do not fall into crisis.

Advance payments and flexibilities must also be offered to all those in financial need, with longer repayment plans for those most at risk of falling into crisis – in particular, people with significant debts, single parents, larger families, and disabled people. The present 40% cap on the proportion of income a repayment can take should be reduced. An assessment of what other deductions and repayments may be required of someone should be included in assessing someone's ability to repay an advance. Free childcare, already promised for working families under Universal Credit, must be offered and take-up encouraged.

### **2. More financial support, in particular for the most vulnerable.**

For many, however, support and advice will not be enough. Most respondents could not afford to live on their full award, so benefit levels must keep pace with the cost of living and uprated in line with inflation. Recently announced increases to the work-allowance are welcomed; returning them to pre-April 2016 levels would do even more to ensure people can keep more of what they earn.



# EXECUTIVE SUMMARY

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Disabled people, people affected by health conditions, and families with dependent children, are particularly vulnerable to crisis during the five-week wait and beyond. Just as housing benefit has been extended for two additional weeks, Employment Support Allowance must also be extended, and those on U.C. deemed 'limited capacity for work' should see their benefit increased to pre-April 2017 levels. Transitional protection for people on ESA should be brought forward. The two-child limit for child benefit should be re-evaluated.

### **3. An urgent inquiry into poor administration within Universal Credit and its effects, particularly in relation to insecure work.**

Over and underpayment, long waits, and poor communication, emerged as key triggers for financial insecurity. Erroneous payments were particularly prevalent for people in insecure or seasonal work. Ensuring administration functions as intended will mean people can budget appropriately and not find themselves repaying hefty over-payments through no fault of their own.

### **4. More flexibilities for requirements and a yellow-card warning system for sanctioning.**

Any increase in sanctioning is worrying, given its well-established relationship with increased foodbank use. More flexibilities for families with dependent children and disabled people are necessary, and as we recommended under the legacy benefits system, a yellow-card warning system is needed to limit the negative impact caused by unfair sanctioning.

People claiming limited capability for work should be exempt from full conditionality before their Work Capability Assessment, as was the case under legacy benefits. It is also important that people who under legacy benefits would be 'treated as' qualifying for ESA or would be in the group where working would be considered a 'risk-to-health' are similarly exempt from full conditionality under Universal Credit.



# INTRODUCTION

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The impact of Universal Credit on society in the UK is only just beginning to be felt. By the end of 2019, all Jobcentres across the UK will be processing claimants in the new system, and by 2022, all existing eligible claimants still on the legacy benefits system will have been migrated to the new system. When full transition ends, 8 million households will be on Universal Credit.

Universal Credit diverges from previous forms of benefit payments by including:

1. A five-week delay before a claimant receives their first payment.
2. Single monthly payments in arrears, with housing benefits paid directly to claimants.
3. New forms of conditionality for claimants, both in and out of work.
4. A work allowance which determines the point at which the Universal Credit award starts to taper off.
5. Digitising how applications, accounts and payments are managed by claimants and the DWP.
6. Some reductions in the amount of payments claimants receive.
7. New system of working tax credits and a taper rate to reduce payment amounts as earnings grow.
8. Universal Support, a new system of support to help claimants.

The process of transitioning out of the legacy benefits system and onto Universal Credit, and the experience of being on and interacting with the new system, has already had wide-ranging effects on claimants, statutory bodies, and voluntary organisations.

Foodbanks and food aid providers are particularly sensitive to welfare reforms – University of Oxford research in 2016 found that there was a ‘strong, dynamic relationship’ between sanctioning and foodbank use, with increased sanctioning in an area corresponding to increasing numbers needing foodbanks.

It is unsurprising, then, that foodbanks have felt the immediate effects of the wait for a first Universal Credit payment, where people can be left with little or no money at all. Trussell Trust research found that foodbanks in areas of full Universal Credit rollout for six months or more have seen a 30% increase in food parcels given out six months after the new benefit went live, compared to six months prior to going live. In equivalent foodbanks not in areas of full Universal Credit rollout, this increase was just 12%.

For many foodbanks, operations have consequently been stretched to capacity between 2016 and 2017, with volunteers spending either increasing amounts of time acting as welfare advisors or offering pastoral support, or so busy giving out food that they cannot signpost effectively and tackle the underlying cause of a person’s crisis. The Trussell Trust’s 2017 *‘Early Warnings’* report sought to measure the impact on foodbanks and people referred, drawing from the experience of foodbanks on the frontline. The report’s key recommendation, that the six-week wait be reduced, was taken up by the Government in the Autumn 2017 Budget.

However, a large proportion of areas have had full Universal Credit rollout for a year or more. For many, Universal Credit is no longer a new benefit but a daily reality. Given Universal Credit will, over the next few years, become the daily reality for millions of people who find themselves unable to work or are in low-paid work, it is vitally important that we examine what about its functioning and design may lead someone to need a foodbank.

This report represents qualitative findings from 284 individuals across the UK, receiving or waiting for Universal Credit payments, who have found themselves in need of a foodbank. This represents the largest sample of people at foodbanks with U.C. issues in a qualitative research project. The findings create a picture of cracks in the system where people with little financial or social capital find themselves falling through.

**We have a generational opportunity with the rollout of Universal Credit to create a safety net capable of catching people who, through no fault of their own, find themselves with little money or unable to work. Listening to the evidence from the frontline can tell us where those cracks are, and how best to fix them.**



# METHODOLOGY

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The findings from the report come from a survey of people referred to foodbanks in The Trussell Trust's network, delivered by foodbank volunteers and managers in 30 foodbanks in areas of full Universal Credit rollout in England, Scotland, and Wales. The survey ran for five weeks between February and March 2018. This quick turnaround in data collection is vital as Universal Credit has seen a number of reforms currently taking effect across the UK. The rollout schedule for Northern Ireland has been later than other nations and no Northern Irish foodbanks were able to participate. The sample size is 284 surveys, and 148 of these respondents stated that they had dependent children.

The survey, developed by The Trussell Trust Policy & External Affairs Team in conjunction with operational Trussell Trust Area Managers, asked people referred to foodbanks on Universal Credit their experience of the benefit. Questions ranged from multiple-choice questions asking individuals the impact of the wait for the first payment, to narrative questions asking about what support was available and offered locally during their transition onto the benefit. Answers were anonymised and identified by which foodbank the individual sought help from. Analysis was carried out on these responses to bring out themes, which forms the basis of parts one and two.





# PART ONE: 'YOU CAN'T LIVE ON THIN AIR'

The journey of a household through the Universal Credit system represents a marked change from the legacy benefits system, from the initial wait for a payment, to the mode and method of payment and claim management, to the support and advice available. This section begins with respondents' experience of waiting for the first payment, exploring the impact of being left with no money for weeks at a time, whilst also examining the support in place for people transitioning onto the system.

## (i) The experience of the wait for the first payment

The wait is the most recognisable feature of Universal Credit as it represents a significant change from the legacy benefits system, when individuals were paid more regularly. This wait is comprised of five assessment days and a month until the first payment, to mimic monthly wage.

*'I've had to borrow off friends and family (my mum and dad are old and struggling themselves) just to feed myself. And the majority of the money I've had is from the people who've put me up - for electric and shopping to feed me. The money I've borrowed off friends...I'm unsure when I can pay it back and they need it back which has put strain and stress on me and them.'*

Frontline organisations, including The Trussell Trust, have raised concerns about the wait for the first payment, during which an individual can find themselves with very little or no money for themselves and their household. The Government has acknowledged this and taken steps to reduce this wait, which was originally six weeks, and reduced to five weeks in the Autumn 2017 Budget (which came into place on 14th February 2018). The reduction of the wait has been welcome, however, as this research was carried out at the cusp of the transition between five and six-week waits, we are not able to examine the impact of reduced waiting times.

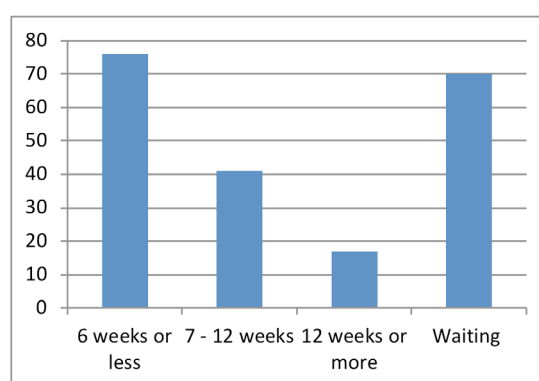


Figure 1 Length of wait in weeks, from valid responses

Respondents were asked when they first applied for Universal Credit and when their first payment came in. Of the sample which provided a valid start and end date, 37% had waited for their Universal Credit payment for six weeks or less. 20% had waited between 7 and 12 weeks, while another 8% had waited for 13 weeks or more. One individual had waited for 28 weeks, and made seven attempts to apply. 34% were waiting for their payment. 28% of the total sample either did not provide a full answer, provided an incorrect date, or only stated months rather than specific dates.

The majority had waited the intended number of weeks for their first payment, and yet had still found themselves in need of a foodbank. This suggests that although small reductions of this wait may be beneficial, it is any additional wait for the first payment which has the possibility of pushing an individual into crisis. Even four weeks, or three, without money, could mean a person with no savings finds themselves in need of help. One respondent wrote:

*'I have been waiting four weeks for one payment of benefit for food - without the foodbank I would literally starve.'*



For another person, even one week without money had led them to need a foodbank:

*'Client does not know how long this will take and has already been waiting for week with no money.'*

This also makes the large proportion of individuals who have waited for seven weeks or more worrying. Department for Work and Pensions research has shown that a fifth of Universal Credit claimants wait 7 weeks or more for their first payment, and the overrepresentation of that group in our sample suggests these individuals may find themselves particularly in crisis and in need of a foodbank.

A significant proportion of the sample was currently waiting for their first payment, and the majority of these were within their six-week wait period. This suggests, again, that any wait for a payment can lead to a person being unable to afford essentials like food. However, some had waited, or expected to wait, up to 12 weeks for their first payment.

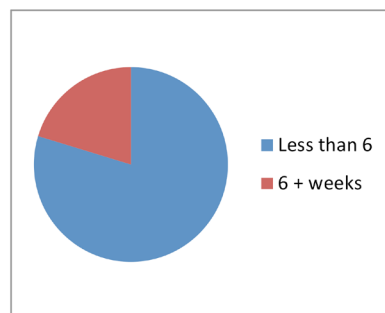


Figure 2 Length of time spent waiting, from respondents currently waiting for first payment

## (ii) The impact of the wait

*'I have fallen into debt, juggling a lot and having my 3 children, my anxiety and depression have returned, well never really went away, but feel like it's gotten a lot worse. Can't breathe with worry, very little money left, sometimes going hungry and getting bad stomach pain...'*

Respondents were asked what the impact of the wait for the first payment was, through a multiple choice question. The graph below shows the responses. 70% of respondents reported that debt was a direct outcome of this wait, while housing issues, difficulty managing budgets and mental health issues affected between half and two-thirds of the sample.

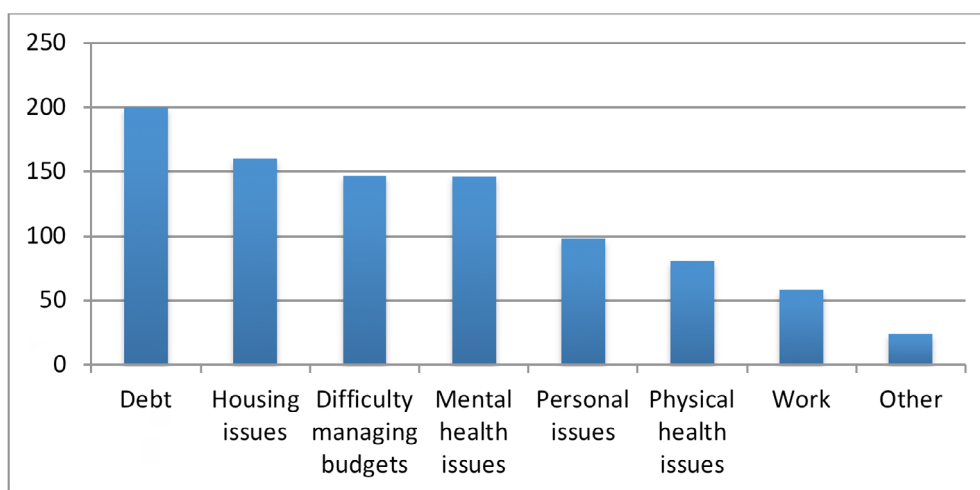


Figure 3 Responses for question on impact of wait on respondents

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## DEBT

The most commonly reported outcome of the wait was debt. 70% of the sample reported debt as an outcome, and throughout people's discursive responses, including descriptions of housing issues and mental health, debt remained the main concern for individuals during and after this period. One respondent wrote, *'I fell into a lot of debt, my partner had to move because we didn't have enough to live off with two children.'* Another wrote, *'they've really put me in debt and lot of trouble, I have nothing to live off.'*

At least 8 individuals specifically mentioned council tax arrears, or being behind on payments, as an outcome of lacking money during this time, whilst only 5 mentioned that the council had advised them to apply for a council tax reduction. One respondent wrote, in response to a question about locally available support, that *'they have been awful - demanding council tax payments and given me no help with benefit forms.'* This suggests Work Coaches and councils should be more proactive in ensuring individuals can receive these entitlements.

This debt was not only to organisations but also to individuals – numerous respondents cited having to borrow from family and friends to tide them over during the wait. This created tensions amongst family and friends, who may need the money themselves:

*'[Experiencing] rent arrears, housemate arguments, due to having to borrow money to survive...with children it's very hard.'*

## HOUSING ISSUES

56% of respondents reported issues with housing during their wait, and many linked this to debts and arrears. Seven individuals mentioned they had been evicted or feared the threat of eviction, whilst many others cited rental arrears. These debts often compounded other payments or pre-existing arrears or debts. One respondent wrote:

*'Due to delay in my payments, I've been constantly in arrears with my rent and cause I've had to make up for my arrears I have fell into other debts with my other payments.'*

Individuals also cited other housing-related costs, such as the inability to pay for gas or electricity. One individual reported, *'falling into debt with gas and electric also not being able to cook my food as I have to pay by card and key meter.'*

## DIFFICULTY MANAGING BUDGETS

*'Because I had to wait for 6 weeks, I fell into debt and found it hard to budget bills, then when I did get paid I had to pay it all out which means a month of having to wait for money, means more debt.'*

Difficulties managing budgets was cited by over half of the sample as an issue during their wait. The uncertainty of not knowing when money was coming in contributed to stress and worry, as well as personal issues, as one respondent pointed out:

*'After being assured my benefit would be in my bank on the 9th Feb it will now be sorted by the 16th Feb due to delays, which is putting stress on me as companies and family are ringing for money promised on the 9th.'*



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## MENTAL AND PHYSICAL HEALTH ISSUES

*'My ESA was stopped, I had another stroke, I came out of the hospital with nothing.'*

57% of respondents said that they had experienced mental or physical health issues as a result of the wait for their first U.C. payment. Over half had experienced a negative impact on their mental health, over a quarter had experienced an impact on their physical health and 23% had experienced implications for both mental and physical health. A further 7% did not report a health impact during the initial wait but faced difficulties due to health conditions in the household while claiming Universal Credit. Most people reported multiple health conditions and multiple negative impacts of claiming U.C.

Individuals most commonly reported either that pre-existing conditions were worsened during the wait for a payment, or that new mental health issues arose – most commonly stress, anxiety, and worry, followed by depression and generally finding all, or most, aspects of life harder. Several people noted having problems sleeping. Elements of the claims process that contributed to people's stress included: not having ID, accessing a computer, having to wait for money, lack of money to feed family, falling behind with bills (particularly rent) and debt. Respondents explicitly linked applying for Universal Credit and falling into debt with depression and anxiety, with one respondent stating:

*'Since being on UC, fallen into debt, become very depressed, mental health has suffered.'*

These conditions were mostly brought on, or made worse by, money-related concerns (e.g. monthly budgeting, paying rent, debt, having no money for food and/or travel, waiting for U.C. payment and payment delays). The relationship between debt and poor mental health has been underscored by previous research and evidence from the frontline, and respondents in the sample confirmed this link.

In some cases, mental health issues were compounded because individuals did not have the money to buy medication or appropriate food. One respondent with pre-existing severe anxiety wrote, *'I had to apply twice, I could not eat or take my medication.'* Another person was affected by post-traumatic stress disorder (PTSD), and the wait was exacerbating his poor mental health, whilst the financial uncertainty left his household in arrears:

*'My husband suffers PTSD and cannot handle change so well so this has totally confused him. Our rent is due next week so worrying if it's going to be paid and we are struggling with paying gas and electric as we have no money and are on a meter.'*

Some respondents cited having to give up their broadband or mobile phone contracts to manage their budgets, which would not only make their application process harder, but also contribute to social isolation and loneliness.

43% gave additional information about the health impact of the wait, 26% of which gave additional information about their health experience reported difficulties switching benefit, the most prominent of which was difficulties with the switch from ESA to U.C.

Just under a third of respondents cited issues with physical health as an outcome of the wait: more so than mental health issues, individuals wrote that pre-existing health conditions were being exacerbated as they could not afford appropriate food, medication, or care. One respondent, who was currently waiting for their first payment, wrote:

*'I am insulin dependent, not having money to purchase food affects my physical and mental health. I have no money to shop or pay my bills.'*



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Many individuals cited skipping meals or not eating for days. The health implications of skipping meals regularly have been emphasised by several researchers in nutrition, and the long-term effects of cutting back on nutrition for weeks at a time are likely to be significant. Although some people highlighted support from local authorities and housing associations, several faced eviction. IT access and debt were major causes of stress among claimants with disabilities and health conditions and a large majority had not accessed or been offered grants from Social Funds, local welfare assistance schemes, or Universal Support, by their local authority.

## PERSONAL ISSUES

Over a third of respondents cited personal issues, such as relationships breaking down or arguments, as a result of the financial uncertainty or debt associated with the wait for the first payment. Many cited having to borrow from friends and family as a source of tension, as these debts needed repaying. One respondent stated, *'I went days without a meal and people were mad at me for asking for money all the time.'*

For others, it was the very fact of financial uncertainty which led to family breakdown. One respondent stated that the wait *'messed me and my family up so much, wanted to give kids up so they got food, couldn't cope with anxiety and stress.'* Another said that their *'partnership of 13 years broke up. Stress is still building.'*

## WORK

Universal Credit aims to help people get back into work, help people transition in and out of low-paid work seamlessly, and make sure work pays. However, a fifth of the sample cited issues to do with work as outcomes of the wait for the first payment. While this is relatively small compared to the other outcomes, within the context of foodbanks, where University of Oxford researchers found that people in work make up around 1 in 6 households, this proportion is significant.

Seasonal or insecure work, the most likely form of work for someone in financial distress acute enough to warrant a foodbank referral, was also the most problematic form of work for individuals moving onto Universal Credit. Respondents mentioned that they needed to re-apply when they moved out of work, leaving them with no wages and no other financial support to tide them over:

*'I work in a call centre so when I am laid off, I have to re-apply and have nothing to spend on food.'*

The wait also left some with so little that debts actively jeopardised their ability to look for work or attend job interviews. One respondent wrote:

*'Due to the delay of my UC payments I am in over £2000 of debt and I am not able to go to job interviews as I have no income - only able to wash when we have gas to eat and wash.'*

### (ii) Transitional support

*'All they have done is caused me to have hardship and less money, mixed my budgeting up, and affect my mental health, as [they are] always confusing me.'*

The responses from people referred to foodbanks paint a picture of this wait as a time of financial uncertainty, which compounds a set of other insecurities – health, social, and material. It is true that some people may be able to live with no income at all for five or six weeks, due to savings or help from family or friends, but clearly, for people on the very lowest incomes, this is unfeasible.

The effects of the wait for a first payment were initially to be mitigated by Universal Support, a package of help provided to claimants funded by the DWP. In March 2018 the Department published guidance on what Universal Support would look like, who would provide it, and how it would be administered.



In the absence of this support, advance payments have become the primary form of transitional support to claimants.

## ADVANCE PAYMENTS

*'Problems with the waiting period for Universal Credit is the biggest reason for people coming to us, however the period of time after the payments start are also causing huge problems for people as they are finding themselves in arrears with rent, mortgage, bills etc and catching up is a huge problem. Another massive issue is repayments of advanced payment which is causing people problems when they get their first payment, as they're then left with nothing again.'* Hartlepool Foodbank

Advance payments are loans from the DWP which claimants must apply for and then pay back within a given time. After the Autumn 2017 Budget, the Secretary of State announced that all claimants would be offered this support, and instead of only receiving the equivalent of half a month's basic entitlement, to be paid back in six months, they will now be able to claim a full month's basic entitlement, to be paid back over a year. Foodbank managers have repeatedly stated that as the payment is a loan, not a grant, repayment can push people back into financial strain and lead them to continue needing a foodbank beyond the six-week wait.

In our survey, individuals were asked whether they had been offered an advance payment, whether they had applied, and whether this had been useful for them. The majority of the sample were offered an advance payment, though a third were not, raising the question of why their Work Coach did not identify their financial hardship earlier, given they were later referred to a foodbank.

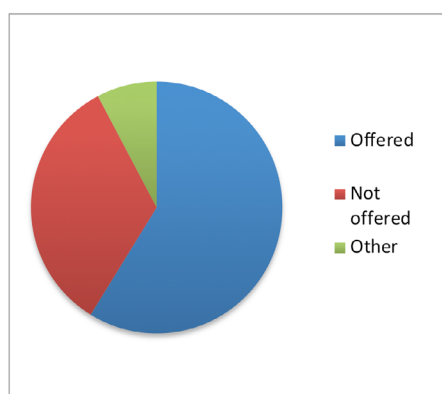


Figure 4 People offered/not offered an advance payment

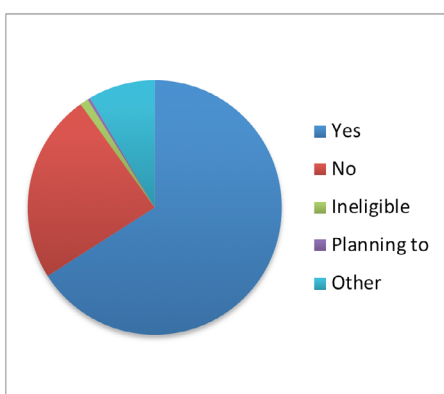


Figure 5 People applying/not applying for an advance payment

Of the respondents who gave more detail on the impact of the advance (just over half of respondents), the majority (49%) stated the advance was not helpful, while a third (33%) stated it was. The two key reasons why individuals found it unhelpful was that they needed to pay it back or that the amount was too little. The most common reason cited for it being helpful was that it gave people the chance to pay for expenses, allowing them to keep the lights on, pay for gas, pay for items for their children, or pay for occasions like Christmas.

A small but significant proportion (8%) of people were still waiting for their advance payment, while a similar percentage (9%) were ineligible for the payment or were refused, either due to incorrect documentation or insufficient evidence of need. Given the need for a foodbank referral, these figures are concerning and suggest more needs to be done to ensure people can access the immediate financial relief designed by the DWP.



In the absence of this support, advance payments have become the primary form of transitional support to claimants. For people who did not find them helpful, advance payments were seen as short-term help which either did not last long enough, or caused issues months down the line when people were hit with unaffordable repayment amounts which pushed them further into arrears. One respondent wrote:

*'Helpful at the time but hard in the long run as the repayments have to be made, along with overpayments paying back on a number of things, leaves me £60 to last a month.'*

This is particularly pertinent as individuals told us that the advance payment is often used to pay back friends, family, or organisations to which a person may be indebted. The advance would plug one set of arrears only to start another. Several respondents reported this:

*'Advance was used to pay Mum back as I had no money Oct-Dec.'*

*'Enabled me to pay off phone bill but payment didn't last long and ran out in 3 days.'*

The additional time claimants will receive to pay back the advance will no doubt be beneficial to people who can't afford to pay significant sums (one respondent cited repayments of £98/month) each month. However, with the variety in household incomes and sizes, for some, deductions of £26 a month were affordable, while for others, paying back £16.99 a month was unfeasible. One person wrote:

*'The advance was helpful but we were put on to UC when advances had to be repaid over 6 months, so now we are being hit hard by the deductions.'*

These testimonies suggest that, whilst for some the advance payment serves their immediate and long-term financial needs, for many, this help simply does not go far enough.

## UNIVERSAL SUPPORT

*'I am sick, disabled, and visually impaired, hard of hearing. No help has been offered. I had to go ask my local church for help.'*

Though the Universal Credit rollout began in 2015, with half a million people on the service by early 2017, clarity about the shape and form of Universal Support has not arrived until late 2017, when the Department for Work and Pensions clarified that the program would consist of quarterly grants from the Department to local authorities, which would use it to provide budgeting advice and IT support to people moving onto Universal Credit.

When asked whether their local council had offered any help to them during their wait, or when applying to Universal Credit, 63% of respondents stated there was no assistance offered. The second most likely source of support was the third sector – with help from a foodbank the most likely form of this support. A few individuals also received assistance from Citizens Advice and Age UK.

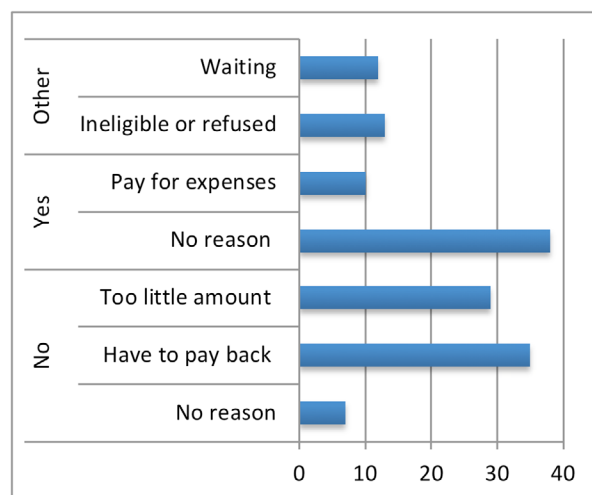


Figure 6 Responses to question on experience of advance payments

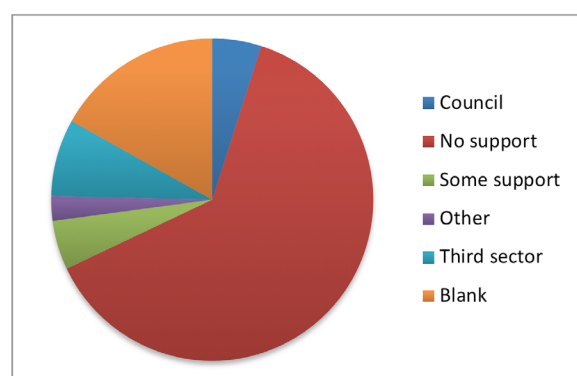


Figure 7 Responses to question on support offered during wait



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Individuals often reported that the council themselves had given them food vouchers in lieu of substantive support – for example, one respondent wrote that, with regards to help with their U.C. claim, the council had given them ‘food vouchers and [an] apology for wrongly taking money from my account.’ Another said ‘they gave us foodbank vouchers.’ For respondents who stated that the council had offered help, five out of fourteen said they had offered a council tax reduction – a form of support to anyone on a low income, not specifically for those transitioning onto Universal Credit, and not part of Universal Support as defined by the Department for Work and Pensions.

For many, the very existence of a local support system to help them transition onto a new form of benefit was alien – one respondent mentioned, ‘no, this is a benefit that we knew nothing about.’ Others remarked that this would be useful, or that they hoped they would be offered it at their next appointment.

A handful of respondents identified positive local support – in particular, the council offering a budgeting officer or helping with debt management. One respondent said:

*‘The local council have been great with understanding the issues, I have showed them proof of what UC had done along with the Jobcentre and they have admitted they were wrong. I have come to an arrangement with the council to pay extra month for arrears.’*

Worryingly, only four people out of a sample of almost 300 cited a social fund scheme as a source of financial support – representing just 1% of the sample. This is unsurprising given recent reports on the continued near-elimination of this help, but demonstrates how acute and harmful the pullback of this help can be.

Half of the sample cited ‘difficulty managing budgets’ as a direct outcome of the wait for the first payment, and many others cited IT difficulties in their applications. This suggests Universal Support as outlined by the DWP is either not available locally, or is not being targeted at those most in need of it. Financial need led some people in the sample to end their phone or broadband contracts, making it extremely difficult for them to manage their claim. IT support would be invaluable for many people claiming U.C., who may not have access to technology or have the skills needed to use it, particularly people with disabilities and health conditions. One respondent wrote of the wait and IT issues:

*‘The major flaw... is internet access. Using a mobile and having broadband installed has cost me £150 off my advance (if the Government wants it all online they should at least subsidise a contract via mobile or broadband to supply the information). Even the Jobcentre Plus internet connections were so slow in there... Like I said in the real world, in rural locations it’s not so easy. In a city I could sit in McDonald’s or outside, not some in rural towns when the library only gives you a few hours for free.’*

### **(iii) Summary and recommendations**

The testimonies of people moving onto Universal Credit are revealing. The wait can lead to devastating consequences for a person with very little income this is particularly acute if someone has significant debt already, dependent children or a disability. If people do not already have debts, they are likely to fall into debt unless they have a robust social network that can support them. If people do not have mental health issues, they could develop them as a result of mounting arrears, stress, and worry.

The overwhelming evidence from respondents is that though help is desperately needed, it is not available or consistently offered. What little help there is does not go far enough, or is being provided by voluntary organisations unable to offer the tailored budgeting advice and IT support which some claimants need.





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However, many in the sample, who represent some of the lowest incomes in our country, are likely to require, in many cases, more than simply budgeting advice and IT support. The DWP's guidance to local partner organisations states what local authorities might provide in the transition to Universal Credit, one of which is personal budgeting support. The document states that this advice would help claimants manage payments and 'prioritise essential bills such as rent/utilities' which could encourage people to forfeit meals in order to pay other bills.

It is therefore essential that people have the financial means to meet all essential costs. Advance payments must be timely and claimants informed of repayment plans. For those in the most financial need – in particular, disabled people, larger families, and those in significant debt - advance payments should have longer repayment plans (18 or 24 months) so individuals can budget more easily. Poor administration must be tackled to ensure people are paying back what they expected.

Better financial support, in the form of continuing legacy benefits for a limited time, and some targeted grants rather than loans, would help ensure no-one falls into crisis. The example of the Scottish Welfare Fund, where individuals can apply for grants of between £20 and £500, is attractive, though only one respondent received help from this fund. If applied more widely, this could help build resilience and help ensure that, when the first payment comes in, individuals are not left in debt.

It is arbitrary that disabled people moving onto U.C. before 2019 are not afforded the same transitional protections as those after – these claimants need the most support. The Government's announcement that housing benefit would be continued to be paid two weeks beyond the start of a U.C. application was welcomed by the third sector and housing providers – continuing Employment Support Allowance in such a way would also be welcome, ensuring some of the people most at risk of financial hardship have more security during this wait. People transitioning from ESA should also not be subject to job-searching requirements during their assessment period.

Finally, the voluntary sector cannot be a replacement for the welfare safety net, but better communication between frontline third sector organisations and statutory bodies can improve the targeting of support and help.

For example, one foodbank alerted their local DWP District Partnership Manager about a case in which a woman who had previously accessed foodbank support during the school holidays, with domestic violence issues, experienced a relationship breakdown and was made to apply to U.C. Her advance was very small (£200 for six weeks for herself and her two children) and the family was paying rental arrears dating to before the relationship breakdown.

The foodbank contacted the DWP Partnership Manager after meeting them at a talk for agencies organised by the local DWP, who worked to make sure the advance was with the mother within 24 hours. The Partnership Manager is also working to remove the rent arrears. Her social prescriber has put her in touch with both Christians Against Poverty, who provide debt advice, and Citizens Advice, for longer-term support. The foodbank told us:

*'I think this is a great example of us as foodbanks being able to facilitate across agencies, and more importantly allowing our referral... We got a note back today from the social prescriber saying how grateful she is and that the family can really see the light at the end of the tunnel.'*



## PART TWO: 'FROM PILLAR TO POST'

The experience of being on Universal Credit is, by design, a radically different experience to being on legacy benefits. Many of the people in the sample were moving from other benefits onto Universal Credit, whilst for others this was their first experience of the benefits system, but all needed to adjust to its particular characteristics.

Universal Credit transforms the claimant's relationship with their claim - payments are monthly, managed online, and Work Coaches have significantly more discretion and control with regard to requirements and conditions. 'Passported' benefits, such as Free School Meals (FSM) and free prescriptions, are being reformulated to place appropriate eligibility requirements upon them, while the expansive tax credits system is being absorbed by Universal Credit.

This section will examine the experience of being on Universal Credit from the perspective of someone who needs a foodbank, through a focus on the key themes which emerged from responses: poor administration; accessibility; repayments; requirements; work; and ill-health. It will then examine the support available to claimants in order to evaluate its effectiveness, not just in supporting Universal Credit's own purported aims, but also in ensuring a properly functioning service for people on the lowest incomes.

The chart below shows responses from the sample to a multiple-choice question about people's experiences on Universal Credit, as a percentage of the number people who provided a response to the question (215 responses out of 284). Non-response was primarily due to individuals not moving onto the system yet and remaining in the waiting period, whilst others chose not to respond.

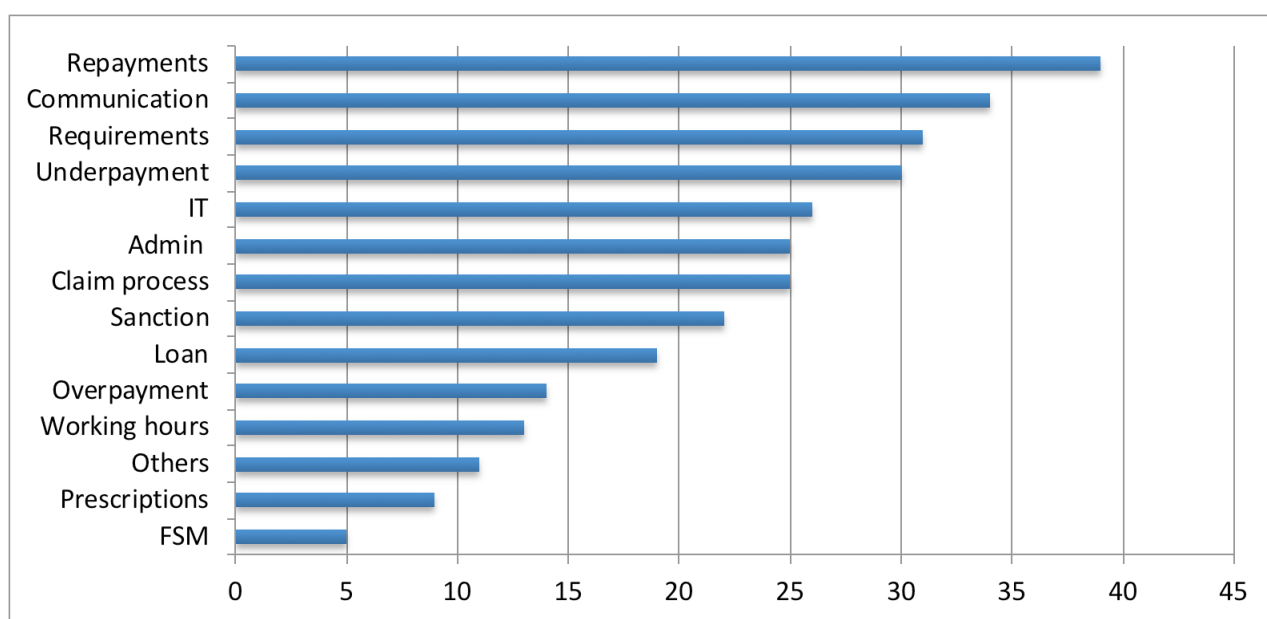


Figure 8 Issues encountered by respondents whilst receiving U.C.

### REPAYMENTS

*'I have almost 200 pounds a month coming out of my benefits which leaves 322 a month for 1 adult, a baby, and a five year old.'*

The most common issue respondents faced was with repayments – almost two-fifths of respondents reported this, while a fifth specified repaying the advance payment as an issue whilst on Universal Credit.



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A key characteristic of Universal Credit, which originally aimed to simplify payments, was that benefits were to be merged and handled as one – this encompassed Employment Support Allowance, Working and Child Tax Credits, Housing Benefit, Income Support, and Jobseeker's Allowance. However, this means that deductions – for repayments or sanctions – come out of the claimant's total award, which means people's overall entitlements can be extremely low in some circumstances.

*'All payments have been underpaid by at least £1000 per month. The last payment being zero... If one thing is wrong it now affects everything as you can't apply for council tax reduction, housing benefit and child tax credit separately. You have all or nothing.'*

This was particularly acute when individuals received their first month's entitlement, after waiting at least five weeks, if not more. The impact was exacerbated by previous debts and arrears a person may have accrued, and even lower if the individual had taken an advance payment. One respondent wrote:

*'Still repaying payments from few years past, up to £1000. So the money I will receive will be very much short of the full amount and I must make sure that lasts a whole month till next payment. Very difficult and ridiculous.'*

The repayment process was often affected by poor administration, with several respondents saying their repayments were incorrect. Several individuals mentioned this related to repaying the advance payment. One respondent said they had agreed to pay £17 and £19 monthly but when their first month's Universal Credit award came in, £55 and £54 was taken out of their account. Another respondent said due to an error £45 was taken from their account rather than £25. For people on the lowest incomes, such errors would have a significant impact on the household's ability to afford even the basic essentials.

Poor administration, in particular overpayment, also resulted in repayment requirements which placed additional burdens on claimants with already stretched budgets:

*'Harrogate Council overpaid housing benefit and income support overpaid which has complicated my payment. I find the UC website confusing. I have so many deductions but they do not seem to add up.'*

## POOR ADMINISTRATION

The roll-out of Universal Credit has experienced 'teething problems', with the rollout schedule delayed and 1/5 of people waiting longer than the intended period for their first payment. Within our sample, over a third (35%) of respondents who gave us a valid application and payment date were currently waiting, or had waited, longer than six weeks for their first payment.

Additionally, when on Universal Credit, individuals cited issues to do with administration more commonly than any other issue. Over a third (34%) cited issues with communication, such as being told different things by different people. 30% cited underpayment, 25% cited issues with processing their claim, 25% cited general administrative issues, such as lost paperwork, and 14% cited overpayment. One respondent wrote:

*'They would tell me different things every time I phoned them and are not helpful in regards to payment.'*

This is unsurprising, given the high proportion of respondents who also mentioned not being offered an advance payment or other flexibilities. Another respondent wrote that their Work Coach had not explained that their child tax credits – something many households do not see as a 'benefit payment' – would also stop:

*'...nobody told us that our child tax credits would stop so we paid bills thinking we still received child tax credit.'*



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Administrative issues, as previously mentioned, could push people further into crisis as costly repayment plans reduced their entitlement. In order to rectify these issues, individuals stated they sometimes needed to call the Universal Credit helpline, which, until November 2017, was charged. One respondent wrote that, in the process of having to chase up underpayment, they made *'costly and lengthy phone calls.'* Another mentioned that *'from phone call to phone call I get conflicting information. This usually takes 3 calls to put right if ever.'*

A recurring theme within responses was the confusion felt by claimants who didn't understand the new system and felt it had not been explained to them properly. One respondent, dictating to a foodbank volunteer, said:

*'Last employment employer paid what was due, holiday payment etc. This was all taken away by UC and caused his rent arrears. He did not understand any of it.'*

In other cases, administrative issues were due to poor communication within the structure of Universal Credit, and could leave people in limbo:

*'When I moved areas from a fully digital area to one that wasn't all the information has to go to my old area, I had to wait three months before I got any money.'*

This was particularly damaging when the deductions individuals could face were not explained fully, which left people unable to budget properly and sometimes severely lacking money. One respondent wrote:

*'UC is not explained properly in the way of which benefits stop, as we didn't know the child tax credit stops. The council made an overpayment of housing benefits so they have taken it straight back in one payment which has left us short for the moment.'*

Within the sample, there was a marked relationship between work and administrative errors in Universal Credit entitlements. 50% of working people highlighted either overpayment or underpayment of benefit as an issue that affected their Universal Credit payment – for people with unpredictable hours that change from one month to the next, the monthly reassessment structure of the system can extenuate this. One person wrote that Universal Credit *'paid me too much when I did some work one month.'* Another wrote:

*'Needed the foodbank because the wrong amount came – £154 for the month. No housing [element]. Work 12 hours a week, this seems to cause a problem.'*

Another individual wrote that when their zero-hours contract job left them with no hours for the month: *'UC just stopped and I had to restart the claim.'* This meant another six weeks without money.

For people working unpredictable hours, this lack of consistency consequently led to unpredictable levels of Universal Credit payments, making it difficult to plan ahead or budget. One person, who was working, said, their *'UC payments get messed up every month.'* Another person, recounting their story to a volunteer, said:

*'She's having real difficulty in managing. She works differing hours for a children's home, bank shifts, and this impacts on UC payments. She's unsure of what she will be getting... now in debt with council tax, gas, electric, water.'*



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People able to secure seasonal work faced similar issues with the interaction between their wages and U.C. calculation:

*'I got work which was Christmas temping (0 hr contract). In Jan 18 the work had stopped (22/12/17) when I went to sign on. I was not informed that my previous month's wages would affect my entitlement in Jan/Feb - I also was told I was not allowed an advance payment or hardship. I explained to the service centre that as it was Christmas & on a 0 hour contract I was not aware nor did I have the money to budget for 6 weeks in advance, and my only source of help would be a foodbank. I find that UC has made my life more difficult and extremely unhelpful when working 0 hour contracts - not better!'*

## REQUIREMENTS, SANCTIONS, AND ACCESSIBILITY

*'Being paid monthly doesn't help as it is only £240/month, my council tax is to be paid by me per month and gas and electric is £100 in total and then travelling to Nuneaton [Jobcentre] via bus is £5.50 each time, it simply isn't enough to last.'*

As Universal Credit amalgamates benefits with (and without) conditionality requirements and expressly aims to get people into work, there are new requirements associated with claiming the benefit. This conditionality has been extended to groups previously not affected, such as people in low-paid and part-time work. DWP statistics show that the rate of benefit sanctions for Universal Credit is notably higher than for other benefits. Research from Dr David Webster at the University of Glasgow has shown how the Department's stated numbers underestimate the rate of sanctioning as they express it as a proportion of all claimants, including those exempt from job-searching requirements (such as those in the ESA Support Group).

Difficulties meeting claimant commitments, such as attending appointments or searching for work, affected a third of respondents, while sanctioning affected over a fifth. Sanctioning and foodbank use has a 'strong, dynamic relationship', and any increase in the number of sanctions is cause for concern, as it is likely to entail an increase in the need for foodbank referral. One respondent explained the severity of financial need they found themselves in after being sanctioned:

*'UC have sanctioned me for 300 days, [this] has left me and my partner short on money to live. We haven't had a cooker/oven for over 12 months.'*

Testimonies from respondents suggested that many of issues which affected the previous conditionality regime had been brought over to Universal Credit. People were sanctioned unduly for missing appointments or for applying for unsuitable jobs. One individual was sanctioned by their Work Coach for not applying to a job, though they were not qualified for the position. Another was sanctioned for three months for attending their grandmother's funeral:

*'At foodbank today because we have no money for meals for rest of week. Sanctioned for 3 months for not attending on a particular day, even though I had called on the day before to provide evidence on that day I'd be attending grandmother's funeral - was told that wasn't a good enough reason.'*

Issues with IT were a key reason why people said they found it difficult to meet requirements. Within repayments and reductions in the award, some felt they did not have enough to take bus fares to interviews at the Jobcentre or even job interviews. Others had cancelled their phone contracts or broadband, or were simply unable to top-up their mobile phones, and so job-searching via Universal Jobmatch was unfeasible:

*'I'm meant to spend 35 hours a week on my Jobsearch, I can't afford to put credit on my phone to go online and have long cancelled my home broadband as I couldn't afford it.'*



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Some people received IT support from their support worker or Citizens Advice, but the overwhelming majority of respondents received no IT support and so were more vulnerable to a sanction. Two particularly impactful responses state:

*'...no money to get bus tickets to work interviews or Jobcentre which leads to being sanctioned or money deducted. It's hard enough already then it all replays over again.'*

*'Overpayments of housing and tax which is being taken out of UC along with paying back 2 loans, leaving £60 left out of the UC payment. Find it hard to get in to the JCP for appointments due to not much money for bus ticket, leading to sanction and deductions.'*

Coupled with poor administration, requirements were even more difficult to meet. One respondent wrote that they had to attend the Jobcentre three times to give the same information, while another, mentioned previously, spent £30 on the phone to correct an administrative error.

Disability and health conditions also exacerbated the likelihood that an individual might not meet their conditions, in particular mental health conditions which could be less obvious and lead to a person being given a higher requirement threshold. This is a particular problem as claimants are, under U.C., subject to full-conditionality until they have assessed as having limited capability for work by Work Capability Assessors. For example, one individual wrote:

*'Was sanctioned because 'could provide evidence of medical condition' - suffering from PTSD'*

## WORK

*'I lost a lot of money when I changed over to UC with a part time job. My payments kept going down so I was no better off working!'*

In theory, working people claiming U.C. should never reach crisis point and need a foodbank referral because they are in work and in receipt of a benefit payment designed to 'top up' their income. Universal Credit may be built on the principle of making work pay, but the evidence from people referred to foodbanks whilst working suggests the welfare reform is not always able to provide the additional support needed by people on low pay or in insecure work. 9% of people mentioned in their survey response that they were working and claiming Universal Credit, or had recently left work.

Analysis from both the Resolution Foundation and Institute of Fiscal Studies highlights that households in working poverty are often involved in part-time work, are single parents or have low pay or insecure working hours. People in these demographics will increasingly receive benefit payments via Universal Credit rather than through tax credits. The Trussell Trust's research with the University of Oxford confirmed in 2017 that people in these demographics are often over-represented at foodbanks compared to the low-income population.

People at foodbanks receiving payments whilst working reported that their combined income from work and U.C. did not cover the cost of essentials. Many people felt they were not able to keep enough of the money they earned, or felt they would be better off not in work:

*'I worked 14 hours and earned 1p over my entitlement so UC only paid us 1p!'*

*'They reduce a lot of money off my claim when I'm working even though I only earn £3.50 [an hour] in an apprenticeship role.'*



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People also reported issues with the replacement of working tax credits with Universal Credit payments, primarily around communication problems and difficulty managing the level of deduction whilst repaying overpayments:

*[Why did you need the foodbank?] 'Working tax credit deductions. Employers failed to inform re working tax credit so was asked to repay £800 - this is still being deducted from UC, £47.67 per month.'*

*'My UC payment was reduced for another month by over £286 - last month they charged me for working tax overpayment used by my ex-girlfriend in 2011 so I have got £68 for all month.'*

The negative interaction between work and Universal Credit was felt particularly strongly amongst families. Previous research with The Trussell Trust's foodbank network has shown that families with dependent children are particularly at risk of falling into crisis and needing a foodbank's help, and in the responses of working people claiming Universal Credit it is possible to see a similar pattern. Of people who mentioned work in their survey response, 75% had children. One respondent wrote:

*'Previously able to budget weekly. Now receiving less on UC than previously and in the meantime fell into debt. Could be rendered homeless. Have 2 children, could become unemployed.'*

Overpayment and underpayment of benefit, issues whilst repaying an advance loan, admin issues, and communication problems with staff, were all highlighted as particular areas of difficulty by working parents claiming Universal Credit.

*'Since receiving UC in the past I was forced into rent arrears, gas and electric, I never received the same amount every month it went from 900 down to 500...Taking money out for overpayments - every month it [total UC payment] got less.'*

One respondent cited childcare costs as an issue, due to them being a working single parent. A flagship policy from the department has been to offer 30 hours of 'free' (back-paid) childcare, which either has not been offered to this household, or has not been taken up. Encouraging eligible households to take up free childcare should be central concern for the Department, as part of their work to ensure families can find it easier to get in, and stay in, work.

No respondent mentioned in-work conditionality as an issue for them, though The Trussell Trust will be monitoring this closely.

## ILL-HEALTH AND DISABILITY

One of the most common themes in the sample was that people were affected by either pre-existing health conditions, or developed poor mental health through the process of applying and claiming Universal Credit. Almost two thirds (64%) of respondents reported difficulties caused by, or barriers faced when, claiming Universal Credit that related to a health condition. The most frequent experiences were increased stress and depression, mainly as a result of financial pressures and IT access issues:

*'My mental and physical health have deteriorated drastically over the last year and I am always worried and anxious about how debt and everything else will have an ongoing effect on my son's health.'*

Respondents reported the specific impact of the change between legacy disability benefits and Universal Credit. The problems were mostly faced by people who had previously been claiming ESA but there were a handful of people reporting PIP-related difficulties. One respondent had been moved from PIP to Universal Credit – possibly in error, as claimants should still be able to receive PIP alongside their U.C. award. Barriers people faced included communication, confusion, waiting, entitlement and eligibility changing, and income reduction.



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Under Universal Credit, conditionality affects more people, with fewer people eligible for exemption, which could make it more difficult for people with health conditions to meet requirements. When applying for the disability element of U.C., during the assessment period individuals are still subject to conditionality requirements. This may have been why one person referred to a foodbank added they could not work, as per their claimant commitment, due to starting chemotherapy. Another respondent explained:

*‘The transition has left me with nothing to live on: I’m about to run out of electricity and am unwell and pregnant. I was told I could have an advance payment if my partner took HRT [habitual residency test] test but now won’t pay until we get results. He has recently been released from hospital after major surgery.’*

Responses indicated that increased health issues among the U.C. claimants population could increase pressure on health services. People specifically reported more visits to their GP as a result of coping with demands of claiming U.C. One person explained, that they had ‘gone under the doctor and been given antidepressants to help me cope’ and another person reported ‘going to the doctors in a constant worry which effects mental and physical health.’ Another wrote:

*‘Rent hasn’t been paid so I have had eviction notices. This doesn’t cover my rent. Started to see a primary care link working for depression and anxiety.’*

Foodbanks had prevented further deterioration of health conditions. Several respondents stated that they did not know what they would have done without the foodbank. Some did know and their desperation was evident. The strain on finances also strained personal relationships:

*‘Got really depressed and got into a lot of trouble due to having no money for 8 weeks, fighting with people I borrowed from.’*

People with disabilities also tend to suffer more from fuel poverty, particularly due to additional needs for heat or electricity. Respondents noted having to juggle fuel payments with other bills and food. Claimant’s highlighted health being affected by having no heating and by not being able to afford a basic diet. One person added that it ‘takes too long to get the money. By the time you pay gas, electricity, and food, all the money is gone.’

Difficulties budgeting were not only due to less frequent payments but also, often, because income under U.C. didn’t stretch far enough. One person noted ‘UC is a lot less than JSA with a disability premium which is what I used to be on,’ another said ‘ESA been reduced so the foodbank is essential’, while another ‘I had to chance from ESA to UC which has meant I had my money halved’ People recounted cutting down on meals and going days without eating as well as struggling to keep children well-fed:

*‘I have had problems feeding my daughter we have had no electricity or gas during the cold spell or hot food.’*

## BENEFIT LEVELS AND UNIVERSAL CREDIT

Despite a welcome £1.5bn investment into U.C. in last year’s Autumn Budget, in many cases Universal Credit payments are still less generous than legacy benefit payments. Disability charities have warned that claimants may lose out under Universal Credit as people will no longer be able to claim disability premiums. The Government has responded to this by enshrining transitional protection for disabled people – however, this only applies to claimants being migrated onto the system from 2019, rather than people moving onto the system due to a change of circumstances or a new claim.

When asked whether their full Universal Credit award covered their cost of living, 59% said it did not – and only 8% said it did. Only 5% of respondents who stated they had a mental health condition, physical health condition, or were disabled, stated their full U.C. award covered their cost of living.





Most indicatively, only 6% of respondents who did not state any issues with being on Universal Credit said their full U.C. amount covered their cost of living. 40% said it did not. For these people, Universal Credit had functioned exactly as intended – and yet, they were not able to make ends meet and found themselves in need of a food-bank. One respondent, who cited no issues with Universal Credit, wrote:

*‘By the time you have paid your electric and gas and food and travelling I have hardly anything left. If it wasn’t for the help from my family and friends I don’t think I would be here.’*

As previously detailed, poor administration, repayments, and requirements play a crucial role in reducing payment amounts and can leave people with very little, often as a surprise. The wait for the first payment, overwhelmingly a trigger for debt within the sample, can also leave people fighting for financial security months after moving onto the system. The monthly payment schedule of Universal Credit also exacerbated this, leaving some people struggling to make ends meet:

*‘Having to wait a month is a struggle as I struggle to afford food and personal items. I sometimes go up to 2 weeks without having a decent meal.’*

Some people highlighted that they would find fortnightly payments beneficial. But, as one respondent wrote, there is a limit to the help this can offer – for people with higher outgoings, such as larger families, or those with caring duties or disabilities, flexibilities can only go so far. Two respondents wrote:

*‘After paying bills and everyday living I’m left with approx about £80 a month for shopping to feed myself and 2/5 children.’*

*“Once UC is paid - all gone. Back surviving on £60 per week child allowance.”*

For some, charity aid was a logical supplement to this income, to ensure they could make ends meet. One respondent wrote that the ‘*foodbank [was] vital, saving money on food, enabling [me] to pay travel costs.*’ Another wrote:

*‘I can just get by...but I use the local drop-ins to supplement my food.’*

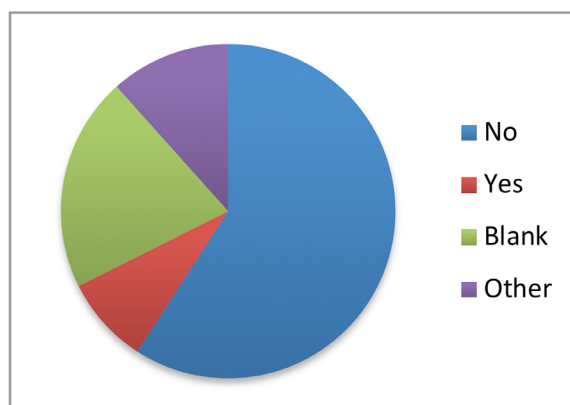


Figure 9 Responses to question: 'When paid in full, does your UC amount cover your living costs?'

## (ii) Support whilst on Universal Credit: 'a shed full of stress'

### ALTERNATIVE PAYMENT ARRANGEMENTS

*‘We were struggling - landlord ringing us and banging on door. Fortnightly payments would have helped to get on feet quicker.’*

The main forms of support built into Universal Credit’s design are three flexibilities which claimants can request in their initial interview or during the course of their claim. One is the option to have the housing element of entitlement made directly to a landlord, and the other is the option of having payments made fortnightly rather monthly. The third is the option to have the payments split into two bank accounts instead of one, which is available for couples only, and is pertinent in the case of domestic abuse or violence.



This section focuses on fortnightly and direct payments, as they were most likely to be the flexibilities offered and accessed by respondents. Fortnightly payments should make budgeting easier, while payments direct to landlords should ensure that individuals don't spend their housing element on other expenses and fall into rental arrears. The eligibility criteria for being offered these flexibilities is exhaustive, encompassing debt, housing issues, and disability. In theory, most respondents in the survey sample should have been offered at least one, if not both, due to the financial vulnerability of the sample and the high prevalence of debt. However, just over a third of the sample was offered direct payments to the landlord, and only 9% were offered fortnightly payments.

Many of those not offered these flexibilities expressed a wish to have them, particularly fortnightly payments, in order to be able to manage their money better and budget appropriately:

*'I would find it easier to be paid more frequently. I was paid £190 for the month and the energy costs have used up most of that.'*

Another respondent wrote that fortnightly payments allowed them to pay off their advance payment, while another said they would prefer it as they *'could spread my money'*. Another mentioned they had to *'go weeks without food'* and fortnightly payments would help.

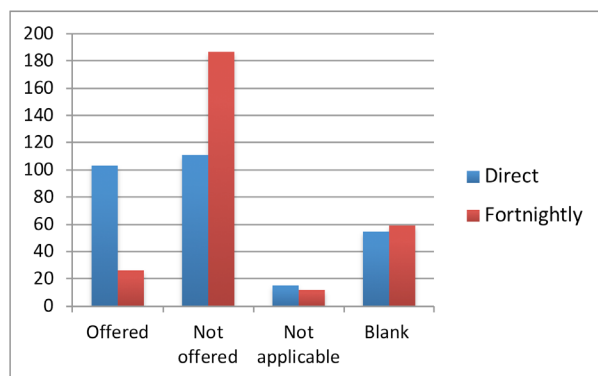


Figure 10 Respondents offered payments direct to landlords, compared to fortnightly payments

A significant proportion of those who offered more detail on their experience of flexibilities said that paying rent direct to their landlord had been beneficial, allowing them to prioritise housing costs and ensure housing security. One respondent wrote that they *'pay the rent directly to landlord. [it's] one less problem to deal with.'* Others were keen to take up the arrangements for the same reasons:

*'I never got told about getting rent paid to my landlord or I would have picked that, now I'm in rent arrears and about to lose my flat.'*

*'We would prefer rent to be paid directly to landlord to ensure there's a roof over our head.'*

Relatively fewer people said they had a positive experience with fortnightly payments due to the low numbers of people currently utilizing the flexibility. A small number of respondents had been offered flexibilities but were refused – for one person, fortnightly payments were not allowed as they could not show enough evidence of debt.

For another small group of respondents, alternative payment arrangements suffered from the poor administration featured throughout the testimonies of this sample, with payments either not made to the correct individual, or abruptly stopped, placing the individual in severe housing insecurity:

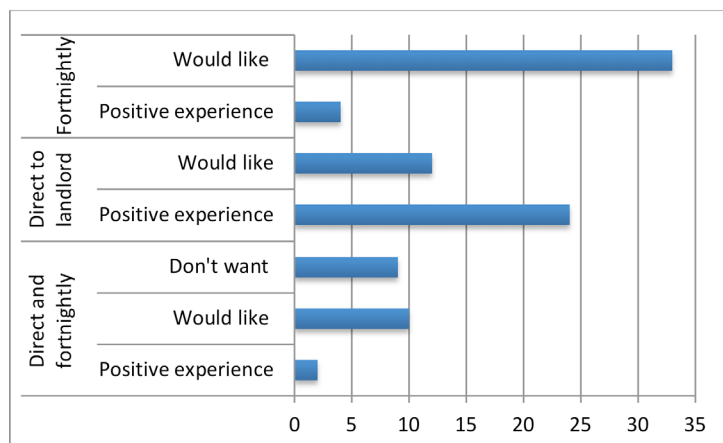


Figure 11 More detail on responses to question on Alternative Payment Arrangements

*'I got told my landlord would receive rent direct, then received a letter telling me court proceedings are in order to kick me out of my flat.'*



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*'I had asked that I be paid fortnightly when they done but they also missed many payments. Instead of paying my landlord direct they paid 3 months to them then stopped with no reason now I am £2,500 in arrears.'*

These testimonies suggest flexibilities should be offered more widely, and the eligibility criteria widened to include evidence of low income more generally. Again, given the difficulty individuals within the sample were experiencing managing small budgets, any form of security or flexibility would be beneficial to ensure people don't find themselves evicted or skipping meals.

However, one recurring theme in the answers to this question was that, even with the flexibilities in place, for some, the Universal Credit award did not cover even basic costs. Universal Credit, like most other low income and out of work benefits, has been affected by the benefits freeze, with benefits remaining at 2016-17 levels for two years, despite a rise in food inflation and the cost of living. Respondents frequently mentioned that benefits levels simply couldn't cover even the basic costs of living:

*'Rent paid directly to landlord so other bills don't take rent, recently moved to fortnightly, but still not enough to live.'*

*'I have all bills directly paid to landlord, council tax etc - leaving £170 a month for elect, gas, TV, mobile and food, but it does help a little.'*

£170 for a month, even for a single person, let alone a family, is not enough to live on – it falls well below low income thresholds for the UK, and far below average UK incomes. Another respondent said after bills they had £40 a month for themselves and their family. A third said they received £429 for February, and their rent was £85 a week.

### **(iii) Summary and recommendations**

The most striking findings from people's testimonies remain the significant scale of poor administration, along with low levels of payments, whether due to repayments or simply not covering the cost of even basic expenses. For the most vulnerable claimants – disabled people and larger families – the impact of these two issues was particularly severe.

Tackling poor administration should be a key concern for the Department so U.C. is delivered as intended – we recommend an urgent inquiry into poor administration and its effects. In the sample, poor administration caused real and lasting hardship – erroneous payments needed paying back, and claim issues needed significant resource from the claimant to put right. If the system does not function properly, there is little hope for the potential of Universal Credit to sufficiently support people out of crisis becoming a reality. In fact, for people in work, poor administration made work actively less attractive – nullifying the very principles Universal Credit is based on.

Ensuring flexibilities are offered to those who need it, and encouraging take up, would go some way to ensure people don't need a foodbank. However, the overwhelming majority of respondents said their full U.C. award did not cover basic living costs. More financial support is needed for people claiming and receiving U.C., with the greatest financial support targeted at people most at risk of falling into financial hardship and needing a foodbank. Rates of sanctioning remain high, with requirements difficult to meet for many. Employing a yellow-card warning system ensures mistaken sanctions don't push people into poverty.

The benefits freeze should be lifted and U.C. amounts uprated in line with inflation so people can get back on their feet and pay for things like travel, essential for meeting job-search requirements. An extension of transitional protection for disabled people who are naturally migrating or making a new claim would help ensure more financial security for this group. Families evidently need more support – the two child limit should be removed and the work allowance brought back up to pre-April 2016 levels so people can keep more of what they earn.



# CONCLUSION

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The testimonies from people who find themselves in need of a foodbank provide a unique insight into the fallout of the rollout of Universal Credit. Rather than acting as a service to ensure people do not face destitution, the evidence suggests that, for people on the very lowest incomes, people facing additional barriers to work, and people who cannot work, the poor functioning of Universal Credit can actually push people into a tide of bills, debts, and ultimately, lead them to need a foodbank. The findings also suggest that the current levels of benefit may, generally, not cover basic costs, and for some, actually end up locking people into poverty. As with previous literature on foodbank use, there are certain groups for whom this is more likely – disabled people and people with long-term health conditions and families with children are particularly at risk.

Such a radical reform of the modern welfare state requires, by its very scale, wide-reaching support for people whose very survival depends on the proper functioning of this emergency service. But the testimonies of the 284 people whose words bring alive the experience of interacting with Universal Credit, tell us that the opposite is currently true. People are falling through the cracks in a system not made to hold them. What little support available is primarily offered by the third sector, whose work is laudable but cannot be a substitute for a real, nationwide safety net.

Universal Credit is a generational opportunity to transform the welfare system and ensure it helps people get back on their feet. This will require work from a host of different actors, but the Government has a central part to play to ensure Universal Credit lives up to its principles. Investing in the support structure of U.C. will pay dividends in the years to come, and investing in financial assistance for those most in need of extra support will ensure people can get back on their feet quicker.



# RECOMMENDATIONS

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## **1. A true Universal Support service which: supports people transitioning onto the service or making a new claim; expands support for people with the greatest financial need; and extends beyond the initial claim or transition.**

Universal Support as currently defined by the Department for Work and Pensions must be offered to every claimant, with a statutory duty placed on local authorities to identify need and provide personal budgeting advice and IT support to those who need it. This support should be extended to offer debt advice, given the high proportion of the sample affected by debt due to the wait. These three elements should comprise a new Universal Support package which extends beyond the transition onto Universal Credit to ensure people do not fall into crisis.

Advance payments and flexibilities must also be offered to all those in financial need, with longer repayment plans for those most at risk of falling into crisis – in particular, people with significant debts, single parents, larger families, and disabled people. The present 40% cap on the proportion of income a repayment can take should be reduced. An assessment of what other deductions and repayments may be required of someone should be included in assessing someone's ability to repay an advance. Free childcare, already promised for working families under Universal Credit, must be offered and take-up encouraged.

## **2. More financial support, in particular for the most vulnerable.**

For many, however, support and advice will not be enough. Most respondents could not afford to live on their full award, so benefit levels must keep pace with the cost of living and uprated in line with inflation. Recently announced increases to the work-allowance are welcomed; returning them to pre-April 2016 levels would do even more to ensure people can keep more of what they earn.

## **3. An urgent inquiry into poor administration within Universal Credit and its effects, particularly in relation to insecure work.**

Over and underpayment, long waits, and poor communication, emerged as key triggers for financial insecurity. Erroneous payments were particularly prevalent for people in insecure or seasonal work. Ensuring administration functions as intended will mean people can budget appropriately and not find themselves repaying hefty overpayments through no fault of their own.

Disabled people, people affected by health conditions, and families with dependent children, are particularly vulnerable to crisis during the five-week wait and beyond. Just as housing benefit has been extended for two additional weeks, Employment Support Allowance must also be extended, and those on U.C. deemed 'limited capacity for work' should see their benefit increased to pre-April 2017 levels. Transitional protection for people on ESA should be brought forward. The two-child limit for child benefit should be re-evaluated.

## **4. More flexibilities for requirements and a yellow-card warning system for sanctioning.**

Any increase in sanctioning is worrying, given its well-established relationship with increased foodbank use. More flexibilities for families with dependent children and disabled people are necessary, and as we recommended under the legacy benefits system, a yellow-card warning system is needed to limit the negative impact caused by unfair sanctioning.

People claiming limited capability for work should be exempt from full conditionality before their Work Capability Assessment, as was the case under legacy benefits. It is also important that people who under legacy benefits would be 'treated as' qualifying for ESA or would be in the group where working would be considered a 'risk-to-health' are similarly exempt from full conditionality under Universal Credit.







