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#5WEEKSTOOLONG

WHY WE NEED TO END THE WAIT
FOR UNIVERSAL CREDIT

AUTHORS

Ellie Thompson, Policy & Research Co-ordinator

Abby Jitendra, Policy & Research Manager

Sumi Rabindrakumar, Head of Policy, Research & Campaigns

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FOREWORD



GARRY LEMON
DIRECTOR OF POLICY & EXTERNAL AFFAIRS

Last year, food banks in the Trussell Trust network distributed a record 1.6 million emergency food parcels to people in financial crisis. This represents hundreds of thousands of men, women and children without enough money even to put food on the table. In a society that believes in justice and compassion, there is no place for such deep and widespread poverty. So we have undertaken this research to help politicians tackle a key driver of food bank use: the five week wait for Universal Credit.

Our benefits system should be there to anchor any of us against the tide of poverty when help is needed most. But this research shows how the designed-in five week wait for Universal Credit payment fatally undermines this principle, leaving households in debt, poverty, homelessness and destitution.

It isn't just the Trussell Trust that has been calling for an end to the five week wait. Our #5WeeksTooLong campaign, which calls for an end to the wait, has gained support from more than 40 organisations across diverse fields including disability, housing, mental health, homelessness, debt and poverty, together representing millions of people. Thousands of people have written to their MP calling for change. There has been cross-party support in Parliament for an end to the wait.

The Department for Work & Pensions has acknowledged problems with the wait and has taken some action to mitigate the impact for certain groups of people. While we've welcomed these and other improvements to Universal Credit, they do not go far enough to ensure the new benefit protects everyone that needs it. The current Secretary of State for Work and Pensions, Amber Rudd, agrees, recently stating that "a shorter wait would be good." Rightly, she has said she's keen to see how the recent changes work but also that "there are lots of other proposals ... about how to get money into people's hands earlier and I would be surprised if a new Prime Minister did not want to take a look at those."

So, as well as revealing the impact of the five week wait, this research sets out an analysis of proposed solutions that take into account feasibility, cost and impact. With a new government in place, it is time to look at the evidence and take comprehensive action to make Universal Credit work.

Millions of people now and in the future will depend on the right choices being made today.

CONTENTS

Executive summary	6
1. Introduction	8
2. Methodology	11
3. What is the impact of the five week wait for Universal Credit on households?	12
3.1 Not making ends meet	12
3.2 Beyond financial hardship	15
3.3 Making a difficult situation worse	17
4. Impact of the five week wait for Universal Credit on other organisations	19
4.1 Where did claimants turn to for support?	19
4.2 Forced to rely on a food bank's help	20
4.3 Have improvements to the wait made a difference?	21
4.4 Rent arrears and Universal Credit	22
5. What support is provided by the DWP and does this solve the problem?	26
5.1 Financial support	26
5.2 Non-financial support	32
6. Conclusion	34
Appendix A: Food bank referrals and Universal Credit rollout - methodology	38
Appendix B: Riverside Group rent arrears analysis - methodology	39
Appendix C: Rates of DWP deductions	41

EXECUTIVE SUMMARY

Universal Credit is the future of our benefits system, and should be pulling people out of the tide of poverty. Yet this report shows how the move to Universal Credit - specifically the five week wait for the first payment - locks many people into hardship. The government needs to act now to prevent more people turning to food banks for help during the wait.

New case study evidence and analysis of support service data illustrate the ongoing impact of the minimum five week wait and the limits of current policies to mitigate its effects.

1. The minimum five week wait for Universal Credit - either without income or with a Department for Work and Pensions (DWP) Advance Payment - has led to acute and immediate financial hardship, and worsened households' longer-term financial resilience.

This includes:

- Destitution (inability to afford food or heating, going hungry)
- Housing insecurity (rent arrears, risk of eviction and homelessness)
- Indebtedness (multiple debts, high-risk loans, suspended utilities)

For many, the change of circumstances that triggered a Universal Credit claim - e.g. unexpected illness and job loss - had already led to financial hardship; the five week wait made their situation worse. Financial difficulties also caused or exacerbated mental health issues and strained relationships and support networks.

JASMIN

Jasmin is a single parent with four children. She was not previously claiming any welfare benefits, but after leaving an abusive partner she needed to make a claim for Universal Credit. She has been waiting three weeks so far for her first payment. She is living in council housing, and has already received a notification to leave the property in one month's time.

She told the council that she was waiting for her Universal Credit payments to begin and wouldn't be able to pay her rent until then, but had been told that they would not wait until this time.

She said that she felt her only option to be able to put a roof over their heads, and pay the bills, would be to go back to her abusive ex-partner.

"It's not only feeding my kids but struggling with no hope. [It's] forcing me to go back and live with my abuser because I don't have choices - at least he can support his kids and pay for rent, clothes, bills, school trips and school uniforms.

"If Universal Credit paid me earlier I would not face all these problems by myself."

2. Services like advice agencies, council-led crisis provision and food banks have been forced to deal with the fall-out from the minimum five week wait, as claimants turn to non-DWP support to manage acute financial hardship.

- New analysis finds that food banks have seen an average 30% increase in referrals 12 months after Universal Credit is rolled out in their local authority.
- Other support services have seen the impact of financial hardship – new data from The Riverside Group shows average rent arrears for Universal Credit tenants have increased during the period where Universal Credit has been rolled out. Claimants on Universal Credit have seen a 42% increase in average rent arrears, compared to a 20% fall for Housing Benefit claimants, since rollout began in 2015. In eight locations where the Universal Credit tenant caseload is highest, rent arrears for tenants on Universal Credit rise by 31%, while Housing Benefit claimants' arrears fall, 12 months after full Universal Credit rollout in their area.

SELINA

Selina is a single woman with a learning disability, who recently successfully fought for her right to remain in the UK. Prior to that, her migration status was being reviewed by the Home Office.

She made a claim for Universal Credit but struggled to make ends meet during the five week wait and accrued rent arrears. During this time, she accepted a £200 Advance Payment from the DWP. This is now being deducted from her monthly Universal Credit payments.

Since then she has also been contacted by the DWP to notify her that £47 a month will be deducted from her upcoming payments after her Jobseeker's Allowance was overpaid in 2017.

Selina has reported that the situation has been taking a toll on her mental health.

"It's very stressful. I can't sleep and I'm getting headaches and sometimes I don't want to come out. Today, I had to force myself to come in to sort this."

3. Current DWP support during the wait is often not enough to mitigate the impact of the minimum five week wait. Advance Payments have left claimants deciding between hardship now or later, while others have not been able to make informed decisions on what support is suitable. Other financial support is piecemeal and has not prevented hardship.

- Advance Payments, DWP loans which claimants pay back through automatic deductions, have pushed claimants into hardship well beyond the initial wait, particularly if claimants are paying back other loans. This is especially difficult for claimants who have not been informed of other government debts (legacy benefit overpayments) which are also deducted from Universal Credit payments.
- Legacy benefit run-ons, though welcome, only supported specific groups and did not fully bridge the wait. They are also a time-limited form of support - once legacy systems close, people moving onto Universal Credit will not receive this support.

RECOMMENDATIONS

This evidence is a stark warning that the assumptions when Universal Credit was designed - and since reformed - no longer hold. Four-weekly payments in arrears do not mimic the world of work for people on low incomes; new Universal Credit claimants typically do not have savings to tide them over during the wait.

Crucially, this evidence illustrates that the current support offered by the DWP is insufficient to prevent hardship. In particular, Advance Payments are not a sufficient mitigation for the five week wait. Advance repayments push many people with already low financial resilience (likely worsened by their recent change of circumstances triggering a Universal Credit claim) into further hardship.

Benefit run-ons are a useful financial buffer for claimants but are currently limited in scope and leave some groups behind.

If Universal Credit is to be a poverty-fighting reform, the outset of a claim should not be mired by a risk of destitution. The government rightly wants our new benefits system to work for everyone; to end the hardship caused by the five week wait and fulfil this promise, urgent action is needed.

In the short term, to provide much-needed support to people going through 'natural migration', the DWP should make funds available to:

- **Provide non-repayable grants to new claimants, rather than loans.** Similar grants have been made available to mitigate welfare reforms, such as Discretionary Housing Payments (DHPs) to mitigate the removal of the spare room subsidy (also known as the 'bedroom tax').
- **Improve benefit run-ons** to support all legacy benefit claimants by extending to people moving from tax credits, and cover a minimum period of three weeks to match typical waiting time legacy benefits.

In the long term, bridging payments should not be needed - the DWP must restructure the assessment cycle to end the five week wait for the first payment. Options include more frequent payments, a shorter assessment period and backdating claims so that claimants receive payments as soon as possible. We recommend the DWP begins piloting these alternatives to ensure there is a genuine solution for any new Universal Credit claimant, not just for those who move from legacy benefits or can afford a loan.

Universal Credit is the future of our benefits system. As long as its design continues to pull claimants into financial hardship, it will not be the poverty-fighting reform promised. With urgent action, the government has the opportunity to turn the tide of poverty facing so many families across the UK.

1. INTRODUCTION

WHAT IS UNIVERSAL CREDIT?

Universal Credit was introduced as part of the Coalition government's welfare reforms in the Welfare Reform Act 2012, replacing the following means-tested benefits:

- Working Tax Credits
 - Child Tax Credits
-

- Income-related Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Housing Benefit
- Income Support

The system has gradually been rolling out to new claims from 2013, by jobcentre (in England, Wales and Scotland) and postcode (Northern Ireland). By the end of 2018, all jobcentres across the UK were processing claimants in the new system.

Full rollout is now split into two key phases:

- **'Natural migration'**: Under 'natural migration' most people who would have made a new claim for the means-tested legacy benefits listed above now instead have to claim Universal Credit.¹ This includes people who need to make a new claim to the benefits system, as they were not claiming any legacy benefits previously and are now in need of support. It also includes people receiving legacy benefits who have experienced a change of circumstances, making them eligible for a new legacy benefit instead of, or in addition to, their existing claim.
- **'Managed migration'**: 'Managed migration' is the final phase of Universal Credit rollout, allowing legacy systems to close. This will be the process by which people receiving legacy benefits, who have not had any change of circumstances which would require a new claim, will move onto Universal Credit. Under current proposals, claimants will be notified that their existing claim will end, and that they need to make a claim for Universal Credit to continue to receive support. 'Managed migration' is currently being piloted with 10,000 claimants, starting in Harrogate. Both the dates when full 'managed migration' will start, and when it will end, are still to be confirmed.² 'Natural migration' will continue alongside 'managed migration' until rollout is complete.

This report focuses on the key feature of the move to Universal Credit - the five week wait for the first payment - which has remained a persistent area of concern for claimants and support organisations. The findings are based on the current experience of claimants moving through the system through 'natural migration' as the 'managed migration' process is yet to start. A total of 1.6 million people are estimated to be moving to Universal Credit in this way in 2019, with 200,000 moving onto the system per month.³ By 2023, when full transition ends, eight million people will be receiving Universal Credit.

WHAT IS THE FIVE WEEK WAIT?

The initial wait for Universal Credit is built into the design of the new benefits system - each claimant moving onto Universal Credit must wait at least five weeks before receiving their first Universal Credit payment. While the wait was reduced from six to five weeks in February 2018 as a result of changes announced in the 2017 Budget, this is still a substantially longer wait than for legacy benefits, which is typically around two weeks.

The wait consists of up to five 'processing days' for the payment to be processed by Vocalink, and four weeks which reflect that Universal Credit is paid monthly in arrears.

Monthly arrears cycles have in part been chosen to mirror the world of work. However, data suggests that the majority of new claimants moving onto the benefit from work will have

¹ Universal Credit eligibility, GOV.UK website. <https://www.gov.uk/universal-credit/eligibility>

² Universal Credit: Managed Migration, Commons Oral Statement, 22nd July 2019. <https://hansard.parliament.uk/commons/2019-07-22/debates/8111667B-E194-41D6-9496-FE1E870225E6/UniversalCreditManagedMigration>

³ House of Commons Debate, 7 January 2019, c1. <https://hansard.parliament.uk/Commons/2019-01-07/debates/329ADE07-8849-46C0-8F2C-04571D568FAA/UniversalCreditTransition>

been paid more frequently than monthly, suggesting that monthly pay is not the norm for all workers, particularly those on lower wages.⁴

The four weeks are also the first ‘assessment period,’ which determine what the first payment will be. This is because Universal Credit is responsive to income, with the value of the award tapering off with earnings above a specific threshold.

The five week wait starts when a potential claimant completes and submits their application to claim Universal Credit. However, this wait is not the only delay which claimants could experience in the move onto Universal Credit. Citizens Advice reported that one in four people they help took longer than a week to complete their claim - an additional week before the five week wait even begins.⁵ Prior to submitting a claim, there are many points when an application could be closed or the first payment delayed due to an error by the claimant or jobcentre. DWP data shows that 44% of people making claims online make multiple attempts to complete their application.⁶ Finally, DWP research shows that claimants may not apply as soon as they experience a change of circumstances, and can accrue arrears in the run-up to making a claim for Universal Credit.⁷

The Department has committed to tackle some of these delays. It is improving payment timeliness, is offering support to claimants applying for Universal Credit through the new ‘Help to Claim’ service, and has carried out an advertising campaign to improve take-up of Universal Credit. However, while these efforts will help claimants, they do not reduce the in-built five week wait for Universal Credit.

WHY IS THIS RESEARCH NEEDED?

The Trussell Trust has carried out three research projects looking at the impact of the move to Universal Credit on claimants, their households, and the services which support them – ‘[Early Warnings](#)’, ‘[Left Behind](#)’, and ‘[The Next Stage of Universal Credit](#)’. The five week wait for the first payment emerged as a key issue for people referred to food banks, leading to and exacerbating debts, housing issues, and health issues, and contributing to higher demand for food banks in areas of full Universal Credit rollout.

Universal Credit is the future of our benefits system, so it is crucial that the DWP ensures it works well and does not push people into hardship. The Trussell Trust’s previous research found other issues with Universal Credit, such as less generous payment levels for some groups, sanctioning and issues with payment accuracy and timeliness. However, the five week wait remains a pressing issue – organisations like Citizens Advice⁸, the National Housing Federation⁹, as well as independent food banks¹⁰, have maintained that it continues to cause hardship to claimants.

Unlike other concerns around benefits which span across legacy benefit and Universal Credit, such as sanctioning or payment timeliness, the five week wait is specific to the design of Universal Credit. The five week wait also comes at a critical point in a claimant’s journey on

⁴ Resolution Foundation (2017), ‘Universal Remedy: Ensuring Universal Credit is fit for purpose’. <https://www.resolutionfoundation.org/app/uploads/2017/10/Universal-Credit.pdf>

⁵ Citizens Advice (2018), ‘Making a Universal Credit claim’. <https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Making%20a%20Universal%20Credit%20claim%202018%20-%20final.pdf>

⁶ Department for Work and Pensions (June 2018), Full service claimant survey, p. 33. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714842/universal-credit-full-service-claimant-survey.pdf

⁷ National Audit Office (2018) ‘Rolling out Universal Credit’, p44-45. <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf>

⁸ Citizens Advice (2019) ‘Managing Money on Universal Credit’. [https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Managing%20Money%20on%20Universal%20Credit%20\(FINAL\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Managing%20Money%20on%20Universal%20Credit%20(FINAL).pdf)

⁹ National Housing Federation (March 2019) ‘We’re calling on the Government to fix flaws in the Universal Credit system’. <https://www.housing.org.uk/latest-updates/were-calling-on-the-government-to-fix-the-flaws-of-the-universal-credit-sys/>

¹⁰ End Hunger UK (2018), ‘Fix Universal Credit’. <http://endhungeruk.org/wp-content/uploads/2018/07/Fix-Universal-Credit-a-report-from-End-Hunger-UK.pdf>

Universal Credit - protecting claimants' financial resilience in the move to Universal Credit can help ensure the success of their claim.

The DWP has recognised that claimants can struggle with the five week wait, and put some support in place. Particularly welcome is a two week run-on of Housing Benefit, which came into place in April 2018 and is due to be extended to other out-of-work DWP benefits in July 2020, to help legacy claimants moving to Universal Credit unfamiliar with budgeting based on four-weekly payments.¹¹ The government has also announced additional support via the 'Help to Claim' service and increase take-up of 'Advance Payments,' a loan to tide people over the five week wait which is repaid through automatic deductions to claimants' monthly payments.

Ministers have claimed these protective measures mitigate hardship caused by the five week wait.¹² However, while welcome, early analysis suggests they do not provide enough support to bridge the delay in payment.¹³ Moreover, the most significant protective measures - the extension of run-ons to other DWP benefits - will not be coming in until mid-2020, after which millions of people will have naturally migrated onto Universal Credit.

Against the backdrop of these warning signs that the initial wait for Universal Credit is still causing problems, this report reviews the latest evidence of its impact on both households and other services.

2. METHODOLOGY

This research uses a mixed-methods approach to examine the impact of the five week wait for Universal Credit. Key strands include:

- **Qualitative data:** The Trussell Trust has gathered over 70 case studies of people affected by the five week wait for Universal Credit, and followed up with a subset of cases that reflected a range of different circumstances and experiences (10%) to get further information where needed. Case studies have been submitted by claimants themselves, by food banks on behalf of claimants, and by other organisations. The dataset includes case studies from across the UK.
- **Quantitative data:**
 - **Food bank demand:** The Trussell Trust has analysed its food bank parcel data, re-running and expanding a previous time trend analysis examining the correlation between Universal Credit rolling out locally and demand for food banks.¹⁴ The new analysis covers 414 food banks within the network; see Appendix A for further details on methodology.
 - **Rent arrears:** The Riverside Group provides an illustrative example of the impact of the move to Universal Credit on financial resilience. The social housing provider has shared new data on rent arrears across its housing associations, comparing a cohort of claimants on legacy benefits with a cohort on Universal Credit; see Appendix B for further details on methodology.
 - **Government data:** The Trussell Trust has gathered quantitative data through parliamentary questions on Advance Payments, deductions, overpayments and arrears.

¹¹ Work and Pensions Select Committee Oral Evidence: the work of the Secretary of State, HC 1790, 24th July 2019. <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/the-work-of-the-secretary-of-state-for-work-and-pensions/oral/104011.pdf>

¹² Ibid.

¹³ Ibid. Citizens Advice (2019)

¹⁴ Trussell Trust (2018) 'The next stage of Universal Credit'. <https://www.trusselltrust.org/wp-content/uploads/sites/2/2018/10/The-next-stage-of-Universal-Credit-Report-Final.pdf>

3. WHAT IS THE IMPACT OF THE FIVE WEEK WAIT FOR UNIVERSAL CREDIT ON HOUSEHOLDS?

3.1 NOT MAKING ENDS MEET

The minimum five week wait for Universal Credit - either without income or with a DWP Advance Payment - led to acute and immediate financial hardship, and worsened financial resilience. This included signs of destitution (inability to afford food or heating, going hungry), housing insecurity (rent arrears, eviction risk and homelessness) and indebtedness (multiple debts, high-risk loans, suspended utilities). For many, the change of circumstances that triggered a Universal Credit claim had already led to financial hardship; and the five week wait made their situation worse. Financial hardship also led to or exacerbated mental health issues and strained relationships.

Unless they had friends or family who could support them during the wait for the first payment, people struggled to afford food. Some households were missing meals frequently, and some were unable to buy food during the entire period.

As described below (box 1), one man with severe mental health issues had no income at all during the five week wait, leaving him unable to buy food and accruing rent arrears. Due to the impact of the situation on his mental health he did not feel well enough to seek support, going nine days without eating. This experience is reflected in section 4, setting out the correlation between the rollout of Universal Credit and increased referrals for emergency food.

BOX 1: JOHN'S STORY

John was claiming Employment and Support Allowance. He was working part-time, unable to work full-time due to severe mental health difficulties. A recent Work Capability Assessment found John fit for work, and this stopped his Employment and Support Allowance claim. He therefore had to make a Universal Credit claim.

John had no means of supporting himself during the five week wait for his first payment of Universal Credit and experienced acute poverty. He built up rent arrears, and was worried that he might be evicted. He took a partial Universal Credit Advance Payment to help cover his arrears but it was not enough. He did not want to take more because he did not think that he could afford the repayments.

During the wait John had no money for travel or food. His mental health deteriorated as a result, and he went without food for nine days as he didn't feel well enough to leave the house to get a food bank voucher.

Households also experienced severe housing insecurity during this time; in our research, accruing rent arrears was a common experience. Building up housing arrears also meant that some people faced eviction. For some, this was the first time they had ever had arrears or faced eviction. Arrears continued into their claim, as often their first Universal Credit payment would only cover repayments for some of the debt that they had accrued.

BOX 2: AISHA'S STORY

Aisha lived with her partner and their three children. When her partner left, she had to claim Universal Credit to support her children. Aisha was told that she was not eligible for an Advance Payment.

During the wait for her first payment she could not pay her rent and accrued arrears. Aisha hated accruing arrears and said that she always prioritises paying her rent before anything else. That meant that when she did receive her first Universal Credit payment she used the entirety of it to cover her rent. However, this left her with nothing for food, essentials and other bills. So when she received her second payment she used it to cover essentials, and could not pay her rent.

This put her into arrears for a second time and she received an eviction notice. She is seeking emergency accommodation from the council, and in the meantime faces homelessness with three young children.

For some, accumulation of rent arrears led to homelessness. There were cases within both the private and social rented sectors of people facing eviction as a result of their arrears. In some cases these were families who then sought emergency temporary accommodation from the local authority (see box 2). Others, such as people who were told that they would not be classified as priority need, had been evicted. Evictions like this happened despite the requirements imposed on local authorities by the Homelessness Reduction Act 2017. In some cases, such as in box 3, people ended up homeless before finding a family member that they could stay with.

BOX 3: SUSIE'S STORY

Susie is an older, single woman, and is currently seeking work. She fell into rent arrears when she transferred to Universal Credit. Her landlord requires the rent in advance, so when she received her first Universal Credit payment this was taken for the month ahead, and the landlord says Susie must pay the arrears that she built up during the wait.

Susie has also been affected by the Local Housing Allowance rates which means that her full housing costs will not be met by her Universal Credit payments, worsening her arrears.

Susie took an Advance Payment, but this did not stop her accruing arrears. She found that she could not make ends meet, as there was not enough to pay her rent, bills and Advance Payment repayments.

Susie was evicted and she ended up living in her car for two weeks, before moving in with her daughter.

Facing eviction was not limited to renters. We also heard from people who had mortgages who were facing similarly difficult circumstances. As there is no support towards housing costs for those with mortgages under Universal Credit, these households found it particularly difficult to pay back debts that they had built up during the change to Universal Credit. One older woman who had been paying her mortgage for 30 years was facing eviction by her lender, and had been told that she would not be classified as in priority need by her local authority.

Typically households in our research accrued not only rent arrears, but multiple other debts as well. Households did not have enough money to choose between paying priority bills and accruing arrears for others - rather they were accruing debt across the board, and were unable to make payments for their housing, utilities, credit cards, and other bills.

Struggling to pay utility bills was a common experience. Despite trying to reduce costs - for example, by not turning on their heating even when needed - people still accrued utility debts. Where services are more readily disconnected, such as internet and telephone services, providers cut off access for failure to pay. For some, this not only presented obvious immediate difficulties, but also put their fulfilment of Universal Credit work search requirements at risk (box 4).

BOX 4: JENNA'S STORY

Jenna is a single woman who was working full-time but she lost her job and was unable to find another contract. She applied for Universal Credit and was told it would be over six weeks until her first payment. She was told that she was not eligible for an Advance Payment as she should have a recent pay cheque from her previous job.

Jenna built up multiple debts during the five week wait. She had two weeks' rent arrears, she was unable to meet her repayments on her debt repayment plan from a previous credit card loan, and her gas and electricity bills were due.

Jenna's mobile phone bill and home internet bill were also due. She had already agreed a four week extension to pay her home internet, but was now in danger of being cut off. She said that she doesn't know how she will fulfil her work search obligations if she loses access to the internet.

These findings are reflected in research conducted by the DWP themselves. The Department's survey of full service Universal Credit claimants found that, of claimants who received payments towards their housing costs, more than a third were in arrears. Among those who were in arrears, two thirds (65%) said they fell into debt after they made their claim for Universal Credit.¹⁵

Other organisations also found similar evidence of the impact of the wait. Citizens Advice evidence shows that the wait for the first payment still leaves half of the people that they help unable to keep up with bills or rent or going without essentials.¹⁶ The Disability Benefits Consortium found that during the five week wait it was common for claimants to have to borrow money from friends and family to manage the wait (66%), with many also getting behind on housing costs (39%), not being able to afford to heat their home (31%) and not being able to eat (30%).¹⁷

¹⁵ Ibid. DWP (June 2018) 'Universal Credit full service claimant survey'. <https://www.gov.uk/government/publications/universal-credit-full-service-claimant-survey>

¹⁶ Citizens Advice (2019) 'Managing Money on Universal Credit'. [https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Managing%20Money%20on%20Universal%20Credit%20\(FINAL\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Managing%20Money%20on%20Universal%20Credit%20(FINAL).pdf)

¹⁷ The Disability Benefits Consortium (2019) Universal Credit survey, awaiting publication. n=396

3.2 BEYOND FINANCIAL HARDSHIP

The financial impact of the wait for the first Universal Credit payment led to severe non-financial impacts on mental health, and on families and relationships. This included reliance on abusive partners and a strain on vital relationships and support networks.

One of the clearest consequences of the five week wait for the first payment on claimants in our study was the detrimental impact on individuals' mental health. The wait itself caused a high level of anxiety, as people did not know how much they would receive and when exactly they would receive it. Some received notifications the day before their Universal Credit payments were due to tell them that they would have to wait for an additional week or longer to receive their first payment. This uncertainty increased their anxiety.

Another stressful aspect of the wait was the anxiety related to accruing rent arrears and multiple debts. This led to households receiving many debt notifications and warnings, threats of eviction, and in some cases even court action. Individuals noted how the anxiety and depression resulting from this was all-consuming. Many experienced sleepless nights, some were unable to seek work due to the stress, others felt unable to leave the house, and some reported feeling suicidal.

BOX 5: MIKE'S STORY

Mike is a young single man, who had to resign from his work as a support worker to care for his mother. His mother was diagnosed with Chronic Obstructive Pulmonary Disease and he provided her end of life care until she died.

During this time he had to claim Universal Credit, and found that he could no longer manage to pay his rent after he took an Advance Payment. He found the experience extremely distressing and greatly affected his mental health at an already difficult time.

"I've gone from a confident lad, to having extreme social anxiety and depression ... It's made me from a confident lad who loved working with vulnerable people to ending up needing the support I used to offer others. And now being able to support them or myself."

Mental health issues were also exacerbated due to the isolation that resulted from financial hardship. For example, one person accrued multiple debts during the wait and had his phone cut off, losing his primary mode of communicating with friends and family. Having no resources during this period also physically cut people off from their friends and family - for example, as set out in box 6, some could not afford bus fares and as a result did not see their friends during this time.

BOX 6: SAM'S STORY

Sam was living with his partner, who recently died. He has a daughter from a previous relationship who he still sees. Since the bereavement, Sam has suffered with depression and has been unable to work.

Sam made a claim for Universal Credit, but he struggled to pay his rent during the five week wait. He was evicted and is now in temporary council accommodation. At the place he is staying they do not allow his daughter to stay, so this limits his contact with her.

During the wait for his payment, Sam has had no money to pay for bus fares and was unable to see friends and family. His depression has worsened as a result.

The five week wait for the first payment was detrimental to people's relationships with friends and families. In the most serious cases, the lack of income during the wait prevented women from leaving an abusive partner (box 7).

BOX 7: JASMIN'S STORY

Jasmin is a single parent with four children. She was not previously claiming any welfare benefits, but after leaving an abusive partner she needed to make a claim for Universal Credit.

She has been waiting three weeks so far for her first payment. She was living in council housing, and has already received a notification to leave the property in one month's time. She told the council that she was waiting for her Universal Credit payments to begin and wouldn't be able to pay her rent until then, but had been told that they would not wait until this time.

She said that she felt her only option to be able to put a roof over their heads, and pay the bills, would be to go back to her abusive ex-partner.

"It's not only feeding my kids but struggling with no hope. [It's] forcing me to go back and live with my abuser because I don't have choices - at least he can support his kids and pay rent, clothes, bills, school trips and school uniforms.

If Universal Credit paid me earlier I would not face all these problems by myself."

People expressed how managing the wait for the first payment took a substantial personal toll on them that put a strain on their relationships and support networks. For example, in one case, a veteran from the British Army was suffering from Post-Traumatic Stress Disorder. His family were already concerned about his mental health and he did not want to worry them further by sharing his concerns about his financial problems resulting from the five week wait. Shielding family members from his financial difficulties led to him isolating himself further.

Some households borrowed money from a family member to manage during the wait for Universal Credit. This option was not available to everyone; those who could said that it had a negative impact on their relationship with the person from whom they had borrowed money. One woman had borrowed money from an elderly relative, but her relative was also struggling financially and this put a strain on their relationship as she had so far been unable to repay the money.

Households therefore faced difficult choices. Some were reluctant to burden those around them and this deprived them from support when they needed it the most, while others who sought financial support from their friends and family strained their vital networks.

3.3 MAKING A DIFFICULT SITUATION WORSE

Waiting for five weeks without income would be difficult for anyone. However, the change of circumstances that triggers a new claim for Universal Credit under natural migration is often due to an initial financial shock, which already reduces financial resilience. Examples include losing a job, losing eligibility for support received through disability benefits, the knock-on impact of health conditions or other significant - sometimes traumatic - life events.

A common reason people needed to apply for Universal Credit was because they had recently lost their job. This included people who typically had contract work, but had struggled to get work again after a contract ended. These people had waited to apply for Universal Credit, hoping that they would get another contract soon, meaning they had already been out of work for several weeks before applying for Universal Credit. While the DWP has suggested people moving from work onto Universal Credit would have enough funds from their last pay packet to tide them over during the wait, given the length of time that may have passed since their last pay packet, this does not provide an adequate financial buffer.

Disabled people or people with long term health conditions had particularly low financial resilience in the move to Universal Credit. After a recent assessment, claimants in our research previously relying on legacy benefits like Employment and Support Allowance had been told that they were 'fit for work', which stopped their entitlement, and meant that they would need to make a new claim for Universal Credit before receiving any further support. This group were already managing on low incomes and did not have savings or a recent pay packet to get them through the five week wait.

In some cases, health problems forced people to leave work, leaving them even less able to cope with the five week wait. Some people on temporary work contracts had to take time off for poor health and had their contract terminated as a result. In other situations, people had been recently diagnosed with conditions that required urgent treatment and meant that they had to stop working. For example, one woman who was self-employed had to stop working and immediately begin cancer treatment; an older man was diagnosed with fibromyalgia and had to leave his job. In these situations, they had not been expecting to leave work, thus causing a financial shock to their households. The five week wait further exacerbated the financial situation, and often compounded the health issues as well, as set out below (box 8).

BOX 8: DAVID'S STORY

David lives with his partner. He has recently been diagnosed with fibromyalgia and had to leave his job as his condition had worsened.

David and his partner struggled to pay rent during the five week wait. They took an Advance Payment but this only covered some of their rent and they still accrued other debts, which they have not managed to catch up from.

The stress of the financial situation led to David's physical health deteriorating, and he is now in much greater pain and needs to use crutches to move around, when he hadn't previously.

"The stress of the financial problems was the last thing I needed as I am not supposed to get stressed with the fibro as it causes massive flare ups. And with every flare up, my health gets permanently worse. I had four massive flare ups as a result of Universal Credit."

"My health was too much to handle, and zero money. As a result I am now unable to walk without crutches and everything is ten times harder and more painful for me. This would have happened eventually, but possibly not for many years."

In some cases the need to claim Universal Credit had been necessitated by a recent life event, including a breakdown in a relationship or bereavement. These were traumatic life changes that were likely to mean that the person was already in a difficult emotional and financial situation, which was then made worse by the wait for their first payment.

These significant, and unexpected, life changes are difficult for anyone to prepare for, particularly people on low incomes. The DWP has suggested people should have savings to cover living costs during this period. However, the number of households able to save in the UK is at a near record low, with 6.5 million households having no savings at all. Low income households are the least likely to be able to save as they spend a much greater proportion of their income on basic essentials (with 30% spending 60% of their income on essentials).¹⁸

The DWP has also suggested that there are two distinct cohorts of claimants migrating over to Universal Credit – a less vulnerable group naturally migrating through changes in circumstances, and a more vulnerable group with more severe needs, particularly health conditions, who will move to Universal Credit through 'managed migration'. Under this assumption, the process for 'managed migration' has been designed with more protections for claimants – most notably 'transitional protection' for claimants' benefit levels.¹⁹

However, as these case studies show, households moving to Universal Credit under natural migration are not necessarily in different situations than those who will be transferred through the 'managed migration' process. Naturally migrating households often still have significant needs – the only difference is a change of circumstances has triggered a claim for Universal Credit. Worse still, these changes of circumstances are likely to cause a further financial shock for claimants or increased their vulnerability – even before the impact of the five week wait

¹⁸ Citizens Advice (2018), 'Walking on thin ice: the cost of financial insecurity'. <https://www.citizensadvice.org.uk/Global/CitizensAdvice/Debt%20and%20Money%20Publications/Walking%20on%20thin%20ice%20-%20full%20report.pdf>

¹⁹ Where claimants with a claim to legacy benefits at the point of being managed migrated will be paid the same amount under Universal Credit as legacy benefits until they have a change of circumstances or incorrectly apply for Universal Credit, necessitating a change of circumstances, when they will be paid their entitlement under Universal Credit (which may be lower than their legacy benefit level).

takes effect. It is clear, therefore, that claimants currently moving onto Universal Credit are in as much need of support to manage the initial wait for a first payment as those due to move to the new benefits system much later.

4. WHAT IS THE IMPACT OF THE FIVE WEEK WAIT FOR UNIVERSAL CREDIT ON OTHER FORMS OF SUPPORT?

The impact of the five week wait is not limited to claimants. In financial hardship, claimants turned to other forms of support, such as local authority crisis provision, advice services, housing providers and voluntary crisis provision like emergency food aid. This can lead to stretched services, housing insecurity and people turning to support which may not be adequate to resolve their crisis - such as a food bank parcel.

4.1 WHERE DID CLAIMANTS TURN FOR SUPPORT?

There is evidence suggesting the rollout of Universal Credit, and in particular the move to Universal Credit, has led to increased demand for support from local welfare schemes. In Newcastle, a third of local welfare scheme awards in 2017/18 were made to people waiting for Universal Credit or due to incorrect Universal Credit payments.²⁰ One in 10 crisis grant applications to the Scottish Welfare Fund between July and September 2018 were due to a benefit delay.²¹ Southwark Council has reported that the borough's local welfare scheme has seen double the need for emergency food parcels since Universal Credit rollout out.²²

Advice providers, most notably Citizens Advice but also housing providers (see section 4.3), have shown how the move to Universal Credit has led to increased demand for their services. In 2018, Citizens Advice reported that clients with Universal Credit problems were growing in number, with Universal Credit problems now accounting for one in seven of their benefit clients and 120,000 people helped by the organisation since rollout began.²³ Macmillan Cancer Support has also seen substantial increases in the numbers of people needing support for Universal Credit. In 2016 Macmillan's telephone Welfare Rights team received 64 calls about Universal Credit. By 2018 the number of calls for support about Universal Credit had increased to 1,981.²⁴

In early 2019, Citizens Advice reported that while improvements in the move to Universal Credit helped reduce the proportion of people falling behind on bills or relying on family and friends during the wait for the first payment, the level of people on Universal Credit falling behind on housing payment remained consistent, at around 50%.²⁵

Emergency food providers have also noted increased demand due to the move to Universal Credit, explored in further detail below.

²⁰ Local Government Association (2019), 'Reshaping financial support: How councils can help to support low-income households in financial difficulty': https://www.local.gov.uk/sites/default/files/documents/5.49%20Reshaping%20Financial%20Support_v02.pdf

²¹ Scottish Welfare Fund Statistics. <https://www2.gov.scot/Topics/Statistics/Browse/Social-Welfare/swf/SWF30Sep2018>

²² The Smith Institute, (2018), 'Safe as Houses 2: A follow-on report into the impact of Universal Credit on Southwark Council's housing tenants rent payment behaviour'. <https://www.southwark.gov.uk/news/2018/nov/safe-as-houses-2-new-in-depth-report-reveals-deepening-concerns-for-universal-credit-recipients>

²³ Citizens Advice (2018), 'Making a Universal Credit claim': <https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Making%20a%20Universal%20Credit%20claim%202018%20-%20final.pdf>

²⁴ Macmillan Cancer Support Line Service data (internal data)

²⁵ Citizens Advice (2019), 'Managing Money on Universal Credit: How design and delivery of Universal credit affects how people manage their money'. [https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Managing%20Money%20on%20Universal%20Credit%20\(FINAL\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Managing%20Money%20on%20Universal%20Credit%20(FINAL).pdf)

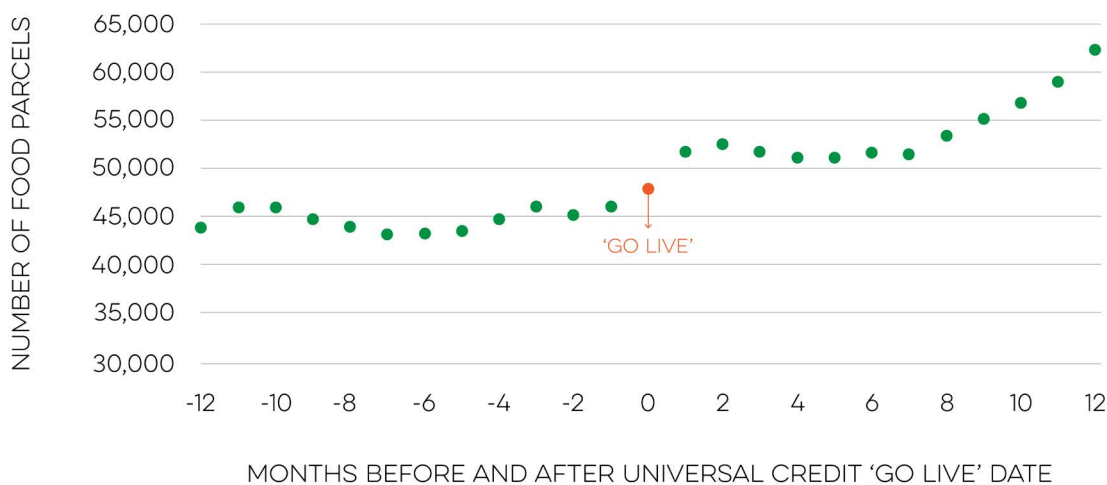
4.2 FORCED TO RELY ON A FOOD BANK'S HELP

Food banks, both in the Trussell Trust's network and independent, have reported increased demand due to Universal Credit rollout and the five week wait. In April 2018, the Trussell Trust found that food banks in areas of full Universal Credit rollout saw an increase of 52% in emergency food parcels provided 12 months after rollout, compared to 13% in food banks in areas not in full rollout.²⁶ A report in July 2018 by the End Hunger UK coalition found that the wait for the first payment was the most common concern around Universal Credit for food aid providers.²⁷

Changes in the 2017 Budget, which came into place by April 2018, have been welcome. However, it is notable that food banks are still raising concerns about the impact of the five week wait, including through the case studies in this report. Moreover, updated analysis of the impact of Universal Credit rollout on Trussell Trust food bank use suggests these changes still do not provide adequate support to claimants during the transition.

Food banks in the Trussell Trust network in local authorities where Universal Credit has been rolled out for at least a year have seen a **30% increase** in emergency food parcels provided over the 12 months from when Universal Credit went live. Now that all food banks in the Trussell Trust network are in areas with full rollout, it is difficult to compare provision with areas where Universal Credit has not yet been fully rolled out (as in previous analyses). However, figure 1 demonstrates the sharp increase in demand for food banks in the months immediately following Universal Credit going 'live' in an area, compared to the preceding 12 months.

Figure 1: Monthly three-day emergency food parcels provided in the Trussell Trust food bank network, 12 months before and after full Universal Credit rollout in area



n=185 food banks

Beyond this, it is concerning that the longer Universal Credit is live in an area and as claimants move onto the system, food bank demand continues to rise rather than plateau, as might be assumed if hardship was limited to the five week wait (table 1). Of course, at least some of this

²⁶ The Trussell Trust (2018), 'Left Behind: Is Universal Credit Truly Universal?' <https://s3-eu-west-1.amazonaws.com/trusselltrust-documents/Trussell-Trust-Left-Behind-2018.pdf>

²⁷ End Hunger UK (2018), 'Fix Universal Credit'. <http://endhungeruk.org/wp-content/uploads/2018/07/Fix-Universal-Credit-a-report-from-End-Hunger-UK.pdf>

increase will be explained by factors other than Universal Credit. But forthcoming postcode-level analysis from researchers at Kings College London also shows a positive correlation between monthly starts to Universal Credit and food bank demand, after taking geographic differences into account, which continues to grow in the months following rollout.²⁸ Taken together, this suggests the financial impact of the move to Universal Credit continues into the claim.

Table 1: Impact of rollout on food bank demand

Time period	% change after 'go live'	Sample size
6 months before and 6 months after the introduction of Universal Credit	20%	355 food banks
12 months before and 12 months after the introduction of Universal Credit	30%	185 food banks
18 months after the introduction of Universal Credit	39%	101 food banks
24 months after the introduction of Universal Credit	48%	37 food banks

4.3 HAVE IMPROVEMENTS TO THE WAIT MADE A DIFFERENCE?

Early analysis of food bank data comparing food bank demand in areas which went live with full Universal Credit rollout before and after the April 2018 changes does not indicate any notable impact. Food banks in areas that went live both before and after the changes saw a notable increase in parcels provided over the six months following rollout.

Indeed, food banks that went live after early 2018 improvements saw a bigger increase in food parcels provided. This may be due to the increase in starts on Universal Credit as rollout has progressed – analysis of DWP data shows that areas included in the post-April 2018 cohort saw more than double the increase in claimants moving to the new benefit (1,112%) in the six months after the 'go live' date, compared with the pre-April 2018 cohort (472%).

Table 2: Comparison of demand in food banks in areas which went live before and after the 2018 improvements to the wait

	% change in parcels provided in six months before Universal Credit 'goes live'	% change in parcels provided in six months after Universal Credit 'goes live'	Sample size
Pre-April 2018 cohort	0%	15%	66 food banks
Post-April 2018 cohort	-4%	33%	175 food banks

²⁸ Loopstra, R & Reeves, A (forthcoming) 'Welfare reform in the United Kingdom: the relationship between the roll-out of Universal Credit and food bank use'

4.4 RENT ARREARS AND UNIVERSAL CREDIT

Housing providers have also reported increased housing issues from tenants on Universal Credit, with claimants falling behind on rent and into debt. A survey of Housing Associations by the National Housing Federation found that tenancies paid using Universal Credit had higher median average arrears than tenancies paid by other means: £650 compared to £460. It was found also that tenancies paid using Universal Credit were three times more likely to have been issued a Notice of Seeking Possession. This is the first stage of an eviction process (it does not always lead to an eviction). The burden of supporting claimants through financial hardship was also displaced to these organisations: 89% of housing associations reported an increase in the need for staff resources for welfare advice and 51% of housing associations reported an increase in the need for staff resources for rent collection.²⁹

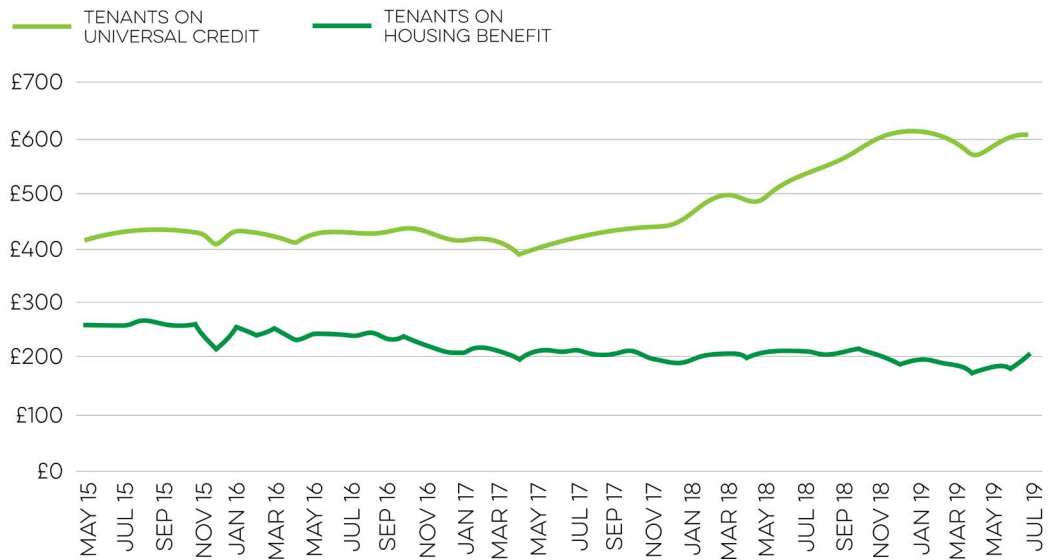
For this report The Riverside Group, a social housing association, has shared data from tenants in different local authority areas, to compare average rent arrears balances between tenants claiming Universal Credit and Housing Benefit. This analysis illustrates the impact of Universal Credit rollout on rent arrears: it takes a cohort of tenants on Housing Benefit, and a cohort on Universal Credit, as of July 2019, and traces average arrears per claimant back to May 2015, when data is available. Rent arrears are average weekly arrears for the month in question, to reduce in-month fluctuations due to payment dates of Housing Benefit and the Universal Credit housing element (see Appendix B for more detail on methodology).

The caseload currently on Universal Credit will have moved to the new benefit at different times depending on rollout in their areas, and may have been in work or on legacy benefits prior to this; all tenants in this cohort will have been subject to the five week wait and will possibly have taken out an Advance Payment to manage finances during that time. Tenants in the Housing Benefit cohort throughout this period will not have had a change of circumstances requiring them to make a claim for Universal Credit, so they will not have experienced the five week wait. Both cohorts will have been subject to other welfare reform measures, such as the benefits freeze.

As shown in figure 2, average rent arrears for Universal Credit tenants have increased during the period where Universal Credit has been rolled out, particularly from May 2017 onwards, while the average rent arrears balance for Housing Benefit tenants has fallen. The increase in average rent arrears quickens in April 2017, when rollout began to steadily increase month-on-month, and April 2018, when rollout sharply accelerated. Claimants on Universal Credit have seen a **42% increase** in average rent arrears, compared to a **20% fall** for Housing Benefit claimants, since rollout began in 2015.

²⁹ The National Housing Federation's most recent survey of its members. 45 members who responded represent 35% of all social and affordable rented stock owned/managed by Housing Associations. National Housing Federation, (2019) 'Universal Credit Survey Results: Q4 2018/19: August 2019', currently unpublished.

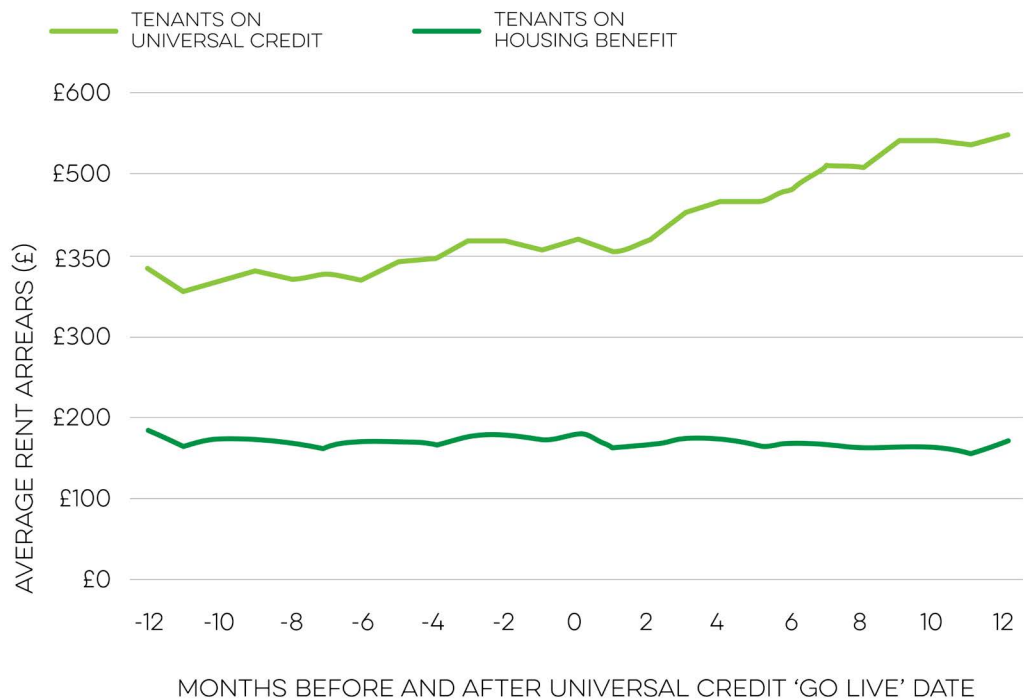
Figure 2: Average rent arrears per tenant for Housing Benefit and Universal Credit claimants in The Riverside Group housing associations, May 2015-July 2019



Universal Credit: n = 5,508; Housing Benefit: n = 17,060

Looking more closely into the impact of Universal Credit rollout on rent arrears, we analysed average rent arrears balances for eight local authorities where The Riverside Group operates in which (a) Universal Credit claimant cohort numbers were large enough to comprise a robust sample, (b) food banks in the Trussell Trust network operated in the same area to compare food bank demand and (c) Universal Credit has been rolled out for 12 months or more (see Appendix B).

Figure 3: Average rent arrears per tenant, before and after Universal Credit rollout for a selection of Riverside Group housing providers: Knowsley, Leicester, Newcastle-upon-Tyne, North Ayrshire, Rochdale, Sefton, St Helens and the Wirral



July 2019 cohorts: n (Universal Credit) = 3,624; n (Housing Benefit) = 12,602

As figure 3 shows, while rent arrears for Housing Benefit claimants slightly decline - 2% in the 12 months before Universal Credit rollout and 5% in the 12 months following rollout - **rent arrears increase for claimants who have moved to Universal Credit by 31% in the 12 months after rollout.**

There are several factors which could lead to this increase in rent arrears. One is the move to Universal Credit and the financial impact of the five week wait, while another is the financial impact of a change of circumstances which triggers a Universal Credit claim. Research from the DWP has found that claimants accrue arrears in the months before their claim, most likely as they use their savings or rely on other sources of income following a change of circumstances, rather than move to Universal Credit.³⁰ While we cannot disaggregate between the different reasons why the rent arrears balance may have increased, the significant increase following rollout suggests an association with the move onto Universal Credit. This increase can be observed even in housing associations in areas which went live following the April 2018 changes, like Leicester and Liverpool, suggesting there is still need for support during the wait.

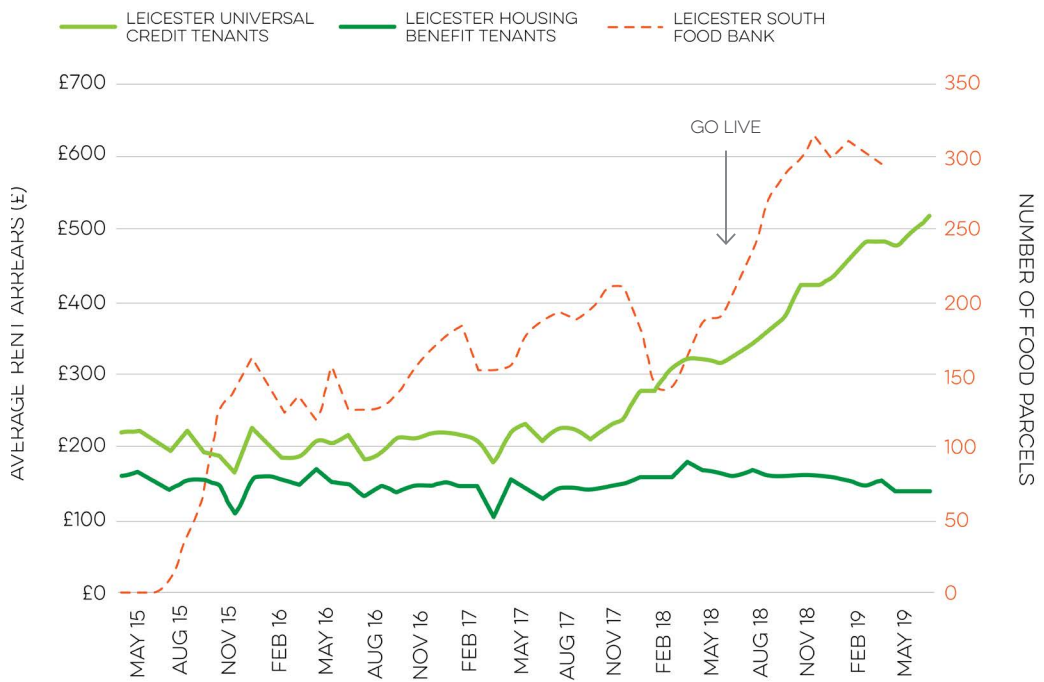
It is notable that the caseload moving onto Universal Credit had higher average arrears even when they were on legacy benefits, compared with the caseload which remained on Housing Benefit. Likely explanations for this are that: groups moved over in the early stages of rollout, particularly single young people, have more complex cases and are more likely to be in arrears; as the Housing Benefit group is a significantly larger sample, claimants with little or no rent arrears would bring the average rent arrears balance down. In line with evidence in the previous section (see section 3.3), this suggests the group naturally migrating to Universal Credit through a change in circumstances may have even less financial resilience than the group with steady claims who will be moved through 'managed migration'.

Looking at specific areas within this dataset, it is clearer to see the impact of Universal Credit on both rent arrears and food bank use together. Figures 4 and 5 show time-trend data on average rent arrears balances for tenants now on Universal Credit and tenants on Housing Benefit in Leicester and North Ayrshire.³¹ Overlaid are the monthly food bank demand figures for food banks in the area. While current Universal Credit tenants have a higher average rent arrears even before the move to Universal Credit, the difference is small. This gap grows dramatically after Universal Credit goes live in the area, suggesting the move to Universal Credit is leading to financial hardship. This is also matched by higher food bank use in the months following rollout.

³⁰ Ibid

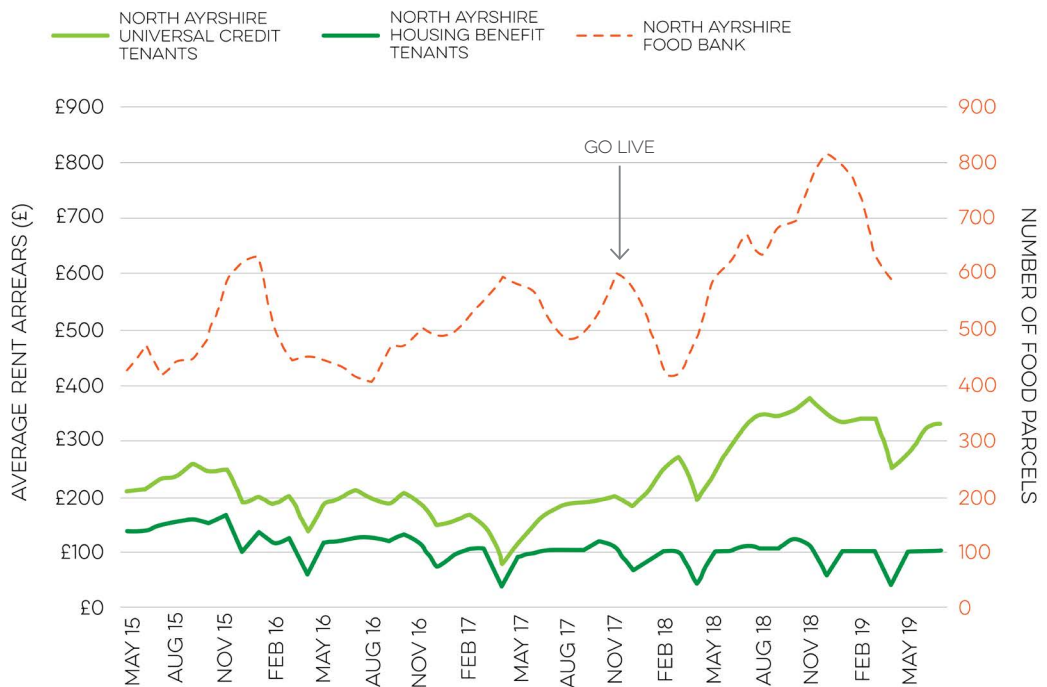
³¹ In Scotland, 'Scottish choices' for Universal Credit are in place, where claimants can request payments direct to landlords and more flexible payments.

Figure 4: Leicester - The Riverside Group average rent arrears and Trussell Trust food bank parcels provided (Universal Credit 'go live' date June 2018)



Universal Credit: n = 125; Housing Benefit: n = 563

Figure 5: North Ayrshire - The Riverside Group average rent arrears and Trussell Trust food bank parcels provided (Universal Credit 'go live' date November 2017)



Universal Credit: n = 277; Housing Benefit: n = 586

No one should have to turn to a food bank because they can't afford to buy food, nor should anyone have to face eviction because they can't cover the costs of housing. The data above illustrates the correlation between the move to Universal Credit and financial hardship, with an associated knock-on impact on other organisations including the voluntary sector and statutory services. In the case of landlords, both social and private, the move to Universal Credit leaves them to bear financial risk when claimants can't themselves.

Crucially, the improvements to the wait have not prevented the need for other support due to having no income, or very little income, for five weeks, suggesting more financial support is needed to help claimants during this time.

5. WHAT SUPPORT IS PROVIDED BY THE DWP AND DOES THIS SOLVE THE PROBLEM?

The government has put in place some measures to provide financial and non-financial support to mitigate the impact of the five week wait. They are a welcome admission of the significant hardship that has been experienced. However, this research suggests that some measures can push claimants further into hardship, and are only partial fixes, as they are piecemeal and not based on need.

5.1 FINANCIAL SUPPORT

Details of the current DWP financial support during the transition to Universal Credit are provided in Table 3.

Table 3: Current financial support offered by the DWP

Current DWP mitigation	Date in place from	Who is it for?	Estimated number who will benefit	Who is it not for?	Estimated spend
Advance Payments - claimants can receive up to 100% of their first payment and repay over 12 months	February 2018 (in their current form) Repayment extended to 16 months from 2021	Those assessed as being in financial need	Currently 60% of new claims take an Advance Payment ³²	The DWP says it may refuse advances to: those who live with family/friends; have any final earnings or redundancy payments; have any accessible savings	£676 million in 2019/20, due to rise to £862 million by 2023/24 ³³
Two week run-on for Housing Benefit	April 2018	Only for claimants previously receiving Housing Benefit	3.76 million Housing Benefit claimants in May 2018 (estimated number who will benefit) ³⁴	Legacy benefit claimants who were not in receipt of Housing Benefit Any new claimants to benefits system	Estimated at £550 million one-off spend when introduced ³⁵

³² HC Deb 15 April 2019 243330W. <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-04-10/243330/>

³³ HC Deb 7 May 2019 249178W. <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-04-30/249178/>

³⁴ StatXplore accessed 01/08/19 <https://stat-xplore.dwp.gov.uk/webapi/jsf/dataCatalogueExplorer.xhtml>

³⁵ HC Deb 23 November 2017 vol 631 c1201. <https://hansard.parliament.uk/Commons/2017-11-23/debates/36EF5FEE-7FB1-4841-A242-7625ED73FCA0/UniversalCredit>

Two week run-on for Jobseekers Allowance, Employment and Support Allowance, and Income Support	July 2020	Only for legacy Jobseekers Allowance, Employment and Support Allowance, and Income Support claimants	1.1 million ³⁶	Legacy benefit claimants not in receipt of these specific benefits, such as tax credits claimants Also estimated that 69% of those on these benefits as of Nov 2018 will not get this support (e.g. by transferring before the change comes in)	Estimated at £220 million one-off spend when introduced ³⁷
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Advance Payments

Advance Payments are the DWP's primary mitigation to bridge the five week wait. The Advance Payment allows claimants to borrow up to 100% of the amount that they are entitled to for their first payment. Of those that do take one, most claimants take out 100% of their entitlement.³⁸ This money must be repaid, and these repayments are automatically deducted from subsequent Universal Credit payments. Typically the Advance Payment will be repaid over 12 months, but the rate of the repayments is set by the DWP (see Appendix C).

This research suggests that Advance Payments provide inadequate support to claimants during the wait for their first payment; specifically:

- Repaying advances pushed claimants into hardship for months after claiming
- Advance repayments came on top of multiple other deductions, leaving people with little to live on
- The money from advances was not sufficient to bridge the gap; claimants were still forced into hardship and accrued debt
- There was still low awareness that advances were available, with some claimants told that they could not access them.

Claimants pushed into hardship well beyond the five week wait

For claimants who took out an Advance Payment, repayments could push them into hardship. One of the key issues was that they were not given sufficient information about the level of repayments and so could not budget or prepare for deductions. Even if claimants were told the rate of repayments as a percentage of their award, they were not always told the exact value of their first Universal Credit award – thus, they could not calculate what would be left after repayments were taken out, so did not know if they could afford to take out an Advance Payment. As a result, some chose not to take out an advance. This is an inherent problem of the system of payment in arrears, where claimants' final award has not been confirmed at the time that claimants are requesting an Advance Payment.

³⁶ Policy in Practice (Nov 2018), 'Autumn 2018 Budget: What is the impact of the changes to Universal Credit on low income households?' http://policyinpractice.co.uk/wp-content/uploads/Autumn-Budget-report_0811.pdf

³⁷ HL Deb 11 December 2018 HL11721WA. <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Lords/2018-11-22/HL11721/>

³⁸ 70% take it at the maximum entitlement. HC Deb 15 April 2019 243330W. <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-04-10/243330/>

All claimants in our research were worried about not being able to manage the repayments. But in many cases claimants still took out Advance Payments as they felt that they could not manage otherwise.³⁹ One way in which claimants tried to manage the repayments was by only taking a partial Advance Payment. However, others, who had no other form of support, took the full Advance Payment – for example, an individual whose family could not support them, or a woman who was trying to escape from relying financially on an abusive ex-partner (see box 9 below). Those who took the full Advance Payment found it much harder to manage in the long-term as higher deductions pushed them into hardship.

BOX 9: LIZZIE'S STORY

Lizzie is a single mother with two children, who had to leave her home quickly due to an abusive partner and had been placed in temporary emergency accommodation.

"I managed to get an earlier jobcentre appointment and I could then get advances of my Universal Credit. However, I'm now paying the price for accepting these, as my Universal Credit is being slashed because of the advance repayments.

"...because of my reduced Universal Credit, I'm struggling to budget and am now accruing debt on overdraft and credit card. It's a nightmare...

"[I] just feel crippled because of that five week wait and don't know how I'll ever claw myself out of the hole it's put me in."

Repaying Advance Payments pushed many claimants into hardship well beyond the initial claim period. Many were still struggling with debt accumulated during the wait more than six months later. This could help explain why, in 2018, a third of claimants were unable to repay their Advance Payment within the 12 month limit set by the DWP.⁴⁰

³⁹ This finding is in line with the DWP's data that currently 60% of claimants take up and Advance Payment. HC Deb 15 April 2019 243330W. <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-04-10/243330>

⁴⁰ HC Deb 13 May 2019 249845W. <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-05-01/249845/>

BOX 10: SOPHIE'S STORY

Sophie is a single, disabled mother. Her husband left her a month ago, leaving the family with no income. She needed to apply for Universal Credit to support her family.

Sophie struggled to pay her rent, to feed her children, and to pay for the medication that she needs. She took an Advance Payment but this did not prevent her family from hardship. She was worried about borrowing too much and not being able to afford the repayments as she didn't know how much she would be eligible for through Universal Credit.

"I'm down to one meal a day so that I can still feed my children and my rent is now late. I can't afford my prescription and don't know if I qualify for free prescriptions because I don't know if my claim has been successful or not. So I'm in pain and exhausted.

"I've taken out a Universal Credit advance of £800 but I don't want to take any more as I don't know if or how much Universal Credit I'll get. Five weeks with no income and no way to tell if or when any money will arrive is impossible."

Understanding whether or not a loan, or subsequent repayments, will cause hardship should be an essential step in the process of assessing claimants' eligibility for a loan and setting repayment rates. However, unlike best practice among private sector lenders, the DWP does not conduct an affordability assessment before lending money, or put in place an affordable repayment plan on this basis. Instead, claimants are subject to set repayment rates (table 4), with nearly a third (29%) subject to a deduction to their Standard Allowance of more than 30%. While deductions should be capped at 40% of the Standard Allowance, in February 2019 there were still 13,000 claimants with deduction of more than 40%.

Table 4: Number and percentage of claimants subject to different deduction rates, February 2019

Deduction rates applied to Standard Allowance element of Universal Credit	Number of claims with a deduction	Percentage of claims with a deduction
Up to 20%	420,000	50%
21% - 30%	170,000	20%
31% - 40%	238,000	28%
More than 40%	13,000	1%
Total claims with a deduction	840,000	100%

Source: HC Deb 4 June 2019 257147W. <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-05-21/257147/>. Numbers may not add up to total due to rounding.

Research by the debt charity StepChange shows the hardship caused by benefit deductions to repay debts. Of StepChange clients who had money deducted in this way, 71% say that it has caused them and their family hardship. Specifically as a result of deductions, over a quarter (26%) had cut back on food spending and a further 25% found it difficult to pay for heating. 40% fell behind on other household bills – meaning that deductions could actually be contributing to the cause of the problem they are trying to solve, by pushing people further into debt.⁴¹

Even repayments at low rates can be hugely significant for people, especially those living on benefits designed to provide only the minimum amount needed to live on.⁴² StepChange found that even a deduction of just 5% would push nearly half (47%) of its clients on benefits into a negative budget, meaning they would not have enough money to cover essential costs.⁴³

Combined impact of advance repayments and multiple other deductions

Universal Credit claimants may also face deductions to their payment due to other debts. This includes previous government debts and third party debts (like rent arrears). One of the most significant government debts being repaid under Universal Credit are tax credits debts, with 255,000 claims having a deduction applied for a tax credits debt in 2019.⁴⁴

A key issue for those taking out an Advance Payment is the combined impact of all repayments that they must make. At May 2019, 440,000 (52%) of Universal Credit claimants repaying an Advance Payment were also repaying another government debt (benefit overpayments, social fund loans or a previous advance).⁴⁵ Many claimants are also repaying third party debts on top of other repayments. 5% of claimants on Universal Credit have a deduction to their payment for rent arrears or Council Tax arrears; a proportion of those may also be repaying an Advance Payment and/or another government debt.⁴⁶

A significant issue with government debt repayments is that claimants are often not informed about these until they transfer to Universal Credit. These debts can relate to payments received more than 15 years ago.⁴⁷ This means that claimants are unaware of these further deductions when they agree to take the Advance Payment. Claimants were trying to decide to take on a debt, without knowing what their overall Universal Credit entitlement would be, nor what else might be deducted from it.

⁴¹ StepChange and the Trussell Trust (2019) 'Hardship Now or Hardship Later'. <https://www.stepchange.org/Portals/0/assets/pdf/stepchange-debt-charity-trussell-trust-universal-credit-report.pdf>

⁴² Ibid, The Trussell Trust (2018), 'Left Behind: Is Universal Credit Truly Universal?'

⁴³ StepChange and the Trussell Trust (2019) 'Hardship Now or Hardship Later'. <https://www.stepchange.org/Portals/0/assets/pdf/stepchange-debt-charity-trussell-trust-universal-credit-report.pdf>

⁴⁴ HC Deb 20 May 2019 253637W. <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-05-13/253637/>

⁴⁵ HC Deb 8 May 2019 249847W. <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-05-01/249847/>

⁴⁶ 117,000 had rent arrears or Council Tax deduction in February 2019. HC Deb 20 May 2019 253637W. <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-05-13/253637/>. The claimant caseload in February 2019 was 1.7 million from DWP, Universal Credit Statistics 29 April 2013 to 11 July 2019. 13 August 2019. <https://www.gov.uk/government/publications/universal-credit-29-april-2013-to-11-july-2019/universal-credit-statistics-29-april-2013-to-11-july-2019#people-on-universal-credit-1>

⁴⁷ HC Deb 8 July 2019 272126W. <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-07-02/272126/>

BOX 11: SELINA'S STORY

Selina is a single woman with a learning disability, who recently successfully fought for her right to remain in the UK. Prior to that her migration status was being reviewed by the Home Office.

She made a claim for Universal Credit but struggled to make ends meet during the five week wait and accrued rent arrears. During this time, she accepted a £200 Advance Payment from the DWP. This is now being deducted from her monthly Universal Credit payments.

Since then she has also been contacted by the DWP to notify her that £47 a month will be deducted from her upcoming payments after her Jobseeker's Allowance was overpaid in 2017.

Selina has reported that the situation has been taking a toll on her mental health.

"It's very stressful. I can't sleep and I'm getting headaches and sometimes I don't want to come out. Today, I had to force myself to come in to sort this."

Low awareness

Over the last few years, higher proportions of claimants have taken out Advance Payments, reflecting attempts by the DWP to encourage take-up. Despite this, we heard from households who said that they were not offered an Advance Payment even though they were experiencing severe financial hardship. This included someone who ended up homeless during the wait for her first payment who was not offered an Advance Payment. Eventually she was told they were available by a friend and requested one.

Insufficient support during the five week wait

Crucially, even when claimants did access an Advance Payment this was not sufficient for them to manage during the five week wait. The Advance Payment did not cover rent, utilities and other bills - households tended to use it to pay for some of their rent, and some essentials, but were still left with arrears and other bills that were overdue.

Two week benefit run-ons

The government introduced a two week run-on for Housing Benefit in April 2018, and from July 2020 there will also be a run-on of three other DWP benefits: Jobseeker's Allowance, Employment and Support Allowance, and Income Support. Anyone currently in receipt of these benefits will receive an additional payment after making their claim for Universal Credit worth two weeks of their current entitlement.

The interim benefit run-ons are a step in the right direction, as they begin to bridge the five week wait. However, they only provide support for two of the five weeks, so claimants are still likely to accrue other debts during this time. Analysis of food bank demand and rent arrears data from The Riverside Group in areas which went 'live' with Universal Credit following the reforms suggests that the additional support, though welcome, does not bridge the wait for claimants.

Significantly, the benefit run-ons do not resolve the five week wait, as there will still be millions transferring to Universal Credit who will not receive support. Firstly, anyone transferring through other legacy benefits, such as tax credits, will not receive this support as they move to

Universal Credit. And secondly, legacy benefit run-ons are only a temporary fix whilst people are still moving from legacy benefits. Anyone making a new claim for support in the future – once legacy systems close – will not receive any equivalent financial support during the five week wait.

5.2 NON-FINANCIAL SUPPORT

There are a range of measures the DWP has put in place to provide non-financial support to claimants during the transfer to Universal Credit. The measures include a 'Help to Claim' service and Alternative Payment Arrangements.

Personal Budgeting Support and Assisted Digital Support

Since the start of Universal Credit rollout, Personal Budgeting Support and Assisted Digital Support have been part of DWP support to claimants during the move to Universal Credit, though organisations including the Trussell Trust have called for this support to be extended and properly resourced.⁴⁸ This support is now delivered by Citizens Advice through the 'Help to Claim' service, although some of the experiences described in this report pre-date this change.

On the whole, claimants said that they had not been made aware of this support. Regarding budgeting support, claimants said they were only informed of was the Advance Payment. Some told their Work Coach that they were struggling, and the only advice that they received was to go to a food bank. There was slightly higher awareness of, and engagement with, digital support. Some had received this through the jobcentre, who helped claimants fill in their initial application and use their online Universal Credit journal. However, there were some claimants with low computer literacy who reported they were not offered any support with their claim.

BOX 12: SELINA'S STORY CONTINUED

Selina has low digital skills and a learning disability; she has found it difficult to apply for Universal Credit. When she asked for support to make her claim she was told that she could use a computer at the jobcentre but not offered any support in making the claim. She went to the charity Community Links for support instead.

"At first they said I should go to the jobcentre and someone will help me. When I went there, they said they can't help me and put me on the computer to do things. And I said I can't do it and told them I will come to Community Links to see if someone can help."

Alternative Payment Arrangements

There are three possible Alternative Payment Arrangements under Universal Credit:

1. Direct payment of the housing element to landlord (Managed Payment to Landlord)
2. Split payments between couple
3. More frequent payments

⁴⁸ Ibid, The Trussell Trust (2018), 'Left Behind: Is Universal Credit Truly Universal?'

Of these, theoretically more frequent payments could provide support to those struggling during the five week wait as they would get money sooner. More frequent payments provide claimants with the option of receiving their Universal Credit typically twice a month. In previous research the Trussell Trust has found that more frequent payments would have been helpful to those on a low income⁴⁹, and as previously cited, low-paid work is generally paid weekly or fortnightly.⁵⁰ However, this option is only available after the claimant had already had their five week wait for their initial payment, and only if they meet specific criteria.

In England and Wales, take up for Alternative Payment Arrangements has remained consistently low (see table 5)⁵¹, likely because these are not proactively offered by DWP staff and are subject to strict criteria. For example, currently DWP guidance states that there are two levels of need, and those at the lower level, who only have a possible need for an Alternative Payment Arrangement, include those with a history of homelessness, asylum seekers and prison leavers.

Table 5: Take-up of Alternative Payment Arrangements

Alternative Payment Arrangements	Take-up as of Feb 2019 (households)	Take-up as of Feb 2019 (%)
Managed Payment to Landlord	176,131	11.3
Split payments between couple	45	0.003
More frequent payments	19,146	1.2
Total take-up	195,322	12.5
Total Universal Credit claimant count	1,557,806	

Source: StatXplore, accessed 31 July 2019

Ultimately none of the Alternative Payment Arrangements provide support during the wait itself. The support that they provide is also limited in scope; some extra flexibility in how payments are received can be helpful but does not solve the problem of a gap in income. Claimants are also unable to request them, so if they do not meet the criteria then they are unlikely to be able to access one, even if it would be beneficial to them.

It is welcome that the DWP acknowledges that claimants need support – particularly financial support – during the five week wait, by offering some help during this time. However, Advance Payments, the primary means for mitigating the wait, can leave people deciding between hardship now or hardship later. Benefit run-ons are a useful way to ensure claimants can get support which they do not have to worry about paying back – however, these too have limitations as they do not support everyone who needs help. Additional support, like advice during the wait, and Alternative Payment Arrangements, are useful but do not solve the problem of a gap in payment.

⁴⁹ Ibid.

⁵⁰ Resolution Foundation (2017), 'Universal Remedy: Ensuring Universal Credit is fit for purpose'. <https://www.resolutionfoundation.org/app/uploads/2017/10/Universal-Credit.pdf>

⁵¹ There is greater flexibility in both Scotland and Northern Ireland, with twice monthly payments being offered as standard in Northern Ireland.

6. CONCLUSION

Our evidence suggests that the five week wait for Universal Credit can lead to severe hardship.

The financial resilience of claimants and their households can deteriorate as a result of the five week wait for the first payment, leaving some destitute. Financial hardship can lead to worsening mental and physical health, strained relationships with friends and family, and can leave some people making difficult or dangerous decisions on who to turn to for support.

The impact of the wait was also felt by organisations supporting claimants, including local welfare schemes, advice organisations, food banks, and social housing providers. Social housing providers faced tenants falling into substantially higher arrears as people moved to Universal Credit, and local welfare schemes needed to increase the financial support made available for people as they faced the five week wait. Evidence across a range of different organisations suggests that the move to Universal Credit can push people into financial hardship, leaving third party or voluntary organisations dealing with the fallout.

Our evidence suggests that the current support offered by the DWP is insufficient to prevent hardship. In particular, the DWP argument that Advance Payments are a sufficient mitigation for the five week wait does not hold. Payment every four weeks does not mimic the world of work for people on low incomes; new claimants typically do not have savings to tide them over during the wait. Repaying Advance Payments can push people further into hardship given their already low financial resilience (likely worsened by their recent change of circumstances triggering a Universal Credit claim) and ongoing costs. Benefit run-ons are a useful financial buffer for claimants but are limited in scope and leave some groups behind.

Recommendations

The move to Universal Credit is clearly a crucial time when claimants can ‘sink or swim’, and there are wider improvements that can be made to ensure this process does not push claimants into hardship:

- Carry out affordability assessments for claimants to ensure they can afford repayments and deductions, and ensure no claimant has their standard allowance deducted by more than 10%, including both DWP or third-party deductions.
- Write off historic benefit overpayment debts, particularly in cases where the claimant would clearly be unable to repay the debt in full, rather than trying to recover them through unaffordable deductions.
- Ensure the new ‘Help to Claim’ service is properly resourced to meet demand, and includes an offer of free, quality debt advice for claimants.
- Proactively offer alternative payment arrangements to claimants, or provide an option to ‘opt in’ to these arrangements when making a Universal Credit claim.

Beyond this, there are a number of policy options that **specifically address the minimum five week wait** for Universal Credit. The main alternatives are outlined on the following pages, flagging key criteria to take into account: the impact on claimants, cost and feasibility.

Table 6: Policy options to address the minimum five week wait for a first Universal Credit payment

Policy option	Detail	Impact on claimants	Cost	Feasibility
Financial top-up at beginning of claim	Advance Payment for new claims paid as grants	Immediate financial support to claimants Significantly less risk of debt as no deductions for Advance Payments when claim begins	High Current value of Advance Payments is £676m per year - as more claimants would likely take up support, may be higher	Can use existing process for assessing need and verifying identity - less administrative change needed
	Discretionary payments to mitigate hardship: <ul style="list-style-type: none"> More financially resilient claimants still offered Advance Payments 	Immediate financial support to claimants most in need Not all claimants who need grants will get them, depending on nature of eligibility criteria	Low Administrative cost likely to increase depending on the criteria (e.g. if requiring personalised assessment)	Could use existing process for assessing need and verifying identity so less administrative change needed Added administrative burden of assessing eligibility
	More comprehensive benefit run-ons <ul style="list-style-type: none"> Proposed DWP legacy benefit run-ons extended to tax credit claimants All run-ons extended to cover three weeks (payment after three weeks), to bring wait in line with legacy benefits (maximum wait of two weeks) 	Provides further support to all legacy benefit claimants moving over to bring wait in line with wait for legacy benefits Supports legacy benefit claimants who are less likely to adjust to new payment cycle and will have few savings Piecemeal solution: <ul style="list-style-type: none"> Time limited – support only offered until natural migration ends Not for new claimants 	High	DWP may find it difficult to transfer HMRC data on tax credits to value and pay run-ons Using existing benefit run-on process, so administrative change should be easier

<p>Restructuring assessment period</p>	<p>Monthly assessment period with fortnightly payments:</p> <ul style="list-style-type: none"> • Claimants get fortnightly payments in first month of claim • First payment is after three weeks (up to one week processing time, two weeks of the first assessment period) and based on projected value of first payment • Second payment is after five weeks and reconciles payment up to a full month 	<p>Eliminates need for bridging payments – could reduce or remove benefit run-ons or retain as additional support during natural migration</p> <p>First payment in a month may fluctuate depending on last month's earnings – claimants may prefer certainty so they can budget</p>	<p>Low</p> <p>As existing payment cycle retained, no more need for Advance Payments and run-ons</p>	<p>Use existing fortnightly payment process</p> <p>Additional administration to bring fortnightly payments forward to first month of claim, and to assess value of reconciliatory payment</p>
<p>Fortnightly assessment periods (opt-in):</p> <ul style="list-style-type: none"> • Claimants can opt-in to fortnightly assessment periods at beginning of claim • Reduces wait to 3 weeks (1 week processing, 2 weeks assessment) 	<p>Eliminates need for bridging payments - could reduce or remove benefit run-ons or retain as additional support during natural migration</p> <p>Claimants could choose not to opt in to fortnightly assessment period if they prefer</p>	<p>High</p> <p>Savings as reduced need Advance Payments for new claims and benefit run-ons</p>	<p>Restructuring assessment periods likely requires significant administrative change</p>	<p>Use existing fortnightly payment process</p> <p>Additional administration to bring fortnightly payments forward to first month of claim, and to assess value of reconciliatory payment</p>
<ul style="list-style-type: none"> • Backdate assessment period: • Either claimants/HMRC/DWP share details of earnings in the last month, or DWP uses Advance Payment value assessment to decide value of first payment • First Universal Credit paid in week 2 of claim (1 processing week) 	<p>Eliminates need for bridging payments - could reduce or remove benefit run-ons or retain as additional support during natural migration</p>	<p>High</p> <p>Full payment at beginning of claim - means an extra payment over a 12 month period</p> <p>Administrative costs could be lowered by using Advance Payment assessment process to decide value of first payment</p>	<p>DWP may find it difficult to get earnings data from claimants/HMRC, making designating precise value of first payment more difficult</p> <p>DWP may need to absorb risk of some overpayments, if first payment is based on estimate (as with Advance Payments) - currently only 5% of claimants receive an Advance Payment above the value of their first payment⁵²</p>	<p>Use existing fortnightly payment process</p> <p>Additional administration to bring fortnightly payments forward to first month of claim, and to assess value of reconciliatory payment</p>

⁵² HC Deb 11 July 2019 274559W. <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-07-08/274559/>

To address the problems caused by the minimum five week wait, the DWP should:

In the short term, in recognition of the financial hardship associated with the move to Universal Credit and the five week wait, **make funds available to provide non-repayable grants, rather than loans** to claimants. Similar grants have been made available to mitigate welfare reforms, such as Discretionary Housing Payments (DHPs) to mitigate the removal of the spare room subsidy (also known as the ‘bedroom tax’). The proposed payments could be administered by the DWP, using the existing Advance Payment assessment, eligibility criteria, and application process. Alternatively a new payment stream could be set up administered by the DWP or local councils, like DHPs. These grants could be time-limited until full rollout is complete.

As ‘natural migration’ continues, benefit run-ons provide a useful way to support claimants moving to Universal Credit. However, this proposed support is piecemeal and does not necessarily support those most in need. **Benefit run-on support should be extended** to claimants moving over from tax credits, and to cover a minimum period of three weeks to match typical waits under the legacy system. The DWP should introduce extended run-ons ahead of the proposed July 2020 launch. It is evident that claimants are being pulled into poverty by the five week wait now – they urgently need support.

In the long term, bridging payments should not be needed – the DWP must restructure the assessment cycle to end the five week wait for the first payment. Options include more frequent payments, a shorter assessment period and backdating claim starts so that claimants receive payments as soon as possible. We recommend the DWP begins piloting these alternatives to ensure there is a genuine solution for any new Universal Credit claimant, not just for those who move from legacy benefits or can afford a loan.

Universal Credit is the future of our benefits system. As long as its design continues to pull claimants into financial hardship, it will not be the poverty-fighting reform once promised. With urgent action, the government has an opportunity to turn the tide of poverty facing so many families across the UK.

APPENDIX A: FOOD BANK REFERRALS AND UNIVERSAL CREDIT ROLLOUT - METHODOLOGY

MONTHLY FOOD BANK REFERRAL DATA

Everyone who comes to a food bank in the Trussell Trust's network is referred by an agency or professional – like a health visitor or housing association – using a food bank voucher. Food banks in the Trussell Trust network collate this voucher data, from which the Trussell Trust is able to analyse anonymised aggregate data, including monthly and annual time trend data.

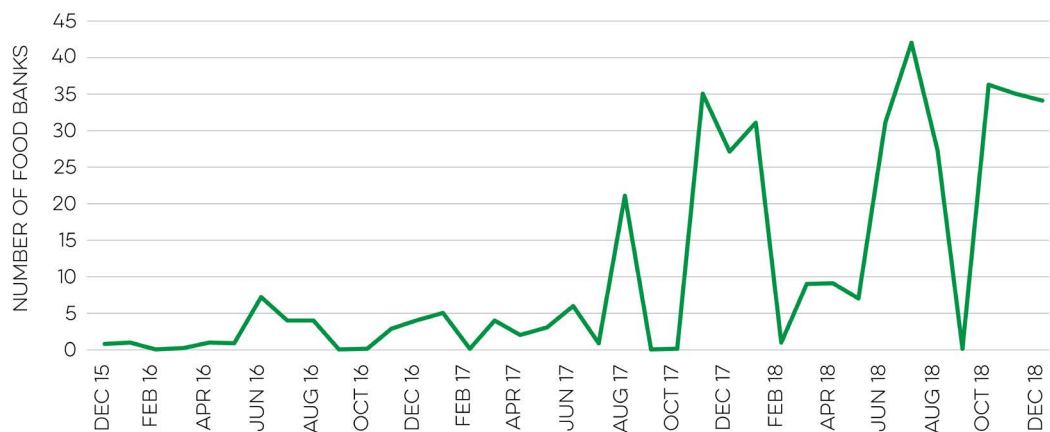
ROLLOUT ANALYSIS METHODOLOGY

As of June 2019, there were 424 open food banks in the Trussell Trust food bank network; 414 food banks have been included in this analysis. Some food banks were taken out of the sample to account for external factors, detailed below, which may have led to a rapid increase in demand. This gives a more complete picture of the effect of Universal Credit on food bank use. For example, the original analysis could only cover 38 food banks which had experienced at least 12 months of Universal Credit rollout; this analysis now includes 185.

1. For each food bank in the network, the date of full roll out of Universal Credit in their local authority was determined, from data provided by the DWP in November 2016⁵³ and March 2018.⁵⁴
2. Some food banks were excluded from the sample, to ensure results are reliable and relevant to the current network:
 - a. On infrequent occasions, recording of data by individual food banks can be interrupted. Two food banks were removed from sample group because of a gap in their data record.
 - b. New food banks typically experience strong growth in their first year. In order to account for this, seven food banks were removed from the analysis as they had been open for less than 12 months.
 - c. Food banks that have left the Trussell Trust's network (15 food banks).
3. Food banks' monthly data on emergency parcels provided was associated with a 'go live' date, to review time trends before and after Universal Credit started rolling out locally.

⁵³ DWP (Nov 2016) Transition Rollout Schedule – April 2017 to September 2018 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/629364/universal-credit-transition-rollout-schedule-phase-4-to-6-2017-to-2018.pdf

⁵⁴ DWP (March 2018) , Transition Rollout Schedule – March 2018 to December 2018 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/693928/universal-credit-transition-rollout-schedule.pdf

Figure 6: Distribution of food banks in the Trussell Trust network by Universal Credit rollout dates

4. A three-month moving average was created for each month of food bank data from the network (e.g. 'December 2018' is the November 2018-January 2019 average). This method was used in order to avoid monthly and seasonal fluctuations in the data such as the summer holidays when food banks can see a spike in the number of parcels given out and in winter when numbers increase due to the colder weather increasing household bills and the extra expenses around Christmas.

APPENDIX B: RIVERSIDE GROUP RENT ARREARS ANALYSIS - METHODOLOGY

The Riverside Group, a social housing association, operates in over 150 local authority areas across the UK, and in total there are over 35,000 general needs households living in their locations. The Group has shared average rent arrears data per tenant to undertake analysis looking at the relative rent arrears of tenants on legacy benefits and Universal Credit, in order to examine the drivers behind any changes.

The data separates tenants into two distinct cohorts based on benefit status as of July 2019 – tenants on Housing Benefit, and tenants on Universal Credit; tenants not receiving any benefits to cover housing costs were excluded. The data traces the average rent arrears per tenant of these two cohorts back to May 2015, where data is available from. The caseload currently on Universal Credit will have moved to the new benefit at different times depending on rollout in their areas, and may have been in work or on legacy benefits prior to this.

The Riverside Group calculates arrears on a weekly basis. However, average weekly arrears are subject to significant fluctuations across a month due to different payment timings of both Housing Benefit and the housing element of Universal Credit. To account for this, four- or five-weekly averages are calculated across the month; thus, rent arrears quoted are average weekly arrears for the month in question.

The analysis uses this data to illustrate the impact of Universal Credit on rent arrears in two ways:

- By comparing average rent arrears across The Riverside Group's UK locations over time. This uses data from Universal Credit and Housing Benefit tenants across its UK locations – the housing association had, at July 2019, 5,508 tenants on Universal Credit, and 17,060 tenants on Housing Benefit, in its locations. In total, there are 35,933 tenants living in Riverside Group locations across the UK.

- By examining the impact of Universal Credit rollout on rent arrears in eight case study areas where (a) the caseload of tenants on Universal Credit is sufficient to be robust, (b) where food banks in the Trussell Trust network operate, to examine whether demand trends are matched by actual rollout dates and food bank use and (c) Universal Credit has been rolled out for 12 months or more.
 - Each case study area was assigned a ‘go live’ month based on when Universal Credit rolled out in the area. Average rent arrears data for Universal Credit and Housing Benefit tenants for the six months preceding and following this month was found for the eight locations, to see the percentage change in relation to the ‘go live’ month.
 - Two Riverside locations with larger numbers of tenants on Universal Credit were removed as they did not have a Trussell Trust food bank operating in the local authority – Carlisle and Thanet. The caseloads for each location are detailed in Table 7.
 - In order to get a figure for the percentage change after 12 months, one location - Liverpool - was taken out of the analysis as the area had not experienced Universal Credit for sufficient time.

Table 7: Riverside Group - relative caseloads of claimants on Universal Credit, Housing Benefit and no benefits, as of July 2019 included in Trussell Trust case study analysis

Local authority area	UC tenants	HB tenants	Tenants not on benefits	Total
Sefton	337	729	603	1,669
Rochdale	312	944	751	2,007
Wirral	281	798	483	1,562
North Ayrshire	277	586	419	1,282
St Helens	167	444	274	885
Leicester	125	563	538	1,226
Newcastle Upon Tyne	124	170	201	495
Knowsley	90	332	209	631

APPENDIX C: RATES OF DWP DEDUCTIONS

Type of debt	Deduction rate
Advance payments	The amount of the advance divided by 12, but no more than 40% of the standard allowance. Payment may be deferred by up to three months in exceptional circumstances but repayment must be completed within 15 months.
Budgeting advances	The amount of the advance divided by 12, but no more than 40% of the standard allowance. Payment may be deferred by up to six months in exceptional circumstances but repayment must be completed within 18 months.
Benefit overpayments and civil penalties	Up to 25% of the standard allowance or 15% if earnings are less than the work allowance. Recoverable hardship payments, administrative penalties and overpayments caused by fraud may be made up to 40% of the standard allowance.
Rent arrears	A minimum of 10% and a maximum of 20%. Where a sanction or penalty is applied, or an advance is being recovered, 10% may be deducted even if this takes total deductions above 40%.
Third-party deductions including gas, electricity and water arrears, owner-occupier housing costs and Council Tax	5% may be deducted each. If the total amount deducted for gas, electricity and water amounts to more than 25%, the claimant must consent to the deduction being made.
Fines	A minimum of 5% and more more than £108.35.

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Our aim is to end hunger and poverty in the UK. We support a nationwide network of food banks and together we provide emergency food and support to people locked in poverty, and campaign for change to end the need for food banks in the UK.

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Registered Limited Company in England & Wales (5434524).