

Universal Credit rollout inquiry

Gingerbread written submission to the Work and Pensions select committee

About Gingerbread

1. Gingerbread is the leading charity working with single parent families. We campaign against poverty, disadvantage and stigma to promote fair and equal treatment and opportunity for single parents and their families. Over 600,000 single parents visited our website last year, many of them seeking the expert information and advice we provide online and through our helpline.

Summary

2. Single parent families are already under significant financial strain. Gingerbread research shows 71 per cent of single parents surveyed found managing household bills always difficult at best; around a third were in debt. Delayed and unpredictable financial support under Universal Credit (UC) is a cost they cannot afford, and risks placing already-struggling families into further difficulty.
3. Single parents already make up around one in eight (over 65,000) households receiving UC at June 2017. Once fully rolled out, nearly all (over 90 per cent) of the UK's nearly 2 million single parent families will be eligible to receive UC – it is vital this flagship reform is fit for purpose.
4. Gingerbread has found that single parent families are experiencing significant financial hardship through delays, errors, fluctuating payments and payment in arrears. Through confusion and error in administration, and the structure of the system itself, single parents have been threatened with eviction and jobs have been put at risk.
5. Communication and access to information and support is often limited, with single parents not told their rights and entitlements under UC.
6. Apart from addressing initial delays and bigger issues around recent cuts, there are significant improvements that can be made to jobcentre advice and support to ensure fair treatment of single parents and make work feasible.
7. At a time when child poverty in single parent families is forecast to sharply increase (from 47 per cent of children in poverty in 2015/16 to 63 per cent by 2021/22), the system must be fixed before more families are put at risk.

What have been the effects of the introduction of full Universal Credit service in areas where it has replaced the live service?

8. While not specific to the impact of the transition between the live service and full service, it is very clear from calls to our helpline that there is confusion across departments (namely DWP and HMRC) regarding the UC roll-out and eligibility UC. This has a knock-on impact on receiving legacy benefits, with claimants facing significant delays in receiving any support. For example:

- One helpline caller her child tax credit claim refused by the HMRC as they said she was in a UC area, but her area was not a 'gateway' area nor would it be moving to full service until March 2018.
- A helpline caller had claimed UC more than six months before, but his child had come to live with him. As he was not in a full service area, he could have claimed legacy benefits instead but he was initially told he had to claim UC by the jobcentre. They then told him to claim legacy benefits, causing long delays to receive support.
- A helpline caller had three children; she tried to claim tax credits on-line in June 2017, but was told she could not because UC was coming to her area. This was incorrect as a new UC claim would not be possible for three children.

How long are people waiting for their UC claim to be processed, why, and what impact is this having on them?

9. Single parents have faced significant waits for a first payment – typically around seven weeks. This initial delay understates the problem, as some single parents then face significant delays in receiving the correct payment – sometimes their housing or child element is missing. One single parent in our recent study waited four months for her full entitlement. It is therefore not clear whether the system can efficiently deal with more complex claims.
10. These delays have an obvious financial impact – single parents report having to rely on legacy benefits, advance payments, support from the community and foodbanks to manage the shortfall in income.
11. Some single parents are now told that legacy benefits (eg tax credits) received during delays are treated as 'overpayments', which are then deducted from their UC payment (once this is received) – on top of deductions to repay any advance payment received as a result of delays. Single parents report overpayment deductions being taken without informing them first, or clarifying the total sums to repay. One single parent was losing 11 per cent of her UC payment as a result.
12. Some single parents have built up rent arrears as a result of delays; while councils and housing associations have shown willingness to negotiate longer repayment plans, private landlords have shown less tolerance. Some single parents are now facing eviction; this is a significant issue, given two-fifths of single parents receiving the housing element are renting privately. One single parent was told explicitly by her private landlord of seven years that she did not want to rent to a UC claimant.
13. Delays also take a practical and mental toll. The single parent waiting four months for her full entitlement resolved her claim through her own persistence and regular calls to the helpline, while working two jobs and caring for her daughter. She could not see how the system was helping: *"Go back to tax credits and housing benefit. Just go back to it. Just get rid of UC... It's not working. Just get rid of it."*

Is the advance payment system appropriate and is there adequate awareness of its availability?

14. Single parents are often not told about their entitlement to advance payments when they first apply for UC – some only hear about them through charities; this suggests the

already significant take-up (around half of new claims; [DWP, 2017](#)) understates actual need.

15. When applying for an advance payment, some parents report having to 'explain' their financial need to sometimes hostile advisers over the phone, despite UC delays placing them in this position.
16. Those that do receive an advance payment can struggle to pay this money back; although they can be paid back over up to a six-month period, parents are often given the default of three months – as a result, one parent was repaying £100 a month.

How are claimants managing with being paid UC monthly in arrears? Is the Alternative Payment Arrangements system working effectively?

17. Some single parents report difficulties with managing monthly payments, and payment in arrears. Some report that when having to manage a low income, it helped to have more regular sums of money coming in. Others find it difficult to keep track of what should be received – one parent described the discrepancies between what her UC account says she will be paid and when, and what/when she is actually paid. As a result, she does not know exactly what income she will receive until she checks her account each month. This is particularly complicated for those working variable hours or pay (eg 'zero-hours' contracts, commission-based work or self-employment).
18. A particular concern for single parents regarding payment in arrears is accessing the childcare offer – support for 85 per cent of childcare costs, paid in arrears as part of a parent's UC payment. Reimbursing childcare costs in arrears leaves parents struggling to cover childcare – particularly upfront costs (eg for childminders or deposits for nursery places). The requirement to produce official receipts/invoices means some costs (eg childminder costs, who won't have official headed paper) are queried at some jobcentres, leaving parents facing long delays for reimbursement. Single parents report administrative confusion, resulting in parents incurring extra costs of their own to fulfil paperwork requirements (also found in the DWP research (DWP, [2017](#))).
19. The problem with childcare payments is exacerbated by the fundamental lack of knowledge around the UC childcare offer – some work coaches are not aware of what it is or how it works, as noted in the DWP's own research ([2017](#)). One single parent had to rely on a single work coach who had her own children, and therefore knew how the system worked. This is alarming for single parents' finances – we already know that some single parents spend around half their disposable income on childcare costs, and many have borrowed money from friends/family or lenders to cover costs ([Gingerbread, 2016](#)). It is also places one of the central purposes of UC – to make work pay – at risk. Single parents report that the problems with claiming the UC childcare offer are a barrier to work; DWP research ([2017](#)) found some have been unable to remain in work as a result and lost their job.
20. Single parents also report concerns over receiving the housing element as part of their UC payment. As one single parent says, it causes additional worry to know that money coming into her account is not her own. This seems to be reflected in Alternative Payment Arrangements. One in five (20.2 per cent) single parents receiving the housing element have this paid directly to their landlord. This is more than other UC households – particularly couple parent households (17.8 per cent of other UC households and 12.0

per cent of couple parent households have the housing element paid directly to landlords).

Has UC improved the accuracy of a) payments and b) registration of claims?

21. Single parents report problems in receiving accurate payments – see paragraph 9. There are also discrepancies regarding expected and actual payments – see paragraph 17. Even relatively minor issues, such as payments being made by 8pm of the expected day, rather than during the working day, can cause problems in managing budgets. This may in part reflect failings in IT systems; one single parent has suddenly had her payment suspended, due to a computer glitch.
22. One emerging area of concern from our study is the transfer of information and entitlements between legacy benefits and the UC system, and within the UC system itself. For example, one single parent with two children had been eligible under income support for a three-bedroom property due to her children's medical conditions (both had additional needs, one had a severe disability). When her temporary employment ended and she had to apply to UC instead, she found her housing entitlement had not been transferred. Instead, she was deemed to have a 'spare' room; this was only noticed when an £80 shortfall in her rent after the wait for her first payment.
23. Similarly, another parent separated from her partner after their joint UC claim had just started. She had to start a new UC claim as a single parent, which meant repeating all identity checks and verifications. Furthermore, despite repeating all the necessary paperwork and her recent joint UC claim, her first payment did not include any child element for her two children.
24. A number of single parents report concerns regarding DWP communication and the UC helpline. For example, some parents report having to wait on hold for around an hour on a chargeable helpline (up to 55p a minute); others are frustrated that the helpline is only available Monday to Friday, during working hours. Those using 'pay as you go' mobile contracts (ie without access to packages which include landline calls) have relied on phones in the jobcentre, but have recently found some advisers are reluctant to provide access.

What impact is UC having on rent arrears, what effect is this having on landlords and claimants, and how could the situation be improved? Does Universal Credit provide people in emergency temporary accommodation with the support they need? If not, how could this be improved?

25. UC delays (see paragraph 12) and problems with differences in eligibility between legacy benefits and UC (see paragraph 22) are resulting in shortfalls in income to cover rent payments for single parents. This has resulted in threats of eviction; one single parent has recently been served a Notice to Quit. As noted above (paragraph 12), this seems to be a particular concern for private landlords who are less willing to negotiate repayment plans.
26. One single parent in our study was moved to temporary accommodation. However, it was not made clear that she was therefore entitled to the housing element under UC. On top of this delay, the council and jobcentre disagreed as to where the responsibility for supporting her housing costs lay. Rent arrears escalated in the meantime, and she

and her daughter were being threatened with eviction from her temporary accommodation – having only recently found a fixed address after spending around 18 months staying in spare rooms and sleeping on the floors of friends' houses.

What impact is UC having on the income and costs of local authorities, housing associations, charities and other local organisations? How well is Universal Support working, and how could it be improved?

27. It is clear from our early study that UC is heavily dependent on the wider support network of charities, local authorities and housing associations. Single parents have reported advice from local charities has been vital – for example in supporting them to claim advance payments and negotiate more manageable repayment.
28. However, this support network is heavily undermined by poor communication between departments – for example, between councils and jobcentres, or between DWP and HMRC. Many single parents report different examples of being passed between government services in order to clarify their eligibility and resolve issues with their payments. This has increased pressure on single parents with limited resources to be their own caseworkers to ensure errors are resolved.

Is the roll-out schedule appropriate?

29. Gingerbread is deeply concerned with the decision to go ahead with the accelerated roll-out. The Secretary of State might note that the increased roll-out will only affect a relatively small proportion of the total number of expected UC claimants once fully rolled out, this still amounts to tens of thousands of single parents likely to be affected each month (there were around roughly 600 new single parents UC claimants per jobcentre extended to the full service; the accelerated roll-out affects roughly 50 jobcentres a month).
30. Beyond the issues outlined above, regarding financial hardship, delays, accurate payments and communication, there are other significant concerns regarding the gap between the promised support under UC for single parents and the reality experienced. For example, few single parents that Gingerbread has spoken to have found the obstacles they face in finding work (eg distance from childcare, availability at short notice for interviews, etc) reflected in their claimant commitment work search requirements – as is stipulated in guidance and in regulations (which state requirements must consider 'caring responsibilities').
31. By downgrading the flexibilities allowed to single parents from regulations to guidance, there are now significant inconsistencies around expectations of single parents (eg some parents are told that it is acceptable for them to suspend their work search during the school holidays, while others are told that they cannot).
32. Those parents who were able to successfully negotiate their work search requirements were often better placed to do so (eg university educated, or had done work experience at the jobcentre and knew the rules). Single parents who most need support are therefore at risk of unreasonable requirements, and unfair sanctions; this is particularly concerning now that single parents with very young children (aged three and four) now face full work search requirements under universal credit.

33. Despite the promise of a “personalised work coach” lauded by the Minister for Employment (2017), many single parents do not have one and have found support varies hugely in quality:
- One single parent requested a dedicated work coach several times; after being told this wasn't possible, she waited on the jobcentre phone for an hour until one was assigned
 - Many single parents still report a ‘tick-box’ approach to support; many with a three or four year old are not being informed about a recent concession to allow work search requirements to be suspended for a year for training.
34. Beyond this, there are fundamental concerns regarding the adequacy of UC payments after a range of significant cuts – with single parents the hardest hit household type.

Recommendations

35. There are many specific recommendations that would help single parent families struggling under UC. As a priority, we urge the government to:
- Reduce the delay (including scrapping the seven ‘waiting days’) to a first UC payment
 - Changing guidance on entitlement to advance payments is not enough – as a minimum, better promotion and longer repayment periods are needed
 - Improve payment calculations – particularly for those with more complex claims, eg single parents
 - Explore options to allow fortnightly payments and greater access to Alternative Payment Arrangements for those in most need – at the very least, commit to proper evaluation of new flexibilities introduced in devolved governments (ie Scotland and Northern Ireland)
 - Review jobcentre support (particularly work coaches, claimant commitments and the childcare offer), to ensure single parents’ needs are recognised and entitlements clear – end signposting on a ‘need to know’ basis
 - Urgently address problems with the UC childcare offer – eg improve training for jobcentre advisers, clarify administrative requirements, improve access to advance payments to manage upfront childcare costs
 - Ensure more consistent application of guidance of jobseeking conditions for single parents – particularly in access to training for parents of three and four year olds
 - Allow jobcentres to suspend conditionality for parents of three and four year olds, until affordable good quality childcare and flexible work is available locally
 - Improve accountability for claimants, including a stronger commitment to a single work coach and specialist advisers for single parents
 - Reverse cuts to the UC work allowance to maximise work incentives and minimise in-work poverty – without this, single parents lose £800 on average, and some over £2,000 a year
 - Make the £300 million promised UC childcare support (to increase support from 70 to 85 per cent of costs) available under tax credits, now full rollout is delayed until at least 2022.