



Homelessness and Universal Credit

Homeless Link is the national membership charity for frontline homelessness agencies and the wider housing with health, care and support sector in England, and has over 750 members. St Mungo's is a homelessness charity and housing association, providing a bed and support to more than 2,700 people a night who are homeless, or at risk of homelessness. Together we work to prevent homelessness, to improve services and campaign for policy change that will help end homelessness by ensuring that everyone has a place to call home and the support they need to keep it.

As leading homelessness organisations, we support the principles behind Universal Credit (UC) to simplify the benefit system, and to help more people move into and progress in work while supporting the most vulnerable. However, our evidence has highlighted that UC is not meeting its aims for people with a history of homelessness, leading instead to serious hardship in some cases. Without action, as greater numbers of people move over to the new benefit through natural and managed migration, we expect these instances to significantly increase.

The Government, Department for Work and Pensions, and local JobCentre Plus have a history of working together with the homelessness sector to bring about positive change to people's lives. As we enter a crucial phase in the expansion of UC to increasing numbers of vulnerable claimants, we are calling on the Government to work with the sector to identify and respond to issues faced by people experiencing homelessness to ensure that UC can deliver its stated principles. We call on the Government to:

Recommendation 1: Pause the roll out of UC, including both natural and managed migration, until identified issues in making and managing a UC claim are fully addressed.

Recommendation 2: Ensure that people with a history of homelessness who are making or managing a UC claim receive a package of support tailored to their individual requirements

Recommendation 3: Amend current proposals for managed migration to ensure that no vulnerable people risk being left without financial support through UC or legacy benefits.

Experiences of Universal Credit

People experiencing homelessness face specific problems relating to the current implementation of UC.

i. Increased deductions of award

By default, people can expect to receive their first payment of UC five weeks after they apply. However, our evidence shows that it is extremely unlikely that people with a history of homelessness will have the financial resources required to bridge the gap between applying for UC and receiving their first payment, as few have savings or support from family. Further, our evidence shows that people are waiting in excess of five weeks to receive payment due to errors within the operation of UC and the requirements placed on people throughout the process of making a new claim.

The Government has recognised that the initial five week wait for a UC payment is unmanageable for some people and revised their advance payments mechanism, allowing claimants to access 100 per cent of their award immediately after making a claim and pay this loan back over 12 months, with the potential for repayments to be delayed for up to three months.

However, many people with a history of homelessness already face deductions from their UC award, such as rent arrears and loan repayments. We are also seeing increases in service charge arrears, as UC no

longer allows claimants living in supported housing to request direct payments to their landlord of ineligible service charges, which cover costs such as gas and electricity.

Case study: *W has been subject to huge deductions from her UC award to pay off arrears. At one point, she faced deductions of £127.00 to pay back a tax credit overpayment, rent arrears, and an historic loan repayment. This left her with just £191 to live on for the month.*

People who are homeless, or at risk of homelessness, can face financial difficulty as a result of these debts and the higher repayment rates that UC has introduced compared to those for legacy benefits. Introducing a further deduction through the advance payment mechanism makes managing outgoings impossible. Some financial advice services are now advising people not to take out an advance payment due to the inevitable increase in debt.

ii. Lack of digital and financial support

Individuals who require money management and digital support to make and maintain a UC claim are entitled to Universal Support. However, many people with a history of homelessness and complex support needs are not receiving the required support within the current provision. For example, individuals may not be able to manage their on-going claim as they have limited literacy and numeracy skills and face barriers to accessing or using the internet. However, Universal Support currently only offers rudimentary support, and access to this provision is very limited. To date, only one St Mungo's client has been able to access Universal Support, which consisted of a one day budgeting course, organised several months after their claim was first made.

iii. Difficulty in supporting claimants

Problems with making and managing a claim are exacerbated by additional barriers within UC faced by organisations trying to supporting claimants. For example, due to the removal of implicit consent from UC, support organisations in the homelessness sector have found it difficult to provide welfare advice and support to people who are homeless. Although this can be addressed by a claimant making a note on their online journal, the process must be repeated every time someone needs support, increasing the burden placed on claimants and agencies and heightening the risk that problems with claims go unaddressed, particularly for the most vulnerable claimants who struggle to pursue complaints without support.

Proposals for managed migration

The Government is currently planning to migrate large numbers of individuals to UC from early 2019. Under current proposals, if vulnerable people fail to make a new claim, and have not been identified by DWP as vulnerable, then their legacy benefits will be stopped. We are not convinced that the Department has sophisticated enough mechanisms in place to ensure that all claimants are fully aware of their responsibilities to make a new claim (for example, individuals who are sofa surfing may not receive their initial notification), or that the DWP will be capable of identifying all vulnerable claimants as such.¹

Current proposals place a high emphasis on vulnerable claimants to pro-actively engage with the Department to ensure it has identified them as vulnerable. In our experience of supporting individuals to make UC claims, the UC helpline can be difficult to access and operational staff sometimes provide conflicting guidance, while JobCentres are often very busy and difficult to access for people with multiple and complex needs. As the roll out of UC intensifies, we are concerned that DWP resources will be further stretched, particularly as we are not aware of plans to dramatically increase staffing levels. As a result, there is an increased risk of vulnerable claimants falling through the cracks and being unable to make a claim. The proposals currently present an unacceptable risk of leaving very vulnerable people with no income.

¹ In its report earlier this year on the roll out of UC, the National Audit Office found that "the Department has found it difficult to identify and track those who it deems vulnerable. It has not measured how many Universal Credit claimants are having difficulties because it does not have systematic means of gathering intelligence from delivery partners."

We do not believe that the roll out of UC, including managed migration, should continue until the DWP is confident it is able to identify vulnerable claimants and offer them the support that they need. As a result, we recommend that the roll out should be paused.

Recommendations:

People experiencing homelessness face substantial difficulties when trying to make and manage a UC claim, which could prevent people from moving on with their lives. However, a number of changes could be made within the existing system to alleviate the pressure on this group, and reduce their risk of increased debt and instability.

We strongly recommend that the Government:

1: Pause the roll out of UC, including both natural and managed migration, until identified issues faced by people with a history of homelessness in making and managing a Universal Credit claim are fully addressed. This must include:

- A review of the advance payments system, with a view to offering greater levels of legacy benefit run-ons in addition to the current two weeks of Housing Benefit, thus reducing the amount that must be borrowed by claimants
- A reduction in the total level of deductions that can be made from an award to 25 per cent rather than 40 per cent of the standard allowance
- A review of the sanctions system, which guarantees that no-one will be transferred to UC while in receipt of a sanction

2: Ensure that people experiencing homelessness who are making or managing a Universal Credit claim receive a package of support that is tailored to their individual requirements. This must include:

- A clear method for supporting individuals who are identified as vulnerable to manage the transition to UC, including proactive offers of delayed migration for those who need additional support
- Guaranteed access to tailored and ongoing support for claimants who are unable to make and maintain a claim using the internet, either due to poor digital literacy or lack of access
- Support for individuals who have difficulty in accessing a bank account and documentation for the verification process
- A revision of the policy of explicit consent, to allow charities and other advice services to better support claimants

3: Amend current proposals for managed migration to ensure that no vulnerable people risk being left without financial support through UC or legacy benefits. This must include:

- A new method for proactively identifying claimants who are vulnerable, through extensive engagement with the homelessness sector and detailed analysis of the benefits they claim, existing flags on their claims and relevant information which has been shared with work coaches
- A new system for transferring vulnerable claimants to UC, which should place the onus for identifying and supporting vulnerable claimants on the DWP. Migration should never result in any claimant's legacy benefits being stopped until it is confirmed that they no longer need welfare support

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