



SAMH Submission to the Work and Pensions Committee Inquiry into Universal Credit rollout

Summary and Recommendation

- **The UK Government halt the roll out of UC in Scotland until problems are addressed**
- **The immediate abolition of the unjustified six week waiting period for first payment**
- **Changes to advanced payments announced 4th October 2017 are insufficient and do not remedy the structural problems of the initial 6 week waiting period**
- **The DWP must enable people to manage their claim in a way that suits them rather than digital by default**
- **SAMH welcomes the introduction of Scottish Flexibilities**
- **The UK Government should end benefit sanctions for people with mental health problems**

Introduction

1. SAMH is the Scottish Association for Mental Health. Around since 1923, SAMH operates over 60 services in communities across Scotland providing mental health social care support, homelessness, addictions and employment services, among others. These services together with our national programme work in See Me, respectme, suicide prevention, sport and physical activity inform our public affairs work to influence positive social change.
2. SAMH welcomes the opportunity to contribute to the Work and Pensions Committee Universal Credit rollout inquiry. As of August 2017 58,759 people in Scotland are in receipt of Universal Credit (UC).¹ This number will rise substantially as the full service roll out of UC is completed and existing benefit recipients are transferred to UC, including those in receipt of income-related Employment and Support Allowance (ESA). As of February 2017 87,938 people in Scotland in receipt of income related ESA had a mental or behavioural disorder, this is 58% of the total number of recipients.² UC is often inaccurately described by the government and others as an 'out of work benefit'. This is not the case, as it is replacing Housing Benefit and Working Tax credits. The Government should be more accurate in describing UC.
3. In principle, SAMH supports the aim of simplifying access to social security and supporting people into work. However, we do not believe that this is being achieved in practice. There are structural problems built into UC in its current form which would need to be resolved before it could achieve its policy aim.

¹ Stat-Xplore Dataset: [People on Universal Credit](#) (Accessed September 2017)

²² Stat-Xplore Dataset [ESA Cumulative Caseload](#) (accessed September 2017)

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

4. SAMH is appalled at the six week wait for receipt of the first UC payment. It is important to be clear that this delay is deliberately built into the system and is not, as it is sometimes presented in public discussions, an error or fault affecting a few people. Citizens Advice Scotland reviewed areas where UC has been fully rolled out and found that this, combined with complications in accessing short term support has contributed to:³
 - A 15% rise in **rent arrears** issues compared to a national decrease of 2%
 - A 87% increase in **Crisis Grant** issues compared to a national increase of 9%
 - In two of five bureaux in impacted areas, a 40% and 70% increase in advice about access to food banks, compared to a national increase of 3%
5. SAMH service users have reported similar negative impacts. Service users at our housing support service in Inverclyde reported waits of up to 7 weeks for initial UC payments resulting in rent arrears, the threat of eviction and a great deal of distress compounding their existing mental health problems.
6. Child Poverty Action Group (CPAG) in Scotland has developed an [Early Warning System](#). The early warning system collects and examines case evidence to determine the impact of welfare changes, including the roll out of Universal Credit.⁴ Findings published in April 2017 examining over 3000 case studies have found issues including:⁵
 - Financial hardship due to the six week wait for the first payment
 - Housing costs not meeting the full cost of temporary housing for homeless people
 - Conditionality and sanctions resulting in stress, anxiety and financial hardship, particularly where individual characteristics and circumstances are not fully taken into account
 - Administrative errors and difficulties engaging with the online claim management system
 - Difficulty claiming contributory benefits that should be available alongside UC
7. SAMH calls on the UK government to halt the roll out of Universal Credit until structural problems, particularly the 6 week wait for payment, are addressed. We note and support the Scottish Parliament's recent vote to call for a halt to the roll out.⁶

Advance Payments

³ Citizens Advice Scotland [Press Release: CITIZENS ADVICE SCOTLAND CALLS FOR HALT TO UNIVERSAL CREDIT](#) July 2017

⁴ CPAG [Early Warning System](#) [accessed October 2017]

⁵ CPAG [Universal Credit Full Service Roll Out: What the early warning system cases are telling us](#) April 2017

⁶ Scottish Parliament [Meeting of the Parliament 03 October 2017 Official report](#)

8. The Work and Pensions Secretary David Gauke MP announced on the 4th October 2017 that guidance on advance payments would be refreshed, resulting in availability of funds within 5 days of an award.⁷ Currently advance payments can be applied for at any time during the first assessment month, except within 3 working days of the end of the assessment month.⁸
9. SAMH looks forward to further detail on this policy announcement but has a number of concerns. Primarily, advance payments are a loan, requiring repayment. We do not believe this was made clear at the time of the announcement. As such they do not address the structural problem of the 6 week waiting period for initial UC payments, and indeed they compound the problem that Universal Credit is driving responsible people into debt where previously they had none. Links between debt and mental health problems are well established and so we are deeply concerned about this trend.^{9, 10} Repayments for advance payments are automatically deducted from subsequent UC payments until it has been fully repaid. The maximum recovery rates are set out in in regulation 11 of the [Social Security \(Overpayments and Recovery\) Regs 2013](#).¹¹ These vary from: 15% of your standard allowance if you don't have earned income to 25% of your standard allowance if you do have earned income (40% in cases of fraud).¹² This may exacerbate financial hardship and emotional distress over an extended period of time. SAMH are clear that the built in waiting period for initial payment is unacceptable: this needs to be abolished, rather than further debt introduced.

Digital by Default

10. SAMH is deeply concerned by the presumption that people should manage their UC applications and accounts online. A recent UK study found people with mental health problems were still at increased risk of digital exclusion.¹³ Many of the people we work with struggle with digital by default approaches. Sometimes this is, because of a lack of confidence with technology but very often it is because they cannot afford the cost of data for a smartphone or travel to a community venue with internet access. The DWP must enable people to manage their claim in a way that is possible for them.

Sanctions

11. As of March 2017 there have been 26,955 decisions to apply a sanction to Universal Credit recipients in Scotland.¹⁴ SAMH research [Fit for Purpose](#) highlights the damaging impact of sanctions and the threat of sanctions have had on people with mental health problems.¹⁵

⁷ Conservative Party HQ [David Gauke: Conference Speech](#) [accessed October 2107]

⁸ DWP [guidance on Universal Credit Advances](#), section II.2 [accessed October 2017]

⁹ MIND, [In the red: Debt and mental health](#) 2008

¹⁰ Money and Mental Health Policy Institute, [Money on Your Mind](#) 2016

¹¹ UK Gov [The Social Security \(Overpayments and Recovery\) Regulations 2013](#) [accessed October 2017]

¹² UK Gov [The Social Security \(Overpayments and Recovery\) Regulations 2013](#) [accessed October 2017]

¹³ Gunther Eysenbach, [Do We Still Have a Digital Divide in Mental Health? A Five-Year Survey Follow-up](#), Journal of Medical Internet research 2016 Nov; 18(11): e309.

¹⁴ Stat-Xplore [Dataset: UC Sanctions Decisions - all decisions made](#) (accessed September 2017)

¹⁵ SAMH [Fit For Purpose](#) 2016

12. Figures from the DWP show that benefit sanctions, particularly for ESA, have disproportionately affected the most vulnerable claimants, with 58% of all ESA sanctions in the first six months of 2013 being applied to people with a mental health condition or learning difficulty.¹⁶ While figures are not available on the numbers of people with mental health problems in receipt of UC affected by sanctions, we are concerned that as with ESA they will be disproportionately affected. We have seen no evidence that sanctions are effective in encouraging people to get back to work, but we have seen and heard of many cases where they leave people desperate and in some situations destitute.

Scottish Flexibilities

13. As the inquiry's terms and references notes, the Scottish Government has introduced a number of flexibilities into the delivery of UC in Scotland. These flexibilities provide claimants with a choice over the frequency of payments from once to twice monthly and also allow claimants a choice to have the housing element paid directly to social and private landlords. These flexibilities came into force on 4 October 2017.¹⁷

14. SAMH welcomes the introduction of these flexibilities and is hopeful that they will assist claimants in managing their finances and avoiding financial crisis including rent arrears. Through our membership of Disability Agenda Scotland (DAS), we raised a number of concerns about the administration of the flexibilities in a response to the Scottish Government's consultation on Universal Credit (Claims and Payments) (Scotland) Regulations 2017.¹⁸ The regulations will only apply to claimants whose award is administered on the Secretary of State's digital service computer system. We highlighted the need for additional support to those people who are digitally challenged to ensure that they are not discriminated against.¹⁹

15. SAMH sees no reason why the Scottish flexibilities should not be replicated across the UK government as a whole.

Social Security Bill (Scotland)

16. As the committee will be aware the Scottish Parliament is currently scrutinising the Scottish Government's [Social Security Bill \(Scotland\)](#).²⁰ The Bill provides the legislative framework for the design and delivery of social security benefits in areas devolved following the Scotland Act 2016. The Bill outlines provision allowing Scottish Ministers to introduce a new form of assistance called "Short Term Assistance".²¹ The policy aim of the provision is to enable Scottish Ministers to make payments to individuals on a short-term basis, including while applicants are challenging benefit award decisions.²² SAMH sees potential for this provision to be used by Scottish Ministers to mitigate the 6 week wait for initial payment of UC. We are calling on the

¹⁶ UK Government Freedom of Information request 2014-79 March 2014

¹⁷ Scottish Government [Universal Credit roll-out](#) [accessed October 2017]

¹⁸ DAS [Consultation on Universal Credit \(Claims and Payments\) \(Scotland\) Regulations 2017 DAS response](#)

¹⁹ DAS [Consultation on Universal Credit \(Claims and Payments\) \(Scotland\) Regulations 2017 DAS response](#)

²⁰ Scottish Parliament [Social Security Bill \(Scotland\)](#) [accessed October 2017]

²¹ Scottish Parliament [Social Security Bill \(Scotland\)](#) – Part 2 Chapter 2 section 18 [accessed October 2017]

²² Scottish Parliament [Social Security Bill – Policy memorandum](#) [accessed October 2017]

Scottish Government to commit to using Short Term Assistance for this purpose, but we are clear that ultimately what is required is the abolition of the 6 week period

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