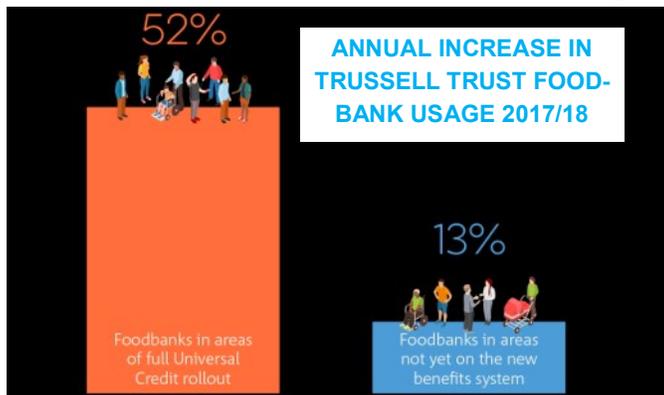
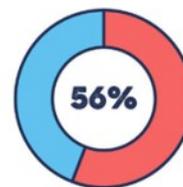


Preparing for Universal Credit

In September 2018, Universal Credit (UC) – the most significant change to welfare in a generation – is going 'full service' in Exeter. The system is intended to simplify payments and provide greater financial stability for recipients – yet research has shown that it leaves vulnerable people behind, increases foodbank use and can push people into debt¹. In this article, we explore the potential plus points and pitfalls of UC for the people we work with – and explain what you can do to help ensure it works better for everyone.



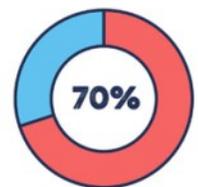
EXPERIENCES OF UC CLAIMANTS USING FOODBANKS² UNIVERSAL CREDIT AND FOODBANK USE



56% had experienced issues with housing



8% of respondents said their full Universal Credit payment covered their cost of living



70% had experienced debt during the wait

What is Universal Credit?

Universal Credit is replacing 6 means-tested welfare benefits which are currently administered separately with one single monthly payment. It will include a personal allowance, housing element and child allowance where applicable.

Who will be affected?

A small number of single job-seekers in Exeter are already claiming UC following the first stage of roll-out in November 2015.

From 26th September 2018, anyone of working age making a new benefit claim for any of the 6 benefits above will have to make a claim for UC instead. Additionally, any existing claimant who has a 'change of circumstance' that affects the type of benefit they are eligible for will have to claim UC instead. However, families with 3 or more children will not be able to make UC claims until January 2019.

Other working-aged claimants of the 6 benefits above will gradually transfer to UC from 2019 onwards.

The plus points:

- + **Continuity between payments:** Many people struggle because they have to make a new claim for a new type of benefit when their circumstances change. This can leave them without income while their new claim is processed. As UC incorporates 6 benefits, people should no longer experience interruptions in payments—which is a huge improvement.
- + **A more stable income for people in low-paid or irregular work:** The UC system is linked directly to the PAYE tax system; the amount of benefit received should adjust automatically as income from paid work varies, without the need for the person to declare their income (in most cases) or shift between working tax credits and Job Seekers Allowance. This will provide a more stable income for people who are on 'zero hours', temporary or short term contracts.
- ↓ However, people who are employed in the 'gig' economy, or are self-employed (only some of whom are currently able to claim UC) will not benefit from such security. The UC system will automatically assume these claimants are earning the equivalent of a 35 hour week minimum wage job (even if they are not) and make deductions accordingly.
- ↓ Research found 50% of claimants using foodbanks when in work experienced under/overpayments due to admin errors.²

➕ **Incentives to work:** People who are able to find work are likely to be better off in most cases. They will be able to keep more of their earnings in addition to their UC allowance. There will not be limits to the number of hours people can work while claiming (although the amount of UC they receive will taper as earnings increase) or disincentives to volunteer.

↓ However, rates received by people who are unable to work due to ill-health / disability will remain unchanged in most cases. Those placed in the Employment Support Allowance 'work related activity group' (who have been assessed as having a limited capacity for work but are subject to conditions & sanctions) have recently had their entitlements reduced to the same level as non-disabled jobseekers, despite the fact that they often face additional living costs.

The pitfalls:

↓ **Initial waiting period:** Claimants will have to wait 1 week plus 1 calendar month after claiming until they receive their first payment. Although most are likely to receive either 2 weeks' additional Housing Benefit (if previously claiming) or run-on of earnings (if previously in work), they will still face a period with no income. For those on low initial income, without savings, or with additional living costs due to ill-health, this is likely to cause lasting debt. Trussell Trust research found that **70% of UC claimants at foodbanks were there due to debt experienced in the waiting period.**²

UC advances (a form of interest free loan) are available but are deducted from future payments & can make debt worse.

↓ **Single monthly payments:** UC payments are usually made once per calendar month, in arrears. This is intended to help prepare people for employment by mirroring the world of work. However, many people are used to receiving benefits fortnightly or weekly. Moreover, research has shown that the majority of claimants moving out of work & onto UC were paid fortnightly or weekly in their previous job³. Budgeting a whole month's expenditure at a time is additionally challenging whilst on a low income & does not reflect how most claimants actually live their lives.

The single monthly payment received under UC includes a housing cost element (which many people are used to receiving separately as housing benefit & is often paid directly to landlords). Budgeting issues therefore put people at additional risk of falling into rent arrears under UC. Alternative payment arrangements (including direct payments to housing providers & more frequent payments) are available for vulnerable claimants in certain circumstances.

↓ **Digital Accounts:** All UC accounts are managed online. Most claimants, particularly those who are 'fit for work', will need to log in regularly to see their 'to do' tasks & provide evidence that they are meeting the requirements of their 'claimant commitment'. They may face sanctions if they are unable to do so (although requirements will be significantly relaxed for those with health conditions). For people with limited literacy, IT skills or internet access, this process is likely to be fraught with difficulty. A DWP survey found only 54% of all UC claimants were able to make a claim online without any help⁴.

↓ **UC payments do not meet the actual cost of living:** In recent years, levels of social security payments have been frozen or uprated below inflation. Consequently, benefit levels fall far below the actual cost of a decent standard of living in the UK, as determined by the Minimum Income Standard (MIS). Research has shown that a couple with two children relying on means-tested benefits have an income of just 58% of the MIS⁵. People experiencing ill-health or disability are also likely to be disproportionately affected due to their additional expenses. The Trussell Trust has found that only 5% of disabled people on Universal Credit needing foodbanks were able to cover their costs of living using their full UC award².

Exeter Foodbank & Universal Credit

Trussell Trust Foodbanks in full Universal Credit rollout for 12 months or more have seen a **52% increase in need**, compared to 13% elsewhere². Exeter is fortunate to be one of the last places in the country to receive 'UC full service'; steps have been taken to address some of the earlier system issues experienced elsewhere. Nevertheless, Exeter Foodbank is preparing 'behind the scenes' for potentially increased demand, including:

-Reviewing our food donation system to ensure we have sufficient stocks.

-Liaising with local partners to ensure there are clear referral routes to the foodbank for new UC claimants in need.

-Training our volunteer signposters so they are equipped to signpost UC claimants to local support. Exeter City Council are providing 'Universal Support' and personalised budgeting support. Digital access points will be available at city-wide locations.

-Exploring options for digital access at our main food distribution site, via designated laptops, supported by trained volunteers. Please contact us (07818 226524 / info@exeterfoodbank.org.uk) if you are interested in joining this volunteer team.

We Need Your Help

Foodbanks are a necessary response to food poverty – but they are not a solution. We all should be able to rely on the welfare system being there for us in times of financial stress or hardship yet, for too many people, Universal Credit is currently failing in that task.

The Trussell Trust, has been working with End Hunger UK to tackle the root causes of hunger and lobby for policy and structural changes from government. In July, End Hunger UK launched a joint report, entitled Fix Universal Credit⁶, in the Houses of Parliament, alongside a series of recommendations to improve Universal Credit and ensure that it actually meets the needs of the people claiming it. These recommendations have now been incorporated in a national petition, which will be delivered to 10 Downing Street in the lead up to the Autumn Budget in Mid-November.

EVERYONE should have access to good food

Call on the UK Government to fix Universal Credit to prevent more people going hungry



www.endhungeruk.org/universalcredit

Please add your voice to those supporting our vision of society where everyone has access to good food and no one has to go to bed hungry:

Visit <http://endhungeruk.org/ucpetition/> to

- Sign the petition online
- Share it with your contacts via email & social media
- Download **printable versions** to collect signatures at at your workplace, church / faith group, community group – or anywhere else!

“Since its inception we have supported – and still support – the key principles of Universal Credit. Yes, Universal Credit should make work pay. Yes, the system should be simplified. But we must never lose sight of a third principle – a welfare state that protects everyone from poverty and hunger.

The welfare system shouldn't be pushing people into greater debt, destitution and hunger because of delays, errors, a lack of flexibility, and inadequate support. We want to use our voice to push for systemic change.”

Garry Lemon, Head of External Affairs at The Trussell Trust (2018)

“I lost my job in October and have been relying on money from friends and family to survive, but that is no longer possible. I haven't eaten for 5 days and will not get benefits (Universal Credit) for 6 weeks, so went to the council in desperation – they gave me a foodbank voucher. Thank you to Exeter Foodbank.”

Foodbank client awaiting UC during initial 'live service' phase

¹ 'Rolling Out Universal Credit': National Audit Office (June 2018). www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-UniversalCredit.pdf

² 'Left Behind: Is Universal Credit Truly Universal?': Trussell Trust (2018). <https://www.trusselltrust.org/what-we-do/research-advocacy/universal-credit-and-foodbank-use/>

³ 'Universal Remedy, Ensuring Universal Credit is Fit for Purpose': The Resolution Foundation (2017). www.resolutionfoundation.org/app/uploads/2017/10/Universal-Credit.pdf

⁴ 'Universal Credit Full Service Survey': Department for Work & Pensions (June 2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714842/universal-credit-full-service-claimant-survey.pdf

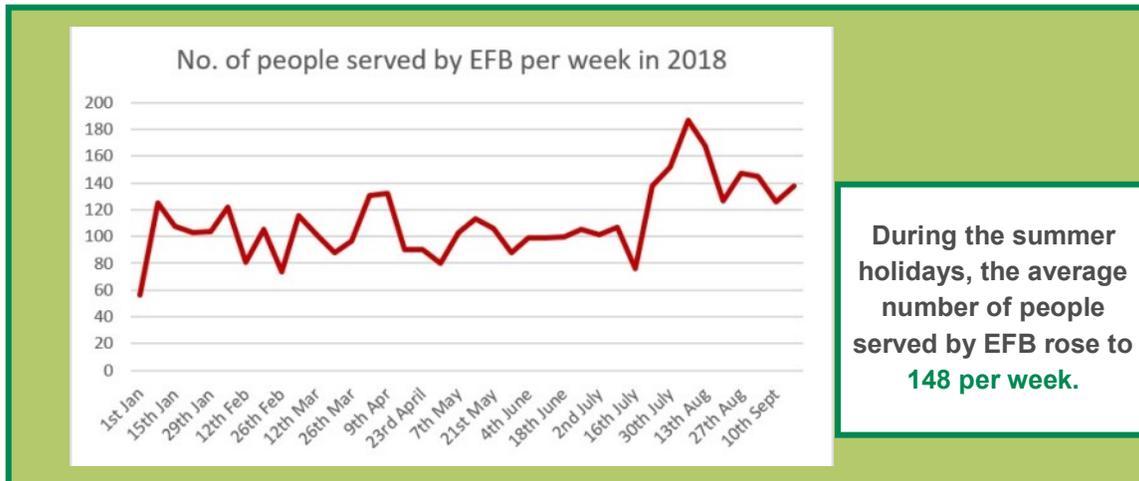
⁵ 'A minimum income standard for the UK 2008–2018: Continuity and change': A Davis, D Hirsch, M Padley and C Shepherd (Joseph Rowntree Foundation, 2018). www.jrf.org.uk/report/minimum-income-standard-uk-2018

⁶ 'Fix Universal Credit': End Hunger UK (July 2018). <http://endhungeruk.org/wp-content/uploads/2018/07/Fix-Universal-Credit-a-report-from-End-Hunger-UK.pdf>

Holiday Hunger

In the three weeks before the school holidays began, Exeter Foodbank provided emergency food for an average of 95 people per week. During the holidays that figure increased to 148—with one record-breaking week seeing **187 people** served.

Exeter Foodbank is not unusual in this regard. Last year the number of supplies given to adults nationally decreased slightly in the summer, whereas the level of support for children was markedly higher. During July and August 2017, The Trussell Trust foodbanks provided over 204,525 three day emergency parcels, 74,011 of which went to children. In comparison, during May and June 2017 70,510 supplies went to children.



Why does this happen?

One of the main reasons is that children who normally have free school meals don't get them during the holidays. Factor in additional child care costs if parents are working and it's easy to imagine how families might struggle. To complicate matters, recent research by the Child Poverty Action Group (CPAG) suggests that low-earning parents working full-time are still unable to earn enough to provide their family with a basic, no-frills lifestyle. A couple with two children would be £49 a week short of the income needed, the charity said¹.

The role of foodbanks

Exeter Foodbank has taken steps to address the problem – by contacting our school & children centre referers to advise them to be aware of families who may struggle during the holidays. We have also supplied food and volunteers to school holiday projects at Wonford and the Beacon Community Centres, enabling children and their parents to enjoy cooked lunches alongside creative and craft activities this summer. However, as Samantha Stapley, Head of Operations at the Trussell Trust explains:

“Foodbanks cannot, and must not, be a long term solution to hunger at any time of year. Our benefits system can, and must, act as an anchor to protect people from being pulled into poverty.”

And CPAG's chief executive Alison Garnham urges the government to use November's Budget to *“unfreeze benefits and restore work allowances”*.

¹'The Cost of a Child in 2018': Child Poverty Action Group (2018). <http://www.cpag.org.uk/content/cost-child-2018>

You can **unsubscribe** from this newsletter at any point by emailing laura@exeterfoodbank.org.uk or contacting us at 07818 226524 with your name.