

David Gauke MP
Secretary of State for Work and Pensions

11 October 2017

Dear Secretary of State

Universal Credit

I am writing in my capacity as Chair of the National Assembly for Wales' Equality, Local Government and Communities Committee.

As part of an inquiry looking at [making the economy work for people on low incomes](#), we recently took evidence from Dr Sharon Wright, University of Glasgow and Dr Lisa Scullion, University of Salford on the role of welfare benefits in supporting people on low incomes. Both academics are also involved in the Welfare Conditionality: Sanctions, Support and Behaviour Change Project.

A large part of the session was spent exploring the impact of the roll-out of Universal Credit so far. We heard that in its current form Universal Credit is 'not likely to meet'¹ some of its objectives. In particular, that while people will be pushed toward work, it will be into work which is not likely to lift people out of poverty and therefore in-work poverty will continue to rise.

Aside from this fundamental point of concern, we also heard of some operational issues, which cause us concern about the continued roll-out of the programme.

¹ ELGC Committee, Record of Proceedings (RoP) 21 September 2017, Paragraph [18]



The issues raised by the witnesses included:

- Delays in payments being received after the initial application is made. We heard that people can be waiting up to 10 weeks before payment is received. While advance payments may be made, these are in the form of loans, so people who are already living on the margins of affordability are immediately in debt, before they receive Universal Credit. Following your announcement this week about the availability of advance payments, could you clarify at what rate the loan will have to be paid back. How is the availability of the loan being publicised to claimants?
- Linked to the above, is that housing benefit payments are now included in the personal income payment. This is particularly problematic when there are delays of up to 10 weeks before payments are received. We also heard that increases in sanctioning (see below) could lead to increases in rent arrears, and ultimately eviction. We heard that while the housing payment is not subject to sanction, if an individual's living allowance is sanctioned, they are placed in an impossible position of having to choose between paying their rent or covering other essential costs, such as food. As a result, eviction and homelessness are 'new risks brought in within universal credit'.²
- The joint claiming process means whole households can now be sanctioned. Joint claims particularly disadvantage people in abusive relationships. The witnesses suggested to us that payment should go to the main carer rather than the main earner, which would mean that the financial needs of children and their main carer are prioritised.
- The extension of sanctioning to people who are in work. We heard that people who are in work, are still expected to go to the Job Centre. In some cases, people have been sanctioned when they have been unable to rearrange appointments, which they cannot attend because they are

² ELGC Committee, RoP 21 September 2017, Paragraph [8]



working. We heard that the intensification of conditionality, combined with the requirement to be looking for a job 35 hours a week is incredibly difficult and stressful.

- Administrative issues around sanctions. We heard that sanctions are often imposed unexpectedly, and people only discover that they are subject to a sanction weeks or months after the relevant event. This can then make it difficult for people to challenge the sanction. We are also concerned that sanctions will apply to some of the most vulnerable groups. While we are aware that there are a number of groups who cannot be sanctioned, we are concerned that there will be people within the three groups that can be sanctioned who may be considered vulnerable.
- Problems inherent in the delivery of the programme, for example the digital by default claims process. While we heard that there is some provision for people who may not be able to claim digitally, we know this is of limited availability. Additionally, the phone line number is charged at a premium rate. The witnesses told us that a simple, but very helpful, action would be if the number was made a free number to call, this is a call we strongly support.
- Moving easements out of formal provision into guidance, which means they have become more discretionary. This introduces more variability into the system, and places the most vulnerable at risk.
- The very tight financial margins people are operating in while moving in and out of work. We heard that in some cases, as earnings increase, up to 63% of the increase is taken away through the system.

In light of this, and other concerns that were raised during the session, we would like to add our voices to the growing list of those who have called for you to pause roll-out while some of these operational issues are dealt with. We are concerned that as the roll-out starts to reach more complicated cases, that if



these issues are not addressed, there could be significant increases in hardship, deprivation and poverty.

Yours sincerely

A handwritten signature in black ink that reads "John". The letters are cursive and connected.

John Griffiths AM

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

