

Universal Credit: claiming during the coronavirus pandemic

A survey of housing association tenants claiming Universal Credit in 2020/21

Executive report

July 2021

Overview

Universal Credit is the most significant change to the welfare system in decades. The Department for Work and Pensions (DWP) is rolling it out over a number of years, via a test and learn approach. It is gradually replacing a number of existing benefits, including Housing Benefit.

The system has been tested by the coronavirus pandemic, with increasing numbers of households needing to claim financial support. Latest figures show that the number of social housing tenants claiming the housing element of Universal Credit grew by 46% from March 2020 to February 2021. There are now 1,088,851 households living in social housing in England claiming the housing element of the benefit. We wanted to find out experiences of people claiming during the pandemic, particularly in relation to their experience of the service and the impact of claiming. The Social Housing White Paper calls for housing associations to act on the tenant voice. We wanted to put tenant voice at the heart of any discussion on changes to the benefit system, so conducted the largest ever survey of social housing tenants claiming Universal Credit.

This executive report highlights key findings from one of the largest surveys of people claiming Universal Credit since the benefit was announced in 2012. Over 3,500 people who were claiming, or had claimed Universal Credit, in the last 12 months responded to the survey. We make a series of recommendations for the government, the DWP and housing associations based on the findings and evidence gathered in the survey. The survey ran from 17 April to 19 May 2021 across eight housing associations, members of the National Housing Federation (NHF). Many

questions repeated those of the NHF's previous survey on claimant experience with these housing associations, conducted in 2019 and reported on in '[No time to wait](#)'.

[The full technical report can be downloaded on our website.](#)

Summary of this research

Our survey found many positives about the system and service received, but overall there was a very mixed experience. Some found claiming easy and straightforward, praised work coaches, and said the journal (part of the online claim where DWP staff and people claiming Universal Credit exchange and record information) was an easy way to manage their claim. Others found Universal Credit difficult. Claiming online was complicated or confusing, the journal slow and inflexible, and staff sometimes rude and unhelpful.

More worryingly, however, we found evidence of severe financial strains, including food insecurity and high levels of anxiety. While we cannot say that Universal Credit causes these strains, it was clear that many respondents were struggling while claiming Universal Credit.

A summary of the key information is below.

About respondents

- The majority of survey respondents had claimed Universal Credit for six months or more (79%, n=3,503).
- Respondents were older than the national population of people claiming, reflecting the older age distribution of housing association tenants according to the English Housing Survey.
- A fifth of respondents (20%, n=3,493) were affected by the removal of the spare room subsidy (colloquially known as 'the bedroom tax'). This is in keeping with the national proportion for social housing tenants.
- Almost a third of respondents (30%, n=3,484) said they were affected by the household benefit cap, which is much higher than national figures (though we cannot break the national figure down for housing association tenants).
- We suggest the DWP review the effectiveness of the spare room subsidy on encouraging downsizing and the benefit cap for moving into work.
- Around two in five respondents were working (39%, n=3,022), which is broadly in line with national proportion of people claiming where 37% (n=5,186,098) were in work in April 2021. Survey respondents who worked were largely in part-time jobs (57%, n=1,159) or full-time contracts (26%,

n=1,159). Other workers were self-employed (9%, n=1,159) or on zero hours contracts (9%). A quarter of respondents were not fit for work (25%, n=3,022).

- In total, 67% of respondents who answered the question said they had claimed some type of benefit before (n=3,490), most commonly Housing Benefit or tax credits.

The wait for first payment

- Overall, one in five (21%, n=3,519) of respondents delayed making their claim, largely because they had “heard Universal Credit was difficult” (19%, n=739).
- There was substantial evidence of people struggling during the wait for payment, with more than two thirds saying they did not have money to cover the waiting period (69%, n=3,417), with 62% (n=2,350) of these having made a claim as soon as their circumstances changed.
- In comments, respondents talked about the wait for payment having left them in debt for years after they first claimed.
- Given evidence of lack of savings and financial strain, the government should end the five-week wait. If the wait cannot be ended, the government must review the system around advance payments. We also believe any wait could be better managed by extending the range of circumstances that allow backdating of claims to the date of entitlement. It is clear from our survey that a significant proportion of housing association tenants are unlikely to have income to cover the waiting period. It appears they are driven into debt while waiting, with evidence of food insecurity and increased rent arrears. The system should acknowledge the different situations of claimants by making backdating possible in a wider range of circumstances.
- Furthermore, people who claimed Universal Credit when it was first rolled out waited longer for their first payment and were less likely to be paid in full, on time. Prior to 2018, they also had no run-on of Housing Benefit. Given this, alongside evidence of financial strain and comments regarding increased debt, the DWP should consider compensating early claimants, for example, by paying these early claimants one week of allowance at their historic rate at point of claim.

Managing finances

- A slim majority (53%, n=3,050) of households who had claimed Universal Credit tended to agree or strongly agreed that it was an adequate safety net to ensure no one struggles with the basics in life. Many respondents commented on how grateful they were for financial help, particularly at a time of crisis. However, in total, 83% (n=3,040) of respondents sometimes, most of

the time or always run out of money before the end of the month. This rises to 88% (n=1,881) for those with reduced level of benefits due to deductions for advances, overpayments, and arrears. It increases to 89% (n=918) for those subject to the benefit cap. Comparable figures nationally (pre-coronavirus pandemic) are 41% of unemployed and 45% of sick/disabled people in April 2018 to March 2020, according to the Wealth and Assets Survey.

- Looking forward, just under two fifths of respondents (37%, n=2,925) expect to have severe to moderate problems keeping up with their expenses, bills, and credit commitments in the next six months. This is substantially higher than national (pre-coronavirus pandemic) figures.
- Many respondents commented that the allowance was too little to live on – currently £411.51 a month for a single person over 25, falling to £324.84 in October 2021 if the £20 a week is cut (see [Appendix](#) of the technical report for a full breakdown of allowances).
- 79% (n=2,989) of respondents struggled to pay for at least one essential expense since claiming, 43% struggled to pay for food (n=2,989), though the £20 per week uplift, introduced during the coronavirus pandemic, may have helped to reduce the proportion from 55% (n=2,994) in our 2019 survey. Just under a third of survey respondents reported using a food bank (31%, n=3,007). Some were “starving” and going without heat or light.
- While our survey sample is not representative, which makes it difficult to talk about all claimants, our findings indicate that even with the additional £20, nearly half a million households on Universal Credit in social housing could be struggling to pay for food.
- There were numerous reports of people being penalised for having two payments from wages in one assessment period, which reduced their next month’s Universal Credit allowance. This issue led to amended regulations in November 2020. The DWP and housing associations should review whether they are doing enough to advise claimants of their ability to seek a mandatory reconsideration when this occurs.
- Given evidence of financial hardship, the government should not impose the £20 per week cut in October 2021. It must urgently review the system, including advances and deductions, to ensure people can meet their own basic needs and their obligations to creditors.
- Our survey also contained multiple comments on difficulties with paying childcare costs upfront. When seen alongside the evidence of hardship and cycles of debt from taking advances, the DWP should accept the recent High Court judgement that proof of charge is sufficient for reimbursing childcare costs. This would mean that more parents could claim for childcare costs in advance of paying invoices.

Health and wellbeing

- One in ten respondents (n=2,959) said hardship whilst on Universal Credit had given them a new health condition, with 38% saying it had made an existing condition worse.
- There were some concerning findings around anxiety. Around a fifth of respondents reported feeling completely anxious yesterday. The average score was 6.1 (out of ten). This compares to an average score of 4.5 for social housing tenants in the English Housing Survey resilience study conducted in November/December 2020.
- There was good practice around managing mental health, with respondents thanking the DWP and housing association staff for support. Yet the DWP can do more to manage claimant anxiety and support good mental health. This includes keeping the £20 per week to reduce money anxiety, tailoring work plans, speeding up work capability assessments, and improving the consistency of service from staff. Housing associations can also help through supportive approaches to income collection.

Universal Credit service

- There was a very mixed experience of the service, likely linked to different experiences of staff, any mistakes with a claim, and whether respondents were better or worse off on legacy benefits.
- Our survey found that many tenants find making and managing their claim online easy and straightforward – 35% (n=3,109) said managing their claim online was extremely easy. Where they found it difficult, or requiring improvement, related to slow response times, inflexibility of the journal, and issues with internet access, equipment or logins.
- Three in ten respondents said they couldn't access their account online at home or could only access it through mobile phone data (29%, n=3,233). One in five struggled to pay for internet while claiming Universal Credit (22%, n=2,989).
- People praised help and support from the DWP staff, and the efficiency of the system's link to earnings. Others found staff rude, lacking in knowledge, judgemental or unhelpful. Experience of staff understandably affected the claimant journey. Knowledgeable and helpful staff could make people less stressed, but poor experiences could (in, thankfully, rare cases) leave people claiming feeling suicidal.
- More respondents were happy with the overall service than previously. This shows the significant number of changes the DWP have made to their systems and processes, both before and during the coronavirus pandemic. It may indicate that the test and learn approach is working to improve the

claimant experience. But the test and learn approach has also come at the expense of early claimants, who faced a longer wait for payment and potentially higher debt as a result.

- The mixed experience of service suggests that the DWP needs to invest more in staff training to ensure advice and support is consistent. We also believe the DWP could do more to simplify information about claiming, such as producing graphics to demonstrate the claimant journey. They could also conduct further user testing of the claim form and journal to ensure that help is adequately signposted and relevant sections are clear. An app and online chat function could also improve accessibility and response time.

What more housing associations could do to help

- When asked to rate how helpful their landlord had been, 58% (n=1,634) who had spoken to their landlord said they were helpful or extremely helpful. There was an improvement in the proportion of respondents who said they would recommend their landlord's service on Universal Credit when compared to our previous survey.
- However, over a third of respondents had not spoken to their housing association about Universal Credit (38%, n=2,948), and it's clear from comments that they did not know their landlord had a service offer. This is double that of our previous survey, where 16% (n=2,551) said they had not spoken to their landlord.
- Housing associations can do more to advertise support they offer, whether that is in-house advice on benefit entitlement, sharing benefit calculators, or referrals to local agencies, such as Citizens Advice.

Summary of our recommendations

For the government

- The government must keep the lifeline and not cut £20 per week from people's Universal Credit from October 2021. Our survey found evidence of real financial strain, though some improvement in ability to afford essentials since our last survey in 2019. This indicates the additional £20 per week during the coronavirus pandemic has provided some relief.
 - Benefit stigma and hearing Universal Credit is difficult mean people delay making a claim. The government should make some positive media stories about Universal Credit by not cutting the £20 per week and considering a longer run-on of legacy benefits when switching.
 - Keeping the £20 has the potential to reduce anxiety related to finances, given the link between anxiety and income. Increased financial support

could improve mental health of claimants, which might also reduce demand on the NHS.

- The government should end the five-week wait for first payment. Two in three respondents did not have money to cover the wait and, for some, it pushed them into debt from which they haven't recovered.
 - The government should also consider the wait for payment in relation to the levelling up agenda – there was a high incidence of borrowing from friends and family to cover the wait. This money was spent on bills and rent, so often goes out of the local economy.
- Despite the appeal going through the High Court, we would like to see the government review the need for claimants to make childcare payments upfront (showing proof of payment rather than proof of charge), given evidence that it acts as a barrier to work.

For the Department for Work and Pensions

- Given evidence of financial hardship, the DWP should review advances and deductions to ensure people can meet their own basic needs while meeting their obligations to creditors. It should also review application of the benefit cap and removal of the spare room subsidy.
- The DWP should extend the circumstances that allow a backdating of claims to the point of entitlement. The system needs to be more flexible for the different situations of claimants, particularly when our findings show the majority of respondents had no income to cover the wait for first payment.
- The DWP should also consider compensating early claimants for the longer wait for payment and no legacy benefit run-on. People who claimed the benefit when it was first introduced waited longer for their first payment (minimum six weeks) than those claiming now and had no run-on of legacy benefits. While the DWP have improved payment timeliness, early claimants were also more likely to not be paid in full and on time. Respondents reported how they were still in debt years after their wait for their first Universal Credit payment. Compensation might involve giving early claimants still receiving Universal Credit one week's payment at their historic allowance at the point of Universal Credit claim.
- The DWP should invest in further staff training and case monitoring to ensure a consistent level of service for claimants. Some important aspects of the system's flexibility, such as increased frequency of payments, are at the discretion of staff. Experience should not be determined by "who answers the phone". This is a life or death matter, given a handful of claimants reported feeling suicidal after poor experiences with staff.

- The DWP should ensure work plans are tailored to each claimant, accounting for their employment history and mental health or other health needs. Many housing associations provide employment and skills support and can be drawn on for this more tailored support.

For the Department for Work and Pensions and housing associations

- The DWP and housing associations should do more to alert people to mandatory reconsiderations where their Universal Credit allowance is adjusted incorrectly by two pay packets falling in one assessment period (a problem for those paid fortnightly, four-weekly or monthly).
- The DWP should review reporting of annual rent updates. Many respondents found updating this difficult and wanted their housing association to do it on their behalf, given they had to verify costs. Alongside this, we need more research into drivers of rent arrears.
 - Housing associations should also work with tenants to ensure rent and service charges are broken down in the way the Universal Credit claim form or journal asks for information.

For housing associations

- Housing associations need to advertise the welfare service they offer, or links to other services, more as most people were not aware or had not spoken to their housing association about their claim.
- Housing associations should also continue to take more supportive approaches to income collection to reduce anxiety and help claimants to manage their finances. This could include moving expected payment dates for rent to align with assessment periods, changing language in arrears' notices to be more supportive, and, where the tenant is engaging on payment, turning off arrears' notifications.

Thank you

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