

Welsh Government Written response to the UK Parliamentary Work and Pensions Committee Inquiry ‘Universal Credit: the wait for a first payment’

Introduction

We welcome the UK Parliamentary Work and Pensions Committee’s inquiry into the five week wait for a first payment of Universal Credit, which has impacted on many claimants in Wales since the implementation of Universal Credit for new claimants, or those with a change of circumstances, especially the most vulnerable.

Please find below the Welsh Government’s written response to the inquiry.

Question 1 – To what extent have the mitigations the Government has introduced so far (e.g. Advance Payments) helped to reduce the negative impact of the five week wait for UC claimants?

Analysis undertaken by Policy in Practice for the Joseph Rowntree Foundation (JRF)¹ found that the biggest challenge people faced when moving onto Universal Credit was the minimum five week wait for the first payment. Furthermore, it makes the point that this wait can be far longer due to errors or difficulties in making the claim, and although people can take out a loan (i.e. a re-payable Advance Payment) to help tide them over, repaying this can, in some circumstances, leave them without enough money to live on. Their analysis estimates 2 in 5 families due to move onto Universal Credit (UC) will be unable to meet basic living costs during the five week wait. The JRF suggest that Child Tax Credit should ‘run on’ for two weeks after claiming Universal Credit, and that the UK Government should introduce an upfront grant, directing it to families who are unable to meet basic outgoings during the five-week wait².

Research by Citizens Advice also found that people face particular problems during the five week wait for a first payment, with this wait leaving half of the people they help unable to keep up with bills, rent or going without essentials³. Their latest Advice Trends report⁴ shows that between March 2019 and February 2020 local Citizens Advice in Wales helped 2,806 people with issues relating to the initial wait for a UC payment, and 3,489 people with issues relating to UC advance payments.

The main calls by Citizens Advice⁵, which we endorse, in relation to the five week wait are:

- In the short-term, to reduce the five week wait by bringing forward the first non-repayable payment to no later than two weeks into a Universal Credit claim, and

¹ [New analysis: Financial resilience and the transition to Universal Credit; We need to end the five-week wait for Universal Credit – here’s how](#)

² [We need to end the five-week wait for Universal Credit – here’s how](#)

³ [Managing money on Universal Credit](#)

⁴ [Advice Trends 2019/2020](#)

⁵ [Achieving income security for all](#)

- In the long-term, to explore more flexible assessment periods and payment cycles under Universal Credit to ensure people are paid in a way which reflects their personal circumstances and enables them to budget effectively.

From recent information provided by Citizens Advice within the last two weeks, we understand of the 2,200 people who have come to them with concerns relating to Coronavirus, so far nearly 71% needed help with access to welfare benefits. The number of people they have helped with Universal Credit has increased by 53%, however, we are uncertain how many of these people are as yet awaiting for their first payment of Universal Credit.

Case study evidence and analysis of support service data by the Trussell Trust⁶ also shows the ongoing impact of the minimum five week wait and the limits of current UK Government policies to mitigate its effects. Their analysis found that the minimum five week wait for Universal Credit (either without income or with an Advance Payment) has led to acute financial hardship, and damaged households' longer-term financial resilience. This includes destitution, housing insecurity and debt. They also found that the wait is having a detrimental impact on people's mental health, with many people reporting they had experienced high levels of anxiety, especially as they did not know how much they would receive and when, and some even reported at one extreme point feeling suicidal.

The analysis highlights that services like advice agencies, council-led crisis provision, and food banks have been forced to deal with the fall-out from the minimum five week wait, as claimants turn to non-DWP support to manage financial hardship. They argue that current DWP support is often not enough to mitigate the impact of wait, with advance payments leaving claimants to decide between hardship now or hardship later.

In the short term, we know that the Trussell Trust is calling for much-needed support for people going through 'natural migration', by providing non-repayable grants to new claimants, rather than loans. The Trussell Trust has also urged the DWP to consider improvements by benefit run-ons to support all legacy benefit claimants by extending these to people moving from tax credits, and covering a minimum period of three weeks to match typical waiting time legacy benefits. In the long term, the Trussell Trust recommend that DWP must restructure the assessment cycle to end the five week wait for the first payment, with options including more frequent payments, a shorter assessment period and backdating claims so that claimants receive payments as soon as possible, something which the Welsh Government strongly supports.

⁶ [Why we need to end the wait for Universal Credit](#)

Similarly, the Resolution Foundation also report that further action is likely to be needed, with their research⁷ finding that the wait for the first payment represented a common challenge among Universal Credit recipients they have spoken to. In relation to the five week wait, the Resolution Foundation suggest that to give Universal Credit the best chance of success, the UK Government should consider how to further reduce the wait for the first payment including via testing an initial fortnightly payment for certain groups.

The Scottish Government already has introduced 'Scottish Choices' but these cannot be applied until after the first payment of Universal Credit has been made by the DWP, so all of the problems which Universal Credit claimants see around the five week wait in Wales also exist in Scotland, as well as England. The National Assembly Equalities and Local Government and Communities Committee currently have an inquiry into 'benefits: better options for delivery in Wales' and reported on this in October 2019. One of their recommendations was for the Welsh Government to seek to explore the options for more frequent payments, more split payments and payments direct to the landlord as with Scottish Choices. However, if these cannot be applied until after the first payment of Universal Credit, and if the five week wait could be eliminated then this would be a huge mitigating action to combat financial difficulties being experienced by many during the five week wait.

Question 2 – What is the best way of offsetting the impact of the five week wait?

Please see our written evidence as set out within our response to Question 1 for alternative solutions to offset impacts of the five week wait.

Question 3 – Are different mitigating options needed for different groups of claimants?

Evidence that we have seen shows that 2 in 5 families due to move onto Universal Credit will be unable to meet basic living costs during the five week wait. The JRF suggest that Child Tax Credit should 'run on' for two weeks after claiming Universal Credit, and that the UK Government should introduce an upfront grant, directing it to families who are unable to meet basic outgoings during the five week wait. This is an echoing theme also highlighted in research by the Trussell Trust, for example, that the five week wait has led to acute financial hardship, and damaged households' longer-term financial resilience. The wait for payment also has a detrimental impact on people's mental health, with high levels of anxiety when vulnerable people are unsure as to how much they would receive, and when.

⁷ [The Long and Winding Road](#)

Welsh Government's Discretionary Assistance Fund

The Welsh Government's Discretionary Assistance Fund (DAF) is a fund of last resort intended to support people experiencing extreme hardship. Many of these people will be the most vulnerable in society due to issues relating to poverty, physical and mental health issues and age, and these are therefore those who are at greater risk from the impacts of the five week wait for Universal Credit exacerbated by the Covid-19 (coronavirus crisis), be they related to health, or economy.

The fund contains two types of grant, Emergency Assistance Payments (EAP) and Individual Assistance Payments (IAP). EAPs are a grant to help with essential costs after an emergency, or if a claimant has experienced a disaster such as a flood or fire at home, or extreme financial hardship for reasons including delays in benefit payment. There are projected to have been over 18,000 EAP payments in 2019-20. IAPs are a grant to help someone live independently rather than enter or remain in an institution such as a care home or hospital. Since the launch of the DAF in 2013 it has made 304,464 awards totalling almost £60m in grant funding to the most vulnerable individuals⁸.

The criteria for DAF has been progressively adapted to ensure the fund reflects the circumstances and lived experiences of service users because it is supported by a network of partners who apply on behalf of their clients. These partners are drawn from more than 300 front-line organisations across Wales. They are best placed to help shape the fund, given their expertise in supporting more vulnerable groups, and their learned knowledge of their clients and the pressures they are facing on a daily basis. Through this work, it became clear from both service users at application stage and partners, that gaps in and delays to welfare benefit payments, particularly Universal Credit, were causing hardship, so this has been included as an eligibility criteria for accessing emergency payments. In order to overcome the significant minimum five week waiting time for new claimants for Universal Credit (UC) to receive their first payment, criteria for the DAF allows partners to confirm that an application for UC has been made, thus allowing access to DAF, as prior to this eligibility was based on being in receipt of benefits. The criteria was also amended to allow sanctioned individuals to apply given this hardship.

Since 18 March 2020 the DAF service Centre have been recording claims relating to Covid19 (coronavirus) factors, showing significant extra numbers of EAP payments due to Covid-19 reasons, which have more than doubled from typical levels, at this period.

⁸ Data for March 2020 is provisional. Final full year figures for 2019/20 are expected by 17 April.

Question 4 – Are there barriers or potential unintended consequences to removing the five week wait – either for claimants or the Department? How can they be overcome?

We know from the written evidence presented above in our responses that the wait for the first payment of Universal Credit is a common challenge amongst many Universal Credit recipients, particularly the vulnerable. One suggestion from the Resolution Foundation is that the UK Government should consider how to further reduce the time for the first payment, including via testing an initial fortnightly payment for certain groups. We cannot see any barriers or potential unintended consequences to removing the five week wait.

The last few weeks within the coronavirus crisis has shown how quickly the department can respond and be flexible at pace with changes to the processing of Universal Credit. We accept that in removing certain processes, such as verifications to be able to handle over 1 million new UC claims within a few weeks, this might have loaded problems of reconciliations to the back-end of processing but the sheer scale of the number of new UC claims and unnecessary processing of repayable advanced payments (loans) must show that the five week wait must be eliminated and a more compassionate approach for the vulnerable adopted.

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