

# Social Security Advisory Committee public consultation: The Universal Credit (Waiting Days) Amendment Regulations 2014

## Introduction

Homeless Link (HL) is the national umbrella organisation for frontline homelessness charities in England. Currently we have more than 500 member organisations<sup>1</sup>. As the collaborative hub for information and debate on homelessness, we seek to improve services for homeless people and to advocate for policy change. Through this work, we aim to end homelessness in England.

DrugScope (DS) is the leading UK charity supporting professionals working in drug and alcohol treatment, drug education and prevention and criminal justice. It is the primary independent source of information on drugs and drug related issues.

DrugScope has around 450 members, primarily treatment providers working to support individuals in recovery from drug and/or alcohol use, local authorities and individuals. Its member agencies are among those providing support to over 200,000 people receiving community and residential treatment, plus harm prevention, advice, education and related recovery services.

We are very grateful for the chance to input into the work of the Social security Advisory Committee (SSAC) in this area in this area. As two members of the Making Every Adult Matter (MEAM) coalition<sup>2</sup>, we share a number of similar concerns about these regulations and their impact on vulnerable people, so have produced this joint response. Many of the arguments below were also made in our previous submission to the Committee's consultation on the impact of Waiting Day Changes to JSA and ESA; comments which were broadly reflected in the Committee's submission to Government.

## 1) How will vulnerable groups be impacted by the changes?

We believe these measures may affect certain groups of people disproportionately.

### a) Homeless and insecurely housed people generally

Whilst the increasing of Waiting Days to seven for JSA and ESA creates major problems for homeless people, the UC proposals which include Housing Costs may have even more dramatic effects.

Compared to the current rules, this proposal would lead to the amount of benefit people lose increasing by between 100% and 350%. In part 3 below we consider the impact on vulnerable groups of withdrawing essential benefits to them.

One of the largest street outreach services to rough sleepers has asked us to pose these two questions to the Committee:

*“will this not put people into arrears from the first week they move into accommodation?”*

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<sup>1</sup> Our members include hostels, day centres, outreach and resettlement agencies, youth projects, welfare rights organisations, regional homelessness networks, refuges, drug and alcohol services and faith run voluntary services.

<sup>2</sup> Please see <http://meam.org.uk/>

*“who is going to pay the initial shortfall so that landlords accept benefit claimants without savings?”*

We believe increasing waiting days will increase rent arrears and will further dis-incentivise landlords from accepting those on HB. When we asked our Expert Panel of homeless people, they strongly felt this would be the case:

*“it is setting people up to fail. If people start with arrears you’re been put in a position where you are more likely to lose it [tenancy]”*

There is already evidence that the properties available to benefit claimants is declining<sup>3</sup>. Research has suggested even more landlords are considering withdrawing from the market of accommodating benefit claimants<sup>4</sup>. We also believe the exponential increase in homelessness due to the end of tenancies is mainly linked to landlords no longer wishing to let to those on LHA.

DWP recently confirmed the UC direct payment switchback figure would be set at two-months to try and minimise rent arrears, reassure landlords and ensure tenants do not lose their accommodation. Furthermore, DWP are consulting on the sharing of UC data with social landlords to assist them to support their tenants on managing income. Any progress forged by these other changes will surely be undermined by the creation of structural rental shortfalls within UC from next April.

#### **b) Homeless people or people in need of resettlement in London and/or the private rented sector**

It seems inequitable that the amount of money individuals will effectively “lose” will largely depend on the costs of renting in the broad market rental area in which they reside and the type of tenure they have.

Those in higher cost areas and/or in the private rented sector will have more debt than those elsewhere. No “correction” is built into the rest of the benefits system to recognise these differences. For example, a person losing seven days Housing Costs in Central London will face a debt three times of that of people in some other parts of the country. In cash terms, this could mean the difference between a reduction of £72.00 in Bassetlaw and one of £258.06 in Kensington and Chelsea<sup>5</sup>.

For the last twenty years, with Government encouragement, charities have been trying to increase the proportion of private rented sector (PRS) properties used to help people out of homelessness and temporary accommodation<sup>6</sup>. Moving into this category of housing will become particularly unattractive to homeless people and others in need of settled accommodation because it is likely to lead to a higher debt than residing in the social sector. This problem will be compounded by the fact that the greatest proportion of homeless people are in London and that is broadly where the loss of a week’s rent will be highest.

#### **c) Vulnerable people who do not live in “Specified Accommodation”**

Individuals who live in supported housing which meets the definition of Specified Accommodation<sup>7</sup> will still receive Housing Benefit and so will not be subject to losing a

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<sup>3</sup>For example Homeless Link’s research into accommodation affordable on LHA for under-35s  
<http://www.homeless.org.uk/connect/news/2013/may/16/no-homes-for-young-%E2%80%93-benefit-changes-could-force-young-people-into>

<sup>4</sup> <http://www.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/impact-reforms-lha-summary.pdf>

<sup>5</sup> Figures from Direct.gov for a one bedroom property at LHA rate. Accessed October 2014.

<sup>6</sup> For example with schemes such as this one - <http://www.crisis.org.uk/pages/crisis-private-renting-funding.html>

<sup>7</sup> <https://www.gov.uk/government/publications/hb-circular-a82014-the-housing-benefit-and-universal-credit-supported-accommodation-amendment-regulations-2014>

week's Housing Costs. This creates an incentive to put potentially affected homeless individuals through this route rather than straight into their own accommodation even when the level of support is not required. Due to the additional housing management and core rental costs of running supported housing this would not be an efficient use of resources.

Furthermore, the definition of specified versus non-specified housing only differentiates on the grounds of landlord type. This proposal means that individuals living in supported housing owned by housing associations will be eligible for their rent being paid from the day they move-in; whereas those living in council owned supported housing would lose have to pay seven days housing Cost themselves. This would be the case regardless of whether the clients in the two types of properties had the same support needs.

**d) Those who have no “linking claim” but have not been working, especially rough sleepers**

The assumption behind this policy appears to be that everybody potentially affected will not have been claiming benefits in the past three months because they were in employment. However, this does not correspond with our intelligence around vulnerable populations. For example, St Mungo's Broadway has told us that 36% of the rough sleepers in one of their flagship services had no claim when coming into contact with the service<sup>8</sup>. Our recent Young and Homeless report found that more than half of under-25s become homeless because of a relationship breakdown, mainly with their parents; many of these may not have had claims if they were living in the family home<sup>9</sup>. Similarly for clients with primary support needs relating to substance use, unsettled accommodation and breaks in claims may mean that 'linking claim' exemptions will not apply.

**e) Those who have been in work but have no access to savings or other resources –**

This policy seems also to presume that individuals who have been in work for over 13 weeks will have accumulated savings or will have wages due to them at the end of their employment. However, discussions with our respective member agencies suggest that the nature of many jobs work accessed by users (or former users) of homelessness and/or substance use services is increasingly part-time, with variable hours and comparatively insecure.

Furthermore, individuals may currently exhaust any savings or social capital they have access to before claiming. Despite being promoted as “primarily a cross-saving measure” it creates the policy creates a significant financial incentive for people to claim UC immediately on becoming unemployed rather than waiting for any other resources they may have to be used up.

**2) Will the policy increase or reduce engagement with the labour market?**

In announcing the change the Chancellor stated:

*“Those first seven days should be spent looking for work and not looking to sign on.”<sup>10</sup>*

However, those people affected by the new Waiting Day rules will have to sign-on in exactly the same way as they do now, they just will not receive any money for a longer period.

Since individuals will be subject to full-work search benefit conditionality from the point at which they make a claim, with the risk of sanctions for non-compliance, it is unclear how this change will increase focus on finding work. For example, Citizens Advice Bureau have speculated that the effect of sanctions may be leading jobseekers to spend more time

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<sup>8</sup> 102 out of 295 clients using the No Second Night Out Service in 2013-14

<sup>9</sup> Young and Homeless 2013, Homeless Link (2014)

<sup>10</sup> <http://www.bbc.co.uk/news/business-23058853>

ensuring their basic needs (shelter, food, warmth and so on) are met rather than engaging or re-engaging with the job market.<sup>11</sup>

In fact, we fear that this change may serve as a disincentive for people on benefits to try short-term employment opportunities as people are concerned that they will be penalised when the jobs come to an end.

Finally, Homeless Link sanctions research found that feelings of being harshly treated by Jobcentre Plus often decreased client motivation to engage with JCP or to seek work opportunities<sup>12</sup>. Similarly, research by DrugScope<sup>13</sup> found that conditionality and/or perceived poor treatment meant that some jobseekers were reducing contact with Jobcentre Plus to the bare minimum rather than encouraging engagement and frank, open conversations. This change risks having a similar impact by increasing belief that the system is created in a way which aims to “catch people out”.

### **3) How might homeless people and people with histories of substance use cope with the changes?**

DWP previously stated that changes in JSA and ESA Waiting Days “*may increase reliance on short-term loans*”<sup>14</sup>, yet those changes introduced far smaller reductions of resources to individuals than this one. LHA has already experienced considerable real terms reductions in recent years, which means tenants are often already struggling to pay the rent<sup>15</sup>.

Furthermore, vulnerable groups, such as former rough sleepers, people recovering from drug and/or alcohol dependency, ex-offenders or young people may have less access to affordable and appropriate credit than other people. This is illustrated by Homeless Link’s research which found that common consequences seen by agencies working with homeless people who were subject to sanctions included:

- Rent and service charge arrears;
- Food poverty;
- People turning to crime to survive

It is already the case that, the expectation is that individuals will wait five-weeks before receiving UC, If they have no other form of income then they will need to prioritise finding resources to live, over looking for work. This in itself may increase the risk of them not fulfilling their benefit conditionality commitments and facing sanctions.

Our Expert Panel said it is unrealistic to expect homeless and other vulnerable people to have alternative forms of income to draw on. “*Alternative income? Wonga is the only other option*”.

Recent research carried out by the MEAM coalition drawing on the experiences of people who use homelessness services, substance use services, mental health services and services for people with offending histories<sup>16</sup> has looked at the impact of various aspects of welfare reform. This proposed reform was not in scope, being prior to implementation, but research participants indicated considerable concern about the effects of current reforms on mental health and wellbeing, engagement with the job market, on vulnerable women and on offending behaviour. Almost three quarters of the participants indicated that current reforms were adversely affecting their clients’ ability to access food and maintain a nutritionally sound diet. It seems unlikely that this proposed reform will improve claimants’ experiences with regard to any of the above.

<sup>11</sup> <https://blogs.citizensadvice.org.uk/blog/is-a-new-jsa-sanctions-storm-brewing/>

<sup>12</sup> ‘A High Cost to Pay’, Homeless Link (2013)

<sup>13</sup> <http://www.drugscope.org.uk/Resources/Drugscope/Documents/PDF/Policy/PathwaystoEmployment2014.pdf>

<sup>14</sup> <http://ssac.independent.gov.uk/pdf/ssac-memorandum.pdf>

<sup>15</sup> [http://www.landlordtoday.co.uk/news\\_features/Rent-hit-all-time-high](http://www.landlordtoday.co.uk/news_features/Rent-hit-all-time-high)

<sup>16</sup> <http://meam.org.uk/wp-content/uploads/2013/04/EvidenceFromTheFrontline.pdf>

#### **4) Will the poorest and most vulnerable be protected through other benefits?**

The impact of this change maybe exacerbated by the abolition of DWP Crisis Loans in 2013 which used to help individuals through periods of adversity. Recent research suggests that most councils are planning on reducing the replacement Local Welfare Assistance schemes next year.<sup>17</sup>

The Government have continuously stated that “claimants may apply for a Short-Term Benefit Advances”. However, the feedback Homeless Link and DrugScope have received from those in the front-line is that these are still proving difficult to access. This evidence seems complementary to the recent “Independent review of Jobseekers Allowance Sanctions”, within which, one of the reoccurring themes was difficulties was how difficult vulnerable people find it to navigate their way around the parts of the benefits system which sit outside of “mainstream”.

We also note that not only is the future of Local Welfare Assistance under some doubt<sup>18</sup>, and current schemes often provide support in kind (through, for example, vouchers or food) and appear to be unsuited to providing the type of financial assistance needed to address significant and sudden arrears or other debt.

Given this information from our members, it is hard to feel confident that there are adequate safeguards to protect individuals from being left without any income, especially vulnerable people, who may struggle to argue their case or navigate their way around the system.

#### **5) The Housing Cost element**

As mentioned elsewhere in this document the Government have explained this policy as: “*part of the ‘work first’ approach, sending the message from the very start that rights to benefits are conditional on requirement to search for work*”.

They will be:

*“Transferring money from this measure to new work-focused activity aims to tackle the root causes of poverty by moving people into work”.*

However, this argument makes no sense in the case of the Housing Cost element as it is not related to ability to work but to a need to pay the rent - as recognised by the fact that it is paid to individuals who have no work-related conditionality as part of their UC.

#### **6) Interaction with other Government priorities, strategies and priorities.**

The Government has a statutory duty to eliminate child poverty by 2020. It seems likely that extending the number of waiting days for those claiming means tested benefits will, where there is a child in the claimant household, makes this objective more difficult to achieve.

The Government’s 2010 Drug Strategy<sup>19</sup> makes the link between drug use and crime, and particularly acquisitive crime, estimated by Public Health England as costing the country around £13.9bn per year<sup>20</sup>. While it is difficult to predict the consequences of this change, it seems unlikely that that it would lead to any improvement in offending and the cost of offences.

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<sup>17</sup> [http://article.wn.com/view/2014/10/06/Councils\\_urge\\_Government\\_to\\_reconsider\\_scrapping\\_local\\_welfa\\_t/](http://article.wn.com/view/2014/10/06/Councils_urge_Government_to_reconsider_scrapping_local_welfa_t/)

<sup>18</sup> [http://www.local.gov.uk/web/guest/media-releases/-/journal\\_content/56/10180/6583322/NEWS](http://www.local.gov.uk/web/guest/media-releases/-/journal_content/56/10180/6583322/NEWS)

<sup>19</sup> <https://www.gov.uk/government/publications/drug-strategy-2010--2>

<sup>20</sup> <http://www.nta.nhs.uk/uploads/whyinvest2final.pdf>

The Government's cross-departmental No second Night Out initiative relies upon getting newly homeless people into the most appropriate accommodation as soon as possible to stop them becoming entrenched on the street. For this to be a reality there needs to be an adequate supply of practically accessible private rented sector accommodation which rough sleepers feel comfortable moving into. This change threatens to undermine that policy

## 7) Exemptions

Whilst welcoming the proposed exemptions we presume the aim of exceptions must be to protect those who are vulnerable and will be most adversely affected by them. Therefore we can see no case as to why homeless people and those coming out of substance misuse rehabilitation programmes are not included. The issue of practically identifying members of these groups<sup>21</sup> has already been addressed in previous pieces of legislation.

Homeless Link's Expert Panel also felt that while the currently proposed exemptions are aimed at the most vulnerable, there needs to be more a straightforward exemption for homeless people:

*"it complicates the system even more; you'll end up having to contest things all the time. People will just get lost in the system."*

## Conclusion

The Government has wisely phased-in the introduction of Universal Credit to ensure that it is robustly trialed and "lands safely". Yet this latest proposal has had no such testing despite the fact that it may lead to significant financial hardships for vulnerable individuals such as those trying to exit homelessness.

## Recommendations

1) We believe there is no evidence that this change will increase the motivation of full-work related activity UC claimants in a positive direction but could cause extreme hardship to some of the most vulnerable claimants. Hence we call upon DWP to withdraw the proposal.

2) However, if the regulations are to be introduced we suggest the parts pertaining to Housing Costs need to be removed as the potential impacts on homelessness could be huge.

3) Furthermore, to avoid undermining other Government policies exceptions need to be applied to those homeless people and those who are eligible for conditionality easements such as those entering structured, recovery-orientated treatment for drug and/or alcohol use, known as 'tailored conditionality'<sup>22</sup>.

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<sup>21</sup> [http://www.legislation.gov.uk/ukxi/2014/1623/pdfs/ukxi\\_20141623\\_en.pdf](http://www.legislation.gov.uk/ukxi/2014/1623/pdfs/ukxi_20141623_en.pdf)

<sup>22</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/221579/uc-draft-regs-2012-memorandum.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/221579/uc-draft-regs-2012-memorandum.pdf) s.242