

WELFARE REFORM COMMITTEE

THE FUTURE DELIVERY OF SOCIAL SECURITY IN SCOTLAND

WRITTEN SUBMISSION FROM CITIZEN'S ADVICE SCOTLAND

Citizens Advice Scotland (CAS), our 61 member Citizen Advice Bureaux (CAB), the Citizen Advice consumer helpline, and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. Our self-help website Adviceguide provides information on rights and helps people solve their problems.

In 2014-15 the Citizens Advice Service network helped over 323,000 clients in Scotland alone and dealt with over one million advice issues. With support from the network clients had financial gains of over £124 million and the Scottish zone of our self-help website Adviceguide received approximately 5.4 million unique page views.

Summary

To inform the development of a distinct Scottish approach to Universal Credit that best meets the needs of vulnerable claimants, CAS conducted a survey with 601 CAB clients across the country, most of whom were seeking advice about a benefits issue. We asked respondents about their approach to budgeting, how frequently they would prefer to receive benefits payments, and for those who had a partner who also claims benefits whether they would prefer individual or single household payments. Additionally we drew on existing evidence of emerging issues relating to Universal Credit from citizens advice. The findings from the survey and CAB case evidence include:

- The majority of respondents claimed one of the six 'legacy' benefits, giving us an insight into how the devolved administrative Universal Credit flexibilities might affect claimants.
- Despite 77.3% of surveys being completed in areas where Universal Credit was 'live' at the time, just 2.2% of respondents were in receipt of the benefit. This is a result of the way Universal Credit has been rolled out and is an illustration of some of the challenges faced in the process.
- 26% of respondents budgeted weekly, with slightly smaller proportions budgeting monthly or fortnightly.
- Just under half budget in the way that they do because that is when their payments come in, rather than because that is what is most comfortable.
- More than a third of respondents who claim one of the legacy benefits often run out of money, and have to borrow, get a Crisis Grant, or go to a food bank. However, a quarter said they managed well and look for ways to save money.

- Almost half of respondents with a legacy benefit indicated that they would sometimes or often run out of money if their benefits were paid monthly. This was higher than the number that thought they would have no problem, or manage most of the time.
- Whilst it appears that no one particular budgeting strategy will lead to an individual managing well or struggling, those who budgeted according to when it was most comfortable for them appeared to manage slightly better than those who planned around when their money came in.
- The majority of all respondents would prefer their benefits be paid weekly. Just 13% of respondents who claimed a legacy benefit would prefer a monthly payment.
- There was a very even split between those who would prefer individual payments (51%) and who would prefer a single household payment (49%).
- From emerging CAB evidence the five-week waiting period for a first Universal Credit has caused hardship to clients. The effect of this is amplified if there are further administrative delays.
- CAB evidence has highlighted that the move to including housing costs in Universal Credit payments has caused clients to fall into rent arrears.
- The underoccupancy charge caused significant issues for clients when it was introduced in 2013.

Citizens Advice Scotland recommends:

- The Scottish Government uses its administrative flexibility over frequency of Universal Credit payments to give claimants the choice of being paid weekly, fortnightly or monthly.
- The choice of frequency of payments is included on the initial Universal Credit application form for applicants in Scotland if possible.
- The Scottish Government and Department for Work and Pensions work closely together to assess the impact on claimants of the five-week period before the first Universal Credit payment is received.
- The DWP must make extraneous efforts to minimise delays in the processing of Universal Credit claims to avoid claimants spending significant periods of time without income.
- Couples and families who claim UC are given the choice of whether they would prefer a single household payment, or individual payments to each partner. This choice should be given at the outset of the claim, and should be possible to change options during the claim.

- The Scottish Government and DWP, in consultation with experts in the field, consider how it might be possible to identify potential abusive situations if couples are attending the Jobcentre together. The aim would be to enable single household payments to be split to avoid this creating a barrier to leaving an abusive relationship.
- The housing element of Universal Credit is paid to social landlords as a 'default' option, as Housing Benefit currently is.
- The Scottish Government removes the underoccupancy charge when it acquires the power to do so.

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Introduction and Background

Benefits issues are overwhelmingly the largest area of advice provided by Scotland's citizens advice bureaux. In 2014/15, bureaux advised clients on 220,000 new issues related to benefits, tax credits or National Insurance, representing 38% of the total brought during that year.

The introduction of Universal Credit (UC), which combines six existing working age benefits into one single payment, represents an enormous change to the current situation. Whilst Citizens Advice Scotland (CAS) supports the principles behind Universal Credit, we recognise it will be a substantial change for current claimants, particularly the most vulnerable, and that getting the practice as well as the policy right is crucial.

In addition to the integration of the 'legacy benefits'¹, Universal Credit sees claimants paid one single household payment on a monthly basis, with housing costs included, all of which represent a significant change to current arrangements. Additionally, the underoccupancy charge, which was introduced for Housing Benefit in 2013 remains a part of UC; and as part of a wider move to delivering public services online, people are expected to apply for and manage their UC claim on the internet, which previous CAS research has revealed may be problematic^{2 3}.

The rollout of Universal Credit in Scotland is being progressed in stages, beginning in Inverness in October 2013 and expanding throughout Scotland during 2015 and 2016. However it is restricted to new claims from single people with 'non-complex' cases⁴ which means that the full impact of UC on vulnerable claimants will not be seen for some time.

As an illustration, during 2014/15, Scottish citizens advice bureaux advised clients on 384 new Universal Credit issues, compared with a total of 104,154 new issues relating to the six benefits UC will eventually replace. It is clear that as Universal Credit expands, so will the need for advice on it. Citizens Advice Scotland is closely monitoring early evidence of emerging issues from bureaux so that they can be raised, and hopefully addressed, at an early stage.

In November 2014, the Smith Agreement proposed that whilst Universal Credit would remain a reserved benefit administered and delivered by the Department for Work and Pensions (DWP), within this framework the Scottish Parliament would have the power to make certain changes to Universal Credit⁵:

¹ Jobseeker's Allowance (JSA), Employment and Support Allowance (ESA), Housing Benefit, Income Support, Working Tax Credit (WTC), Child Tax Credit (CTC)

² 'Offline and Left Behind' – Citizens Advice Scotland, May 2013
<http://www.cas.org.uk/publications/offline-and-left-behind>

³ 'Internet Access in Glasgow's Deprived Areas' – Citizens Advice Scotland, August 2015
<http://www.cas.org.uk/publications/internet-access-glasgows-deprived-areas>

⁴ Eligibility for Universal Credit – Department for Work and Pensions
https://about.universalcredit.service.gov.uk/kms/Pages/Eligibility_for_Universal_Credit.htm

⁵ Report of the Smith Commission for further devolution of powers to the Scottish Parliament – November 2014 <https://www.smith-commission.scot/smith-commission-report/>

- The Scottish Government will be given the administrative power to change the frequency of UC payments, vary the existing plans for single household payments, and pay landlords direct for housing costs in Scotland.
- The Scottish Parliament will have the power to vary the housing cost elements of UC, including varying the under-occupancy charge and local housing allowance rates, eligible rent, and deductions for non-dependents.

Citizens Advice Scotland welcomed this proposed devolution, which would enable the Scottish Government some flexibility to make changes in areas of concern for CAS and other organisations.

To inform the development of a distinct Scottish approach to Universal Credit that best meets the needs of vulnerable claimants, in August 2015 CAS conducted a survey with 601 CAB clients, most of whom were seeking advice about a benefits issue. We asked respondents about their approach to budgeting, how frequently they would prefer to receive benefits payments, and for those who had a partner who also claims benefits whether they would prefer individual or single household payments.

This report presents the findings of the survey, together with evidence from bureaux of the impact of paying housing costs to claimants, as well as the impact of the underoccupancy charge on clients. CAS hopes this evidence will prove useful when determining how the devolved powers over Universal Credit should be used to take into account the views and needs of people who will rely on it in future.

Citizens Advice Scotland will conduct further analysis of these results over the months ahead, and will publish further findings in due course.

CAS would like to thank the 30 citizens advice bureaux listed in Appendix B who conducted the survey with clients, and have highlighted Universal Credit cases of concern to us during its rollout. Without their ongoing support and assistance, this report would not have been possible.

Methodology

Our survey was conducted in 30 citizens advice bureaux (listed in Appendix B) during either the week of 3 – 7 August or 10 – 14 August. CAB clients during that week were asked to complete a paper-based survey, asking them about:

- Their digital skills and access
- Which benefits they claim
- Whether they have a bank account
- How frequently they budget, and why they plan this way
- How well they manage their money
- How often they would prefer to receive benefit payments
- How well they thought they would cope with a monthly benefit payment
- Whether they would prefer a single household payment or individual payments to them and their partner
- Any other difficulties they have budgeting
- Their age, postcode and gender

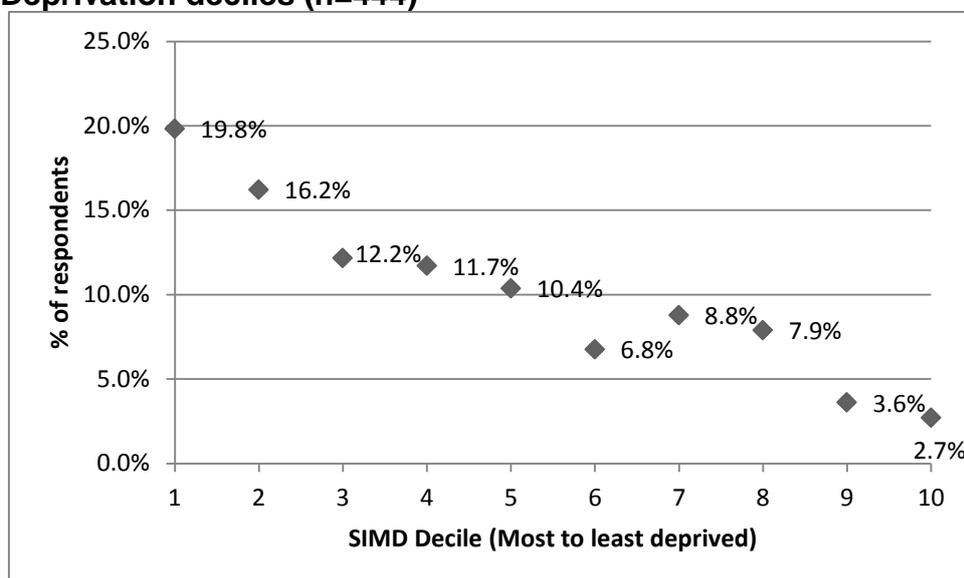
The full questionnaire is included as Appendix A. It should be pointed out that analysis for questions 1 – 9 related to respondents' digital skills and access are not included in this report and instead will be part of a separate, forthcoming publication.

A total of 601 CAB clients completed the survey over the fortnight. Demographic details of respondents are detailed in the 'who took part in the survey below', but we aimed for a reasonably representative sample of Scotland's population, including urban and rural areas in all regions of the country. We also aimed to include areas where Universal Credit was 'live' and where it had yet to be launched at the time the survey was completed.

Additionally, citizens advice bureaux routinely record statistics about the advice provided to clients, and highlight cases where there is an identified social policy issue. We have also included this evidence as appropriate, particularly on direct housing payments and the underoccupancy charge.

receipt of social security benefits which are paid in higher numbers in more deprived areas, and are by the nature designed to support people on low incomes, this is to be expected.

Figure 2 – Respondents’ postcodes compared with Scottish Index of Multiple Deprivation deciles (n=444)



Almost three quarters of respondents (74.3%) lived in urban areas. Compared with the Scottish Government Urban Rural Sixfold Classification, 43.2% of respondents lived in Large Urban Areas, 31.1% in Other Urban Areas, 4.1% in Accessible Small Towns, 7.7% in Remote Small Towns, 7.2% in Accessible Rural areas, and 6.8% in Remote Rural Areas. Table 1 below compares these figures for those for Scotland as a whole.

Table 1– Proportion of respondents by Urban-Rural Classification, compared with Scotland’s population as a whole

Urban/Rural category	% respondents	% population ⁶
Large Urban Areas	43.2%	34.5%
Other Urban Areas	31.1%	35.1%
Accessible Small Towns	4.1%	9.3%
Remote Small Towns	7.7%	3.4%
Accessible Rural	7.2%	11.7%
Remote Rural	6.8%	6.1%

There was an almost even split between men and women who took part in the survey, with 49.3% of respondents being male and 49.4% female⁷.

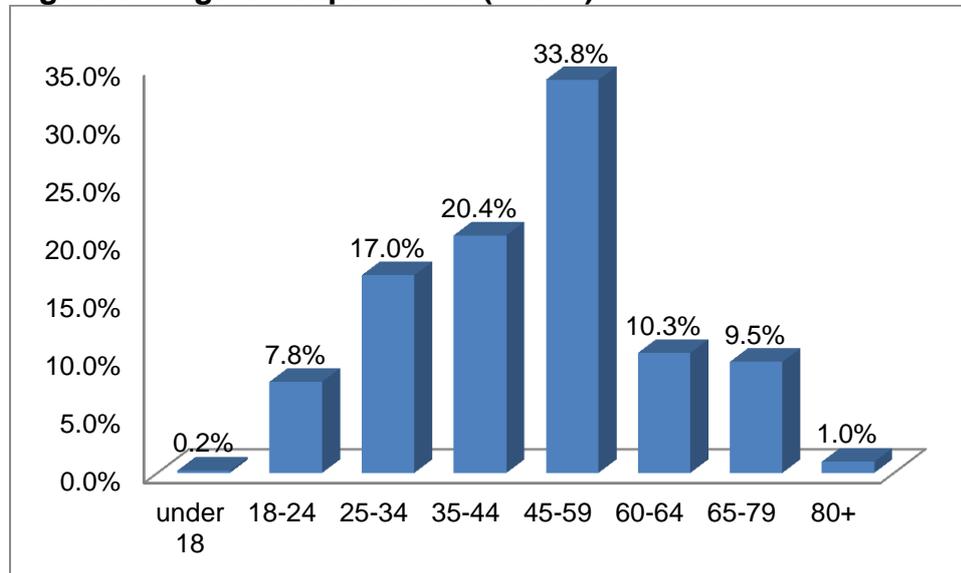
⁶ Urban Rural Classification 2013-2014 - Scottish Government, November 2014

<http://www.gov.scot/Publications/2014/11/2763/5#table5.2>

⁷ The remaining 1.3% selected ‘prefer not to say’

Respondents ranged in age from 17 to 86, with a median age of 47. As shown in Figure 3 below, the largest age groups represented were those aged 45-59 (33.8%), 35-44 (20.4%) and 25-34 (17%). Given that most respondents were in receipt of working age benefits, this may be expected. The average age of respondents was 46.

Figure 3 – Age of respondents (n=524)



85% of respondents had a bank or building society account, with 14.2% of respondents having a Post Office Card Account (POCA). This is interesting given the findings of forthcoming research from Citizens Advice Scotland and Citizens Advice (England and Wales) on the needs of POCA customers who are amongst the most vulnerable in society, and are likely to need support to transition to Universal Credit. 2% of respondents indicated that they had neither a bank account nor a POCA, which alongside the 13% who held a POCA only represents a total of 15% 'unbanked' respondents.

We asked respondents which benefits, if any, they currently claimed. As participating bureaux were asked, where possible, to specifically target the survey at clients seeking advice on a benefits issue, almost three quarters were in receipt of at least one social security benefit. Table 2 below shows the numbers and proportions of respondents claiming particular benefits. Given that people can often be entitled to more than one of these benefits, a number of respondents were in receipt of two or more and as a result the percentages do not total 100%.

Table 2 – Which of the following benefits do you currently claim?

Benefit	Number	% of respondents answering question	% of respondents who claimed a benefit
Jobseeker's Allowance (JSA)	81	14.9%	20.1%
Housing Benefit (HB)	117	21.5%	29.1%
Income Support (IS)	53	9.7%	13.2%
Employment and Support Allowance (ESA)	141	25.9%	35.1%
Child Tax Credits (CTC)	73	13.4%	18.2%
Working Tax Credits (WTC)	52	9.6%	12.9%
Universal Credit (UC)	12	2.2%	3.0%
Personal Independence Payment (PIP)	49	9.0%	12.2%
Disability Living Allowance (DLA)	52	9.6%	12.9%
Another benefit	45	8.3%	11.2%
None	141	25.9%	N/A
<i>No answer</i>	<i>57</i>	<i>N/A</i>	<i>N/A</i>

As shown above, the largest group of respondents (25.9%) were in receipt of Employment and Support Allowance (ESA), followed by Housing Benefit (21.5%), Jobseeker's Allowance (JSA – 14.9%) and Child Tax Credits (13.4%). This is roughly in proportion to the numbers who sought advice on issues related to these benefits in 2014/15, with the exception of Personal Independence Payment (PIP), which is the third most common benefits advice area after ESA and Housing Benefit.

It is perhaps notable that despite 77.3% of surveys being completed in areas where Universal Credit was 'live' at the time⁸, just 2.2% of respondents were in receipt of the benefit. This indicates two things. Firstly, it is a result of the way Universal Credit has been rolled out – at the time the survey was conducted, UC was only available in live areas to single jobseekers with 'non-complex' claims. There are a long list of 'knock-out' factors that exclude people from claiming Universal Credit, including being homeless, self-employed, pregnant, or having a family member in the armed forces amongst many others.⁹

Secondly, it is an illustration of some of the challenges facing the rollout of Universal Credit, and the importance of how the Scottish Government elects to use its devolved flexibilities over UC. Despite the fact that Universal Credit is planned to be 'live' in all parts of Scotland by April 2016, the full impact of it will not be seen for some time, as the majority of people who will eventually be eligible for it currently claim the six 'legacy' benefits, including the most vulnerable. By surveying recipients

⁸ Universal Credit is being rolled out progressively across Scotland. At the time the survey was conducted (August 2015), UC was 'live' – available to eligible claimants - in 17 local authority areas in Scotland.

⁹ Eligibility for Universal Credit – Department for Work and Pensions
https://about.universalcredit.service.gov.uk/kms/Pages/Eligibility_for_Universal_Credit.htm

of other benefits who will eventually be entitled to Universal Credit, we can build up a picture of how it will impact on claimants and how they are likely to cope with it.

In total, 360 respondents were claiming one or more legacy benefits – JSA, ESA, HB, IS, WTC or CTC – or Universal Credit. We grouped together this cohort, which represented just under 60% of the sample when analysing the results, and make reference to this group as the 'legacy cohort' throughout the report.

Frequency of Payments

Universal Credit is paid to claimants monthly in arrears, representing a change from the current system of fortnightly payments under the legacy benefits of Jobseekers Allowance (JSA), Employment and Support Allowance (ESA) and Income Support; and payments at a frequency of claimants' choice (either weekly or four-weekly) for Working Tax Credit and Child Tax Credit.

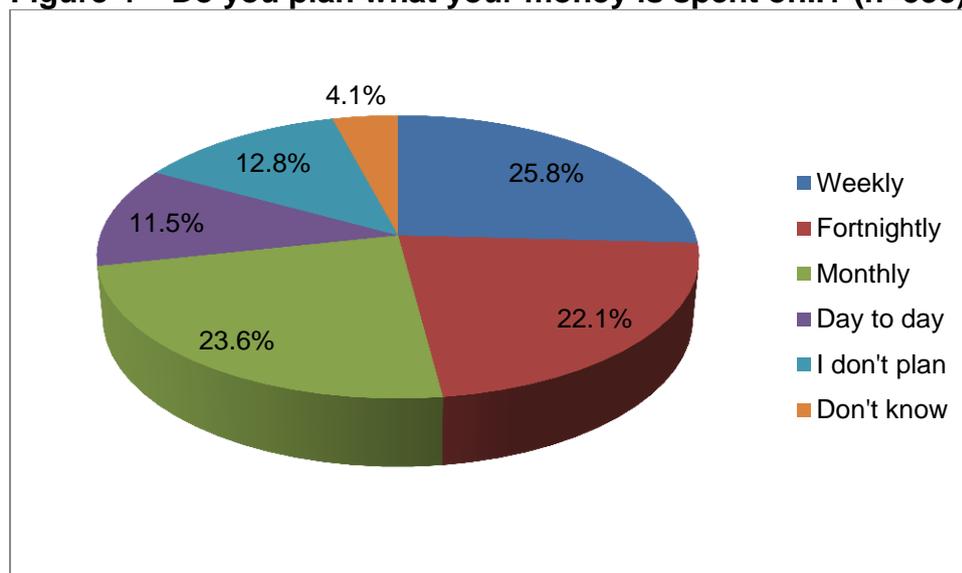
Citizens advice bureaux routinely advise clients who have difficulty budgeting on a very low income. These struggles often result in clients who are in debt, and who require support from the Scottish Welfare Fund, or even from a food bank. This is particularly the case with vulnerable clients, many of whom are currently ineligible for Universal Credit (due to the knock out factors). Some CAB clients who are already struggling with fortnightly payments will be even more severely affected by having to manage on a single monthly sum.

In the CAB client survey, respondents were asked about how frequently they budgeted; whether this was linked to how often their payments came in and how well respondents coped with the amount of money they receive. We also asked respondents whether they would prefer to receive benefit payments monthly, fortnightly or weekly; and if they received a monthly payment how well they think they would cope.

How do benefit claimants currently budget?

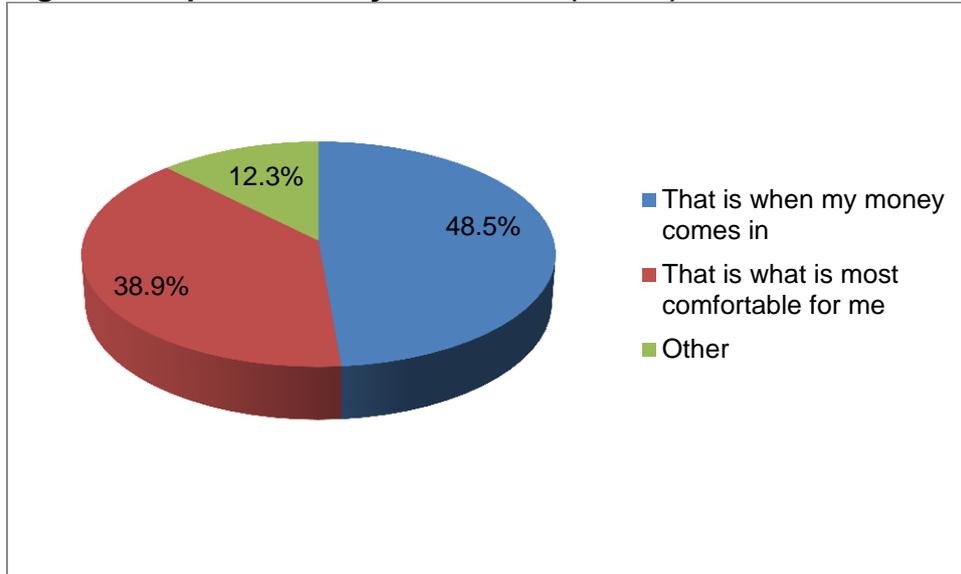
We asked survey respondents how frequently they plan what their money is spent on. Just over a quarter (25.8%) budgeted on a weekly basis, with slightly smaller proportions planning spending on a monthly (23.6%) or fortnightly (22.1%) basis. 11.5% of respondents planned their spending day-to-day and 12.8% did not budget. This is illustrated in Figure 4 below.

Figure 4 – Do you plan what your money is spent on..? (n=538)



When asked why they budgeted in this way, just under half of respondents (48.5%) indicated that 'that is when my money comes in', with 38.9% selecting 'that is what is most comfortable for me' and 12.3% choosing 'other'.¹⁰ This suggests that the frequency of benefit payments is particularly important to a large group of people, and any change will affect the way that they plan how they spend their money. This is shown in Figure 5 below.

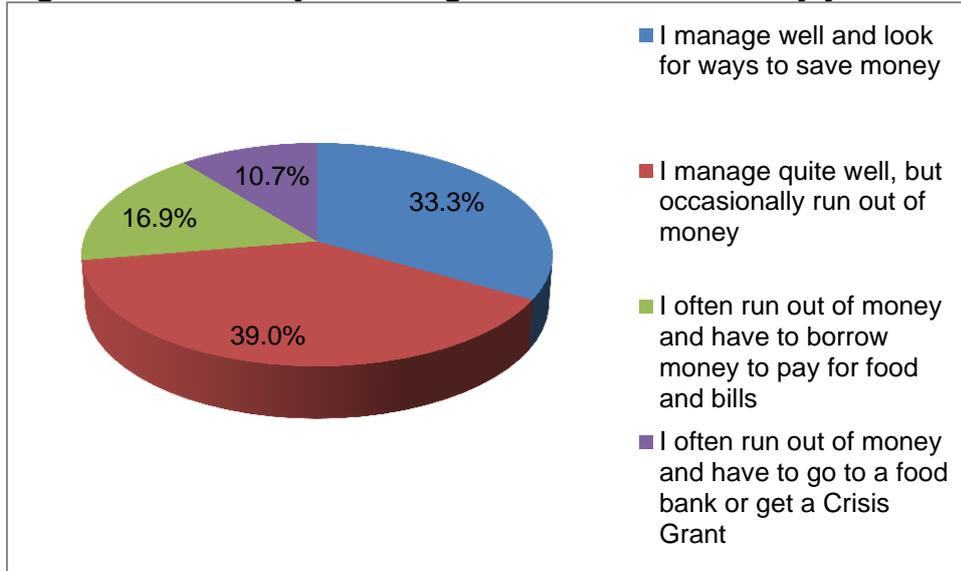
Figure 5 – I plan this way because... (n=511)



We explored how respondents normally coped with the amount of money they received. One third of respondents said they managed well and looked for ways to save money. 39% of respondents stated that they 'manage quite well but occasionally run out of money'. However, more than a quarter of respondents suggested that they often run out of money, with 16.9% regularly having to borrow money to pay for food and bills, and 10.7% having to get a Crisis Grant or go to a food bank. This is shown in Figure 6.

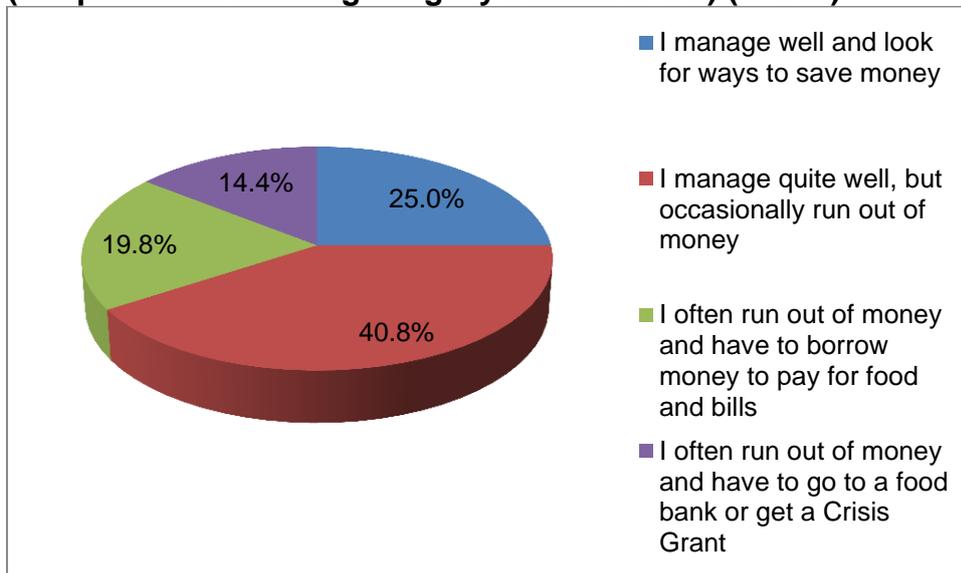
¹⁰ One respondent (0.2%) chose both 'that is when my money comes in' and 'that is when is most comfortable for me'.

Figure 6 – How do you manage the amount of money you receive? (n=531)



Of those respondents who currently claim a legacy benefit or UC, the proportion who often run out of money rises to more than a third (34.2%) – with almost one in five (19.8%) having to borrow money, and 14.4% often running out of money and requiring help from a food bank or Crisis Grant. These results are shown in Figure 7 below.

Figure 7 – How do you manage the amount of money you receive? (Respondents claiming a legacy benefit or UC) (n=348)



This clearly illustrates the vulnerable situation faced by a significant number of people who currently claim benefits. Often running out of money, having to borrow to pay for essentials, having to rely on a Crisis Grant, or having to be referred to a food bank are all clearly unsustainable situations. Not only do they have a significant knock-on impact on other areas of public spending, such as the NHS or the Scottish Welfare Fund, they can have a devastating impact on the individuals concerned and lead to long-term mental or physical health issues.

From respondents' additional comments to their survey answers, it appeared that for many the biggest difficulty in planning what their money is spent on is unexpected bills. Figure 8 below illustrates the frequency of words used by survey respondents when asked about their biggest budgeting difficulties.

Figure 8 - Word frequency, 'Please use this space to tell us about any difficulties you have in planning what you spend your money on.'



“Unexpected bills – costs of children – benefit money doesn’t always cover costs.”

“Regular bills can just about manage, nothing unforeseen.”

“Unexpected bills cause issue.”

“Unexpected expenses but no savings.”

Other respondents found budgeting and managing money difficult, for a variety of reasons.

“Hopeless with money at times.”

“Gambling addiction.”

“My daughter sorts my bills.”

However, the low amount of income provided by benefits seemed to be at the root of the problem for a number of respondents. Given that in most cases the amount provided in benefit payments is less than the National Minimum Wage and will barely cover essential subsistence, this is not a surprise.

“Have to pay bills first then from what’s left I have to buy food which sometimes I can’t do. I can’t buy clothes.”

“In the event of loss of benefit, or even less benefit, I would certainly suffer hardship.”

“Insufficient income means I must always rely on overdraft and credit cards...or family”

“Not enough money.”

“Benefit amounts too low to cover essentials.”

The majority of respondents who budgeted fortnightly (88%) and monthly (57%) did so because that was when their money comes in. In contrast, the majority of those who planned weekly (57%) or day-to-day (66%) did so because that was what was most comfortable for them.

Those who budgeted monthly (47%) or weekly (40%) were most likely to ‘manage well and look for ways to save’. Those who didn’t plan were most likely to often run out of money (48% of those respondents). 44% of those who budgeted fortnightly managed ‘quite well’ 19% managed well and looked to save, with 37% often running out of money.

Those who budgeted according to when was most comfortable for them appeared to be more likely to manage well than those who budgeted according to when their payments come in. Of those who said they planned their money according to what was most comfortable, 43% managed well, 35% managed quite well and 22% often ran out. In contrast, 27% of those who budgeted according to when their money came in managed well, 43% ‘quite well’ and 30% often ran out of money.

However, based on this evidence, it is difficult to come to the conclusion that one frequency or method of budgeting will lead to an individual managing well or struggling. It is also important to note that different methods of budgeting, or ability to manage money is not necessarily restricted to those on a low income or those who claim benefits. Others will manage comfortably or run short of money before the end of the month. However, amongst claimants of the benefits that will eventually become Universal Credit are some very vulnerable individuals.

It is also worth reiterating that the amount of money paid out to benefit recipients is a relatively low amount and is not designed to ensure that claimants are comfortably off, nor accrue savings. The stakes are particularly high when it comes to recipients of Universal Credit running out of money – it can lead to crisis or destitution.

Managing on a monthly Universal Credit payment

The 'default' option for a claimant to be paid Universal Credit is monthly in arrears. Given what we have already discovered about how frequently people currently in receipt of benefits budget, we asked respondents how they felt they would be able to plan what they spent their money on if they received their benefits in one monthly payment.

21.4% of respondents felt that would have 'no problem with a monthly payment, with a further 15.8% indicating that they 'would be able to manage most of the time, but it would be difficult'.

For almost a third of respondents however, a monthly benefit payment would be a struggle. 21.3% felt they would 'often' and 11.3% 'sometimes' run out of money before the end of the month. A further 15.3% were not sure.

Amongst our cohort of respondents who currently claimed a legacy benefit, the concern was even greater. Almost half (46.8%) felt that they would 'often' or 'sometimes' run out of money before the end of the month. This was higher than the 41% who would have no problem, or would manage most of the time, albeit with difficulty. These results are shown in Figures 9 and 10 below.

Figure 9 – If you received your benefits in one monthly payment, how well do you think you would be able to plan what your money is spent on? (All respondents) (n=497)

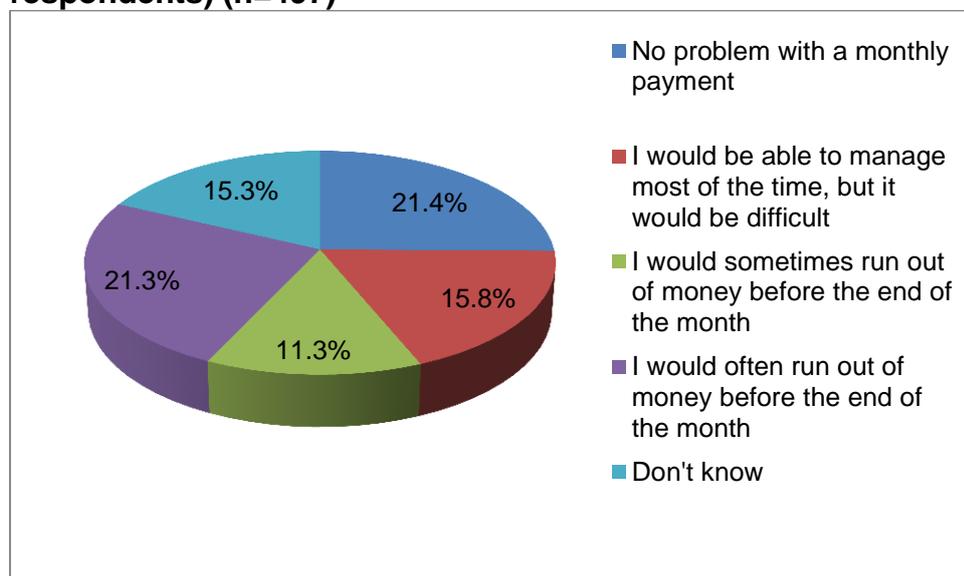
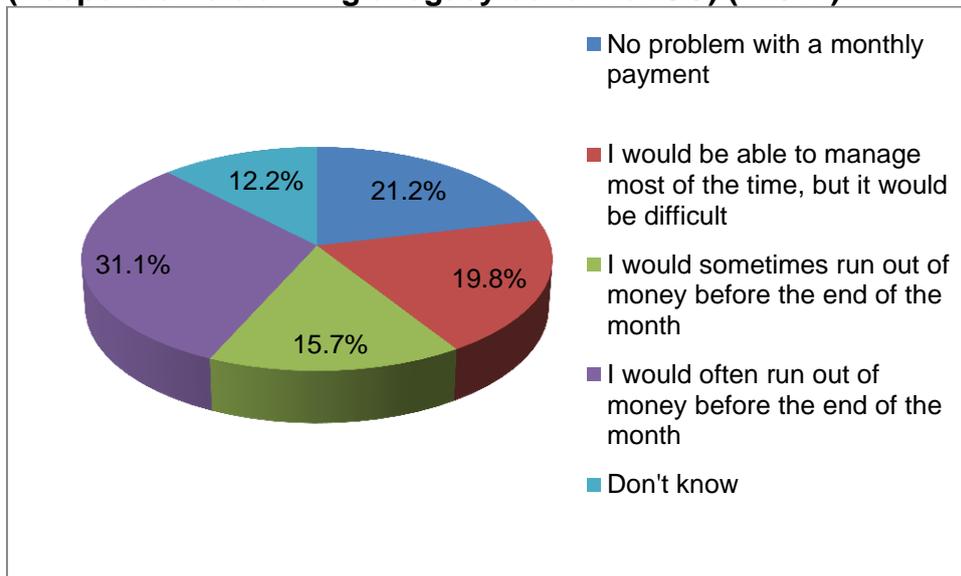


Figure 10 – If you received your benefits in one monthly payment, how well do you think you would be able to plan what your money is spent on? (Respondents claiming a legacy benefit or UC) (n=344)



The UK Government’s rationale for paying Universal Credit monthly is to encourage ‘behavioural change’ amongst benefit claimants. By paying UC monthly, it is claimed to prepare recipients for work, where 75% of jobs are said to pay monthly.¹¹ It also costs less to pay people less frequently.

Given what we have already learned about the number of benefit claimants who often run out of money with the current, more frequent system of payments, this is very concerning. Advice on Crisis Grants and food parcels have already been amongst the fastest-growing issues in Scotland’s citizens advice bureaux over the last two years. If numbers of claimants were running out of money before their next payment on the scale suggested by these results, then the numbers relying on unsustainable coping strategies is a worrying prospect.

Perhaps unsurprisingly, those who currently budget monthly would be most likely to say they would have ‘no problem’ with a monthly benefit payment. Those who budget on other frequencies would be far more likely to have difficulty, with only a small minority of respondents suggesting they would have no problem coping.

Interestingly, those who don’t plan (25%) and budget day-to-day (23%) were more likely to say they would have no problem than those who budgeted weekly (18%) or fortnightly (just 7%). Aside from those who currently budget monthly, every other group were more likely to say they would often run out of money before the end of the month, than would have no problem – 38% of fortnightly budgeters and 33% of those who don’t budget being highest.

¹¹ Personal Budgeting Support and Alternative Payment Arrangements – Department for Work and Pensions
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/418485/personal-budgeting-support-guidance.pdf

“[Have difficulty budgeting for] emergencies. Budget around when bill payments come in. Would be difficult with monthly payment, rearrange direct debit things.” Survey respondent

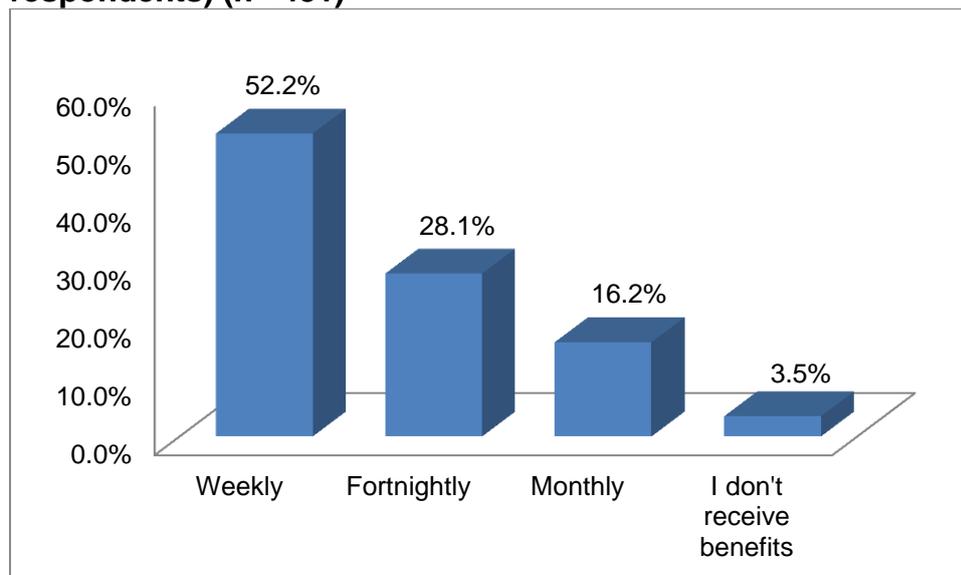
How often would claimants prefer to receive their benefit payments?

In its initial outline of how it intends to use its devolved flexibility over frequency of Universal Credit payments, the Scottish Government suggested it “wants claimants to be given the choice of having their payments made twice a month rather than once a month, as the Department of Work and Pensions (DWP) plan.”¹² Given this approach, we asked survey respondents whether they would prefer to receive their benefits payments weekly, fortnightly or monthly.

As shown in Figure 11 below, the majority of all respondents (52.2%) would prefer their benefits to be paid on a weekly basis. 28.1% would choose fortnightly payments, with 16.2% opting for a monthly payment. The remaining 3.5% did not choose an option as they did not claim benefits.¹³

Amongst the respondents who claimed a legacy benefit or Universal Credit, the preference for both weekly (55.2%) and fortnightly (31.6%) payments increased. Just 13.3% of respondents would prefer a monthly payment given the choice. This is shown in Figure 12.

Figure 11 – Would you prefer to receive your benefits payments..? (All respondents) (n= 431)

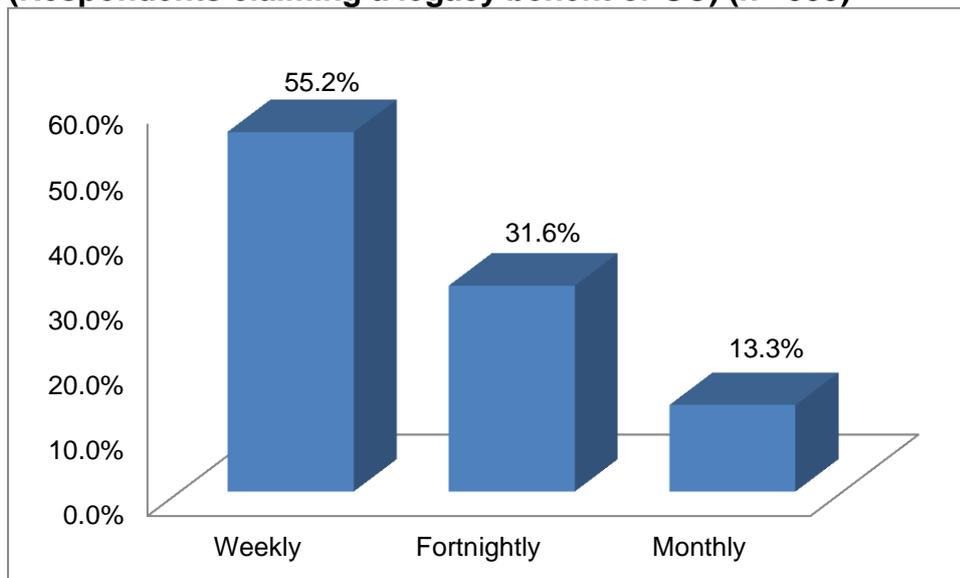


¹² New benefits powers for Scotland – Scottish Government, August 2015

<http://news.scotland.gov.uk/News/New-benefits-powers-for-Scotland-1bef.aspx>

¹³ This proportion is lower than the proportion of respondents who took part in the survey and did not claim benefits. However, it should be noted that the n for this question was around 100 lower than the surrounding questions, so it appears that others who did not receive benefits will have not answered.

**Figure 12 – Would you prefer to receive your benefits payments..?
(Respondents claiming a legacy benefit or UC) (n= 339)**



Perhaps unsurprisingly, respondents were most likely to prefer their benefits to be paid according to how they currently budgeted, with 73% of weekly budgeters preferring weekly payments, 53% of monthly budgeters preferring monthly payments and 50% of fortnightly budgeters preferring fortnightly payments – although only a few more than the 48% of fortnightly budgeters who would prefer a *weekly* payment. Weekly payments were most likely to be preferred by those who planned day-to day (66%), didn't budget (57%) or didn't know how they planned their money (46%).

Weekly payments were preferred by the largest number of those who said they currently managed their money well (38%) and the majority of those who managed quite well (51%), often ran out and have to borrow money (71%) and those who often ran out and have to get Crisis Grants or go to a food bank (70%).

Based on this, it would appear that future Universal Credit claimants have a range of preferences for how frequently they would prefer to receive benefit payments, to fit in with their existing budgeting strategies or would be more comfortable for them. On this basis, the Scottish Government's proposal to give claimants the choice of how frequently they are paid appears to have the potential to help people manage their Universal Credit payments without running out of money.

However, weekly payments were the most popular choice, with a majority of respondents indicating they would select this given the opportunity. Extending current Scottish Government plans to include a weekly option should be given serious consideration to fit in with the wishes of claimants, and given the potential to avoid the knock-on impacts of people having to borrow money or rely on Crisis Grants and food banks.

"I plan monthly as use DLA to pay bills and they come in monthly. Would prefer weekly payments – easier to budget." Survey respondent

CAS recommends the Scottish Government uses its administrative flexibility over frequency of Universal Credit payments to give claimants the choice of being paid weekly, fortnightly or monthly.

These answers also give a useful insight into how UC claimants might react if the choice were given to them. It would appear that a relatively small minority would actually choose monthly payments, perhaps as small as 15%. Based on the results from elsewhere, it would appear likely that the remainder would opt for a more frequent fortnightly payment if monthly payments were not an option.

In administrative terms, the choice could be given to claimants as part of their initial online application for Universal Credit, or as part of their first appointment at Jobcentre Plus.

The first meeting with a Jobcentre Work Coach lasts an hour, and involves agreeing a Claimant Commitment. We have heard from anecdotal evidence that claimants often are not able to absorb all the information given to them in that time. Given that, and as respondents to our survey appeared able to understand and complete the question, it would appear that to make sure people applying for Universal Credit are fully aware of their options, including a question about frequency of payment on the initial application would be preferable.

However, to ensure that the frequency of payments continues to meet the needs of UC claimants, we would suggest that the claimant should have the ability to switch to a different frequency of payment during their claim if it emerges that an alternative would suit them better.

CAS recommends that the choice of frequency of payments is included on the initial Universal Credit application form for applicants in Scotland if possible.

Further issue for consideration – period before first payment

Early evidence suggests that clients claiming Universal Credit have had issues with running out of money before their next monthly payment is due. In some cases, this is due to the five-week period before the first payment, which the Scottish Government will have no devolved control over due to the way Universal Credit is designed. However, this can lead to hardship and borrowing from the outset, and a more frequent payment may help claimants avoid going without income for lengthy periods of time.

- An East of Scotland CAB reports of a client who was at the Jobcentre on the previous day where he signed on for unemployment benefit. He was told that he would be on Universal Credit and that his first payment of around £250 would be in around five weeks' time. His application was successful as far as he knew, but he was given no indication of how to survive until then. The handling of the client's cashflow needs from sign-on until payment date were ignored by DWP, as is their policy, but he was also given a misleading

Scottish Welfare Fund leaflet. Furthermore, no short term benefit award can be applied for until after Capita verification of client, which has an unknown timescale.

CAS recommends that the Scottish Government and Department for Work and Pensions work closely together to assess the impact on claimants of the five-week period before the first Universal Credit payment is received.

Delays in the processing of benefit claims, reconsiderations and appeals often cause severe financial hardship for clients, meaning they must resort to applying for Crisis Grants from the Scottish Welfare Fund, or charitable support from local food banks, neither of which are sustainable solutions. With the introduction of Universal Credit (UC), these transfer delays will become a major concern. When claimants begin to be migrated onto UC from other benefits, the processing of these claims are likely to take a number of weeks, especially when the seven 'waiting days' are added on to the usual processing time.

Despite the roll-out of Universal Credit being at a relatively early stage in Scotland, citizens advice bureaux have already advised clients who had been caused hardship, or even needed a referral for a food parcel because of administrative delays.

- A North of Scotland CAB reports of a client who started an application for Universal Credit on 27th April. His first award was to be made on 2nd June, although he was given a £350 advance. Each time he has phoned to ask why he has not been paid they ask him for another document. They have promised money 'by the end of tomorrow'. Nothing has come through. The client is extremely stressed, has no money, and had to have a food voucher which he sees as a great disgrace. Also, although he listed his children on the application form, he has received no 'child element' on award. Now after phone call from CAB they will register a 'change of circumstances', but not make any payment for money due since 2nd June until 2nd July.

One emerging cause of delays is due to uncertainty over whether a client is eligible for UC or JSA. There is a lengthy list of factors that currently disqualify applicants from claiming UC¹⁴, which can result in their claim being rejected online and directed to claim JSA. However, when some claimants have then tried to make a claim for JSA, the system has rejected their claim and directed them to claim UC. This does not seem to be entirely confined to the online system.

- A West of Scotland CAB reports of a client who had tried to claim Universal Credit online but was unsuccessful. She then claimed JSA online as directed, but when she visited the Jobcentre Plus she was told she would have to claim UC online. The client tried again, but again she was told she was ineligible. The client has had no money since finishing her college course last month and needs help. The CAB adviser tried to phone escalation contacts but was told that Jobcentre staff aren't supposed to help with Universal Credit claims.

¹⁴ Eligibility for Universal Credit – Department for Work and Pensions
https://about.universalcredit.service.gov.uk/kms/Pages/Eligibility_for_Universal_Credit.htm

Other emerging administrative issues relating to UC include claimants whose housing element has not been included due to documentation being lost; issues with the Universal Credit application website crashing mid-claim; long or multiple phone calls being required to contact the UC Contact Centre; and frequent unannounced changes to UC escalation routes for CAB advisers.

CAS recommends that the DWP must make extraneous efforts to minimise delays in the processing of Universal Credit claims to avoid claimants spending significant periods of time without income.

Single household payments

If a couple are both eligible for Universal Credit, then they must make a joint claim. Their entitlement is calculated on a household basis, and they are paid one single household payment. This can be to a couple's joint account, or one of the partners' individual accounts.

This feature of Universal Credit has caused concern from a number of organisations about possible scenarios that may occur. These concerns include potential loss of independent income for women¹⁵ or making it more difficult for a claimant to leave an abusive partner¹⁶. Partly in response to these concerns, the Smith Agreement¹⁷ proposed devolving the power to vary the payment arrangements that would make it possible to split couples' Universal Credit payments into individual payments to each partner.

What arrangement would claimants prefer?

Our survey asked respondents who also had a partner who claims benefits whether they would prefer payments to be made as one single amount, to be paid to the respondent; one single amount paid to their partner; or as individual payments made separately. It is worth noting that for the vast majority of respondents this did not apply, with only 124 of 601 respondents (20.6%) also having a partner who claims benefits.

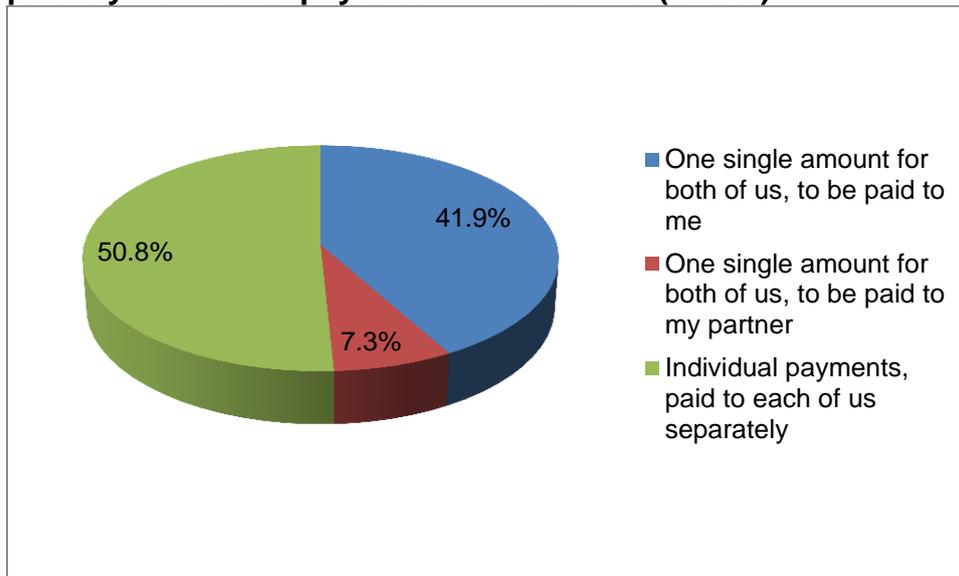
There was a very even split between respondents who wanted single household payments and individual ones. 49.2% of respondents would prefer a single payment, with most of those preferring the payment to be made to them (41.9%) with only 7.3% wanting it to be paid to their partner. A narrow majority (50.8%) would prefer individual payments, paid to them and their partner separately. This is illustrated in Figure 13.

¹⁵ The Gender Impact of Welfare Reform – Scottish Government Communities Analytical Services Division, August 2013 <http://www.gov.scot/resource/0043/00432337.pdf>

¹⁶ Housing Policy and Welfare Reform – Women's Aid <http://www.womensaid.org.uk/page.asp?section=00010001001000320002§ionTitle=Housing+Welfare>

¹⁷ Report of the Smith Commission for further devolution of powers to the Scottish Parliament – November 2014 <https://www.smith-commission.scot/smith-commission-report/>

Figure 13 – If you have a partner who also claims benefits, how would you prefer your benefit payments to be made? (n=124)



From our respondents, women were slightly more likely than men to prefer a single household payment. 53.8% of female respondents would opt for a single payment if they had the choice, compared with 45.5% of male respondents. For both genders, the vast majority would prefer the payment be made to them, rather than to their partner. Men were slightly more likely to choose individual payments (54.5% of male respondents) compared with women (46.2%).

This indicates that whilst single household payments would not be the choice of around half of claimants with a partner, there is still support for them. However, given the preference of the slight majority of respondents for individual payments, CAS believes it should be made easier to facilitate this. We would support claimants being given the choice of a household or individual payment at the outset of their claim, with the option to switch to the other option at any point.

CAS recommends couples and families who claim UC are given the choice of whether they would prefer a single household payment, or individual payments to each partner. This choice should be given at the outset of the claim, and should be possible to change options at any time.

Other issues related to single household payments

A number of organisations have raised concerns that this system may exacerbate situations of domestic abuse or financial abuse and make it harder for claimants to leave an abusive partner.^{18 19 20} There may also be significant problems caused if

¹⁸ Housing Policy and Welfare Reform – Women’s Aid
<http://www.womensaid.org.uk/page.asp?section=00010001001000320002§ionTitle=Housing+Welfare>

¹⁹ Welfare Reform Bill – Universal Credit payment issues – Briefing from Women’s Budget Group (WBG), September 2011 <http://wbg.org.uk/pdfs/0-Universal-Credit-payment-issues-Sept-2011-revised.pdf>

one partner struggles with a drug or alcohol addiction and is in receipt of a single household payment.

Under current rules, where domestic or financial abuse has occurred and a couple decide to stay together an Alternative Payment Arrangement can be applied for, providing for split payments.²¹ This would also be possible if, as we propose, claimants are given the choice of whether to have individual payments or single household payments.

However, where abuse is ongoing it may not be possible for a person to safely inform the DWP to put this arrangement in place. It would be extremely difficult if a couple were attending the Jobcentre together for an abused partner to tell a Work Coach that they would prefer an individual payment. Whilst this was not directly covered in our client survey, CAS recognises the concerns raised and would endorse further work in this area.

CAS recommends the Scottish Government and DWP, in consultation with experts in the field, consider how it might be possible to identify potential abusive situations if couples are attending the Jobcentre together to enable single household payments to be split to avoid this creating a barrier to leaving an abusive relationship.

²⁰ The Gender Impact of Welfare Reform – Scottish Government Communities Analytical Services Division, August 2013 <http://www.gov.scot/resource/0043/00432337.pdf>

²¹ Personal Budgeting Support and Alternative Payment Arrangements Guidance – Department for Work and Pensions, March 2015
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/418485/personal-budgeting-support-guidance.pdf

Payment of housing costs

Unlike Housing Benefit, which is paid to a claimant's landlord if they live in social housing, under Universal Credit a housing element is paid directly to claimants as part of their monthly payment. Early evidence from social landlords in Inverness has shown that this has led to an increase in rent arrears amongst Universal Credit claimants, with Highland Council reporting that all their known tenants on Universal Credit were in rent arrears, with an average of £669 owed per tenant²².

This evidence has been reinforced by evidence from citizens advice bureaux in areas where Universal Credit has been rolled out which suggests that the move has caused rent arrears for a number of clients. In some cases, this is because a client has quickly accrued arrears at the start of their claim, such as in the five week period between their Universal Credit claim being accepted (assuming no administrative delays) and receiving their first payment. Bureaux have also advised clients where DWP administrative errors have led to them receiving no housing element included with their Universal Credit payment.

Some CAB clients, despite completing the UC application process have been left unaware that they are required to pay rent out of their benefits payment, as well as others who have struggled to cope with a combination of priority debts, bills and rent payments from their monthly lump payment.

- A North of Scotland CAB reports of a client who is having £62.93 taken off his Universal Credit for rent arrears and is also paying £40 from the money he receives. He is struggling to pay for essentials because of this.
- An East of Scotland CAB reports of a client who was told to apply for Universal Credit three months ago after previously being in receipt of JSA and Housing Benefit. He has received his first payments, but the housing element has not been included. When the adviser called the Universal Credit Support Centre it emerged that supporting information from the client's landlord had been received but not processed. The client now has two months' rent arrears.
- A North of Scotland CAB reports of a client who came in for a food bank voucher. She works 16 hours per week and was claiming Universal Credit, but closed her claim after receiving a monthly payment of £0.01 which left her without money for food or fuel. She now has rent arrears and wishes to claim Housing Benefit instead and look for alternative work rather than rely on Universal Credit.

The current system, where Housing Benefit is paid to the social landlord rather than the tenant, works relatively well, and prevents many of these scenarios from occurring. CAS is concerned that direct payments to claimants, coupled with monthly payments presents a new challenge to often-stretched finances, and leaves them

²² Universal Credit Roll Out The Highland Experience – Highland Council presentation, May 2015
http://www.sfha.co.uk/index.php?option=com_docman&task=doc_details&gid=4345&Itemid=75

susceptible to accruing substantial rent arrears due to maladministration or poor communication by the DWP.

It is also important to note that many of the most vulnerable CAB clients are not yet eligible for Universal Credit due to the current 'knock out' factors²³ and we would expect further difficulties as the number of claimants increases. **CAS would recommend that the housing element of Universal Credit is paid to social landlords as a 'default' option, as Housing Benefit currently is.**

²³ Eligibility for Universal Credit – Department for Work and Pensions
https://about.universalcredit.service.gov.uk/kms/Pages/Eligibility_for_Universal_Credit.htm

Underoccupancy charge

The underoccupancy charge – the so-called ‘Bedroom Tax’ – caused significant issues for clients when it was introduced in 2013. In the first eight months of the Bedroom Tax (April – November 2013):

- Bureaux advised on 13,783 new Housing Benefit issues – an increase of 29% on the same period in 2012
- Bureaux dealt with 1,735 new issues specifically related to the Bedroom Tax
- Discretionary Housing Payment issues rose by 249% compared to the previous year
- Local authority rent arrears issues increased by 34%
- RSL rent arrears issues increased by 47%
- Access to accommodation issues increased by 16%

In particular the Bedroom Tax has an unfair impact on a number of client groups who are not able to move to a smaller property in the foreseeable future and would be likely to require permanent DHP support, including people living in significantly adapted housing, couples who are not able to share a bedroom due to medical conditions, people who require space for medical equipment or treatment and people in temporary homeless accommodation.

- A West of Scotland CAB reports of a client whose Housing Benefit has been reduced due to a charge for under-occupancy. She was given tenancy of her present home on medical grounds because of her debilitating conditions. At the time she was entitled to full Housing Benefit, however, she has now been asked to pay a contribution towards the weekly rent which the client cannot afford. Her husband is her carer, as she is disabled, unable to work and receives middle rate care DLA. The house is adapted for her needs and the possibility of being allocated a suitable one bedroom property is very small.
- A North of Scotland CAB reports of a client affected by the ‘bedroom tax’ who requires the extra bedroom for kidney dialysis. The client has a kidney condition that requires dialysis three to four times a day, with each session lasting around 90 minutes. The client uses her spare bedroom for dialysis which must be kept sterile and which contains specialist equipment. At the time of seeking advice, the client’s Discretionary Housing Payments had just run out and she was applying for a new payment.

As at May 2015, 72,026 people in Scotland are affected by the Bedroom Tax, losing on average £12.08 per week.²⁴ Following the Scottish Government’s welcome mitigation funding, these claimants can get Discretionary Housing Payments (DHP) to cover their full losses, which has been largely successful in mitigating the impact on vulnerable people.

However, as DHPs must be regularly re-applied for and are not designed to provide long-term support, a more robust solution would be to remove the underoccupancy

²⁴ Stat-Xplore tool – Department of Work and Pensions <https://stat-xplore.dwp.gov.uk/>

charge for all Universal Credit claimants in Scotland. **CAS recommends the Scottish Government does this when it acquires the power to do so.**

Conclusion

Overall, the findings of our survey and bureaux evidence show that there is still a long way to go for Universal Credit. Despite being based on principles which are supported by most stakeholders, the fact that only 2% of respondents currently claim the benefit shows that much is to be done to make sure Universal Credit is right in practice.

The devolution of powers over the administration of Universal Credit gives an opportunity to create a distinctive Scottish approach that works for people that claim it. Our findings reveal that people have a wide range of budgeting strategies and frequencies that are not always suited by a standard monthly payment. Worryingly, many claimants of the legacy benefits that will be replaced by UC often run out of money and need emergency support from the Scottish Welfare Fund or food banks.

Giving claimants full choice over whether to receive their benefit payments weekly, fortnightly or monthly depending on what suits them best has the potential to reduce the risk of people running out of money, preventing money having to be spent dealing with the consequences.

Similarly, people have a range of preferences over whether a single payment to their household, or individual payments would suit them best. Giving couples who claim Universal Credit the option based on what suits their needs best would help people manage the relatively small amounts of money provided by UC.

The problems emerging from paying housing costs to claimants rather than social landlords, and the unfairness of the underoccupancy charge have been well-documented, and are reinforced by evidence from Scotland's citizens advice bureaux. A distinct Scottish approach to Universal Credit has the opportunity to learn lessons from emerging evidence and create a system that works to help the people in need of it.

Citizens Advice Scotland recommends:

- The Scottish Government uses its administrative flexibility over frequency of Universal Credit payments to give claimants the choice of being paid weekly, fortnightly or monthly.
- The choice of frequency of payments is included on the initial Universal Credit application form for applicants in Scotland if possible.
- The Scottish Government and Department for Work and Pensions work closely together to assess the impact on claimants of the five-week period before the first Universal Credit payment is received.
- The DWP must make extraneous efforts to minimise delays in the processing of Universal Credit claims to avoid claimants spending significant periods of time without income.

- Couples and families who claim UC are given the choice of whether they would prefer a single household payment, or individual payments to each partner. This choice should be given at the outset of the claim, and should be possible to change options during the claim.
- The Scottish Government and DWP, in consultation with experts in the field, consider how it might be possible to identify potential abusive situations if couples are attending the Jobcentre together. The aim would be to enable single household payments to be split to avoid this creating a barrier to leaving an abusive relationship.
- The housing element of Universal Credit is paid to social landlords as a 'default' option, as Housing Benefit currently is.
- The Scottish Government removes the underoccupancy charge when it acquires the power to do so.

Appendix A – Survey Questions

We would first like to ask some questions about computer use and the internet

Q1. Can you use a computer?

Very well I can get by With difficulty I can't use one at all

Q2. Do you use the internet?

Often Sometimes Hardly ever Never

Q3. On which types of devices do you use the internet?

Computer/laptop Smartphone Tablet Other

Q4. If you use the internet, where do you access it from? (please tick all that apply)

Home Family's house Friend's house Internet café
Work CAB Community Centre Job Centre
College Library Not applicable
Work Programme provider Other (please tell us where)

Q5. Could you make an application for a benefit online?

On my own, no problem On my own, with difficulty With help Not at all

Q6. Could you apply for a job online?

On my own, no problem On my own, with difficulty With help Not at all

Q7. Have you ever received training and/or support to use computers & the internet?

Yes No Not sure

Q8. If free training or support opportunities were provided to boost your computer and internet abilities, would you take advantage of them?

Yes No Not sure

Q9. Please use this space to tell us about any difficulties you have in accessing or using the internet to apply for benefits or jobs

Q10. Which of the following benefits do you currently claim? (please tick all that apply)

Jobseekers Allowance	<input type="checkbox"/>	Housing Benefit	<input type="checkbox"/>	Income Support	<input type="checkbox"/>	Employment & Support Allowance	<input type="checkbox"/>
Child Tax Credit	<input type="checkbox"/>	Working Tax Credit	<input type="checkbox"/>	Universal Credit	<input type="checkbox"/>	Personal Independence Payment	<input type="checkbox"/>
Disability Living Allowance	<input type="checkbox"/>	Another benefit	<input type="checkbox"/>	None	<input type="checkbox"/>		<input type="checkbox"/>

Q11. Do you have a bank account or Post Office Card Account?

Bank/Building Society account Post Office Card account None

Q12. Do you plan what your money is spent on...?

Weekly Fortnightly Monthly Day to day
 I don't plan Don't know

Q13. I plan this way because...

That is when my money comes in That is what is most comfortable for me Other

Q14. How do you manage the amount of money you receive?

I manage well and look for ways to save money I manage quite well, but occasionally run out of money
 I often run out of money and have to borrow money to pay for food & bills I often run out of money and have to go to a food bank or get a Crisis Grant

Q15. Would you prefer to receive your benefits payments..?

Weekly Fortnightly Monthly I don't receive benefits

Q16. If you received your benefits in one monthly payment, how well do you think you would be able to plan what your money is spent on..?

No problem with a monthly payment I would be able to manage most of the time, but it would be difficult
 I would sometimes run out of money before the end of the month I would often run out of money before the end of the month Don't know

Q17. If you have a partner who also claims benefits, how would you prefer your benefit payments to be made? (please circle)

One single amount for both of us, to be paid to me

One single amount for both of us, paid to my partner

Individual payments, paid to each of us separately

Not applicable – I don't have a partner/partner doesn't claim benefits

Q18. Please use this space to tell us about any difficulties you have in planning what you spend your money on

Q19. What is your postcode _____ and your age _____?

Q20. What is your gender?

Male

Female

Prefer not to say

Appendix B – Participating bureaux

Clients at the following citizens advice bureaux participated in the survey. CAS would like to thank the staff and volunteers in the bureaux for their assistance, without which this survey would not have been possible.

- Airdrie CAB
- Argyll and Bute CAB
- Caithness CAB
- Central Borders CAB
- Citizens Advice Edinburgh (Dundas Street, Gorgie/Dalry, Leith, Pilton and Portobello offices)
- Citizens Advice and Rights Fife (Dunfermline, Glenrothes and Leven offices)
- Cumbernauld CAB
- Dalkeith CAB
- Denny and Dunipace CAB (Falkirk Area Welfare Benefits Advice Support Unit)
- East and Central Sutherland CAB
- East Kilbride CAB
- East Renfrewshire CAB
- Falkirk CAB (Falkirk Area Welfare Benefits Advice Support Unit)
- Glasgow Central CAB
- Glasgow Easterhouse CAB
- Glasgow Greater Pollok CAB
- Glasgow Parkhead CAB
- Grangemouth CAB (Falkirk Area Welfare Benefits Advice Support Unit)
- Haddington CAB
- Hamilton CAB
- Inverness, Badenoch and Strathspey CAB
- Musselburgh CAB
- North and West Sutherland CAB
- Orkney CAB
- Roxburgh and Berwickshire CAB
- Turriff CAB
- West Dunbartonshire CAB
- Western Isles Citizens Advice Service (Lewis & Harris and Uist & Barra offices)

