

# The Universal Credit Crunch

The voices behind the benefit say Universal Credit has caused chaos and poverty in their homes.

Words: *Amber Sunner*,  
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**B**ecca Butcher is on Universal Credit after transferring from disability benefits. She was victim to the administrative chaos that comes with the welfare system. Her Majesties Revenue Customs (HMRC) threatened to cut Becca's benefits if she attended a benefit meeting with no assistance, or if she failed to attend the meeting. "It was a lose-lose situation," she says to me. Becca then switched to Universal credit, thinking that this would be better for her, but it instead made her situation worse. "It isn't reliable and I'm not making enough money, even with Universal Credit, to pay bills and buy food."

**🚨 Crisis looms**  
Many Universal Credit claimants are outraged at the way the benefit works

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The ongoing coronavirus pandemic has led the Prime Minister to ask non-essential workers to stay at home, which has hit many working-class families hard. The Department for Work and Pensions (DWP) said 950,000 successful applications for Universal Credit were made from the day people were advised to work from home to the end of the March. The department would normally expect 100,000 claims in a two-week period. This spike in applications will be staggering for poorer households, as the money they will receive will not be enough according to current claimants.



Current claimants say the welfare system has ignored them. Many are struggling to make ends meet. Becca's sheer anger mirrors many of the 2.3 million people who are currently claiming Universal Credit. The government saw it as a simple solution of rolling six benefits into one but there is an untold misery. The benefit was designed to lift its claimants out of poverty but instead is pushing them deeper into it after leaving them worse off.

## "I'm being punished for being disabled."

Becca is on Universal Credit because her physical and mental health makes it difficult for her to find work. She described the impossible situation she was put in after HMRC threatened to cut her benefits if she turned up to a mandatory benefit assessment meeting alone.

"HMRC would've cut my benefits regardless if I turned up or not," she says. The dismay felt by Becca is echoed throughout the UK by many of the benefit's claimants who say they also have been let down by the welfare system.

The benefits which make up Universal Credit are Child Tax Credit, Housing Benefit, Income Support, Jobseeker's Allowance, Employment and Support Allowance and Working Tax Credit.

Universal Credit caps how much its claimants, like Becca, can earn at £16,000 a year. If claimants do earn more than the threshold then they are no longer eligible for the benefit. The system is inherently flawed in this sense according to Becca. The official government website says the benefit 'is designed to encourage claimants to do all they can to get into work'. However, Becca sees it more like the government forcing claimants into work to make sure they survive, whilst making sure they earn the right amount so that they do not get cut off either. She likens it to a juggling act where it is hard to keep all the balls in the air. Becca feels immense pressure from the government to find a job with longer hours which will be a detriment to her health and wellbeing just so she can survive. "I'm being punished for being disabled," she says, quickly adding that she did not want to seem like she was whining either.

Becca is optimistic for the future saying: "Hopefully one day I'll be able to find a job that works around my health issues and make enough so that I no longer need Universal Credit at all." Becca's story is one of the millions of Universal Credit claimants who are struggling because of the poor design of the benefit.

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Universal Credit has, in all honesty, made my life much worse," says Luke Haywood, a 22-year-old from Coventry who is on Universal Credit and Statutory Sick Pay. "I couldn't even afford a haircut at one point." Luke was left struggling after claiming Universal Credit. Like many claimants he feels that he has been failed by a system that only supports the 1% in his words. He described being on Universal Credit as "pretty terrible" adding that he takes weekly trips to the food bank because his payments do not cover the cost of such basics. This is the first time Luke has asked for help from the government; he says it was hard to ask for help but decided that it was the only way he could survive.

This is the harsh reality for a majority of claimants of the benefit. For many of them it is a last resort, and one that in the long run pushes them deeper into the poverty they were trying to escape. "The system is terrible for me too as I'm classified as having a disability," Luke says that

this classification is not so severe that it warrants him as eligible for extra support from the government. The system of Universal Credit is badly designed according to Luke as it traps claimants in their circumstances with no way out.

According to the DWP claimants of Universal Credit are 'on a journey from dependency to independency' but people like Luke have expressed concerns for their own welfare. He says that the system does not benefit the claimant adding that being on it has made him worry more than when he wasn't claiming it.

An estimated 180,000 people are moving to Universal Credit each month. According to the DWP's promotional video of the benefit, it is designed to 'make work pay', however, the government has delayed the full rollout of the benefit to September 2024 leaving many questioning why this is. The vulnerable claimants that I spoke to think that it is a step backwards than the leap forward the government thought it would be.

The waiting time for receiving Universal Credit is five weeks which is three weeks longer than legacy benefits such as housing benefit. The Trussell Trust, a food bank network, found that the wait led to "acute and immediate financial hardship" including destitution, housing insecurity and indebtedness. Government measures to mitigate the negative effects of the five-week wait were either limited or failing according to Trussell. The network also found that food bank use rose in the months following the roll-out of Universal Credit. On average their research found that 12 months after a roll-out of Universal Credit in an area, local Trussell Trust food banks saw a 52% increase in demand. This figure accounts for seasonal and other variations.

The DWP dismissed the Trussell Trust report as unsubstantiated and based on unrepresentative data. A DWP spokesperson said: "It categorically does not prove that Universal Credit is the reason behind increased food bank usage."

Hannah Bent has been claiming Universal Credit for two years and described it as a 'joke' saying that it has forced her to reduce all of her bills. Being on the benefit has made her £200.00 a month worse off because she is not allowed to keep her lodger as this was classified as income under the Working Tax Credit guidelines. She described the advice given by government workers as "confusing to say the least".

Hannah adds that she has also been forced to use food banks. Travelling to different food banks and spending half a day just to get a box full of food is exhausting for her. Universal Credit is also the first benefit Hannah has claimed. She says that she too was in a dire situation which forced her into becoming a claimant. But since the benefit has left Hannah worse off she says that she regrets it. Hannah says that she wants to get off the benefit but describes that "it'll be very hard since I'm losing the lodger money. I'll have nothing to fall back on." It's an awful system according to Hannah because "it takes more from you than it gives back". She says that she often goes without heating at night because she cannot pay her bills with the amount of money she receives on Universal Credit. I asked her if she was angry at the government for allowing her to live with so little money. She simply said: "Yes." No other words needed to be said. The one-word answer was enough to convey her exasperation at the system. Hannah is struggling like many Universal Credit claimants.

## "I couldn't even afford a haircut at one point."



Becca Butcher says the welfare system has failed her

BECCA BUTCHER

Research published by the Joseph Rowntree Foundation estimated that two in five families set to move on to Universal Credit in the future – about 2 million households – will be unable to meet basic living costs during the five-week wait. This research was published before the pandemic and subsequent lockdown. The number of families who are now moving onto the benefit has dramatically increased in the previous weeks.

Former shadow work and pensions secretary Margaret Greenwood said in September 2019 the five-week wait was wrong and advance loans were not the answer. Advances can be issued on your first payment of Universal Credit to help you get by if the five weeks is too long, but this is not always the case.

Fiona Johnson received an advance on her first payment and described it as a "struggle" because she did not get to choose how much of an advance she could claim. Fiona was given a sizeable advance meaning that subsequently a large amount of money was taken out of her monthly benefit. Fiona is not the only claimant struggling to survive on her payments after deductions are taken from her benefit.

According to a Freedom of Information Act made to the DWP 4,275,000 Universal Credit advances have been issued since 2013. The Department confirmed that 739,000 people on the benefit lost at least 20% of their standard allowance payment to these 'deductions' in November. Overall 58% of claimants of Universal Credit suffered deductions since November. The government is taking from the poorest, according to Fiona, and this is what really angers her. "It's not fair and it's not right. It shouldn't be this way," she says as her voice falters down the phone. Fiona also feels like the government has failed her.

The DWP told The Guardian that its advance loans were working as intended.

The Budget 2020 is helping to mitigate the issue that arises with advance repayments. Chancellor of the Exchequer Rishi Sunak has extended the time to pay back advances to two years from the previous one-year deadline meaning claimants can hold onto a larger portion of their benefits in the long term. This change is planned to come into effect in October 2021.

Fiona also expresses her anger at the design of the benefit calling the monthly payments "absolutely ridiculous" because the temptation to spend all your benefit is high. She called the Universal Credit system "cruel" to those who claim it; a feeling which seems common amongst a majority of claimants.

Universal Credit is the first benefit Fiona has claimed. She says she regrets putting her application in because it has not benefited her. She describes it as making her life harder; "I have to make sure I live on a weekly amount and not be tempted to use any more than my weekly quota," she says. The monthly allowance means that Fiona is constantly worrying about overspending and being left with no income towards the end of the month.

The British and Irish Trade Union, Unite, have set up a campaign called '#STOPUniversalCredit' which is calling for the benefit to be scrapped due to it 'plaguing people with problems' according to a report by Unite. A spokesperson from Unite said Universal Credit has caused thousands of people to fall into debt, rent arrears and to become reliant on food banks. Unite also claims that Universal Credit takes 63 pence for every £1 people earn leaving many working families much worse off

than the old system.

The Child Poverty Action Group has also criticised Universal Credit heavily, saying that it pushes more children into poverty year-on-year. A report published by the group calls for design and funding changes to improve the claimant's experience of Universal Credit and to reduce child poverty. Analysis from the think tank, Institute for Public Policy Research (IPPR) found restoring both the child element in Universal Credit and child benefit to their 2013/14 value of £20.30 a week and £13.40 for additional children would mean 200,000 fewer children in poverty. However, the Universal Credit design currently has a two-child limit which IPPR found was pushing an extra 300,000 children into poverty. The think tank concluded that if this feature was scrapped it would lift the most children from poverty per pound of social security spending.

The idea Sir Iain Duncan Smith hailed the Universal Credit scheme first

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The Universal Credit mechanism was hailed by Sir Iain Duncan Smith in 2011 who was Work and Pensions Secretary at the time. It was once described as the 'most radical redesign of the benefits system this country has ever seen,' by Sir Ian. However, it is apparent that the benefit needs to be reformed to help its claimants. On 10th March this year, Sir Ian asked for more money to be allocated to the benefit at the House of Lords Economic Affairs Committee, signalling that the current amount that is given to claimants is not enough. He also asked for a reduction in the five-week wait to a four-week one addressing the concerns raised by the Trussell Trust. However, Sir Ian still sticks by his creation calling it 'better than the benefits that went before', which is a statement that does not sit well with Becca. She was on these 'benefits that went before' and says life was definitely not better. Shocked to hear such a statement she says: "He's spoken like a true elitist in my opinion; a man who's never struggled to make ends meet."

Counting the pounds Claimants are struggling to survive on the benefit

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The story of the people behind the figures and statistics of such a debilitating benefit often goes untold. The government needs to reform the way Universal Credit is designed so claimant treatment is improved. No one deserves to be ignored, especially the people who are being failed by our government. They deserve to be heard. Many have had no choice but to claim and are left counting the pounds to ensure they have enough to survive. A change needs to be implemented so claimants of the benefit are not left behind. ● AMBER SUNNER IS A STUDENT JOURNALIST AT THE UNIVERSITY OF KENT'S CENTRE FOR JOURNALISM.