Liverpool City Council

Universal Credit
Unintended Consequences

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Foreword

"To be truly radical is to make hope possible rather than despair convincing."

This document is about making hope possible, together, alongside the many thousands of our Liverpool people suffering real hardship due to the unintended consequences of welfare reform; and the thousands more that will suffer from the roll out of Universal Credit in its present form.

Many of the stated aims of Universal Credit are commendable – to make the claiming of benefits more straightforward and to provide greater support to those moving into work, in low paid and in precarious work. However, the implementation is showing us something very different.

There is mounting evidence, including our own Liverpool research, that shows the actual effect is the reverse of what was intended; Universal Credit is harming the very people it was designed to support. It is forcing households into debt, causing severe poverty including to those in work, leaving too many people, including children, facing food insecurity, destitution and eviction.

Many of the people needing to claim welfare are in work on very low incomes, are unable to work, or have very young children, are sick, are disabled or are caring for a relative. Our own Welfare Reform Cumulative Impact Analysis shows that the groups most adversely affected by the Government's raft of 'welfare reforms' are the long-term sick and disabled, families with children, women, young adults and the 40-59 age group who live in social housing.

At its most counterintuitive, the welfare reforms rolled out from 2010 onwards have had a direct negative impact on working households with many suffering a shortfall in Housing Benefit, Housing Allowance and a reduction and removal of many other benefits, all set against the backdrop of ever increasing living costs.

So why do we use the word 'unintentional' so frequently in this document? Because we must believe Government made the welfare reforms in good faith; that the 'learn' part of the 'test and learn' roll out of Universal Credit will lead to it now being 'paused', reviewed and fixed. Because who would deliberately perpetuate a system that has been proven to discriminate against our people who are sick or disabled, that takes financial support away our children, that attacks our low income households with a barrage of reductions

to in-work benefits and support under the premise of 'making work pay'?

So, we choose to believe that human nature is intrinsically good and that genuine mistakes can be rectified. We choose to believe that the damage being caused is unintentional.

This document shares with you thoughts from a cross section of some of the leading members of our civic life. They may have different life experiences, different political allegiances, but they all have one thing in common; that it's time to call a halt to the roll-out of Universal Credit. Why? Because we must take stock, we must learn from the mistakes, from the unintended consequences, and we must listen to the voices of those most affected.

A young child, Jack, wrote to me, knowing I was the Liverpool Councillor for Fairness and Tackling Poverty, and said:

'Listen to me. You are grown-ups. This is bad. You are being bad unless you do somefink (sic) about it'.

This document must mean Universal Credit is paused and fixed, before it's too late. And it must mean hope for young Jack.

Councillor Jane Corbett, Assistant Mayor for Fairness and Tackling Poverty, and joint Chair of the Citywide Strategy Group.

Pause Universal Credit and fix it

What was once a flagship scheme to 'make work pay' by rolling a range of benefits into a single payment has become a byword for institutional sclerosis and incompetence.

Warnings have been consistently made that the roll-out of Universal Credit has been botched, with vulnerable people struggling to claim the new benefit, let alone the awful delays people are experiencing in actually receiving payments.

The NAO's head, Sir Amyas Morse, the comptroller and auditor general, took the extraordinary step of publishing an open letter correcting Esther McVey for suggesting that the department wanted a faster roll-out when, in fact, they had warned the DWP about the need to pause the policy, learning from the experiences of 'claimants and third parties' before any more problems occurred.

Astonishingly, Sir Amyas said the DWP 'has not measured how many Universal Credit claimants are having difficulties and hardships' - figures show 40 per cent of claimants have experienced financial difficulties when they moved over to UC, while a quarter reported a problem making an online claim.

"We also know that 20 per cent of claimants are not paid on time," Sir Amyas wrote. "And that the department cannot measure the exact number of additional people in employment as a result of Universal Credit."

Another basic failing is that there has been no impact assessment on the whole benefit system. This includes the range of support traditionally offered by local government in the form of discretionary payments. Given the length of time UC has been in gestation, this is a scandalous oversight.

Many councils have been forced to abandon discretionary support amid the austerity cuts they have had to endure, which has removed a vital safety net for the poorest.

In Liverpool, we retain a range of support schemes and last year spent £23 million dealing with homelessness and poverty, offering a range of crisis payments and housing support above and beyond our statutory duties.

As Mayor, I have decided to support the most vulnerable with every mechanism at my disposal, but supporting people before they reach crisis points is cheaper in the long run, avoiding downstream costs.

This is why we also run a Benefit Maximisation Service of specialists welfare advisers, who last year helped to secure an extra £10.5 million for Liverpool families.

What is most galling is that claimants are being treated as if they only exists in a Whitehall petri-dish. We need to know – not assume – that everything with the policy is working properly, including processing applications and making payments – before it is inflicted on claimants.

You don't instil budgeting skills by making people wait months for their benefits. All that does is throw them into the arms of payday lenders and the endless, exhausting and frankly terrifying cycle of juggling money you simply don't have. As frontline welfare staff know only too well, it pushes families into absolute penury.

But as well as pausing it to work out the problems, Universal Credit needs to be reset as a policy. What is it trying to achieve? In the beginning, there was a degree of cross-party agreement around the principle of simplifying the benefits system and removing perverse disincentives ensuring that 'work pays'.

A decade on, it's clear that the original intentions have not been met. It is time to either pause UC and get it right…or scrap it.

Mayor of Liverpool, Joe Anderson

The Unintended Consequences of Welfare Reform

Over the last eight years successive Governments have implemented changes to the welfare system with a view to reducing the 'benefits bill'.

Depending upon the perspective taken, these changes can be perceived as, at one extreme, a multi-strand programme underpinned by common policy objectives and planning or, at another extreme, as a series of changes which have been conceived of and implemented with a degree of isolation, without assessing or understanding the combined and cumulative impact. Whilst these differing points of view may be irreconcilable, what is not debatable is that Universal Credit will effectively act as a focal point (or a sponge) absorbing many of the key changes, as six key working age benefits are merged into one, affecting over 7 million households nationally.

The Government undertakes an impact analysis for each individual benefit reform but has never undertaken an analysis which attempts to understand how over 20 major reforms implemented since 2010 have combined and converged to affect citizens, communities and the wider economy. Despite this it is clear that many citizens are affected by several reforms. To take just one example, it is quite common for a citizen to be affected by the under-occupation penalty ('bedroom tax'), reductions in help with Council Tax (consequential from the abolition of the national scheme of Council Tax Benefit) and the benefit freeze; there are around 7,000 households in Liverpool that continue to be affected by all three reforms and in, many cases, other reforms too.

In 2017 Liverpool City Council undertook a Welfare Reform Cumulative Impact Analysis at a local level, drawing upon both Government impact assessments and local data. The analysis identified significant disproportionate impacts of the Government's welfare reform on disabled people, women, people with children, young people and social sector tenants aged 40-59. It also highlighted the particular effects upon people in work and in-work poverty.

There is now an opportunity for Government to assess both the current and future impact of multiple welfare reforms included within and including Universal Credit before the wider roll out accelerates.

In 2018 the city council undertook a further analysis of the impact of certain welfare reforms at ward level, mapping the impact of the under-occupation penalty (the 'bedroom tax'), Council Tax Support for working age citizens and demand for local welfare provision payments and discretionary housing payments. This data was then compared to nationally available data from the Index for Multiple Deprivation and the End Child Poverty Campaign. This showed that the ten wards defined as the most deprived also had the highest level of working age citizens relying upon Council Tax Support and the highest use of local welfare provision. There was also a strong correlation between Discretionary Housing Payments (DHP), with seven of the ten most deprived wards in the top ten for DHP. This demonstrated that the most deprived wards were the typically those most affected by these welfare reforms.

Whilst quantitative data can be used to map those affected by welfare reforms it is more difficult to understand the impact at a qualitative level; for example, to understand the experience of a household that has seen a significant cash cut to its household budget and subsequently seen a further erosion of the value of its income over time (due to rising costs of living and reduced or frozen income) is much more difficult. The wider impacts of consequential financial hardship upon health, homelessness, debt and child development cannot be easily understood.

There is now an opportunity to better understand how Government policy intentions may or may not have translated into the intended policy outcomes or have had unforeseen consequences. This may provide policy insights which can be used to review, refine or fundamentally change some aspects of reforms.

This is particularly critical as Universal Credit Full Service goes live across the country; Universal Credit will absorb a raft of existing welfare reforms including the under-occupation penalty, the Reduced Benefit Cap, the Two Child Policy and restrictions to help with rent from private tenants (Local Housing Allowance). These changes combine with the particular features of Universal Credit including payment 35 days in arrears, a monthly single payment including rent (unless an 'Alternative Payment Arrangement' is agreed) and reduced in-work benefit levels.

There is now an opportunity for Government to assess both the current and future impact of multiple welfare reforms included within and including Universal Credit before the wider roll out accelerates. This could include better understanding the journey onto Universal Credit and the difficulties and risks which many vulnerable citizens could encounter in being required to make a fresh claim to migrate to the new benefit.

There are also other examples of where, in the light of experience and evaluation of impact over time, there is an opportunity for a reassessment of the impact of specific welfare reforms. Particular examples of this include the Under-Occupation Penalty, the Benefit Cap and the manner in which Universal Credit supports low-paid employment.

In the example of the Under-Occupation Penalty it is now clear that in Liverpool around two-thirds of those affected are in receipt of sickness and disability benefits. Most of these households have a long term reliance upon benefits; this is evidenced by the fact that most have been continuously affected by the 'penalty' since 2013. The majority would need a one-bedroom property to avoid the penalty. It is now clear that in many northern cities, the 'penalty' typically affects a disabled person in a three-bed post war social landlord property where the 'benefit bill' is not high relative to alternatives i.e. it may be cheaper than suitable alternative accommodation (should it be available) in the private rented sector. It appears that many people are therefore stuck with and unable to escape the effects of the penalty. If they do move to the private rented sector the benefit bill may actually increase. There is an opportunity to review this policy such that disabled people in particular are not trapped into a benefit shortfall and potential consequential hardship.

In the example of the Reduced Benefit Cap and Housing Benefit cuts, typically families affected in Liverpool have three or four children (half of all families affected have three children). The average weekly benefit reduction for these families is over £50 per week. Just under half of all families affected are not required to actively seek work as they have very young children (under age three) or are getting a sickness benefit. The Cap is intended to incentivise work, but the social security system itself does not require almost half of the affected families to seek work. Again there is an opportunity to review the tensions within this policy and the very closely related Two Child Policy.

Turning to work incentives, the stated policy intention of Universal Credit was to 'make work pay' and to ease the journey into work by avoiding the need to navigate between different benefit claims and the inherent delay. However, incremental changes to Universal Credit since its inception including, in particular, reductions to 'work allowances' mean that it will now pay significantly less to many low-income in-work households than the Tax Credit system which it replaces.

The above examples demonstrate how some groups may not benefit from the intended policy outcomes of individual reforms and may, at worst, encounter sustained hardship as a result.

The wider combined impact of multiple reforms including a range that are swept up into Universal Credit can now be better understood. Around 7 million households will be affected by the roll out of Universal Credit, with the 'Full Service' live across the country from January 2019. There is now a very short time to refine and review the operation of these reforms, and to make any desired amendments to prevent unintended or undesirable outcomes.

Martin Jungnitz, Assistant Director Revenue and Benefits, Liverpool City Council

"Payment delays and high rates of deductions once UC is in place will cause unprecedented hardship for the most vulnerable, and this will place greater stresses on existing advice and support services."

Debbie Nolan, Health Programme Manager, Liverpool Citizens Advice

Real lives, real hardship

How welfare reform is affecting people in Liverpool

THE city council helps many thousands of people each year who find themselves in dire financial circumstances, often through no fault of their own.

We listen to their concerns and provide help and advice. We take their problems on board and we try to be part of the solution.

So many people in our city have already been affected by the unintended consequences of welfare reform.

The long-term sick and disabled are unfairly penalised by the Bedroom Tax. They can't move because there's a shortage of suitable alternative accommodation. They're effectively stuck in limbo and being hit in the pocket for the privilege.

Single parents with children under three are suffering unnecessary hardship thanks to the Benefit Cap. In theory it encourages people to seek work by making sure someone on benefits does not receive more than a person with a job on an average income. These lone parents are not required to find work because of their childcare commitments but are still expected to survive on less money.

With the full rollout of Universal Credit imminent, the fear is many more people will suffer and turn to the council and its partners for help.

If anyone needed more proof that it's time to delay the further introduction of Universal Credit, then take heed from these typical real life stories of people in Liverpool who have already been adversely affected.

In each case we have changed their names but their situations and circumstances are very real and all too familiar to the people who work to support them.

Frank and the 'Bedroom Tax'

Frank is 56 years old. His wife passed away a few years ago and his grown up son has flown the nest. So he's been rambling around in the family's rented three bedroomed house for some time. To compound matters, Frank has long-term health issues which means he needs care during the night.

Frank receives Employment Support Allowance and a Personal Independence Payment. Because he lives alone, Frank is hit by the under occupation penalty or Bedroom Tax. His disability needs mean he is allowed an extra bedroom for his carer but because he has one 'spare room' his Housing Benefit has been cut by 14 per cent. This leaves Frank with a shortfall in his rent of £12.23 each week.

The city council has been supporting Frank by giving him the money to make up his rent. So far it has cost the taxpayer nearly £3,500.

Frank has a strong support network where he lives. It's something he will sorely miss if he was forced to move away.

The reality of Frank's situation is he can't move to a two-bedroomed home because there are none available and he can't stay where he is because, thanks to the changes, he can no longer afford to live in his own home.

Families with children

John and Emma live in a three bedroomed social rented home. They have a five year-old son and a one year-old daughter. The family pays £90 a week in rent. John works and the family receives Child Tax Credits, Working Tax Credits and Child Benefit.

The family are hit by the under occupation penalty because both children are under 10 and are expected to share a room. It means a cut to their housing benefit that leaves them short on their rent by nearly £13 a week.

Because of the various reforms, the family's benefit entitlement has been cut by £751 a year.

And in stark contrast to the cost of living, food and fuel bills, the family's child benefit and tax credits payments will be frozen for the next four years.

The changes affect claimants' mental health

Diane lives alone in what for 27 years was the family home. She is divorced and her son has left home. The three bedroomed house is rented so Diane is hit hard by the under occupation penalty. Her Housing Benefit has been cut by a quarter leaving Diane £24 short in her rent each week. She gets £73 a week in Job Seekers Allowance. After everything is taken out, Diane has £48 a week to live on.

It means she's struggling to buy food and has taken to borrowing from friends and family or relying on foodbanks. Inevitably the hardship is affecting Diane's mental health, she's now suffering from depression. To help combat the effects of the bedroom tax, Diane has applied to the council for Discretionary Housing Payments and so far she's received £2,100.

In total Diane is worse off by £1,300 each year and with the benefits she receives being frozen for four years, it's going to make it even more difficult for her to cope.

The Benefit Cap and breaking point

Michelle has a lot on her hands. She's a single parent with five children whose ages range from one to 16. The family lives in a rented four-bedroomed house and pay £144 in rent each week.

Michelle receives Income Support, Child Benefit and Child Tax Credit. She receives more than £384 a week so the Benefit Cap was applied. As a result, her housing benefit was slashed to the minimum amount – just 50p. So the family suddenly had to find their entire weekly rent…from nowhere.

With her youngest child just one year old, Michelle is not required to actively look for work. And the simple truth is, she couldn't afford the childcare. The council has already supported the family to the tune of more than £10,000 and unless their circumstances change, that figure is only going to keep on rising.

The alternative? It's as simple as it is grim. Michelle cannot manage on what she now receives, the money simply won't go that far. She's facing rent arrears and ultimately the spectre of homelessness.

Universal Credit – Changes to the Work Allowance

The Universal Credit work allowance refers to the amount you can earn before your money is cut. It can vary depending on your circumstances but once you have reached the threshold, the money you receive is cut by 65p in every £1 you receive.

Changes to the work allowance came into effect in May 2016 and it hit Liverpool mum Mary and her family hard.

Mary is a hard-working single parent. She's got three children to look after on her own and like many, her biggest outgoing each month is the mortgage payment on the family home.

She earns £1,000 a month which, under the old system, was topped up with £48 child benefit each week and a Universal Credit payment of £885.

After the changes, Mary's salary and child benefit remained the same but her Universal Credit was cut by £219 a month, that's £2,600 a year the family now has to find from other sources.

Our Welfare State should promote human flourishing

I grew up understanding that a decent, functioning caring state would enable all to flourish. As we celebrate 70 years of the NHS, established to care for all, I am reminded that the welfare system was founded in the same spirit. To help people fare well. Growing up, that seemed to me a proper, decent way to organise society. I feel the same now.

I get angry and frustrated with the way the system has changed. Human beings are not flourishing. People are not faring well. I become angry when I read that 70,000 claimants need to claim the Budgeting Allowance emergency loan. I become angry when I hear of parents going without so their children can eat. I am angry when I see so many FoodBanks putting a sticking plaster on a failing system. I disagree with complacent politics that pats foodbanks on the head for being an expression of charity. Instead I am angry that basic needs are not met, with individuals denied any opportunity to build their lives, grow and flourish.

Language is important in this.

Over time we moved from using the holistic word "welfare" to demeaning, transactional terms like "benefit" and "credit". Welfare has been described as social effort to promote basic physical and mental wellbeing and health, happiness and fortunes of people. It is a people-centred concept. It puts wellbeing first. It speaks of compassion and justice.

Credit and benefit are accountancy terms. They speak of profit and loss. They enable us to start to ignore the human and focus exclusively on cost. They don't speak of value and fail to enable flourishing.

Credit and benefit are accountancy terms. They speak of profit and loss. They enable us to start to ignore the human and focus exclusively on cost. They don't speak of value and fail to enable flourishing.

Worryingly they enable the conversation to move to less human ideas such as a distinction between the "deserving" and the "undeserving" poor. If your welfare payment, the money you are given to have a basic existence is seen as a benefit you are cast in the role of one who takes. You're taking from society, you're impoverishing "deserving" people, you're "scrounging" off the rest of us.

Daily we read this narrative in some newspapers. The consequence is society is encouraged to pay less, to ignore, marginalise and erase human beings from the sphere of compassion.

As a Christian I have a story that sees this as wrong and as deeply mistaken. Jesus Christ came among us not in a palace, but as a child in a manger. Everything about my faith compels me to support the poorest and most vulnerable in society. "I stand in the footsteps of some of Liverpool's great church leaders- leaders like David Sheppard and Derek Worlock-who stood together against injustice and took action to help the vulnerable flourish."

We have a vision in our diocese, asking God for a bigger church that makes a difference in society. The justice Jesus wants to see. The justice that, fundamentally, our society still wants to see.

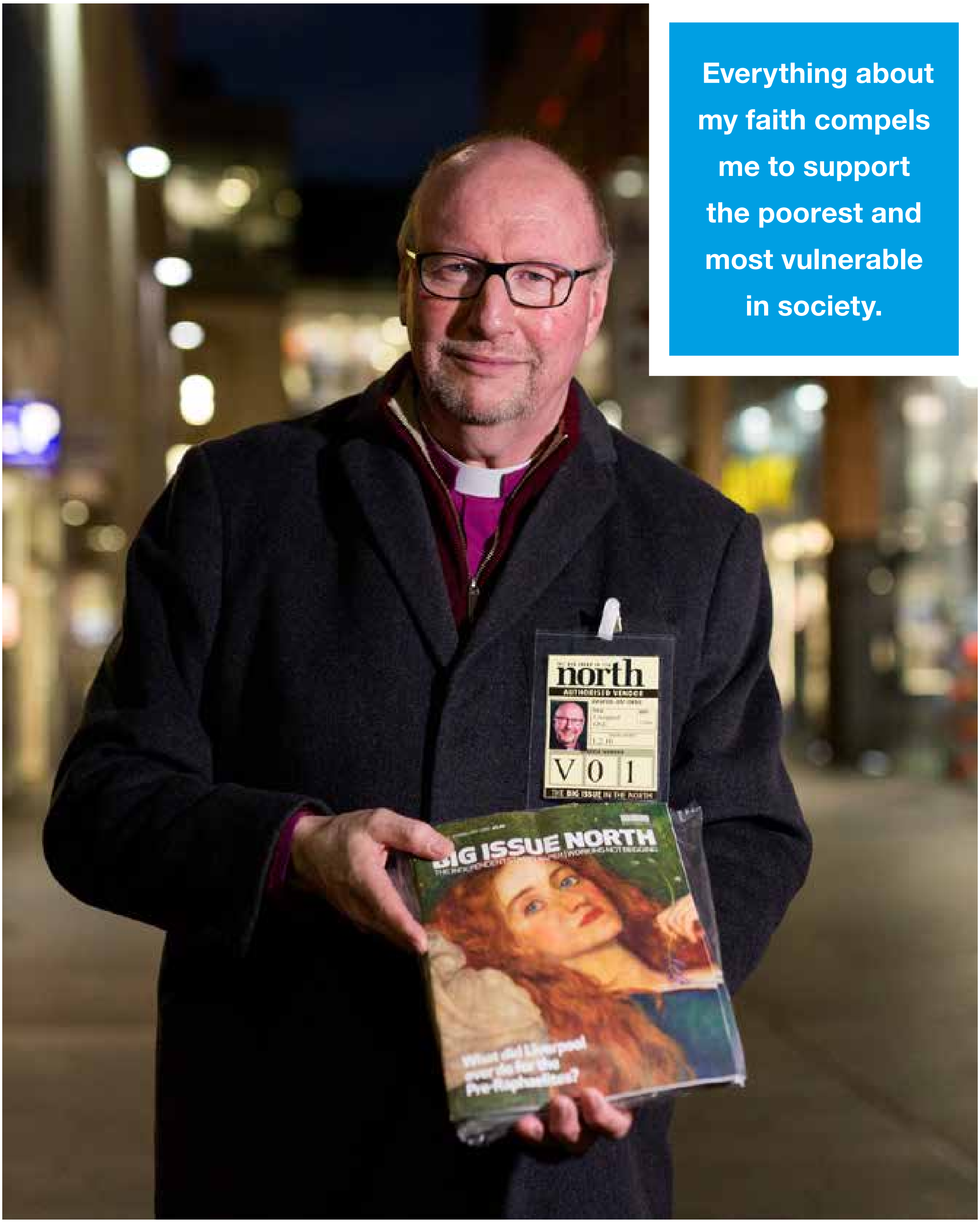
That desire for justice is not restricted to faith communities. We see all people coming together to state: enough is enough. The system is broken. It plunges people into more debt rather than offering a decent standard of living. It drives people to desperation rather than allowing their flourishing.

People broke this system, and people can fix it and it must be fixed. It is our moral duty, and the mandate of our faith. The Bible says, "let justice roll down like waters, and righteousness like an ever-flowing stream". Let that stream of love and flourishing flow. Here. Now.

Bishop of Liverpool Paul Bayes, joint Chair of the Citywide Strategy Group

"Universal Credit puts tenants, their families and communities at risk."

Angela Forshaw, Chair of Merseyside Housing Associations Welfare Reform Group



Everything about my faith compels me to support the poorest and most vulnerable in society.

Universal Credit will put the most vulnerable at risk

While the roll out of Universal Credit may be intended to simplify the benefits system, it raises two major concerns for the people we work with through the Enterprise Hub programme.

Since the programme launched in 2016, Enterprise Hub has worked with over 5,000 people - 59% of who were unemployed or economically inactive – who came to the programme with entrepreneurial ideas they wanted to turn into reality. During this time, our team of business advisors have listened to the personal experiences of clients who explain how Universal Credit is likely to impact upon their lives.

Universal Credit poses a very real barrier to those who depend on benefits and wish to become self-employed to launch their own start-up business. More than this, the one payment per household system poses an even greater threat to vulnerable women who may be at risk of domestic abuse and is one which the government must urgently reconsider.

In practice, the barriers to becoming self-employed while being dependant on Universal Credit are too high. Not only do these barriers prevent users improving their own personal and financial circumstances through entrepreneurship, but they also stop economic growth and development.

The newly self-employed should not be subject to an assumed 'minimum income floor'. To assume that self-employed people are earning at least full-time minimum wage, and are therefore not eligible for Universal Credit, causes a major issue at start-up level.

While in theory the guidelines in place should mean that new businesses are given twelve months grace allowing for an income floor to be calculated on a case-by-case basis, depending on an individual's actual earnings, our conversations with colleagues and clients at the Department for Work and Pensions reveal that this is not happening in practice.

Self-employment carries with it peaks and troughs in terms of cashflow. Those taking the initiative to try and create their own job and income (not forgetting jobs for others) should not be penalised for this. They must be allowed to declare their income and have Universal Credit track along with them in the same way it would if they were employed with no cut off into assumed income.

> **Enterprise Hub has helped over 850 business to start over the past 24 months and over half of these enterprises were started by individuals who were either unemployed or economically inactive.**

Enterprise Hub has helped over 850 business to start over the past 24 months and over half of these were set up by individuals who were either unemployed or economically inactive. And that's just in the Liverpool City Region alone. These are the very people who would have stood to be affected by the roll out of Universal Credit, should it have been introduced when they were in the first stages of starting up, and may well have been deterred for fear of losing this important safety net.

With latest statistics from Liverpool City Council showing that 43% of Liverpool's population is either unemployed or economically inactive – that's 154,586 people – encouraging alternative routes into employment should be high on the agenda.

We would hope the Government would put systems in place to foster an environment which encourages entrepreneurship and enables start-ups to thrive. In reality, Universal Credit places barriers in the way.

Universal Credit also risks handing power to abusers. The one payment per household system creates a real danger which perpetuates control and may compound domestic abuse. Financial control is critical for women and their children to be protected in these situations where gambling problems or abuse might be present.

Women have fought for decades to have independent means and this needs to extend to the payment of

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benefits. Women need to be enabled to have control of their household income. To take this away would be a majorly regressive step.

To make Universal Credit work for all we have to more realistic system in place during the roll-out to ensure that start up business owners aren't subject to the minimum income floor and, crucially the elimination of the one payment per household system. Each claimant must be given their own individual payment. We would urgently call for the government to re-think these points and take steps to protect those most vulnerable.

Maggie O'Carroll, CEO of The Women's Organisation and lead partner of Enterprise Hub

"Over the past two years we have seen an increase in the number of young people using our foodbank. As Universal Credit is rolled out, we can only envisage that this number will increase as the impact of delayed payments and the sanctions regime tightens its grip. This is plunging young people into debt and poverty."

Gill Bainbridge, Chief Executive, Merseyside Youth Association

The Business of benefits

Liverpool is undergoing a period of substantial economic growth which, over the past decade since the success of its year as European Capital of Culture, has enabled it to reinvent itself as a vibrant post-industrial port city with a flourishing cultural offer and an enticing business environment.

There are currently 185 live development schemes across Liverpool, totalling a record £3bn in investment. 2019 is scheduled to be the fifth successive year in which investment in regeneration projects surpasses £1bn and there is a further £11bn worth of schemes in the pipeline.

Such huge investments are helping to secure Liverpool's reputation as a global city and a great place to do business. It's part of a concerted effort by a range of partners to instil a rightful sense of pride and confidence in this great city.

Yet looking beyond the gleaming glass and steel spires transforming Liverpool's skyline and the high-level cranes delivering the building blocks of its rebirth, a different economic model is also at work, ensuring the overall economic performance of the city and wider city region is solidified, strengthened and prosperous.

While there is an important contribution made by large employers, multinationals and institutions with scale and scope, the agglomeration effects of a local economy driven by local people with a desire to serve their community, become their own boss and generate financial and social enrichment while they are doing it, is fundamentally important.

Local communities within the city are dependent upon the very services provided by community businesses and entrepreneurs, whether corner shops, independent retailers, builders and plumbers. These community businesses are dependent upon consumer spend to buy products. When such consumer spend is diminished, the impact on local businesses and therefore society, becomes challenging; it's an unintended consequence of the process of implementation of Universal Credit.

Community businesses are dependent upon consumer spend to buy products. When such consumer spend becomes unavailable or diminished, the impact upon local businesses and therefore social community cohesion becomes challenging.

In addition to the impact on the customer's ability to spend, there is concern that UC might stifle our capacity to start and grow businesses in the city. Those individuals setting up their own businesses experience limited time and financial return in the formative stages and, in some cases, those taking the plunge and starting their own business rely on the top-up they receive from the state in the form of in-work benefits.

The new Universal Credit system determines that those who cannot meet a 'minimum income' threshold in the first year could have these benefits removed, effectively forcing them to give up on their entrepreneurial aspirations.

Start-ups and self-employed people with incomes that vary from month-to-month may be particularly badly hit and could lose out on critical income required for sustaining their livelihood. This is not conducive to the UC aspiration to make work pay.

Universal Credit poses a substantial challenge for employers and citizens to understand, prepare for and embrace. The process of implementation of Universal Credit has been fundamentally flawed, which has led to numerous reports of families and workers being evicted from rented accommodation or left for a period of time without the cash required to sustain themselves.

The principles and philosophy of Universal Credit are sound. Incentivising work and reducing the barriers to employment are integral to the basis of a modern society. Yet principles and philosophy must be married with practicality to ensure citizens who are impacted by such profound changes to their welfare provision are not subjected to circumstances which impede their ability to either obtain employment or, if they are

Start-ups and self-employed people with incomes that vary from month-to-month may be particularly badly hit and could lose out on critical income required for sustaining their livelihood. This is not conducive to the UC aspiration to make work pay.

Paul Cherpeau, Chief Executive of the Liverpool and Sefton Chamber of Commerce

in employment, to sustain and thrive in such a position.

Evidence provided to Liverpool City Council has demonstrated that the implementation of UC has caused specific difficulties relating to the 'waiting days' requirement for receipt of payment, the 'two child' policy, and the complexity for the self-employed to access their benefits.

The subsequent impact upon employers is substantial, including a loss of productivity, increase in mental health challenges including stress, absenteeism and disruption.

The 'unintended consequences' of Universal Credit implementation should be addressed forthwith. Liverpool City Region has a strong and diverse employer base but has pockets of substantial economic deprivation. Universal Credit must strike a balance between incentivising work and avoiding the precipitation of further inequality and poverty that ultimately impacts upon our local economy.

Reflecting upon the continual implementation of Universal Credit without considering the practical impediments to its successful roll out could be highly damaging to our social cohesion and cause greater damage to our longer term prospects of tackling unemployment.

"The lived experience of those people seeking advice and support from our Citizens Advice Service here in Liverpool has convinced us that there must be a pause for a review of the impact of Universal Credit on vulnerable citizens."

Frank Hont - Chairperson of Citizens Advice Liverpool and a member of the Liverpool Fairness Commission which reported on poverty issues in 2012.

Liverpool is a city **under great pressure**

will be **cut** from **Liverpool City Council's funding** from central government from **2010** to **2020**.

There is increasing demand for the support provided by the city council and its partners. At the same time the council is facing unprecedented pressure on its budgets due to the Government's austerity measures.

Here's how we help people in Liverpool who are facing crisis:

£23m on supporting people and families in crisis, on low income or at risk of losing their homes.

The council has set up a Tackling Poverty Action Group and supports the city's food banks through The Mayor's Hope Fund.

11,300 Discretionary Housing Payments to support those residents who are suffering due to a shortfall in state benefits in 2017.

£2.7m awarded in more than **13,000** crisis payments to help people with the cost of food, fuel, clothing and furniture.

10,000 were crisis payments for immediate needs such as food and fuel.

3,000 were for home needs essentials, including white goods to help vulnerable people set up their homes.

£1m to support credit unions to stop people turning to loan sharks and getting further into debt.

£12m on services for people who find themselves homeless.

Mayor of Liverpool Joe Anderson has established a further **£2m** Mayoral Hardship Fund to support people in crisis.

6,000 households in Liverpool prevented from becoming homeless each year thanks to the council's **Housing Options service**.

£3.5m shielding **42,000** people from the full impact of the government's reductions in council tax support.

£3.05m on Discretionary Housing Payments in the last year to protect people from housing benefit welfare reform and hardship **(including around £1M which the council provided directly from its own budget)**.

Recovered more than **£20m** in unclaimed benefits for people in need through a joint effort between the council's **Benefit Maximisation Team** and **Citizens Advice**.

The full impact of **welfare reform** and **Universal Credit** in **Liverpool** so far

Around **45%** of people who are affected by **reductions** in Council Tax Support are classed as **long-term sick or disabled**

Around **one** in **three** working age social housing tenants in Liverpool who receive housing benefit are affected by the **'under occupation penalty'** (also known as the 'bedroom tax')

48% of **families** in Liverpool affected by the Reduced Benefit Cap have **three children**, while **30%** have **four children**

Around **55,000** Liverpool households will eventually see their claim move to Universal Credit. Most of these households have already been **affected by the 'benefit freeze'**

45,000 households in Liverpool are affected by Personal Independence Payments replacing **Disability Living Allowance**.

£3.5m is spent by the council each year **topping up low income families** with their council tax bills.

The Council's local welfare provision scheme set up to protect people in hardship made **13,700** awards last year at a cost of just under **£2.7m. 30%** of applications were from **people waiting for DWP benefits**

At least **42%** of households affected by the **'under occupation penalty'** contain a member **classed as disabled**

71% per cent of all **Discretionary Housing Payments** made in Liverpool are to help people who have been hit by the **under occupation penalty** (2017/2018)

Recent data shows at least **500** families getting Housing Benefit affected by the Reduced Benefit Cap in Liverpool with an **average loss** of over **£50** per week

The estimated **total loss** of combined welfare reform changes from 2016 is estimated to be about **£157m** annually (Sheffield Hallam University)

It is estimated that up to **2,800** people in Liverpool were affected by changes in work allowances in Universal Credit. This could result in a loss of income of between **£40** and **£200** per month

Reductions in housing allowances have affected more than **16,000** people in Liverpool. Including people 25 -35 yrs who are around **£34 per week worse off**

What we are asking

Liverpool's Fairness and Tackling Poverty Citywide Strategy Group notes the Government's stated intention for Universal Credit to 'make work pay' and to make claiming benefits more straightforward.

We believe the failure to learn lessons from the first phases of implementation, has undermined the intentions and caused real hardship and poverty.

We are alarmed at the damage that is already being inflicted on the health and wellbeing of many of our citizens and doubly concerned that for some it will be irreversible.

We are therefore requesting that the roll-out of Universal Credit is paused and this pause remains in place until the Government has:

1. Removed the long wait for benefit payment monthly in arrears (35 days) and instead pay Universal Credit within a week of application, or from when payment from the previous employment ceases.
2. Reversed the cuts to UC Work Allowances and the Family Premium so families making a claim for UC are at least as well off as they would have been under the previous 'legacy' system.
3. Provided additional ring-fenced funding to councils for provision of a 'local welfare scheme' based on local need.
4. Removed the freeze on benefit allowances and ensure they reflect the increased cost of living.
5. Allowed the claimant to always have the right to choose to have housing allowance paid directly to their landlord.
6. Withdrawn the 'two child policy' within UC which removes support for the third or subsequent children for most families.
7. Look again at the criteria for splitting payments between partners to protect women and children in particular.
8. Ensured that citizens who are self-employed with fluctuating and unpredictable incomes can use UC in a straightforward and easily accessible way.
9. Dramatically reduced the present 30 to 40 minute average waiting time for connection to the DWP advice and information lines.
10. Given local authorities 'trusted partner' status and made available to them all data regarding UC claimants to enable them to offer all relevant advice, information and support.
11. Commissioned a full Welfare Reform Cumulative Impact Assessment (including socio-economic impact) on the 'welfare reforms' agreed from 2010 onwards, both at a national and local area level.
12. Reduce the current 40% maximum the Government currently allows to be deducted at source from the 'standard allowance' for third party deductions for priority debts and repayment of any Government loans, replacing it with an independently assessed deduction based on need and ability to pay.
13. Ensured that UC really does 'make work pay' while carrying out its statutory duty towards its citizens.