



SUBMISSION TO THE SOCIAL SECURITY ADVISORY COMMITTEE ON PROPOSALS TO MOVE EXISTING CLAIMANTS ON INCOME RELATED BENEFIT TO UNIVERSAL CREDIT

Report of findings of survey and research in Chesterfield, Derbyshire

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EXECUTIVE SUMMARY

This submission involves the findings of a recent study, carried out in July 2018, of the implementation of Universal Credit (UC) in Chesterfield. The full (UC) rollout in Chesterfield commenced in August 2017 and it was considered important to assess the claimant experience. A survey of a 100 claimants was undertaken in July 2018. The study involved analysing complementary data on the impact of wider welfare and employment policies as well as socio economic conditions. The key findings are:

- Movement onto UC tends to involve debt due to delay in benefit payments combined with cuts to UC and legacy benefits
- Digitisation process is not user friendly and creates barriers to making claims
- Sanctions are having considerable negative impacts on claimants and are not justified in terms of helping people access work.
- Monthly payment periods do not work for claimants were most jobs involve weekly or ad-hoc payment arrangements
- Many former ESA claimants have been incorrectly assessed through the Work Capability Assessments
- In a labour market which is increasingly precarious and dominated by low paid and skilled work in- work conditionality is wholly inappropriate.
- Austerity is having a major impact on the implementation of UC which is displacing its problems on to local welfare and government services – these services are also being cut back.

- There is no framework for linking UC with devolution growth strategies, and how they connect with disadvantage groups.
- There are 'place penalties' as a consequence of the implementation of UC and austerity in former industrial areas such as the Sheffield City Region. The UC model reinforces labour market segmentation and the low pay low skill cycle. This has negative consequences for devolution growth strategies.

Recommendations

A halt to migration is necessary and a major root and branch review is required. Some of the areas that are critical are:

- Restoration to benefit cuts and UC and other benefits are set at a level which meets minimum income standards, (how much income households need to afford an acceptable standard of living). here we refer to calculations undertaken by academics at Loughborough University <http://www.lboro.ac.uk/research/crsp/mis/>;
- In relation to the above the DWP should ensure that claimants receive the benefit they are entitled to and address the growing problem of unclaimed benefits
- A halt to benefit sanctions
- Abolition of in work conditionality
- Major overhaul of Work Capability Assessment with more of a focus on social model of disability and supporting work place adjustments
- More emphasis on employment support within the claimant process and welfare to work services which promotes upskilling and in work progression
- More focused link between devolution growth strategies and UC claimants/disadvantaged groups

INTRODUCTION

I

The SSAC Brief

1.The SSAC state that (the)" task of safely moving around 3 million claimants (in around 2 million households) from legacy benefits to Universal Credit raises important questions about the delivery challenge facing the department and the potential impact on claimants. SSAC has decided to examine draft legislation, and the impacts that flow from it, in more detail. To help inform this work, the committee would welcome evidence from a broad range of organisations and individuals who have good insight into and/or experience of the following aspects of these proposals:

- the overall migration timetable
- arrangements for contacting claimants and inviting claims from them
- issues associated with making a claim, and ending legacy benefit claims
- the calculation of transitional protection (including the treatment of earnings and capital)

- the impact of proposed transitional protection (including how easily it will be delivered and the degree to which it will be understood by claimants)
- the impact on workers, including the self-employed
- equality impact (whether there will be particular effects for different groups and how these can best be addressed), for example are there any groups that will not be covered by transitional protection?
- monitoring and evaluation”

About the Authors

Derbyshire Unemployed Workers Centres (DUWC) is an Advice organisation set up with the support of Chesterfield Trades Union Council in 1983. It is supported by Chesterfield Borough Council, North East Derbyshire District Council and Bolsover District Council as well as many Town and Parish Councils. The organisation receives over 10,000 enquiries per year and represents hundreds of people at Benefits Appeals Tribunals. The Centre for Enterprise and Economic Development Research (CEEDR) has been established for over 30 years with a track record of delivering quality research for a variety of clients including DWP, European Union, Business Innovations and Skills as well as research grant funded projects relating to social economic development and policy.

Our Response

2. The evidence from our research suggests that *the design of Universal Credit is fundamentally flawed and that putting a halt to migration and dealing with these problems is of a fundamental priority*. In this respect we concur with the findings of the NAO report and recent report produced by the Child Poverty Action Group (CPAG).¹

3. DUWC completed a survey of a 100 UC claimants in Chesterfield in June/July 2018 regarding their experience of the claims process. UC was fully rolled out in Chesterfield in August 2017. In addition to evidence provided by this survey, we draw on socio economic data as well as an assessment of welfare, employment and skills in the Sheffield City Region in which Chesterfield is situated. **We consider that there are factors which tend to be overlooked when assessing benefit migration. That is the role of place and the economic and social context which will influence migration process, the impact of austerity on benefits and those services which will benefit disadvantaged groups.**

4. Following the introduction of Universal Credit (UC) the work of partners continues to be proactive in attempting to mitigate the impact of the rollout of UC. UC was rolled out in the centre and west of Chesterfield at the end November 2017 and is due to be rolled out to the remainder of the Borough in July 2018.

¹ <https://www.nao.org.uk/report/rolling-out-universal-credit/>

CPAG (2017) The austerity generation the impact of a decade of cuts on family incomes and poverty of <http://www.cpag.org.uk/sites/default/files/Austerity%20Generation%20FINAL.pdf>

5. Our response therefore mainly relates to two aspects of the brief:

(1) specifically in relation to issues associated with making a claim and impact on workers.

(2) the overall migration process, and in relation to this how migration is influenced by the local context of place and a legacy of deindustrialisation.

ISSUES WITH MAKING A CLAIM AND ENDING LEGACY CLAIMS

Making a UC claim and debt

A third of survey respondents (34) found that moving to Universal Credit put them into debt. 34 took advantage of having an advance. For some who had been on UC for over 9 months this had not been offered. This means that there are inconsistencies with the claimant process.

6. The claimants were asked about their experience of the claims process. At this point it is relevant to cite the National Audit Office (NAO) Report² which states

"The Department's assumptions about how Universal Credit would work in practice underestimated the impact it would have on some claimants. For example, the Department at first assumed that most claimants would have enough money to manage over the initial waiting period. However, the Department's most recent data show that 60% of new claimants ask for and receive a Universal Credit advance to help them manage as they wait for their first payment."

7. The fact that the majority of claimants do not have enough money to live on is a major cause of poverty and serves to push people further away from the labour market.

8. There are a variety of aspects to this including:

- the loss of income as a result of making a claim
- delays in benefit payments whilst making a claim
- monthly budgeting.
- Level of benefits are too low
- Debt as well as the stress of making a claim are causing mental health problems

Table 1 Experiences of financial problems and debt

"no money for two months yes - deepened debt problems -not enough money "

"Put into debt with rent"

² National Audit Office (2018) Rolling out Universal Credit HC 1123

<https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit>

“I needed family support and foodbanks”

“I went on holiday DWP closed down his claim - made new claim so won't get any money now for nearly two months”

“Monthly payment leaves me short every month”

“Money gone down by £450 a month”

“Monthly payments a problem had to borrow from friends”

“Drastic reduction from £900 to £400 on the change- over”

“Monthly -harder to budget”

“Money very tight - has savings as a buffer which are declining”

“Late payments and don't like monthly payments”

“Repaying hardship loan at £120 a month”

“Monthly payments is a problem - late payments put me further in debt - terrible system,”

“Monthly payments make life hard”

“Ten weeks wait for money borrowed £300 from sister - living with no electricity and food”

9. With respect to monthly payments our findings concur with the Citizens Advice Bureaux assessment stating that “financially and administratively, UC offers less stability to people with less conventional working arrangements. For people whose hours and earnings fluctuate, the move to a UC payment schedule that is adjusted on a monthly basis, with a range of new rules, can create significant additional challenges to achieving a stable income.”³ As we highlight below (see under in work conditionality and making work pay) most of the new jobs created in the Chesterfield area are generally insecure low paid, comprising zero hours contracts. This is the economic reality for many areas of the UK but this is not taken into consideration in the design of UC.

10. Already there is a discernible adverse impact of UC roll out:

Chesterfield Food Bank report a significant increase in use for the period Dec 2017- Mar2018 as compared with the previous year. Other partners (Citizens

³ CAB (2018) Universal Credit and Non Traditional Employment
<https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Universal%20Credit%20and%20non-traditional%20employment.pdf>

Advice Chesterfield, Derbyshire Unemployed Workers Centre and Derbyshire Law Centre) report an increase in use and complex cases.⁴

11. The CAB have been running a service at a Food Bank and report:

The needs of the people seeking help at the Foodbank can be quite complex, with multiple problems behind the immediate food crisis. In some cases, crisis is aggravated by large costs of maintaining poor quality but expensive housing, fuel bills in energy inefficient homes. Other people have significant debt problems they have tried to address. In some instances, people are not getting the wider support they need, find difficulty with registering with a GP or struggling to make their voice heard with social care services. The inescapable truth is that too often our benefits and welfare system fails people when its most needed⁵

12. The Joseph Rowntree Foundation (JRF) state that “New UC claimants must wait at least five weeks for a first UC payment (an arbitrary seven-day wait before being allowed to claim, plus payment one month in arrears). As UC wraps multiple major benefits into one payment, this leaves people with few, or no, other sources of income to fall back on. Among the poorest fifth of households, 69% have no savings, and a further 10% have less than £1,500 to fall back on”⁶.

Impact of digitisation

Around 30 per cent people found making a claim online a problem and 25 found maintaining the claim and using the journal a problem.

Table 2 impact of digitisation: “computer says no”

“Computer in Job Centre never works”

“Everything on - line so can't talk to anyone. – demoralising”

“Computer in Job Centre never works - bad attitude from security”

“bit of a pain - couldn't verify id online”

“short notice to attend meetings by text as I don't use a computer”

“I can't use a computer”

⁴ Chesterfield Health and Wellbeing Board, Progress Report on Food Poverty Mental Health and Deprivation, July 2018

<http://chesterfield.moderngov.co.uk/documents/s21304/Update%20report%20community%20customer%20and%20organisational%20Scrutiny%20Committee%20-%20Health%20and%20Wellbeing%20May%202020.pdf>

⁵ <http://www.chesterfieldcab.co.uk/documents/annualreports/AnnualReport16-17.pdf>

⁶ Scheumaker K (2016) *Universal Credit A Joseph Rowntree Foundation Briefing*, York JRF <https://www.jrf.org.uk/report/universal-credit-briefing>

13. Chesterfield CAB made its own assessment of the roll out of UC for single people in 2016 and identified difficulties with making on line claims:

Universal Credit claims can only start once an application has been made. But we know many people have never used the internet and some people who can use the internet do not have access to online facilities. In our adviser survey, two out of three advisers identified this as a major concern... DWP enquiry lines are not proactive at offering support when needed. We advised someone who was blind and did not have access to the internet. She was not asked about barriers to making a claim online or told about alternative claim arrangements in exceptional cases.⁷

14. The reality is that many people find claiming on line a challenge and this has been flagged in earlier surveys undertaken by the CAB.⁸

Deployment of Sanctions

Of those interviewed, 12 claimants had been sanctioned although some were not sure whether this had occurred under JSA or UC.

15. The UC has a structured sanctions process which reflects a shift towards harsher claimant regimes. One impact of the migration is the vulnerability of claimants to benefit sanctions. Statistical analysis of benefit sanctions undertaken by Dr David Webster indicates that the rate of sanctions under UC is greater than under JSA.⁹

Table 3 Impact of sanctions

“Had a few sanctions - missed appointments - says his fault”

“184 days sanction in total - heating engineer calling tried to alter interview time but not accepted – sanctioned”

“One sanction due to missed appointment – due to working!”

“Sanction because I missed an appointment when in hospital”

⁷ Chesterfield CAB North Derbyshire CAB (2016) Taking the Credit: Early impressions of the local DWP implementation of Universal Credit from Advice Workers working at Citizens Advice
<http://www.chesterfieldcab.co.uk/documents/socialpolicy/Taking%20the%20Credit.pdf>

⁸ Etherington D and Daguerra A (2015) Welfare reform work first policies and benefit conditionality,
https://www.mdx.ac.uk/__data/assets/pdf_file/0031/149827/Welfare-and-benefit-conditionality-report-January-2015.pdf

⁹ Webster D (2018) Briefing: Benefit Sanctions Statistics, July, 2018
<http://www.gla.ac.uk/schools/socialpolitical/staff/davidwebster/> <http://www.cpag.org.uk/david-webster>

16. Derbyshire Unemployed Workers Centre via casework have closely monitored the nature and impact of benefit sanctions on claimants and some of the issues reported by advice workers are as follows:

- Sanctions have a negative impact on physical and mental health, finances, self- esteem and relationships .In a significant proportion the impact lasts in the long term.
- Awareness of sanctions has little impact on claimant behaviour.
- Being sanctioned often prevents people from being able to look for work.
- Sanctions dramatically increase the pressure on support agencies.
- Receiving a sanction pushes people into a situation of multiple and complex difficulty and crisis, leaving support workers ‘fire- fighting’ instead of helping people to make progress.
- Sanctions remove the main or only source of income from people without other resources, forcing them into debt and to go without essentials.
- Sanctions have a negative impact on the health, finances, relationships, and overall wellbeing of people sanctioned and their dependents.
- Sanctions stretch already scarce resources across support services in the statutory and voluntary sector ,increasing pressure on those organisations, their staff and their budgets.

17. There is a concern that the rate of sanctions will increase as a result of migration to UC. There is no evidence that sanctions leads to sustainable employment which is the objective of welfare to work policies. In fact the evidence points to the opposite effect of policies.

Ending Legacy Claims – From ESA to UC and barriers for claimants with long term health conditions

18. As Table 4 shows below there are significant numbers of people with health related barriers in Chesterfield. The movement of people on existing Employment Support Allowance (as well as other benefits) on to Universal Credit has considerable risks placing people with complex health problems into a regime where sanctions are freely used. The main problem lies with the Work Capability Assessment (WCA) process in terms of its history of incorrect assessments. Under Universal Credit, a person wishing to claim ESA will be first called for a Health and Work Conversation (HWC). This conversation is basically a Work Focus Interview, and is mandatory, which means that a claimant can be sanctioned for not attending. Attending does not only mean being physically present at the interview but also fulfilling all the requirements set by DWP for a Work Focused Interview.

Table 4 Deprivation and Health in Chesterfield

The Borough is ranked the 25th most deprived in England for this domain and half of the LSOAs falling within the 20% most deprived within England.

- Economic inactivity in Chesterfield is higher than the regional and national average at 26.9%. Of the 17,300 individuals classed as inactive, 33.1% (5,700) are attributed to long term sickness. This is significantly higher than regional and national averages.
- 7340 (11.2%) individuals in Chesterfield are in receipt of out of work benefits compare to regional and national averages of 8.1% and 8.4%. Within this there are 3 statistical groups which remain at stubborn levels:
- ESA – 8.8% (5770) compared to regional and national averages of 6% and 6.1%
- Disabled – 1.2% (800) compared to regional and national averages of 0.7% and 0.8%
- Carers – 2.3% (1500) compared to regional and national averages of 1.8% and 1.2%.

Source: Chesterfield Borough Council (2017) Health and Wellbeing Outcomes and Reducing Inequality,

<http://chesterfield.moderngov.co.uk/documents/b15259/Report%20on%20Health%20and%20Wellbeing%20Outcomes%20and%20Reducing%20Inequality%2019th-Sep-2017%2017.00%20Community%20Cu.pdf?T=9>

19. Derbyshire Unemployed Workers Centre undertook a survey of people who were previously on ESA and were found 'fit for work.' All those interviewed experienced difficulties finding and sustaining work due to their health condition suggesting that there was an incorrect diagnosis in their health assessment.¹⁰ DUWC case work has identified numerous claimants who are experienced long term health conditions which are not taken into account by the DWP. This is backed up by a recent survey undertaken by Disability Rights UK who find "there will, however, be no extra financial help within UC for disabled people who do not reach the required level of functional impairment in the WCA to be placed in the work related activity or the support group. There are widely reported problems in the WCA that result in thousands of disabled people not having needs identified in the assessment and being prevented from accessing appropriate support as a result"¹¹

20. As part of the assessment of the movement from legacy benefits to UC we have estimated the financial impact of welfare reforms on individuals and households (also including here the estimated impact of cuts to UC support).

¹⁰ DUWC (2013) Fit for Work? So why am I not working? DUWC

http://www.advisederbyshire.org/duwc/documents/Fit%20for%20Work%20bklt%205609_p6.pdfhttp://www.advisederbyshire.org/duwc/documents/Fit%20for%20Work%20bklt%205609_p6.pdf

¹¹ Disability Rights UK (2017) *Holes in the Safety Net: The impact of Universal Credit on Working Disabled People*, https://www.childrensociety.org.uk/sites/default/files/tcs/disability_rights_uk_report_full.pdf

21. As Table 5 shows the Chesterfield local economy has lost millions of pounds in income due to benefit cuts. Note these changes relate to Working Age Adults and does not assess impacts on families. The Child Poverty Action Group (CPAG) highlight some critical elements to the impact of benefit cuts on families and children:

22. “The losses are alarming, and will damage the life chances of hundreds of thousands of children growing up under austerity. Cuts in both the legacy and universal credit systems will hit families with children harder than any other group across the population. Lone parents with children will be £1,940 a year worse off on average as a result of cuts in the legacy benefit system, and £2,380 worse off as a result of universal credit cuts, compared to what universal credit first promised.

23. Cuts to universal credit have substantially reduced the rewards from work for many families. Cuts and freezes to work allowances will leave lone parents worse off by £710 a year on average, and couples £250 a year on average, across the population. They also hit ‘just about managing’ families in the second and third income deciles particularly hard. In order to make up the losses from work allowance cuts, a couple already working full time on the ‘national living wage’ would have to work 17 extra days a year, and a lone parent an extra 41 days a year –in effect, a fourteen month year.

24. Cuts in the legacy benefit system will push 700,000 children into poverty (after housing costs) and 500,000 into severe poverty (before housing costs). Cuts to universal credit – which originally promised to lift 350,000 children out of poverty – will now mean a million more children in poverty than under its original design, and 900,000 more in severe poverty.

25. Failure to uprate benefits in line with inflation will be responsible for 300,000 additional children in poverty under universal credit, with the freeze of the child element alone responsible for 100,000 additional children in poverty. The two-child limit will be responsible for 200,000 children in poverty.”¹²

Table 5 Impact of Welfare Reforms and Benefit Cuts in Chesterfield

2015 Reforms	No. households	Est loss £m per annum	Financial loss per working age adult
Housing benefit and Local housing allowance	1,900	2	32
Housing benefit bedroom tax	1,100	0.8	12
Non-dependent deductions	600	0.4	6
Benefit Cap	20	0.1	1
Council Tax Support	6,200	0.5	7
Personal Independent	800	1.7	112

¹² CPAG (2017) *Austerity Generation: the impact of a decade of cuts on family incomes and poverty*, London: CPAG.

Payment anticipated impact by 2020			
Employment Support Allowance Outturn to March 2016	2,100	4.4	26
Child benefit	12,700	5	74
Tax Credits	7,700	8	114
1 percent uprating	15,000	5	76
<i>Total loss from welfare reforms</i>			
Post 2015 Reforms anticipated impact to 2020			
Universal Credit Tapers anticipated impact	5,400	6	88
Tax Credits New Reforms estimates	3,300	3	48
Mortgage interest rate reforms	400	0.6	9
Pay to stay	800	1.1	16
LHA Cap in Social Rented Sector	700	0.5	8
Employment Support Allowance	1,400	1.7	27
Benefit cap extension	350	0.8	13
Benefit Freeze	15,000	7	110
Total anticipated loss from post 2015 reforms		25	390
Total Loss pre and post 2015 reforms		51	780

Source:

<http://www.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/welfare-reform-2016.pdf>

Austerity and the displacement of UC impacts on to other services

Housing

30 people contacted in the Jobcentre survey said that UC had put them into housing cost problems. Those living at home with parents were not affected and so the number experiencing problems with UC in relation to rent arrears is alarming.

Table 6 Impact on housing

“ Can’t pay the rent – serious problem”

“ Rent arrears I have eviction notices”

“In B&B but that ends tomorrow – Barnados after care service helping”

“Six months rent arrear on council property”

“Lost his flat – has £1,000 rent arrears – no fixed abode now – sofa surfs”

26. Chesterfield Borough Council¹³ estimate that Council Tenant average arrears for UC claimants is £828 comprising 79% of all tenancy arrears. This compares with average arrears for tenants on Housing Benefit amounting to £228. The implication for financing housing services is significant. Furthermore the implication of adjusting to the change- over to UC will generate knock on pressures on Housing and other Staff. The initial assessment of UC impact can be summarised as follows:

- UC is having a significant impact on rent collection.
- Paid in arrears with first payment usually 6 weeks after date of claim.
- UC paid to the claimant and not the landlord
- Early indication is that is that many former HB claimants are struggling with the UC
- Sanctions for may means a housing cost sanction as well as living cost sanction.

Local Government: Chesterfield Borough Council

27. The impact of UC is possibly felt most in the provision of housing services (see above). The Community Customer and Organisational Scrutiny Committee has noted that “Following the introduction of Universal Credit (UC) the work of partners continues to be proactive in attempting to mitigate the impact of the rollout of UC. Other partners (Chesterfield, Derbyshire Unemployed Workers Centre and Derbyshire Law Centre) report an increase in use and complex cases..”¹⁴ However the role of the Council in supporting disadvantaged groups and in particular benefit claimants is being undermined in cuts to council services. Government funding for local authorities has fallen by an estimated 49.1% in real terms from 2010-11 to 2017-18. This equates to a 28.6% real-terms reduction in ‘spending power’ (government funding and council tax).¹⁵ Since 2010, Chesterfield council has faced a reduction of almost £6 million or 60 per cent in the amount of funding received from the Government and by 2020, this funding will cease altogether.¹⁶ During 2018/19 the council has to make another £200,000 in savings.

¹³ <http://chesterfield.moderngov.co.uk/documents/s15036/Welfare%20Reform%20Present.%2024.01.17.pdf>

¹⁴ <http://chesterfield.moderngov.co.uk/documents/g5008/Public%20reports%20pack%2022nd-May-2018%2017.00%20Community%20Customer%20and%20Organisational%20Scrutiny%20Committee.pdf?T=10>

¹⁵ NAO (2018) *Financial Sustainability of local authorities*

www.nao.org.uk/press-release/financial-sustainability-of-local-authorities-2018/

¹⁶ <https://www.chesterfield.gov.uk/home/latest-news/council-tax-set-as-council-faces-more-severe-cuts.aspx>

Foodbanks

28. Foodbanks in Chesterfield have reported an increase in use of their services since the introduction of UC. According to the Chesterfield Foodbank, “2017/2018 started smoothly, but when Universal Credit was introduced on 30th November 2017 client numbers increased by 70% December 2017 March 2018 compared to the same four months in the previous year”¹⁷ This tallies with recent reports from the Trussell Trust in relation to the impact of UC roll out on foodbanks (see paragraphs 10 and 11 above).¹⁸

Advice Services.

29. Because of the inherent problems in the design of UC as identified above the migration process is going to have major implications for the work load of advice services. This has increased substantially to meet with the impact of welfare reforms. The CAB, Derbyshire Law Centre and Derbyshire Unemployed Workers Centre have experienced an increase in the volume of enquiries. Furthermore all these centres report also an increase in the complexity of case work. The centres do not receive the resources commensurate to these increased demands and are in fact facing budget cuts.

Employment services

30. None of the respondents interviewed had been signposted to employment related services by Jobcentre Advisers. The migration to UC is accompanied by a reduction in funding for employment support services. The phasing out of the Work Programme in 2019 involves a significant cut in resources for employment services raising questions about **what help exists for people claiming Universal Credit**. The Work and Pensions Select Committee observed:

The DWP’s Employment and Health Related Services “Umbrella Agreement”, through which prospective Work and Health Programme providers are required to bid, has a total contract value of £1.77 billion. Not all of this will go to the Work and Health Programme, however. The Umbrella Agreement suggests that it will have a budget of £554 million over its lifetime. This is a manifold reduction compared to what it will replace¹⁹.

31. The migration of UC claimants does not seem to be accompanied by equivalent sustainable funding for employment services. The Work and Health Programme will

¹⁷ <https://chesterfield.foodbank.org.uk/wp-content/uploads/sites/270/2018/07/Newsletter.pdf>

¹⁸ Trussell Trust (2017) *Early Warnings Universal Credit and the Use of Foodbanks*, <https://www.trusselltrust.org/wp-content/uploads/sites/2/2017/04/Early-Warnings-Universal-Credit-and-Foodbanks.pdf>

¹⁹ Powell A (2018) *Work and Health Programme*, House of Commons Library Briefing Paper, no. 7845, <https://www.google.co.uk/search?q=House+of+Commons+Work+and+Health+Programme&ie=utf-8&oe=utf-8&client=firefox-b-ab&g>

only reach a relatively smaller cohort of claimants. The gaps in the provision of employment and skills for disadvantaged groups is considerable.

Devolution employment and skills policies and the implementation of Universal Credit

32. Chesterfield is located in two City Region jurisdictions, D2N2 (East Midlands and Sheffield City Region). There a number of work streams within the Sheffield City Region (SCR) programmes addressing employment under the direction of the Skills, Employment and Education Board of SCR. The SCR Early Intervention Employment Pilot is designed to provide intensive support to residents who are unemployed with multiple and complex barriers. The pilot will provide focussed and tailored support of up to 18 months to the individual early in the benefit claim procedure and will be delivered through an independent support service working across local areas.²⁰ There are questions relating to how far this model will be mainstreamed within the city region to the benefit of UC claimants? What initiatives will be put in place so that claimants can access skills and apprenticeships? How will the Apprenticeship Levy benefit UC claimants?

33. The impact of the implementation of Universal Credit in terms of in work conditionality should be seen as a critical factor in the development of City Region employment and skills policies. In the study on *Devolution and Disadvantage in Sheffield City Region*²¹ the report highlighted the lack of engagement of disadvantaged groups in terms of skills and apprenticeships. Some of the key issues raised:

- How the vision of growth and regeneration ‘for all’ empower disadvantaged groups.
- There is insufficient qualitative and quantitative analysis of how apprenticeships are working within the SCR - disadvantaged groups do not access programmes due to both funding and lack of employer engagement.
- Employers are reluctant to employ disadvantaged people, particularly young people.
- Uneven quality of Information, Advice and Guidance (IAG) exists for apprenticeship options, which is leading to individuals not being aware of and exploring options.

²⁰ Chesterfield Borough Council (2017) Health and Wellbeing and Reducing Inequality, Community, Customer and Organisational Scrutiny Committee , 19 September 2017 <http://chesterfield.moderngov.co.uk/documents/s17592/Report.pdf>

²¹ Etherington D and Jones M (2016) Devolution and Disadvantage in the Sheffield City Region: an assement of employment skills and welfare polcies, https://www.sheffield.ac.uk/polopoly_fs/1.64500

- Low-level quality apprenticeships are prevalent; with unattractive and unsustainable pay rates, that compounds the above.

34. The above factors serve to underline the way welfare to work programmes reinforce rather than address the low pay low skills cycle.

35. For those working under 35 hours a week or earning below a threshold, there will be requirements to spend a specified amount of time looking for more hours or better paid work, depending on claimants' circumstances. Claimants will be required to sign a Claimant Commitment, an agreement drawn up with the Jobcentre Plus, detailing requirements around searching for work and attendance at mandatory appointments with advisers or 'Work Coaches'.

36. First, there are the capacity issues for DWP staff to support UC claimants fulfilling in work progression conditionality. Second, there are issues about whether people can easily access more hours or change jobs, given the structural barriers to doing so (e.g. affordable childcare). Third, there is limited evidence about whether extending conditionality to working recipients will actually help them achieve in-work progression – and thus casting serious doubts about this aspect of Universal Credit. The research evidence suggests that many of those in work do not lack motivation to work or have negative attitudes towards employment, and so conditionality and the threat of sanctions could be counterproductive. It is structural and personal barriers that get in the way of working more, including difficulties predicting actual work hours in temporary and zero-hour contract work. For some people, such as working lone mothers, in-work conditionality will create challenges to balance work and family responsibilities.²²

37. As highlighted earlier the design of Universal Credit bears no relation to the reality of the nature of work and the type of jobs UC claimants are likely to access in local labour markets especially in those areas undergone significant deindustrialisation. In this context we assess the extent to which UC will facilitate access to sustainable work for the majority of claimants.

38. Researchers at Sheffield Hallam University in their study of the impact of welfare reforms on people and places state “for many communities the pain caused in the past by industrial job loss and the pain suffered today as a result of welfare reform are inextricably linked. By taking a long view of economic change, and by drilling down to evidence at the local level, these connections are all too apparent.”²³

39. In this respect it is important to take into consideration local labour market conditions in terms of job opportunities for claimants and in particular the likelihood

²² We are grateful to John Abbas Blog for these comments

<https://blogs.bath.ac.uk/iprblog/2017/10/20/working-hard-or-hardly-working-universal-credit-and-the-problem-of-conditionality/>

²³ Beatty C and Fothergill S (2016) Jobs Welfare and Austerity: how the industrial destruction of Britain casts a shadow over present day public finances,

<https://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/cresr30th-jobs-welfare-austerity.pdf>

of earnings and career progression. The Sheffield City Region in which Chesterfield is situated is (and the area where claimants will seek work) is characterised by a labour market dominated by a low pay and low skills. Research for the Joseph Rowntree Foundation (JRF) Pike et al²⁴ (Table 6) address the question of how many more and better jobs need to be created to address the demand deficiency in the major industrial cities. They categorise the labour market in terms of the ‘more jobs gap’ and ‘better jobs gap’.

40. The more jobs gap comprises those people who are unemployed, inactive, people who want to work and underemployed workers who would like more hours, such as people working part time. The better jobs gap incorporates those on low paid work, those jobs classed as insecure - such as temporary contracts - whilst workers have a preference for a permanent employment contract. Table 1 below provides an analysis of the break- down:

Table 7 Employment, quality of work and pay in the Sheffield City Region

	Better jobs gap (%)	000'	Earning <living wage(%)	More jobs gap(%)	(000')	Underemployed(%)	Inactive Wanting work(%)
Manchester	20	292	19	25	357	12	7
Sheffield CR	19	185	18	25	248	13	7
Cardiff	18	140	17	27	204	13	8
Liverpool	18	140	17	25	192	11	8
Newcastle	21	154	19	24	182	11	8
Bristol	15	92	14	21	126	12	5
London	14	677	13	23	1,127	12	6

Source: Pike et al (2017 adapted from Tables 1 and 2 pp7,8)

41. It is estimated that the number of those in low paid and insecure employment in the Sheffield City Region (SCR) amount to 185,000. In terms of the ‘jobs gap’ the number of jobs in the SCR that need to be created to bring the employment rate to the national average amounts to around 248,000. This analysis is corroborated by a report by the Sheffield City Local Enterprise Partnership on the Sheffield City Region economy which acknowledges the scale of the jobs gap

The SCR currently has a shortfall of around 65,000 private service sector jobs, when compared with the employment density in other LEP areas [...] This position has worsened since 2009, [...] Based on the forecast growth in other parts of the country the SCR would need to create 120,000 jobs to have closed the gap with the national average in 2023. This would require GDP growth of almost 5% and nowhere in the UK grows at this rate²⁵.

²⁴ Pike A Lee N Mackinnon D Kempton L Iddawela J (2017) *Jobcreation for inclusive growth in cities*, <https://www.jrf.org.uk/report/job-creation-inclusive-growth-cities>

²⁵ Sheffield City Region (2016) *European Fund Investment Strategy* <https://sheffieldcityregion.org.uk/wp-content/uploads/2018/01/SCR-ESIF>

42. In 2017 DUWC, Unite Trade Union, Salford University and Sheffield Hallam University undertook a survey of Temporary Agency Workers (TAW) in North Derbyshire.²⁶ The survey found that the proliferation and increase in zero hours contracts is an indication of this 'better jobs gap' reinforced by the conditions imposed by local job centres on claimants. Universal Credit involves a more 'disciplinary' welfare to work scheme reflected in a more rigorous sanctions criteria and their deployment. The survey found that more and more people are being pressurised into work which in reality cannot provide a sustainable income. Furthermore there is evidence that as part benefit conditionality claimants are required to sign up to TAW.

“Job Centre Plus moves people onto agency work – they are much worse off with an agency. People sign up for multiple agencies – some are dreadful – either maliciously or otherwise have no idea of their requirements and obligations. Caring and cleaning agencies especially are bad. Also get people (often bogusly) to sign up as self employed – to reduce their obligations. There are many myths that go around – often perpetrated by agencies themselves that zero hours workers are not entitled to holiday pay, statutory sick pay etc Agencies are wilful and belligerent about basic rights. Employees can enforce seeing payslips and contracts but often don’t” Derbyshire Law Centre

43. This raises an important question is how the UC model will 'make work pay.' Our evidence that Universal Credit follows successive workfare programmes which in effect have the opposite effect. The implications of this is that there is a need for a focus on jobs/skills creation programme and in particular sustainable jobs throughout the UK and in those areas which have been the subject of economic restructuring and employment loss.

Recommendations

The design of Universal Credit is fundamentally flawed and that putting a halt to migration and dealing with these problems is of a fundamental priority. The following areas require more urgent attention:

- People are entitled to a decent benefit as a safety net. To achieve this will include restoration to benefit cuts, and UC and other benefits are set at a level which meets minimum income standards;
- In relation to the above the DWP should ensure that claimants receive the benefit they are entitled to and address the growing problem of unclaimed benefits;
- A halt to benefit sanctions ;
- The abolition of in work conditionality;

²⁶ Ball M Hampton C Kamerada D Richardson H (2017) Agency Workers and Zero Hours: the story of hidden exploitation, Salford University
http://usir.salford.ac.uk/43586/1/DUWC%20Research%20Report%208698_p1.pdf

- Major overhaul of Work Capability Assessment with more of a focus on social model of disability. Here we refer to the work by Ben Bauenberg Geiger who recommends that “the government should overhaul the WCA descriptors, so that they transparently reflect the British labour market. This is relatively straightforward: the government could collect data on the functional requirements of British jobs – i.e. the specific capabilities that people need to be able to do each job. This could look at the combined impact of multiple impairments on work capability, by measuring the functional *profiles* required in different jobs – i.e. all the capacities in combination that someone needs to be able to do that job. The resulting assessment would be more accurate, more transparent and more legitimate.”²⁷ In addition there should be a greater focus on employer support in relation to work place adjustments;
- More emphasis on employment support within the claimant process and welfare to work services which promotes upskilling and in work progression;
- More focused link between Devolution growth strategies and UC claimants/disadvantaged groups

²⁷ <https://www.demos.co.uk/press-release/new-research-sets-out-how-a-better-wca-is-possible/>