SOCIAL SECURITY COMMITTEE

SOCIAL SECURITY AND IN-WORK POVERTY INQUIRY

SUBMISSION FROM Public and Commercial Services Union (PCS)

Background

1. The Public and Commercial Services Union (PCS) represents 51,000 staff working for the Department for Work and Pensions (DWP) across the United Kingdom. In Scotland, this includes thousands of staff who work on Universal Credit (UC) in dozens of Jobcentres, and in two main service centres in Glasgow and Dundee which provides a hub for telephony, processing and decision making, both on UC Full Service (UCFS) and Live Service.

2. Each time that staff have been consulted by their trade union about the impact of UC – both on staff and on claimants – the overwhelming answer is that UC has a negative impact on staff and claimants. Staff routinely criticise the lack of resources available to deliver a quality service to claimants, the confusing and constantly changing processes by which the system is delivered and the IT infrastructure which underpins the whole service.

3. In the most recent large-scale survey of staff, from February 2018, involving 554 individual responses from staff working on UC, 80% of respondents felt their workplace did not have sufficient staff to manage the workload. Almost three-quarters of respondents suggested they hadn’t been suitably trained to discharge their duties. Significant numbers highlighted lack of training in mental health as a serious concern when dealing with vulnerable claimants.

4. The UK government claimed that the staff working on UC “believe overwhelmingly that Universal Credit is giving them the tools to help people to transform their lives”. Of the 554 UC staff who responded to our survey, 68% disagreed with this statement and only 16.4% supported it. These results went on to be featured on Channel 4’s Dispatches on 7th May 2018.

5. Elected officers of the union continue to be inundated with complaints from every area of Universal Credit, including Full Service, despite this being widely hailed by DWP as a solution to the problems that plagued the first iteration of UC, now known as Live Service.

6. In the Service Centres in Dundee and Glasgow, Full Service staff with caseloads of 500 claimants simply cannot manage to adequately support their claimants in the way they know to be necessary. In Jobcentres, Full Service process changes now put Work Coaches in danger by forcing them to make sanction decisions, instead of referring these to back of house staff. These are just two examples of many, showing the serious nature of the complaints routinely received by PCS from members.

Under-resourcing, conditionality and those in work

7. The policies, processes and staff resources that will support claimants to the tax credit components of Universal Credit are not in place. Since 2010, DWP has lost the equivalent
of 40,000 full time staff. One estimate suggests that to support in-work claimants through the Jobcentre network, footfall across Jobcentres would have to increase by 325,000 per week\(^1\). This would simply be unmanageable on the basis of currently available resources.

8. Whether or not they are prepared to say so publicly, the Department for Work and Pensions recognise this. For this reason, a randomised trial was begun in 2015, affecting 15,000 in-work claimants. The purpose of the trial was to look at what outcomes would be achieved by managing UC claimants in different ways.

9. Of the 15,000 claimants, one group was handled in a light-touch way, with digital and telephony intervention only and all activities being agreed on a wholly voluntary basis. Another two groups were asked to attend Jobcentres, with one group attending on a fortnightly basis and the other on an 8-weekly basis. These latter two groups were also asked to agree a Claimant Commitment and were subject to mandatory direction by Work Coaches, opening the potential for sanctions.

10. Evaluation is due for this trial in autumn 2018, but it has not been published yet. As a result, it is hard to say what the full impact of rolling out UC Full Service will be for in-work claimants. It will depend very much on decisions that are yet to be taken by the UK government.

11. PCS supports a light-touch, voluntary approach to managing the caseload of in-work claimants. We oppose any approach which has rigid expectations of attendance at Jobcentres and which puts inflexible conditionality and the threat of sanctions at its heart.

12. If there are programmes of training that will assist those in low paid employment to build the confidence and skills to escape from such employment, then our members support claimants having access to these. Suitably resourced, Jobcentres would be well placed to give advice to such claimants and to make referrals to these kinds of programmes.

13. PCS members are firmly opposed to the extension of the sanction regime to in-work claimants and have expressed this year after year through individual letters to their trade union, through workplace meetings and through the policies passed by the union’s annual conference.

14. The experience of front line Jobcentre staff and front line telephony staff alike is that sanctions do not act as a motivational tool; instead they become one more barrier that a claimant must overcome as they struggle to sustain a household and either find work or to increase their earnings. Sanctions have already been shown to drive poverty and reliance on foodbanks for the unemployed\(^2\); there is little reason to believe this would be different for in-work claimants.


\(^2\) See the *Final Findings Report* of the Welfare Conditionality Project, University of York, published on 22\(^{nd}\) May 2018.
15. PCS calls on the Scottish Government to put in place funds capable of mitigating the impact of sanctions, both for those who are in-work UC claimants and for those who are unemployed, and to consider using the powers of new benefit creation to introduce crisis payments for those experiencing hardship as a result of the delays and impact of UC.

16. This crisis payment should also be used to support both in-work and unemployed claimants through the many delays they are likely to experience as UCFS rolls out, as part of the under-resourcing of the DWP-managed social security system.

**Supporting in-work claimants**

17. PCS members are firmly of the view that there is no cheap or quick option to designing and supplying the kind of training that would genuinely support those claimants in low paid work to move towards higher paid employment and off the tax credits component of Universal Credit.

18. A knee-jerk response of several UK governments has been to sign contracts with private sector organisations to provide training to claimants. Our members have found this training to vary widely in quality and in many cases to be of negligible value.

19. We would welcome an open conversation with the Scottish Ministers and the Committee about the kinds of support that might genuinely help claimants to progress their careers and improve their earnings prospects, and about how this support could be delivered in Scotland, for example through the new Social Security Agency.

20. It must be recognised, despite the best of intentions, that there are structural limits to what training can do to remedy under-employment and low wages. Ensuring every professional driver has an LGV C+E licence, for example, increases the number of jobs each individual can apply for, but does not increase the total number of jobs available.

21. For this reason, PCS supports raising the National Minimum Wage to £10 per hour. While we recognise that employment law is reserved to the Westminster Parliament, we support the inclusion of this demand into the Scottish Government’s Fair Work Agenda.

**UC Housing Component**

22. UC introduces an assumed minimum income in respect of housing payments, for those workers who are self-employed. Under Housing Benefit, determination of the amount of benefit payable was based on real earnings. UC Housing Benefit now assumes an earnings floor based on the National Living Wage, thereby reducing the amount payable to claimants.

23. Poor resourcing and complicated processes involve many UC Full Service claimants waiting until their third assessment period (i.e. 18 weeks into their claim) in order to receive their first housing payment, and the evidence reported from front line staff indicates that this is frequently inaccurate. This drives rent arrears and places additional pressure on claimants.
24. PCS calls on the Scottish Government to expand the use of Discretionary Housing Payments to cover the amounts lost through this change in how housing payments are calculated, and to cover any arrears driven by delays in the processing of Universal Credit.

**UC, household payments and in-work families**

25. UC introduces benefit payments to a household, instead of to individuals. This reactionary step, based on a male wage-earner model that is not applicable to a country in which 75% of mothers are in paid work, has triggered a number of concerns from the staff working on Universal Credit. Key among these concerns is the potential for exploitation of women with controlling partners.

26. In addition, this household model creates a disincentive for second wage earners to enter the labour market or to progress to higher paid jobs. One person must be noted as the “primary” wage earner, and the other as the “primary” carer, with expectations created by these designations, instead of being able to share caring responsibilities and both to enjoy protections from conditionality.

27. All available evidence suggests that rolling out UCFS will mean a cut of between £1,000 and £2,400 for working families in receipt of existing benefits, including lone parents. We agree with the recent CPAG report\(^3\), published on 20\(^{th}\) August, which highlights the difficulties for families in work in terms of the shortfall between the current National Minimum Wage and their expenditure due to the rising costs of raising children.

28. UC implements cuts in a variety of ways. The most basic is the reduction of in-work allowances so that benefit is reduced at a faster rate than earnings increase. The two child limits imposed under Universal Credit also play a role. PCS opposes limitations to benefit entitlement based on the number of children. PCS opposes the detrimental approach that UC adopts in relation to in-work allowances.

29. PCS supports the reversal of these cuts and believes the Scottish Government has a responsibility to explore every avenue to mitigate these cuts, including through raising real wages, to alleviate in-work poverty and the impact of UCFS rollout.

**Managed Migration**

30. UCFS has begun rolling out in Scotland for those who make new claims to any of the legacy benefits covered, but there are a huge number of claimants already in receipt of these legacy benefits who will shortly – from early 2019 if DWP estimates are to be believed – begin transitioning across to UCFS.

31. This Managed Migration process is due to be complete by 2023. PCS, on behalf of members, has already identified a number of concerns, key amongst which is that transition may not proceed automatically, but that claimants will be written to and asked to confirm that they wish to transition. If they do not respond, their claim will end. This is not in line with

---

\(^3\) Donald Hirsch, *The Cost of a Child in 2018* (London; Child Poverty Action Group, August 2018)
how the closure of previous benefits have been handled and is likely to cause substantial problems for in-work and unemployed claimants. We would also add that even with the current programme to transfer existing claims from Live Service to Full Service (due to be completed by June 2019) the claimant has to participate in the online “build” of the claim on Full Service. Claims are being closed during the “transfer” process because claimants cannot cope with the technical demands of interacting electronically with DWP.

32. Claimants who are in employment, who make new claims to UC, face many hurdles in continuing with their claim. PCS members who work on the front lines of UC report that in addition to delays and cumbersome processes, the very design of the system can discourage people from accessing support to which they are entitled. An example of this are where salaries are paid weekly, fortnightly or four-weekly; this does not sync up with UC Assessment Periods, where claimants are paid calendar monthly. Fluctuating earnings or getting two four-weekly payments in one calendar month can throw out UC calculations, which are drawn directly from earnings reported to HMRC by employers. Some claimants thus have their entitlement reduced to nil in their next assessment period, whereas if their earnings were “smoothed” over the course of a year this might not happen. Other claimants, because of the delay in employers reporting earnings data to HMRC, or inaccuracies in this information, find their UC entitlement reduced months after it should have been, or reduced inappropriately. These are all problems faced right now by new claimants and they will be expanded to all claimants currently in work as part of the managed migration of legacy benefits to Universal Credit Full Service.

34. Given the potential impact to families and those in work, PCS calls on the Scottish Government to engage with the UK government to halt managed migration and the expansion of the welfare cuts contained in UC legislation, and to do everything possible to mitigate the impact to claimants of legacy benefits, including those receiving in-work benefits such as tax credits.

PCS
21 August 2018