

Credit where it's due?

Claiming Universal Credit during the Covid-19 pandemic

Research summary

Universal Credit has two key aims. The first is to provide support for out-of-work households and help ease them into work that pays. The second is to protect those who are unable to work, as well as many who do work, from hardship. At the start of March 2020 3 million households claimed Universal Credit. By October this had nearly doubled to 5.7 million. This is likely to increase over the coming months, when other forms of support are wound down.

We surveyed a random sample of 450 of our residents who began claiming Universal Credit following the lockdown on 23 March 2020. Almost 60% said they made a claim due to a change in their employment status. These are people who had been in work, but suffered a sudden loss of income due to the economic consequences of the pandemic.

What did we find?

- Despite the unprecedented increase in claimants, the system appears to be holding up and providing a lifeline to more than 5 million households.
- Around a quarter of respondents who put in new claims said that they had to wait longer than 5 weeks for their first payment – causing some to run out of money.
- New claimants are generally more digitally literate than existing claimants (many of whom have been out of the workforce for some time), and most respondents managed the application process without problems. However, around one in five said they found the system difficult to navigate, and there remains a challenge in supporting these individuals.
- The amount of money claimants receive from Universal Credit is low – especially for those who are out of work and solely reliant on it. Many of our tenants who are new claimants are having difficulty making ends meet, and some are going without essential items because they cannot afford them. This is in spite of the additional £20 per week that the government introduced during the pandemic period.



What should be done about it?

The DWP should ensure that Universal Credit provides the much-needed safety net by:

- Reducing the five-week wait, to two to three weeks via the use of an upfront grant rather than a loan, and ensure that nobody waits more than five weeks for payment.
- Improving the application process by making it easier for claimants to speak with someone when they are having difficulty. If Universal Credit is to live up to the “universal” in its name, the system must be easy to use for everyone.
- Maintaining the additional £20 a week. Even with this extra payment claimants are struggling; to remove it would make even more face hardship during this unprecedented time.

As a housing association, Peabody will continue to support our residents by:

- Making sure they are aware of what they're entitled to. A large number of residents are currently navigating the welfare system for the first time.
- Ensuring that support is available to any who struggle with the application process as necessary.
- Continuing to offer assistance with financial and employment-related advice once they are claiming. Employment opportunities are changing, and residents may need support to access training opportunities and move into areas where jobs exist.

