



# THE NEXT STAGE OF UNIVERSAL CREDIT

Moving onto the new benefit system  
and foodbank use

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## About us:

The Trussell Trust is a national anti-poverty charity which runs a network of over 420 foodbanks.

Foodbanks in our network provide three days' nutritionally balanced food and support to people in crisis in the UK. Foodbanks in our network provided 1,332,952 three day food supplies between 1<sup>st</sup> April 2017 and 31<sup>st</sup> March 2018, a 13% increase from the previous year, and issues with benefits continue to be the most common cause of referral to a Trussell Trust foodbank.

Over 90% of the food foodbanks in our network give out is donated by generous members of the public. Everyone who comes to a Trussell Trust foodbank is referred by a professional such as a social worker, health visitor or schools liaison officer, and over 50,000 frontline professionals refer people to Trussell Trust foodbanks.

It takes more than food to end hunger. We therefore do three things: support our network to provide emergency food to people referred; help foodbanks to provide on-site additional help or signpost people to relevant local charities to resolve the cause of foodbank referral; and bring together the experiences of hundreds of communities on the frontline to challenge the structural issues that lock people in poverty and campaign for long-term change so we can see a future without the need for foodbanks.



# FOREWORD

We're rightly proud in the UK of the systems we've created to protect each other. Our commitment to the NHS shows we don't just talk about caring for each other, we take action to ensure that help is available to any of us whenever it's most needed. Similarly, the foundations of our benefits system demonstrate not only that we're a country that believes no one should be left without enough money for essentials like food, but that we put those principles into practice.

Universal Credit should be the next stage of this tradition. At The Trussell Trust, we're supportive of the principles underpinning the new benefits system – ensuring work pays and simplifying the complicated old benefits system makes sense.

We've been working closely with our network of foodbanks across the UK to monitor what happens on the frontline when people apply for Universal Credit in an area. Our evidence reveals that for many people the new system is making an already bad situation worse. We're concerned that not enough focus has been put on a third crucial principle: ensuring the new benefits system is able to protect everyone from hunger or destitution whenever its help is needed most.

Foodbanks have seen first-hand the impact on people when there's an issue with Universal Credit: families facing eviction, parents skipping meals and people in insecure work struggling to afford the bus fare to work. The five week wait for a first payment, the lack of available support to apply online, the inability of payments to cover the cost of living for people who need it most, and poor administration are just some of the issues people are facing.

Until now, only people making a new application for benefits have been able to apply



Emma Revie, CEO of The Trussell Trust

for Universal Credit. But soon, 3 million people will be moved over to the benefit. Our evidence, and evidence from other frontline organisations, suggests that if this goes ahead as has been planned so far, we could see a big increase in people being referred to foodbanks for emergency support. The magnitude of this next stage, combined with the vulnerability of many of the groups that will be asked to move themselves onto Universal Credit, means there could be a repeat of all the issues people have already experienced, but on a scale not yet seen.

What we at The Trussell Trust want to see is a Universal Credit that's ready to offer vital support to people. We think this can be done. We know the issues people are likely to face as they move over, so we should take action now to ensure the next stage of Universal Credit doesn't replicate them.

We're a country that prides itself on making sure proper support is in place for each other whenever help is most needed, whether that is through our health service or benefits system. Universal Credit can, and must, continue that legacy, but in order to do so we need it to be ready for anyone who might need the vital help it should offer; and, crucially, we need it to be ready before the next stage of Universal Credit, the process of moving over people already at risk of needing a foodbank, begins.

# EXECUTIVE SUMMARY

The rollout of Universal Credit to all Jobcentres will soon be complete, and the next stage of Universal Credit will begin. 3 million people currently claiming benefits and tax credits will have to move onto the system. The Trussell Trust is concerned that, given the links between Universal Credit, financial hardship, and foodbank use, this next stage could lead to increased financial need and more demand for foodbanks.

The report uses referral data from Trussell Trust foodbank vouchers to examine the impact of Universal Credit on foodbank use, and finds that:

## 1.

When Universal Credit goes live in an area, there is a demonstrable increase in demand in local Trussell Trust foodbanks. On average, 12 months after rollout, foodbanks see a 52% increase in demand, compared to 13% in areas with Universal Credit for 3 months or less. This increase cannot be attributed to randomness and exists even after accounting for seasonal and other variations.

## 2.

More detailed foodbank referral data show that benefit transitions, most likely due to people moving onto Universal Credit, are increasingly accounting for more referrals and are likely driving up need in areas of full Universal Credit rollout. Waiting for the first payment is a key cause, while for many, simply the act of moving over to a new system is causing hardship.

This poses serious questions for the next stage of Universal Credit, where many people could lose their benefits entirely or find themselves with less income. The Department's current plans involve sending letters to people informing them their claim will be terminated if they do not apply for Universal Credit within a four week period. Each claimant will then have to wait at least five weeks for their first payment.

Some of the most vulnerable people in our country will be moved onto Universal Credit under this next stage, with half claiming tax credits and a third claiming disability benefits. The Department plans to offer support for vulnerable claimants, but has not set out how they will identify vulnerability or what support will be offered. 'Transitional protection', where no claimant should receive less under Universal Credit than legacy benefits, can be lost if claims are incorrect or if minor circumstances change.

## WE RECOMMEND THE DEPARTMENT:

### **1. Takes responsibility for moving claimants over to Universal Credit and eliminates income breaks**

Under the current proposals, the responsibility for moving onto Universal Credit is left with people currently receiving benefits under the old system. It does not have to be like this. The final plans for the next stage must ensure people aren't left without any income, either by automating the process using existing benefit data or by another method.

### **2. Expands and strengthens Universal Support to make sure it is available and targeted in preparation for the next stage of Universal Credit**

People will be sent letters and information about additional support available 4-6 months in advance of their old payments stopping. However, the Department has not laid out what support will be offered. Currently, evidence from foodbanks suggests Universal Support is not consistently available to people in need of digital or budgeting advice.

The next stage of Universal Credit will mean many more people need support moving onto the system and so Universal Support must be fit for purpose, well-funded, and include advice for debt and benefits issues. A significant proportion of the people moving during the next stage of Universal Credit will have issues with digital literacy or access, be unfamiliar with the new system, and be particularly vulnerable. Furthermore, many people, particularly those on disability benefits like Employment Support Allowance and families on tax credits, will need additional, proactive support to ensure they can manage their claim effectively.

### **3. Publish a schedule for the next stage of Universal Credit, ensuring there are opportunities to review the process and make changes whilst it is underway if they are needed.**

It's crucial that in line with their 'test and learn' approach so far, the Government builds a schedule for how the next stage of rolling out Universal Credit will look, ensuring there are opportunities to review the process and make changes whilst it is underway if they are needed.

# INTRODUCTION

Universal Credit was passed as part of the Coalition Government's welfare reforms in the Welfare Reform Act 2012, merging the six largest working-age benefits into a single payment.

As of July 2018, one million people are on the system. By the end of 2019, all Jobcentres across the UK will be processing claimants in the new system, and by 2023, all existing eligible claimants currently on the legacy benefits system will have been migrated to the new system. When full transition ends, 8 million households will be on Universal Credit. Universal Credit diverges from previous forms of benefit payments by including:

1. A five-week delay before a claimant receives their first payment.
2. Single monthly payments in arrears, with housing benefits paid directly to claimants.
3. New forms of conditionality for claimants, both in and out of work.
4. A work allowance which determines the point at which the Universal Credit award starts to taper off.
5. Digital applications, accounts and payments.
6. Some reductions in the amount of payments claimants receive.
7. New system of working tax credits and a taper rate to reduce payment amounts as earnings grow.
8. Universal Support, a new system of support to help claimants.

The process of transitioning out of the legacy benefits system and onto Universal Credit, and

the experience of being on and interacting with the new system, has already had wide-ranging effects on claimants, statutory bodies, and voluntary organisations.

Analysis from The Trussell Trust on foodbank referral data in 2018 has shown a 52% average increase in foodbank use in areas that have had Universal Credit for 12 months or more compared to 13% in areas that have not yet gone live with Universal Credit, or have been live for three months or less. We know Universal Credit is not the only issue driving an increase in foodbank use, but it's a significant factor in many areas.

Foodbanks delivered a survey to people referred with Universal Credit issues to explore which problems claimants could be encountering that led them to need a foodbank. The research<sup>1</sup> found that:

1. The wait for a first payment had severe and immediate consequences: 70% of respondents found themselves in debt, 57% experienced issues with their mental or physical health, and 56% experienced housing issues. The majority of respondents were waiting or had waited the intended weeks for their payment but this wait still had severe financial implications.
2. There was little statutory support available during this wait. 63% were offered no help at all. Advance payments were helpful for some, whilst a half who provided detail said they were unhelpful, too little, or unaffordable to repay.

<sup>1</sup> 'Left Behind: is Universal Credit Truly Universal?', 2018, The Trussell Trust <https://s3-eu-west-1.amazonaws.com/trusselltrust-documents/Trussell-Trust-Left-Behind-2018.pdf>



3. Only 8% said their full Universal Credit award covered their cost of living. This was even less for disabled people or people with ill-health, of whom 5% said the award covered their cost of living.
4. Poor administration was a persistent concern. 35% had waited, or were waiting, longer than 6 weeks for their first payment. A third had experienced poor communication, and 30% had experienced underpayment. Over and underpayment were particularly rife amongst those in work, with 50% in work affected.

## THE NEXT STAGE OF UNIVERSAL CREDIT: 'MANAGED MIGRATION'

The next stage of Universal Credit will see three million existing eligible claimants move manually over to Universal Credit starting from 2019, in a process called 'managed migration'. Some of the country's most vulnerable people will be affected in this process: a third currently claim Employment Support Allowance, while half are on child tax credits or working tax credits.

In June 2018, the Department for Work and Pensions (DWP) published their proposals for moving existing eligible claimants onto Universal Credit in the draft Universal Credit (Transitional Provisions) (Managed Migration) Amendment Regulations 2018<sup>23</sup>. The regulations lay out how existing claimants will move onto Universal Credit, what they need to do, and how much they will receive under

Universal Credit. The Social Security Advisory Committee (SSAC) has consulted on the proposals and we expect the regulations to be laid in October 2018.

Under the current proposals, the responsibility for moving onto Universal Credit manually is left to the claimant. People will receive a 'migration notice' telling them they have a month to make a claim. If they do not make their claim within this time, their existing claim will be terminated and they will not receive any benefits at all. Even if the claimant completes the claim process properly, they will be waiting five weeks or more for their first payment.

In recognition of the fact that people being asked to move themselves onto Universal Credit will need extra support and certain types of Universal Credit payment are not paid at the same level as their counterparts under the old legacy benefits system, the plans include some safeguards. The most important safeguard is 'transitional protection' – a guarantee that the claimant won't receive a lower award on Universal Credit than legacy benefits.

Under the current proposals however, transitional protection can be lost if the household needs to make a new claim, or if earnings break a set threshold. This is a significant disincentive for work and undermines the principles Universal Credit is based on. If earnings increase and a person is no longer eligible for Universal Credit for 3 months, the claimant will not get transitional protection, even if they would be eligible under the old system. This is particularly worrying as difficult life events, like a relationship breakdown, can trigger a new claim and leave vulnerable people much worse off.

2 The Universal Credit (Transitional Provisions) (Managed Migration) Amendment Regulations 2018 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/718579/uc-transitional-regs-2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718579/uc-transitional-regs-2018.pdf)

3 Explanatory Memorandum For The Social Security Advisory Committee, 2018, Department for Work and Pensions [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/718580/uc-transitional-regs-2018-explanatory-memorandum.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718580/uc-transitional-regs-2018-explanatory-memorandum.pdf)

Disabled people lose out most if this protection is withdrawn, and we know this group is disproportionately likely to need a foodbank.<sup>4</sup> People in insecure work, a significant proportion of whom are families with children, will also be affected disproportionately as they have unstable earnings.

There is also some flexibility for the time period people need to reapply for benefits to be extended, or for applications to be face-to-face or over the phone, if it is identified that claimants have additional needs, like disability or caring duties. However, there is no clarity on how the DWP will identify vulnerable people. This means the onus will likely be on the claimant to provide 'good reason' for delaying or missing the deadline day for applying to Universal Credit. If they can't provide a good reason, their claim will be invalidated and they'll have to make a brand new claim with no transitional protection.

Claimants will be given information about additional support 4-6 months in advance of the notice being issued. However, the Department has not laid out what kind of support will be offered. Currently, evidence from foodbanks suggests Universal Support is not consistently available to people in need of digital or budgeting advice.<sup>5</sup>

A significant proportion of the caseload moving to Universal Credit via managed migration will have issues with digital literacy or access, will be unfamiliar with the new system, and be particularly vulnerable. Furthermore, many claimants, particularly people on ESA and families on tax credits, will need additional, proactive support to ensure they can manage their claim effectively.

The proposals also do not explain the schedule by which people will be moved over - whether it will be by Jobcentre as in the natural migration rollout, or by some other means, such as by claimant group or individually.

This report looks to answer the question of why foodbanks have seen an increase in referrals following Universal Credit rollout, using data from professionals and agencies referring to foodbanks in The Trussell Trust's network to examine which issues are linked to foodbank use and the move to Universal Credit. It also looks at what lessons can be learned before the next stage of Universal Credit begins, and makes recommendations on how these valuable insights from the frontline can be used so our new benefits system acts as an anchor to protect people from being swept into poverty.

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4 'Financial insecurity, food insecurity, and disability', 2017, R Loopstra, [https://www.trusselltrust.org/wp-content/uploads/sites/2/2017/07/OU\\_Report\\_final\\_01\\_08\\_online2.pdf](https://www.trusselltrust.org/wp-content/uploads/sites/2/2017/07/OU_Report_final_01_08_online2.pdf)

5 'Left Behind', 2018, The Trussell Trust <https://s3-eu-west-1.amazonaws.com/trusselltrust-documents/Trussell-Trust-Left-Behind-2018.pdf>



# METHODOLOGY

This report uses referral data and e-referral data from referral agencies since April 2016 to examine issues linked to foodbank use and the move to Universal Credit.

Everyone who comes to a foodbank in The Trussell Trust's network is referred by an agency or professional - like a health visitor or housing association - using a foodbank voucher. Foodbanks in The Trussell Trust network record the client data on this voucher in a provided data system, from which The Trussell Trust is able to analyse aggregate data, including trend data. On this foodbank voucher, information about the size of the household but also the reason for referral is given by this 'referral agency'. In 2017-18, over 50,000 frontline professionals gave foodbank vouchers to people in crisis.

Increasingly, foodbanks in the network are using electronic foodbank referrals. Electronic referrals are completed by referral agencies in the same way as traditional paper vouchers, and can gather more detailed information about the reason behind the top-line referral reasons. For example, under 'benefit change', referral agencies can state whether this was due to a sanction, a change to a different benefit, a reduction of the value of the benefit, or a deduction due to a loan. Each of these sub-categories has further sub-categories, like the benefit the claimant was sanctioned for, and the length of a sanction.

Not every referral to a foodbank in the network is made using an electronic referral, but the sample sizes are significant and provide a good indication of the trends underlying foodbank use. Of all referrals made in 2017-18 across the UK due to the following referral reasons, e-referral data is available for:

- **'Benefit change': 25,034 referrals – 23% of all referrals for this reason**
- **'Benefit delay': 29,833 referrals - 21% of all referrals for this reason**
- **'Low income': 27,614 referrals – 16% of all referrals for this reason**

To provide a robust measure of trends, we have here used proportions of referral reasons rather than raw numbers – the total numbers of e-referral vouchers are increasing as more foodbanks take up the system.

# UNIVERSAL CREDIT AND FOODBANKS

## THE IMPACT ON DEMAND

During 2017, The Trussell Trust became aware of individual foodbanks reporting significant increases in numbers of emergency food supplies provided to people following full rollout of Universal Credit. The Trussell Trust undertook a statistical exercise to determine whether these reported increases were isolated to particular foodbanks or appeared to be part of a pattern. This data shows that foodbanks in areas of full Universal Credit rollout have seen an increase in demand, of which Universal Credit is most likely the key driver.

Monthly totals of 3-day food provisions were extracted for each of the 420+ foodbanks in the Trussell Trust network. For each foodbank in the network, the date of full roll-out of Universal Credit was determined from data provided by the DWP in February 2018. Foodbanks were identified that had full rollout of Universal Credit for 12 months or more. The sample size at this stage was 39 out of a network of 423 foodbanks (discounting new foodbanks open less than a year, for which data would be incomplete).

For the sample group, data for totals of food provisions was aggregated for the month in which full rollout of Universal Credit occurred for each foodbank, and aggregated for each subsequent month. A very strong increase in demand was observed over the 12 months from full Universal Credit rollout.

Some potential factors were identified that could skew the apparent data trend. The three key factors were tested and, where necessary, were controlled for:

1. On infrequent occasions, recording of data by individual foodbanks can be interrupted. One foodbank was removed from sample group because of a gap in its data record. This reduced the principal sample for analysis to 38 foodbanks.
2. New foodbanks typically experience strong growth in their first year. All of the sample of 38 foodbanks has been in operation for over four years. None were in an “early growth” phase.
3. Food supplies data in December is on average 50% higher than any other month. To remove any effect of December data spikes, December data was replaced with the average of the two adjacent months, November and January.

After controlling for the above three factors, the average increase in food provisions for the sample group was 52% over 12 months from the month of full Universal Credit rollout for each foodbank.

This compares with:

- A 6.6% increase for the network as a whole between 2015/16 and 2016/17
- A 13% increase for the network as a whole between 2016/17 and 2017/18
- A 15% increase for the sample group in the 12 months prior to full Universal Credit rollout

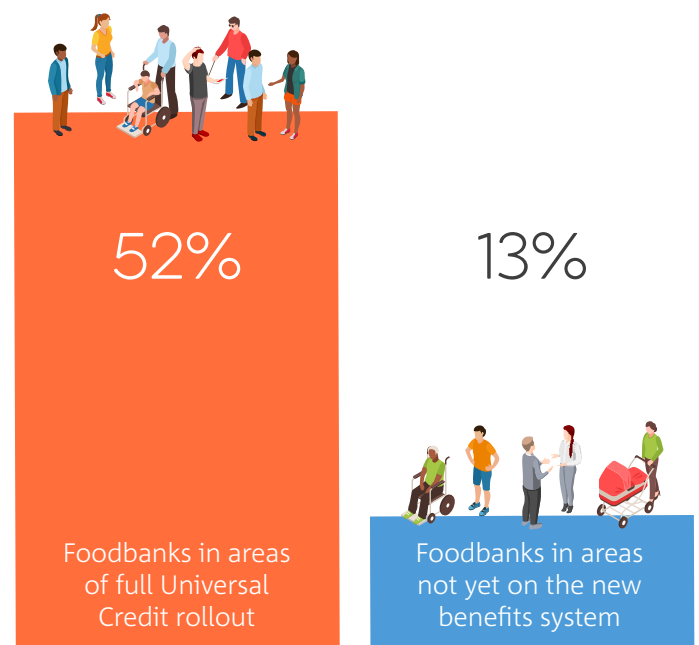
Compared to these three rates of increase, an increase of 52% over 12 months appears to be very anomalous. However, the possibility was considered that the increase of 52% for the sample group was due simply to randomness.

To test this, counter-factual analysis was undertaken. A sample of 38 foodbanks was randomly selected from amongst the 258 where full Universal Credit rollout had not yet occurred, or had occurred within the last three months. For each foodbank in this sample, a hypothetical “rollout” month was randomly assigned, falling within the period of actual full rollout dates. The growth rate in the 12 months following the hypothetical “rollout” months was then analysed in exactly the same way as the analysis for the principal sample.

This counter-factual exercise was repeated twenty times – i.e. twenty randomly selected samples of 38 foodbanks, with randomly assigned hypothetical “rollout” months. Across these twenty random samples, the average rate of increase was 13%; the smallest rate of increase was 4% for one random sample; the largest was 24%. The counter-factual analysis indicates that the 52% increase of demand for the principal set of Universal Credit “12-month+” foodbanks is extremely unlikely to be simply due to randomness.

It is already noted above that the principal sample of 38 foodbanks reported an increase of 15% in the 12 months prior to full Universal Credit rollout. Of the 38 foodbanks, 21 experienced full Universal Credit rollout over 18 months or more. These 21 foodbanks experienced strong growth in demand over the 12 months immediately following Universal Credit full rollout (+59%) and then a very minor decrease (-2%) in the subsequent six months (months 13 to 18 form full rollout).

In conclusion, the top-line voucher data from foodbanks suggests that Universal Credit is having an impact on foodbank demand. The national increase in foodbank use across the 2017-18 financial year was 13%, while for foodbanks in areas of full Universal Credit rollout for 12 months or more it was 52%. The 52% increase experienced by the sample group cannot be reasonably explained by randomness in the selection of foodbanks, and accounting for other trends and carrying out counterfactuals further suggests that Universal Credit is a key underlying cause for increased foodbank demand in these areas.



Foodbank usage increase

## THE IMPACT OF MOVING ONTO UNIVERSAL CREDIT

The journey of a household through the Universal Credit system represents a marked change from the legacy benefits system, and this begins from the verification process and the wait for the first payment. Our research found that the wait for the first payment had severe and immediate consequences, and that many needed a foodbank in their first or second week of waiting.

Analysis of top-line crisis causes and e-referral data suggests that overall increases to foodbank demand are being driven by more people referred due to their incomes not covering their cost of living, and more people referred due to benefit changes. Within ‘benefit changes’, benefit transitions are accounting for a greater proportion of demand, and Universal Credit seems to be the benefit most likely to lead to a foodbank referral if you are transitioning onto it.

### 1. Benefit changes are a key driver of increased demand in foodbanks nationwide

Since April 2016, foodbank use in The Trussell Trust’s network has increased by 20%, and 13% of this increase occurred between April 2017 and March 2018. The top four reasons for referral (both through an e-referral and with a traditional paper voucher) during this period have been:

- ‘Low income’, which refers to anyone whose level of income does not protect them from falling into crisis.
- ‘Benefit changes’, which refers to the problems resulting from a change in people’s welfare payments, for example, people having their benefits stopped whilst they are reassessed. This can also include a sanction.
- ‘Benefit delays’, which refers to people not receiving benefits to which they are entitled on time, this category can also include problems with processing new claims, or any other time-lags in people receiving their benefits payments.
- ‘Debt’, which refers to people referred to the foodbank because a debt issue means there is not enough money to cover basics.

Comparing the proportion of referrals for each of these reasons between April 2016 and April 2018 in six month period segments shows the biggest growing reasons for referral are benefit change and low income. This suggests overall increases in foodbank use are being driven by more people referred due to low incomes and due to benefit changes. Although the number of referrals made due to benefit delay has also risen, the proportion of these referrals has dropped as they have not been made to the same extent as the other two referral reasons.

For referrals due to a benefit change in particular, this means a dramatic increase in referrals from just under 40,000 referrals in April – September 2016 to almost 60,000 referrals in October – March 2018, meaning it may soon be a larger trigger for foodbank referral than benefit delays.

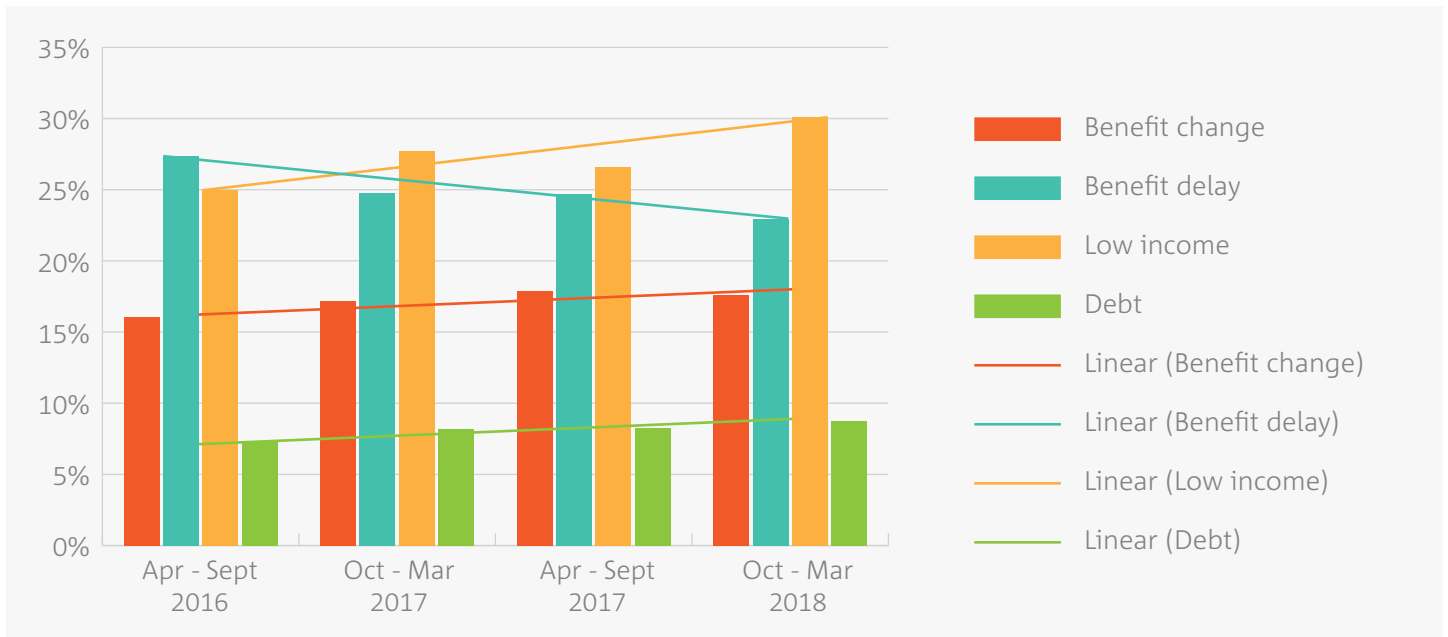


Fig 1: Proportion of foodbank referrals for top four referral reasons, April 2016 – April 2018

## 2. If you have a benefit issue and are referred to a foodbank, moving onto a new benefit is most likely the reason

E-referral data gives an important insight into what might be driving this increase in referrals due to benefit change. Strikingly, referrals due to sanctions – historically a key trigger for referral<sup>6</sup> – account for fewer referrals, whilst changing to a different benefit has been rapidly increasing since October 2017.

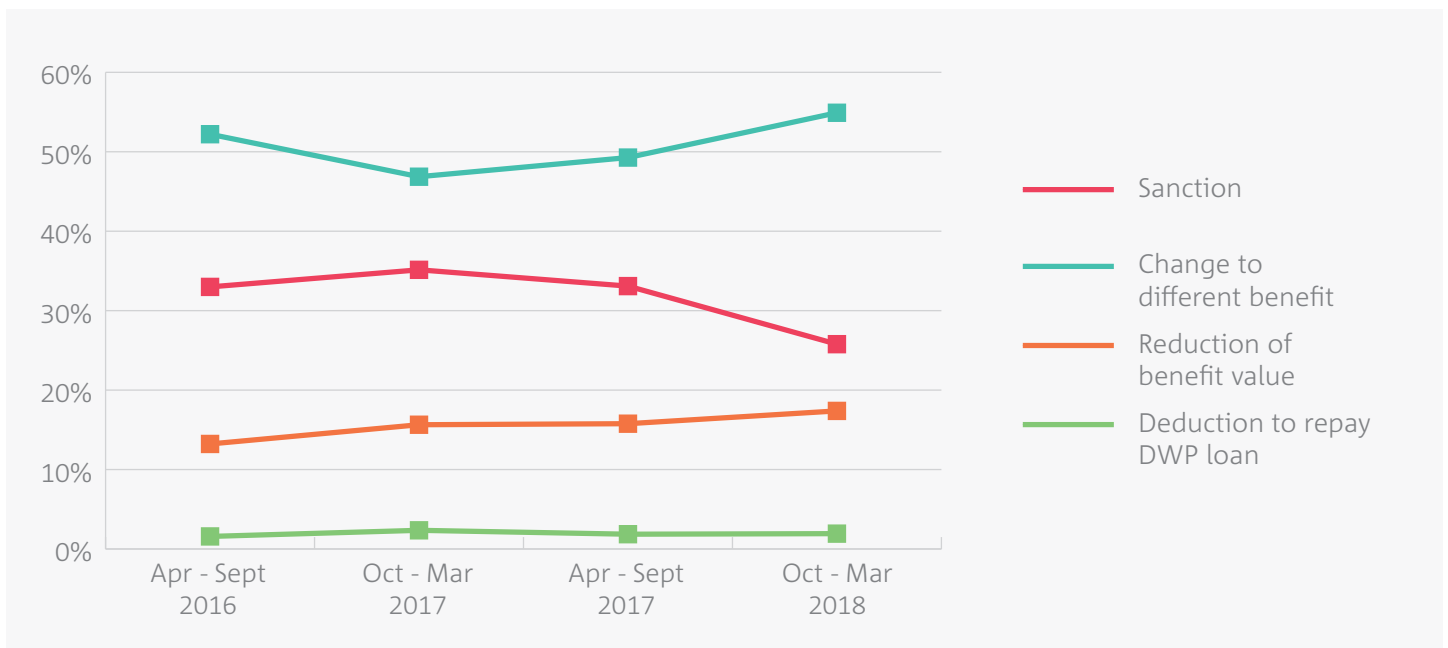
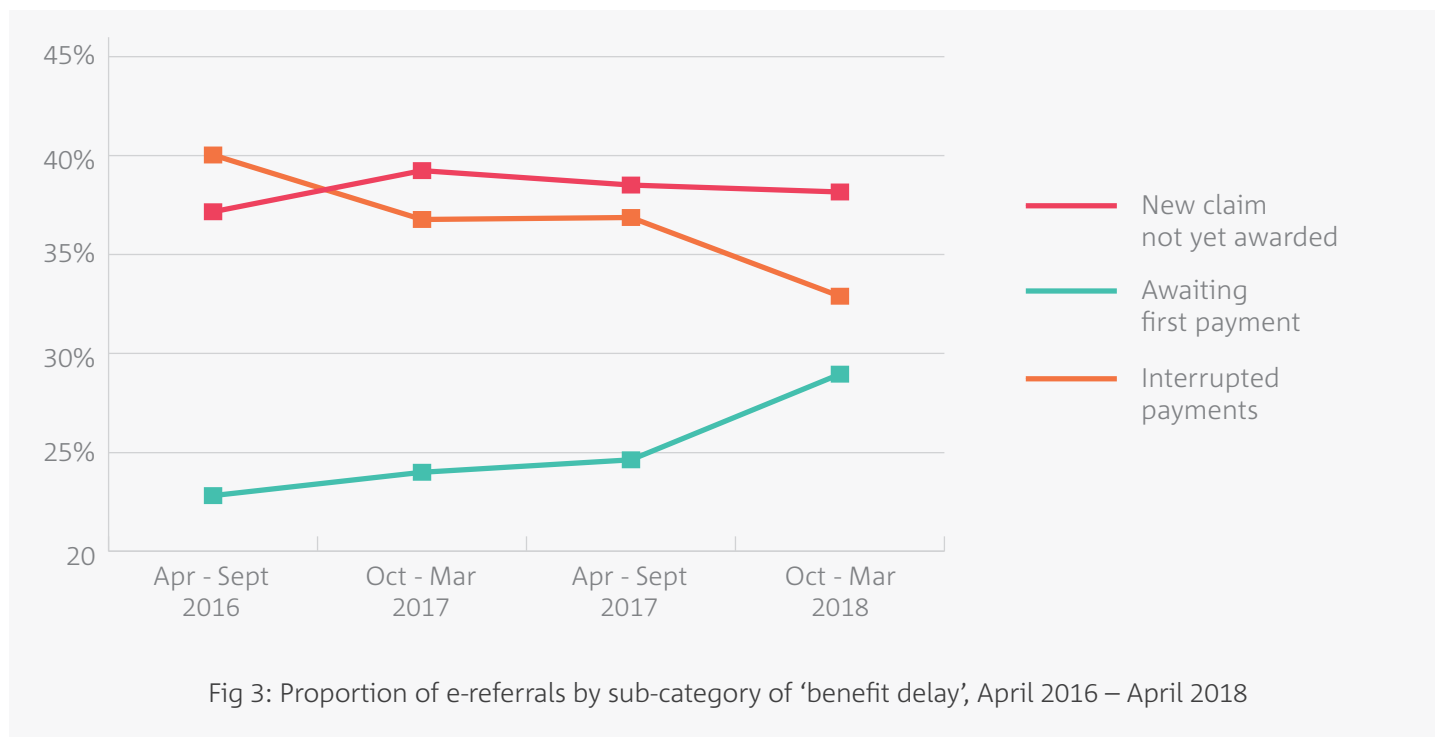


Fig 2: Proportion of e-referrals by sub-category of 'benefit change', April 2016 – April 2018

6 Impact of Welfare Benefit Sanctioning on Food Insecurity: a Dynamic Cross-Area Study of Food Bank Usage in the UK, 2018, R Loopstra et al, University of Oxford <https://www.cambridge.org/core/journals/journal-of-social-policy/article/impact-of-welfare-benefit-sanctioning-on-food-insecurity-a-dynamic-crossarea-study-of-food-bank-usage-in-the-uk/9BDC098A9A432583859D6739C0A0DA0C>

E-referral data for benefit delays also highlights issues associated with moving to a benefit as growing concerns. ‘New claim not yet awarded’ and ‘awaiting first payment’ are both delays in a benefit payment that increasingly account for e-referrals under this crisis cause.



These two datasets taken together suggest more referrals are being made to foodbanks because of an issue with transitioning onto a benefit – if so, this may be the key driver of benefit-related referrals to foodbanks.

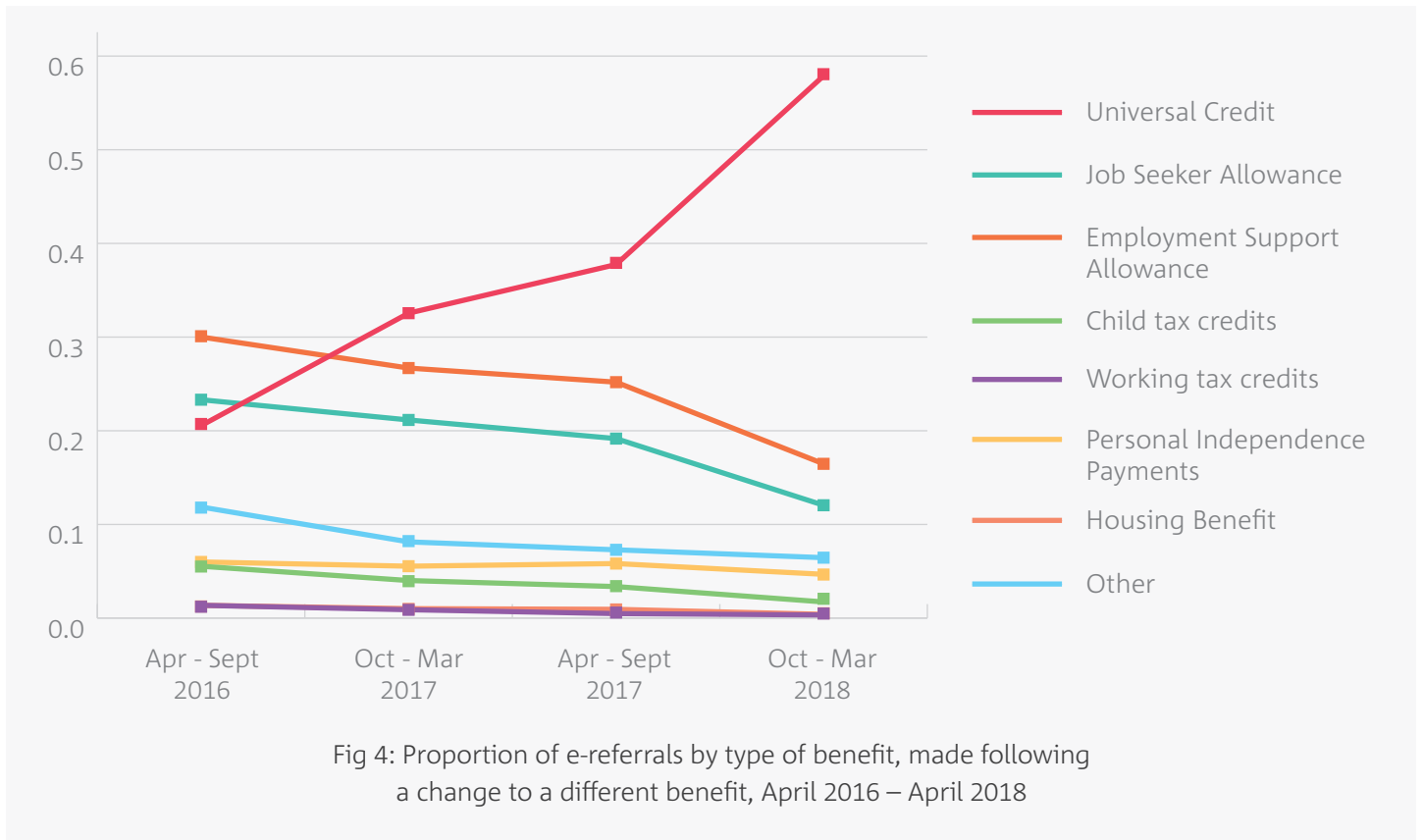
### 3. If you’re referred to a foodbank because you’re moving onto a new benefit, it’s most likely Universal Credit-related

The Trussell Trust’s data system allows referrals made following a benefit issue to be broken down in a sub-category of the main referral reason (as above in Fig 2 and 3 – eg ‘sanction’ or ‘changing to a different benefit’) by some of the most common working-age benefits in the UK.

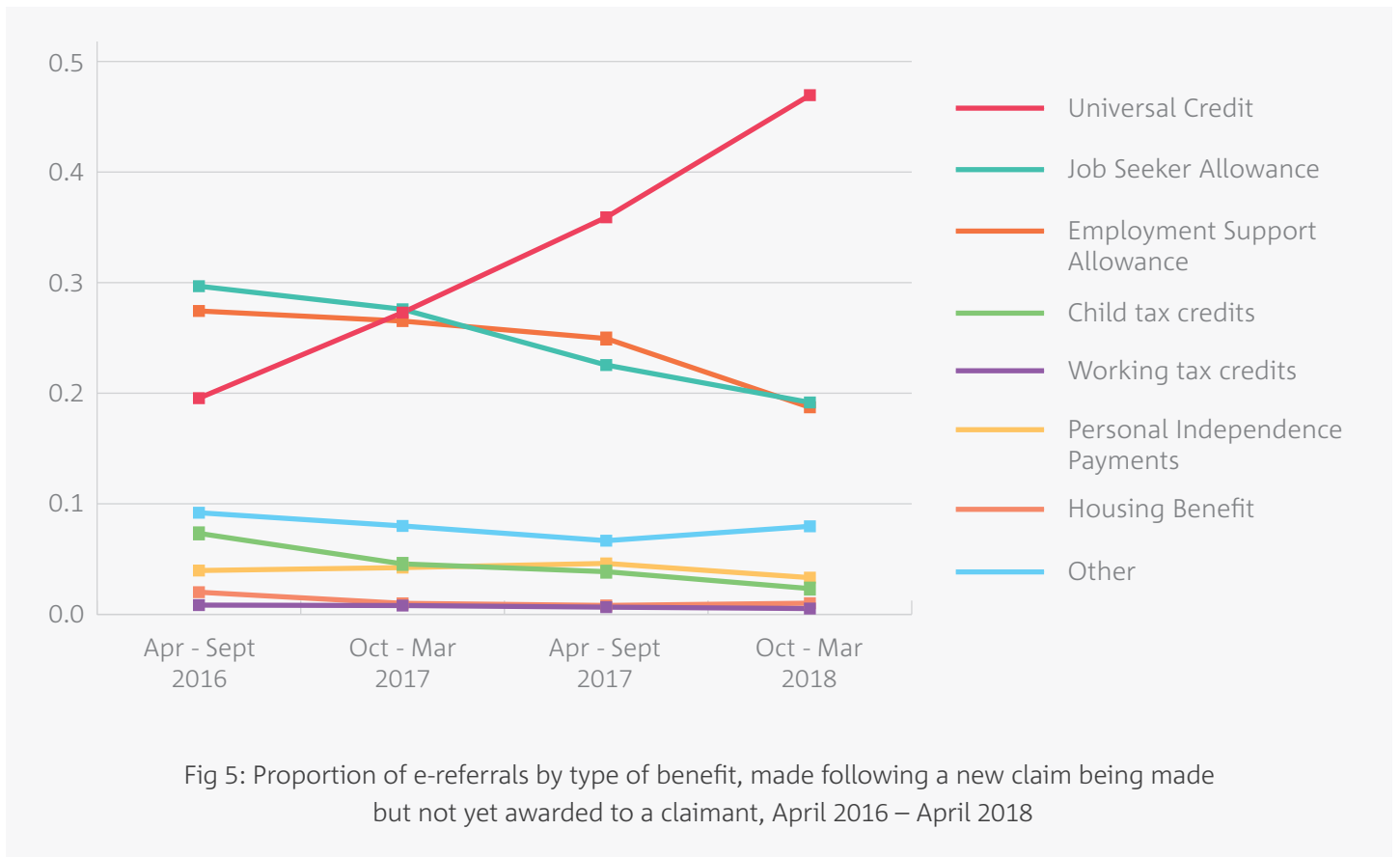
Looking at this data can give an indication as to which benefits are causing issues. Looking at the following three sub-categories of referral reason relating to benefit transitions, we can see that Universal Credit is increasingly driving referrals for benefit transitions, more so than other major benefits for referrals made due to. This section brings together data from referral categories specifically addressing benefit transitions: change to a different benefit; new claim made for benefits but not yet awarded; and awaiting the first payment of benefits.



**a) Changing to a different benefit**



**b) New claim not yet awarded:**



### c) Awaiting first payment:

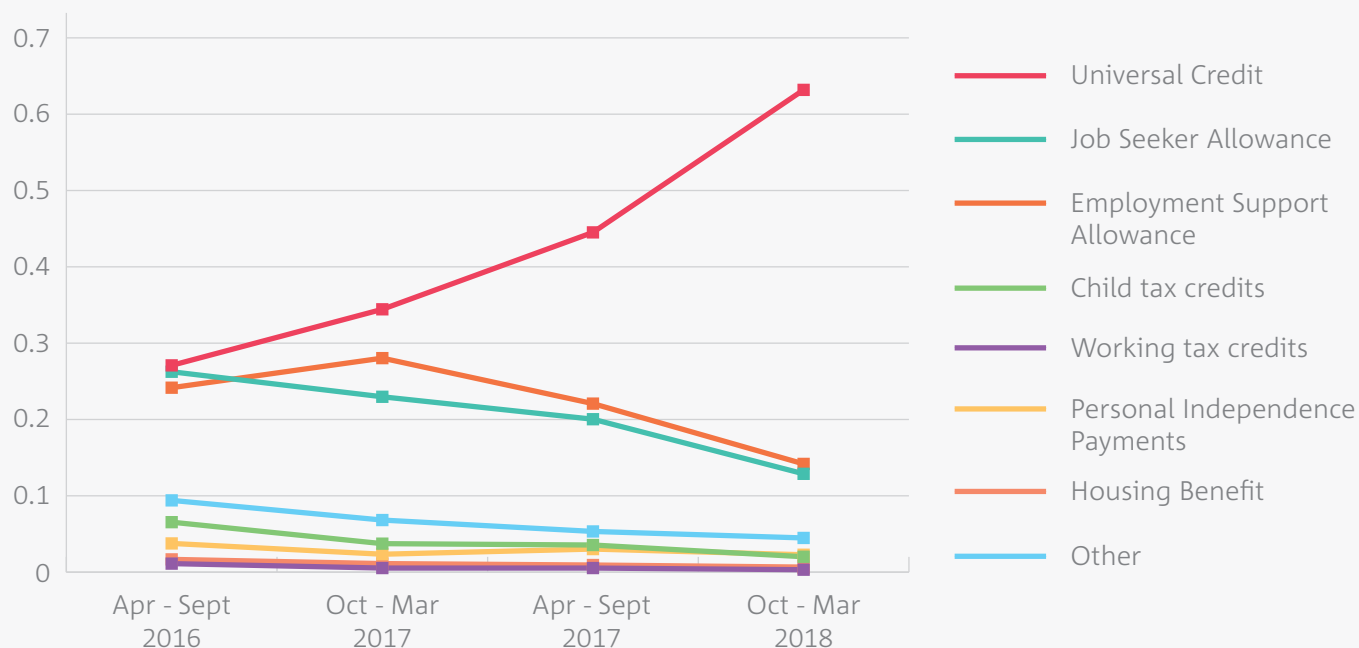


Fig 6: Proportion of e-referrals by type of benefit, made whilst someone awaits the first payment of a successful benefits claim, April 2016 – April 2018

Universal Credit appears to be the benefit most closely linked with foodbank use if someone is transitioning onto a new benefit, particularly if the claimant is waiting for their first payment, implicating Universal Credit's five week or more wait for the first payment.

Even if the dominance of Universal Credit in data on foodbank use and benefit transitions is solely due to more people moving onto the system, rather than because of the particular characteristics of implementation of Universal Credit, this is still a cause for concern. Given the next stage of Universal Credit will see 3 million people moving onto the new system, The Trussell Trust is seriously concerned about seeing these trends continue on a much larger scale.

In conclusion, quantitative data from foodbank referrals show that benefit transitions, most likely due to people moving onto Universal Credit, are increasingly accounting for more referrals and are likely driving up need in areas of full Universal Credit rollout. Waiting for the first payment is a key cause, while for many, simply the act of moving over to a new system is causing hardship. This poses serious questions for the next stage of Universal Credit, where many people could lose their benefits entirely or find themselves with less income.

# CONCLUSIONS

No-one should ever need to use a foodbank, and we know that people referred are likely disabled or dealing with ill-health or caring duties. Research from the University of Oxford has found that income shocks are a key trigger for a foodbank referral<sup>7</sup>.

Universal Credit's design and implementation has meant that income shocks are built into the system – either through the 5-week wait for the first payment or the delays people face in verification or payment. DWP data shows that only a third of claimants with limited capacity for work were paid on time by the end of 2017<sup>8</sup>. It is unsurprising, but deeply concerning, that these waits and delays are leading to people needing foodbanks.

But current foodbank data on referrals does not reflect the increased vulnerability of people moving over. Many of the people who will need to move onto Universal Credit as the next stage of the benefits system gets underway receive benefits because they have a severe health condition or disability. We know people in this group are already more at risk of needing a foodbank's help (half of people at foodbanks either have a health condition or live with someone who does).

By the Department for Work and Pensions own admission, this group of people are more vulnerable than people already moved onto Universal Credit over the last two years: the largest single proportion of people have been classed as disabled by the Department's own process of assessment, half are on working or child tax credits, and the majority need their benefit payments to cover their housing costs. They are people who most likely have limited savings, and may have disabilities or caring

duties that would seriously impede their ability to make a claim correctly with little support.

It's positive that the Department for Work and Pensions recognises this and has created 'transitional protection' for people moving over in the next stage of Universal Credit. However, this can be lost too easily, and stands as a disincentive for work.

The Department for Work and Pensions' plans for the next stage of Universal Credit expects people to manage the move with very little proactive support offered and a credible threat of losing old benefits payments or 'transitional protection'. The process as outlined so far brings over issues we've already seen under Universal Credit – the five week minimum wait for a first payment and application and digital access challenges – and adds new ones, like having to reapply for benefits by a deadline or risking losing all your payments.

During the past two years, there was little evidence of support offered to help people apply, manage their claim or cover their costs financially – and there is little evidence that additional support will be available during the next stage of Universal Credit, despite the problems already seen and the increased vulnerability of many of the people who will be told to reapply to the new system.

At The Trussell Trust we are therefore deeply concerned that if no changes are made to the Department for Work and Pensions' plans as they currently stand, more people will be referred to foodbanks following a Universal Credit issue when the next stage of the new benefits system gets underway.

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7 'Financial insecurity, food insecurity, and disability', 2017, R Loopstra, [https://www.trusselltrust.org/wp-content/uploads/sites/2/2017/07/OU\\_Report\\_final\\_01\\_08\\_online2.pdf](https://www.trusselltrust.org/wp-content/uploads/sites/2/2017/07/OU_Report_final_01_08_online2.pdf)

8 'Rolling out Universal Credit', 2018, National Audit Office <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf>

# RECOMMENDATIONS

It is common sense to learn lessons from what foodbanks have already seen when Universal Credit is rolled out. The next stage of the new benefits system does not have to repeat the issues people have already faced.

We have been encouraged by the steps that have been taken by the Government over the last year to make changes to Universal Credit, and it's positive news that the Department for Work & Pensions has said if someone would receive less money on Universal Credit after moving over but their situation hasn't changed, they'll be paid the same amount they received under the old system.

All of this shows the Department for Work and Pensions is listening. Which is why we're saying that before the next stage of Universal Credit starts, if the system is to do what we all want it to and protect people from ever needing a foodbank's help, the Government must do three things:

## 1. **Take responsibility for moving claimants over to Universal Credit and eliminate income breaks**

Under the current proposals, the responsibility for moving onto Universal Credit is left with people currently receiving benefits under the old system. People will receive letters telling them they have a month to make a claim. If they do not make their claim within this time, their current payments will be stopped and they will not receive any benefits at all.

There is flexibility for this period to be extended, or for applications to be face-to-face or over the phone, if it is identified that people have additional needs, like disability or caring duties. However, there is no clarity on how

the DWP will identify vulnerable people. This means the onus will likely be on the person to provide 'good reason' for delaying or missing the deadline day for applying. If they can't provide a good reason, their claim will be invalidated and they'll have to make a brand new claim with no transitional protection.

It does not have to be like this. The final plans for the next stage must ensure people aren't left without any income, either by automating the process using existing benefit data or by another method.

## **2. Expand and strengthen Universal Support to make sure it is available and targeted in preparation for the next stage of Universal Credit**

People will be sent letters and information about additional support available 4-6 months in advance of their old payments stopping. However, the Department has not laid out what support will be offered. Currently, evidence from foodbanks suggests Universal Support is not consistently available to people in need of digital or budgeting advice.

The next stage of Universal Credit will mean many more people need support moving onto the system and so Universal Support must

be fit for purpose, well-funded, and include advice for debt and benefits issues. A significant proportion of the people moving during the next stage of Universal Credit will have issues with digital literacy or access, will be unfamiliar with the new system, and be particularly vulnerable. Furthermore, many people, particularly those on disability benefits like Employment Support Allowance and families on tax credits, will need additional, proactive support to ensure they can manage their claim effectively.

## **3. Publish a schedule for the next stage of Universal Credit, ensuring there are opportunities to review the process and make changes whilst it is underway if they are needed.**

It's crucial that in line with their 'test and learn' approach so far, the Government builds a schedule for how the next stage of rolling out Universal Credit will look, ensuring there are opportunities to review the process and make changes whilst it is underway if they are needed.

## Appendix

Fig 4: Proportion of e-referrals by type of benefit, made following a change to a different benefit, April 2016 – April 2018

Change to different benefit	April - Sept 2016	Oct - March 2017	April - Sept 2017	Oct - March 2018
Universal Credit	0.205457	0.325541	0.377468	0.578921
Job Seeker Allowance	0.233154	0.211544	0.191646	0.120476
Employment Support Allowance	0.300124	0.266955	0.251899	0.164712
Child tax credits	0.055395	0.040115	0.033671	0.017259
Working tax credits	0.013642	0.008947	0.00481	0.003351
Personal Independence Payments	0.059942	0.055411	0.058228	0.046749
Housing benefit	0.013642	0.010101	0.009367	0.004021
Other	0.118644	0.081385	0.072911	0.064511

Fig 5: Proportion of e-referrals by type of benefit, made following a new claim being made but not yet awarded to a claimant, April 2016 – April 2018

New claim not yet awarded	April - Sept 2016	Oct - March 2017	April - Sept 2017	Oct - March 2018
Universal Credit	0.19552	0.272909	0.359078	0.469527
Job Seeker Allowance	0.29678	0.275908	0.225475	0.191639
Employment Support Allowance	0.274382	0.265245	0.249455	0.187239
Child tax credits	0.073262	0.045651	0.038617	0.023322
Working tax credits	0.008399	0.007997	0.00654	0.005281
Personal Independence Payments	0.039664	0.042319	0.046092	0.033223
Housing benefit	0.020065	0.009997	0.008097	0.010121
Other	0.091927	0.079973	0.066646	0.079648



Fig 6: Proportion of e-referrals by type of benefit, made whilst someone awaits the first payment of a successful benefits claim, April 2016 – April 2018

Awaiting first payment	April - Sept 2016	Oct - March 2017	April - Sept 2017	Oct - March 2018
Universal Credit	0.270891	0.34435	0.445135	0.631858
Job Seeker Allowance	0.262535	0.229744	0.200355	0.12881
Employment Support Allowance	0.241643	0.280384	0.220791	0.141797
Child tax credits	0.06546	0.037313	0.03554	0.020143
Working tax credits	0.011142	0.00533	0.005331	0.00318
Personal Independence Payments	0.037604	0.023454	0.030209	0.022794
Housing benefit	0.016713	0.011194	0.009329	0.006626
Other	0.094011	0.06823	0.05331	0.044792



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