



House of Commons
Work and Pensions Committee

Universal Credit and “survival sex”

Fourth Special Report of Session
2019–21

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Work and Pensions Committee

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Fourth Special Report

On 25 October 2019, the Work and Pensions Committee published its Second Report of Session 2019–20, Universal Credit and “survival sex” (HC 83). On 11 February 2021 we received the Government Response to the Report, which is appended below.

Appendix: Government Response

The Government notes the predecessor Committee’s second report of session 2019/20, following the Committee’s inquiry. The Government remains firmly committed to supporting all claimants of Universal Credit and ensuring that everyone can access the support that they need. In 2019/20, we spent over £225bn on welfare, including over £95bn on working age benefits.

The Committee’s initial Terms of Reference set out three issues: the wait for the first Universal Credit payment, sanctions, and deductions. The Department has provided comment to the Committee on these areas before responding to the Committee’s specific recommendations, which forms the content of the remainder of this memorandum.

The First Assessment Period

Advance payments are available to claimants in need of urgent financial help to support them through to their first Universal Credit payment. Nobody has to wait for a payment in UC. Claimants who require an advance will have their UC award spread across thirteen payments in a year rather than twelve. From October 2021, we will give claimants the option to spread twenty-five payments over twenty-four months. For claimants who find themselves in unexpected hardship, the impact of taking an advance on the spreading of UC payments can be deferred for up to three months.

As of 22 July 2020, a two-week run-on of Income Support, income-related Employment and Support Allowance and income-based Jobseeker’s Allowance has been available for all claimants whose claim to UC ends entitlement to these benefits. This is to provide more support for claimants moving to UC, and is in addition to the Transition to UC Housing Payment, a two-week extension of Housing Benefit.

Our payment timeliness remained high throughout 2020 at over 90%, despite the covid-19 pandemic. This is an improvement from the March 2019 figures referred to in the Committee’s report. In many cases where full payment is not made on time, it is due to unresolved issues such as claimants not accepting their Claimant Commitment or passing identity checks, or having outstanding verification issues, such as housing costs and self-employed earnings.

Sanctions

The Claimant Commitment is the contract between the claimant and the Department. They are co-produced by our Work Coaches and our claimants; and are underpinned by the individual’s circumstances, while also laying out expectations in relation to work search and preparation requirements. They help Jobcentre managers to proactively engage with our claimants to build their skills, increase their confidence and speed up their

return to employment. Claimant Commitments are regularly adjusted to ensure they remain fair, reasonable and take account of an individual claimant's circumstances or health condition.

The Terms of Reference in the Committee's report highlighted sanctions as a possible factor and suggested that they are more of an issue under Universal Credit, as sanctions are being applied at a higher rate and for longer than on legacy benefits.

The Department has been clear that the use and incidence of sanctions cannot be compared between Universal Credit and the legacy system as they operate differently. In Universal Credit, sanction rates have been falling steadily. In February 2020, before the first lockdown, only 2.04% of Universal Credit Full-Service claimants who were subject to Claimant Commitments had a reduction in payment due to a sanction. At that time, this was the lowest on record. Following the gradual reintroduction of the Claimant Commitment in August 2020, the Universal Credit sanction rate remains at an all-time low of 0.35%.

The duration for fixed sanctions are now the same in Universal Credit and legacy benefits. To clarify, the duration of sanctions can be either fixed (where the duration is fixed to four weeks, three months or six months, depending on the type and the number of previous failures) or open-ended (made up of an open-ended period from the time of the failure until the claimant re-complies, and can have a fixed period added of seven, fourteen or 28 days depending on previous failures). Furthermore, in November 2019, the Department reduced the maximum length of fixed sanctions from three years to six months for a single high-level sanction.

Sanction reductions are calculated with reference to the Universal Credit standard allowance only. This ensures that even when claimants are undergoing sanctions, they will continue to receive other elements of their Universal Credit award they are entitled to, such as housing and children elements. Additionally, hardship payments are available to eligible claimants who may face hardship following a sanction. Claimants are able to apply for a hardship payment from the first assessment period during which a sanction reduction applies. In Universal Credit, hardship payments are recoverable. However, for claimants who move into work and get paid over the Conditionality Earnings Threshold, recovery is paused. If these earnings are sustained for six months, any outstanding hardship recovery at this stage will be written off, provided they have no outstanding sanctions at this time.

Deductions

Budgeting support is also available for anyone who needs extra help. The change of the deduction limit from 40% of the UC standard allowance to 30%, effective from October 2019, also supports claimants to better manage their finances. The deduction limit is set to further decrease, to 25% by October 2021.

The Government believes 25% strikes the right balance; the need to ensure claimants are left with more Universal Credit in payment for daily expenditure, whilst protecting claimants from creditors, and safeguarding the public purse. Our deductions policy is designed to protect vulnerable claimants by providing a last resort method for arrears of essential services (for example rent or payments to gas or electricity companies) which

might otherwise result in those services being cut off. Once introduced, the Department will monitor the effect of this change as we are committed to ensuring our services and processes meet the needs of all those involved.

Select Committee Recommendations

Recommendation 1

We recommend that the Department sets out in response to this report the key lessons that it took from its June 2019 meeting with stakeholders supporting people involved in “survival sex”. Alongside this, we recommend that the Department sets out a set of clear, measurable actions and next steps that it is taking as a result, including through Jobcentre Plus and Work Coaches specifically. (Paragraph 23)

The Minister for Welfare Delivery has met stakeholders and meetings have also taken place at an official level on a number of occasions to increase our understanding of this issue. The Department is committed to continuing to work with stakeholders to take on board the lived experience of the individuals they support, to better understand the complex issues involved and how we can best support those who are most vulnerable.

The Department has developed a new Universal Credit Detailed Help and Support Guide for stakeholders, partners and support organisations to help vulnerable claimants get the financial and practical support they need, including helping them to make a claim for Universal Credit. The new guide has been drafted and designed by working in collaboration with key stakeholders, including organisations who provide support and other areas where further detailed information is deemed beneficial. Through this guide, we are responding to the feedback provided by the Committee and support organisations that the application process for Universal Credit can be daunting or confusing for some vulnerable people. We want to ensure that all eligible claimants feel confident and comfortable claiming the benefits they are entitled to. Unfortunately, due to the outbreak of covid-19, we have had to suspend the publication of this guidance. We remain committed to publishing this guidance in future.

It is disappointing to see that this work and wider efforts to improve the service based on empirical and lived experience are being portrayed as a simple “public relations exercise” in the Committee’s report. Our engagement sessions have directly fed into the creation of products designed to improve the support we can offer to claimants with complex needs.

The Department believes a more holistic approach is more effective than having a set of actions focused on this group specifically. This does not mean we are not taking the issues seriously. Stakeholders have been clear that narrowing our focus on this group would be less effective than continuing our existing wider work to support those with complex needs. Changing Lives reflected this in the Executive Summary of their written evidence and suggested that multiple complex needs should, in itself, be considered a risk factor due to the often complicated, intertwined nature of risk factors experienced by their clients.¹

We will continue to work at local level to ensure that we provide the support needed. Indeed, work of this nature has already been going on in areas such as Holbeck in Leeds for some time. For example, the ‘Joanna Project’ works with vulnerable, hard to reach, women who are trapped by life controlling addictions.

1 Written evidence from Changing Lives (UCX0013), 5.3

We provide all of our vulnerable claimants with the same compassion and tailored service, and through the work of our Complex Needs steering group, are committed to continually improving the support we offer in our Jobcentre network.

Recommendation 2

We recommend that the Department updates and publishes a revised Universal Credit Evaluation Framework. This should detail how the Department will systematically seek out and respond to evidence from frontline organisations (including those who are not amongst its usual stakeholders) and claimants themselves. The new Framework should also set out clearly how the evaluation findings will be treated in making future decisions on Universal Credit: for example, the Department’s decision on whether to accelerate “managed migration” of legacy benefit claimants to Universal Credit from 2020. (paragraph 32)

The Department agrees with the Committee that a strong approach to evidence gathering and evaluation is key to getting support right for those affected but we do not believe this is best supported by a new evaluation framework.

We already have a robust evaluation framework which fully includes seeking out and responding to the evidence from frontline organisations and lived experience from claimants. In the last year alone, we have conducted interviews and surveys with over 600 JCP staff and over 7,200 claimants. Prior to the pandemic, we also conducted regular stakeholder workshops to explore specific issues and Ministers regularly meet and visit providers and organisations. Previous workshops have focussed on Explicit Consent and Indebtedness: these were the subjects that our stakeholders told us they most wanted to discuss.

More broadly, DWP routinely carries out regular social research, customer insight, staff insight and research with stakeholders.

We had expected to provide our first update on the Move to Universal Credit pilot in Spring 2020, and have also committed to publishing our evaluation strategy. However, following the outbreak of covid-19, and the increase in new Universal Credit claims since March 2020, the move to UC pilot has been temporarily suspended, and therefore the publication will not go ahead as planned this Spring. We have however worked closely with stakeholders to ensure the evaluation addresses key evidence questions. This will support any decisions on progress past the pilot which is currently paused.

Recommendation 3

We recommend the Department take steps to improve awareness of telephone and face-to-face Universal Credit claim management, and to ensure that the policy intent of providing alternatives to people who struggle with the digital service is being met. Specifically, the Department should:

- a) *Publicise the availability of face-to-face claim management (either at home or in Jobcentre Plus) on Gov.uk, Understanding Universal Credit, via Help to Claim, letters and other direct communications with claimants and via posters and leaflets in Jobcentre Plus;*

- b) *develop clear guidance for Work Coaches on when alternative claim management should be put in place;*
- c) *centrally collect and publish data on: the number of requests for telephone or face-to-face management; the number of requests accepted and in place; and the reasons why claims are accepted or rejected.*

We would expect these measures to reduce the number of people who are eligible for, but not currently claiming, Universal Credit because they struggle with the digital system. The Department should set out, in response to this report, a measurable target for reducing that number and the timescale within which it will be achieved. (paragraph 43)

We consider that we already meet the policy intent of providing a full service for those who cannot engage digitally and the agile design of the service is based on constant, iterative improvement. The Department continues to listen to feedback to continually build on the progress made thus far.

Improvements have been made to improve claimant awareness of support as well as making it easier to access this at the point of need. This includes the Help to Claim provision, delivered nationwide by Citizen's Advice and Citizen's Advice Scotland, available face-to-face, online web- chat and over the phone.

In the Committee's report, it is highlighted that support from this provision ends after the initial claim is completed. While the Help to Claim offer is designed to target support at those new to Universal Credit up to their first full payment, it is important to highlight the numerous other provisions and forms of support on offer to claimants during and after this, including digital support. Our Work Coaches already have access to comprehensive training and guidance on when alternative arrangements might be appropriate, and this includes home visits, translation, and other arrangements for the most vulnerable. Claimants are provided with continued, tailored support throughout their journey on Universal Credit and we continually improve this area in light of new evidence.

The existing claim "Landing page" on GOV.UK has clear advice for anyone supporting those who cannot use digital services, signposting to a Freephone number or through to the Help to Claim service. Similarly, the "Understanding Universal Credit" pages include details of the Freephone help service and signposts Help to Claim, whilst acknowledging that most people make their claim online. This page has recently developed to provide covid-19 specific guidance, in addition to information on a range of benefit types beyond Universal Credit to ensure individuals understand the range of help provided during the pandemic.

We acknowledge that during the outbreak of covid-19, non-digital access to benefits can be challenging. Jobcentres have remained open to support our most vulnerable claimants, and we have completed a programme of work to make our jobcentres covid secure to ensure we are able to safely offer face to face support to anyone who needs it. Wherever possible, we continue to minimise the need to travel to a jobcentre by conducting the majority of our interactions digitally or by phone as part of our multi-channel offer.

The Department continues to publish extensive information on existing provisions and non-digital access where appropriate. Stakeholder organisations have welcomed this but have also highlighted that they are not always aware of these positive developments. The

Help and Support guide mentioned previously has therefore been designed to bring the most important information together to better aid these organisations in helping those with barriers, and we hope to be able to publish this soon.

Our Work Coaches and agents are trained to signpost claimants to the most appropriate support, and we continuously review our operational guidance, updating and improving it so that claimants are given the correct advice. Comprehensive training for Work Coaches encourages and enhances active listening and other soft skills, to build an empathetic service aimed to encourage claimant resilience and confidence in their ability. In addition, robust learning includes a focus on handling complex circumstances and tailoring service delivery according to an individual’s needs.

It is a continuing concern to the Department that those requiring support are not seeking it when required; this is made clear in Changing Lives’ submitted evidence to the inquiry which demonstrates that some do not even attempt to apply for benefits.² The Department understands some will require additional support when applying for Universal Credit and has a number of options to help people get the help they are entitled to. The Department acknowledges the points made by the Committee on this area, in particular the points raised in section 3 of the report which suggest that the Universal Credit application process is daunting for vulnerable people. As a consequence, we are committed to continuing the delivery of support services and alternative access channels, such as Freephone helpline support, to ensure nobody is left being unable to claim Universal Credit.

Recommendation 4

We recommend that the Department change its guidance to Decision Makers to emphasise that payment of Universal Credit into a non-claimant bank account should be considered the absolute last resort. Decision Makers should, instead, look to use the PES as an alternative for people who do not have a bank account or credit union account or Post Office account. We also recommend the Department identifies claimants who are currently having payments made to a non-claimant account and takes steps to review and, if necessary, amend those arrangements. It should set out a timetable for this work in response to this report. (paragraph 43)

Universal Credit guidance and policy already states that any UC award should ideally be paid into a bank, building society, or credit union account that is in the claimant’s name. This is because most employers will pay their employees into one of these accounts and ensuring our claimants have this available moves them closer to being ready for employment.

The Department encourages claimants to provide their own bank details. Checks include the use of Bank Wizard to check the account is real and belongs to the claimant, followed by face-to-face discussions.

If a claimant provides third party bank details, we would not refuse to pay them but only consider this option as a last resort. Alternative payment methods will be reviewed and discounted before third party bank details are considered. The Department understands

2 Written evidence from Changing Lives (UCX0013), 4.2

that there can be multiple, legitimate reasons that a claimant may not wish to use their own account. Examples could include claimants that are heavily overdrawn, claimants that have no bank account or claimants with appointees.

Recommendation 5

We recommend the Department carry out and publish an assessment of the cost of removing the five week wait for all Universal Credit claimants. (paragraph 57)

Recommendation 6

We recommend that the Department introduce non-repayable Advances of Universal Credit for claimants who would otherwise suffer hardship. This could include, for example:

- d) *Disabled people or people with long-term health conditions, who often have higher living costs than non-disabled people. This could be extended to include households with disabled children;*
- e) *people or couples who are receiving support from social services or who are able to provide verification by a social worker, or who have had previous social services or other care worker involvement as a child or adult;*
- f) *people with pre-existing rent, third party or Government debts above a certain threshold.* (paragraph 59)

The cost of removing the Initial Assessment period has not been fully assessed as it is a fundamental underpinning factor in the way that Universal Credit is built for a payment to be calculated retrospectively, based on real and verified information. The assessment period runs for a full calendar month from the date of entitlement, so that the monthly assessment period is in line with the majority of UK workforce. The Universal Credit pay date will be seven calendar days after the end of the initial assessment period, to allow time to accurately assess a claimant’s earnings and process their payment. Subsequent pay dates will be the same each month.

Even with a verification check two weeks after a claim has been made, the introduction of non-repayable advances would increase fraud risk in the welfare system, as well as imposing the administrative burden of extra verification checks. Additionally, people with sufficient earnings or income with little or no entitlement to UC, could inappropriately gain, by speculatively claiming in order to obtain a non-repayable sum upfront.

As the Committee notes, no one has to wait five weeks to receive money through UC and advances are available from day one of a claim for those who need it, with many claimants receiving funds within 72 hours. Claimants in receipt of Tax Credits who are moved to UC will be able to claim an Advance of up to 100% of their indicative award. The Department has focused on broader changes aimed at supporting all claimants. We have already acted to give claimants more flexibility by giving them the option to phase twenty-five payments over twenty-four months and this will commence from October 2021. This measure, alongside a further reduction in the deductions cap to 25%, means

that claimants will be able to access the financial support they need. For claimants who find themselves in unexpected hardship, the impact of taking an advance on the spreading of UC payments can be deferred for up to three months.”

As of 22nd July 2020, a two-week run-on of Income Support, income-related Employment and Support Allowance and income-based Jobseeker’s Allowance is paid to eligible claimants to provide additional support to move to UC. This is in addition to the already established transition to UC housing payment where eligible claimants receive a two-week extension of Housing Benefit.

We know the pandemic has brought a range of difficulties for people. This why the Government has put in place a comprehensive package of support to help people through this difficult period. One part of this package is the temporary £20 per week uplift to Universal Credit Standard Allowance, which has targeted support to those who needed it most. The Chancellor has confirmed the UC uplift until the end of the financial year. As we have done throughout this crisis, we will continue to assess how best to support low-income families and will review this against the context of the national economic and public health picture.

Recommendation 7

We reiterate our recommendations that the Government should:

- g) *from 2020/21, increase the rates of frozen benefits by CPI plus 2%. That would mean that benefit rates would, after 4 years, reach the level at which they would have been set if they had not been frozen. From that point, the Department should commit to uprating benefits at least in line with inflation; and*
- h) *produce a medium-term plan for linking the rate at which benefits are set with the real cost of living.* (paragraph 60)

Decisions relating to the up-rating of benefits and pensions in 2020/21 were announced in a Written Statement tabled on 4 November 2019 and previously frozen benefits were increased by CPI of 1.7% on 6 April 2020.

In addition, on 25 November 2020, in line with the Spending Review, the Secretary of State concluded our statutory annual review of benefit and State Pension rates. To ensure they retain their spending power, benefits will be increased in line with CPI; which was 0.5% in the relevant reference period. This is a cash increase in spending on Working Age Benefits of £500 million.

This is additional to the raft of temporary emergency measures the Government has introduced to help the hardest hit during the pandemic, including the furlough scheme, the Self-Employed Income Support Scheme, and the temporary £20 per week uplift to Universal Credit Standard Allowance.

Recommendation 8

We recommend the Department prioritise allowing telephone applications for Universal Credit from prisoners. This would help to ensure that “day 1” of being released from prison coincides with “day 1” of a Universal Credit claim. (paragraph 64)

The Department provides a comprehensive range of support to help prison leavers access employment support and Universal Credit from the day of release. Prison Work Coaches, who would usually be based in prisons across Great Britain, provide support prior to release to help prisoners prepare their claim for benefit. This includes informing them what information and documentation is needed, booking an appointment at the local jobcentre to allow them to make their claim and receive an advance payment on or as close as possible to the day of release.

We are working with the Ministry of Justice to reintroduce Prison Work Coaches to prisons subject to lockdown easements.

We have introduced a dedicated phone line for applications for Universal Credit from prisoners who are unable to claim online as recommended by the committee. While initially this was a response to covid-19, due to its success, the bespoke line has now been adopted as part of our ongoing service.

Recommendation 9

We recommend the Department commission and publish a review on improving services for [people engaged in survival sex]. In doing so, it must ensure that it engages with and makes full use of the expertise of specialist support organisations, and of claimants’ own lived experiences. (paragraph 69)

All DWP staff delivering Universal Credit undergo a comprehensive learning journey designed to equip them with the tools, skills and behaviours required to provide a high-quality service. Our Work Coaches also provide vital one-to-one support to all claimants and are able to access which people need extra support based on their personal circumstances.

Recommendation 10

We recommend that the Department establish an advisory group of agencies who support sex workers, including representation of sex workers, and ask it to make recommendations on:

- i) ***how DWP, through Jobcentres and Work Coaches, can best support people who disclose that they are sex workers, including through referrals to specialist support organisations;***
- j) ***what reassurances the Department could give that any disclosures will not be shared with other government agencies;***
- k) ***how income from sex work could be treated for the purposes of Universal Credit, to avoid creating disincentives to disclosure, such as a reduced entitlement to Universal Credit.*** (paragraph 73)

We are committed to providing the best possible support for all our claimants, including the most vulnerable in society. We welcome the views of stakeholders and support organisations and in the past year alone have interviewed and surveyed over 7,200 claimants, alongside our comprehensive work with stakeholders, third parties, and Help

to Claim, to understand what the support needs of our claimant groups are. We are continuously reviewing and improving the service for vulnerable people to ensure that it is accessible and responsive to their needs.

Our Work Coaches are trained to encourage disclosure in the most complex and sensitive of situations. This includes domestic abuse, modern slavery and immigration concerns. We deliver this type of support daily across our jobcentres. We do not track and monitor this disclosure for the reasons the Committee sets out in the second bullet, and would never disclose without an individual’s consent for a specific issue.

It is important to note the Department understands the reasons for which people enter such activities are multifaceted. The acts of buying and selling sex are not in themselves illegal in England and Wales. However, there are many activities that can be associated with prostitution which constitute offences. In 2015, the UK Government introduced the landmark Modern Slavery Act, giving law enforcement agencies the tools to tackle modern slavery, including maximum life sentences for perpetrators and enhanced protection for victim.

Work Coaches aim to identify victims of modern slavery and human trafficking at the earliest opportunity so they can direct them to the agencies who are able to support them. The aim of this relationship is to encourage claimants to identify the best forms of support for their current situation, with the Work Coach working to guide and signpost to the correct provisions. DWP has worked closely with the Home Office to strengthen the relationship between the support and accommodation provided through the Modern Slavery Victim Care Contract (MSVCC) and their local jobcentres. For those victims needing additional help to make a claim to benefits, DWP has worked closely with the Home Office and The Salvation Army, the prime contractor of the MSVCC, to develop a coordinated approach to providing support to meet their individual needs.

As mentioned previously, the Help and Support guide we are developing will also help people access the support they need. We hope to publish this soon.