

HELPING HAND?

Improving Universal Credit

Ryan Shorthouse, Sam Lampier and Anvar Sarygulov

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Executive Summary

Universal Credit (UC) represents one of the most considerable changes to the welfare system in Britain in decades.

UC is a new benefit which replaces six working-age in-work and out-of-work benefits from the legacy system. The amount awarded to claimants through UC is determined by household circumstances and means, but only one member of the household, apart from in exceptional circumstances, receives it. It comprises a standard allowance and extra elements for housing, children, childcare, caring for someone, and disability or health conditions.

According to the Department for Work and Pensions (DWP), UC primarily seeks to simplify the benefits system, make work pay, ease the transition from welfare to work, and encourage personal responsibility.

As Chapter One details, the rollout of UC has been beset by delays: it is now scheduled to complete in 2023, six years later than forecast. The rollout of UC began with a series of limited pilots in 2013. By the end of 2018, nearly all new benefit claimants were applying to UC rather than the legacy system, but this still represents just over 10% of the total final caseload. From July 2019, 'managed migration' will commence, with claimants currently on the existing legacy system gradually transferred across to UC. Upon completion, an estimated seven million households will be in receipt of UC.

Nonetheless, incremental rollout has enabled the DWP to adopt what it has referred to as a 'test and learn' approach. This has resulted in several significant improvements to UC in recent years, including

reducing the UC ‘taper rate’ and increasing the amount of the ‘work allowances’ applied to some claimants, as Bright Blue has been campaigning for. These reforms reflect the changing context of fiscal policy over the latter half of this decade: fiscal retrenchment, though still a long-term aim, has slackened and been deprioritised. If anything, the Government has shown a willingness to progressively increase the amount of funding available for welfare.

When it was first proposed by the Coalition Government in 2010, UC enjoyed widespread support. But as UC has gone from idea to implementation, this cross-party support has dissipated. Despite welcome improvements made by the Government in recent years, there have been examples and evidence of significant hardship experienced by some on UC. Mounting hostility and polarisation in attitudes towards UC underlines the need for a balanced assessment of the experiences of different claimants. This report aims to do just that.

Focus of this research and the methodology

In this report, we explore the impact of the unique and key design features of UC during three critical stages of the claimant experience: accessing UC; managing on UC; and, progressing on UC.

The report seeks to answer the following two research questions:

1. What is the impact of key and unique design features of UC on current claimants?
2. What changes are required to UC to ensure it provides adequate support for claimants?

In order to answer these questions, we employed five research methods, described in detail in Chapter Two. First, we conducted an extensive literature review of published national and local evidence pertaining to UC. Second, we consulted with several leading academics, politicians, civil servants, and front-line volunteers and professionals. Third, we convened two informal focus groups

with representatives of national and local charities supporting UC claimants to listen to their experiences and views. Fourth, we convened an expert steering group to advise on methodology and analysis. Finally, and most importantly, we worked with ComRes to design and conduct forty semi-structured interviews with a broadly representative sample of current UC claimants. The depth interviews were deliberately designed to include claimants with a range of attitudes towards UC. Crucially, it is important to admit that challenging aspects of the unique design features of UC are given slightly greater focus in our evaluation.

This report is unique in three ways. First, on the breadth of experiences and attitudes captured in our sample of UC claimants from the fieldwork. Existing evidence has focused on studying, quite understandably, claimants who seek third party assistance and have profound problems. Second, on the diversity of claimants interviewed in our fieldwork, including the self-employed. Due to the incremental nature of UC rollout, only a relatively narrow group of claimants have been studied in recent reports. Third, on the focus being on key and unique design elements of UC, rather than financial support, on which existing literature already heavily focuses.

These research methods enabled us to identify common experiences of claimants as they: access UC (Chapter Three); manage on UC (Chapter Four); and progress on UC (Chapter Five).

Accessing UC

The key and unique design features related to accessing UC that interviewees commonly discussed in our fieldwork were: first registering and subsequently accessing UC online; and, receiving the initial UC award after a minimum five-week wait.

Accessing UC online

UC will enable and expect almost everyone to register for and manage their award online. Claimants are first required to set up an online UC

account and they then have 28 days to complete the registration of their claim. During this period, claimants are also required to verify their identity. The online UC account becomes the main method of contact throughout the time a claimant is on UC; through it, they can manage their UC award payments, report changes in their circumstances, and fulfil work-related commitments.

Most interviewees, particularly younger ones, found registering for and managing their UC online a positive and straightforward experience. The ability to apply for and manage UC online from home at a time convenient for them compared positively to the legacy system, which often entailed waiting long periods to speak to an adviser on the telephone.

But a minority of interviewees with lower levels of digital literacy were more likely to have negative experiences. Notably, this included older interviewees, and those with physical and mental health problems. Challenges with the online nature of UC extended beyond the registration period and into claim management, particularly in relation to tracking award payments, updating personal circumstances, and reporting work-related commitments. These people relied heavily on ad hoc assistance from friends and family. There was a desire among these people for more face-to-face contact to be made available; there was a feeling that digitising the benefits system had dehumanised it.

It was identity verification that emerged in our interviews as the most commonly experienced problem with the online application process. While interviewees generally had ready access to the required documentation, a significant minority struggled to successfully upload them. This problem was not limited to older interviewees. In addition, for those using their mobile phones to access their online UC account, they found that the smaller screen size and reduced functionality made certain tasks difficult to perform.

Some interviewees have tried to make use of the telephone helpline as an alternative to online access. Feedback on the service was generally critical, especially the length of waiting.

Receiving the initial UC award after a minimum five-week wait

New UC claimants must wait at least five weeks between finalising their claim and receiving their first award payment. This is because UC is paid in arrears, following one four-week assessment period and seven days during which UC awards are calculated and processed. This initial waiting period was originally six weeks. It is the case that claimants can apply for an 'advance payment' in this initial waiting period, equal to 100% of their expected initial UC award payment. Advance payments are 'loans' which are repaid via automatic deductions from future UC awards over a maximum 12-month period.

The initial waiting period of at least five weeks emerged as the design feature that a majority of interviewees had the most concern about. There are three issues related to this: the official length of time; the widespread use of advance payments to cover this time; and, further delays above and beyond the official time caused by errors.

Interviewees spoke of the stress induced by this initial waiting period. Only a handful of interviewees said they had enough savings to cover their expenses in this period. Most interviewees had to rely on family and friends for financial support. Some even fell into rent arrears and took on commercial debt.

A clear majority of our interviewees were aware of the option to take 'advance payments' during the initial waiting period. In fact, most of our interviewees chose to take this option up. Interviewees expressed relief that these advance payments existed. Few interviewees, however, felt they made informed choices about the level of advance payment to request. A number described applying for an insufficient sum, which later left them reliant on credit cards and other forms of borrowing.

Worryingly, roughly a third of our interviewees did not actually receive their initial UC award payment on time. The reasons cited by interviewees for delays, include: problems uploading identity documents; problems with logging in to their online UC account; and, miscommunication by Jobcentre Plus staff of the evidence that was

required when registering for their claim.

Managing on UC

The key and unique design features related to managing on UC that interviewees commonly discussed in our fieldwork were: a single payment; monthly payment in arrears; and, payment of the housing element of UC to all tenants. Self-employed interviewees also had challenging experiences with unique features of UC.

Single payment

UC is one single payment that replaces six out-of-work and in-work benefits under the legacy system. Among our interviewees, there was a clear majority preference for this single payment model that UC introduces. Interviewees said that it helped them to keep better track of their household cash flow. Many interviewees also spoke positively about having to deal with only one government agency.

Monthly payment in arrears

UC is paid monthly in arrears to claimants. After the initial wait period of five weeks, the interval between each UC award is a month. There was widespread understanding of why government had shifted to a monthly payment model, with many interviewees saying this would help people budget more effectively and prepare them for the world of work.

There were some interviewees who coped significantly better than others in managing their income over a longer period. Unsurprisingly, interviewees with recent experience of a monthly wage were most likely to speak positively about the monthly payment model. Interviewees who received UC alongside a wage were likely to regard it as a top-up, meaning the impact of benefit payment frequency was less pronounced.

A lot of interviewees, especially older ones and those who are divorced or single, spoke about the need to adapt to a new budgeting cycle. This proved challenging in the immediate term, but most interviewees

tended to believe that after a while they were coping with it. However, it was very noticeable that interviewees without any earned income were most likely to struggle with the new monthly payment system. Those who depended exclusively on their UC award were highly vulnerable to unpredictable expenditure that could arise over the course of the month.

Generally, interviewees were divided as to whether monthly payment in arrears was an improvement compared with the more frequent payments paid under the legacy system.

Payment of the housing element of UC to all tenants

In most cases, the housing element of UC is paid in its entirety to claimants, whether they are living in the social or private rented sector. This is somewhat different to the legacy system, where social rented tenants with local authorities as their landlords have their Housing Benefit automatically deducted from their rent.

A clear majority of our interviewees felt that the housing element of UC should be the reverse of the new status quo and be paid directly to landlords. This was true even of interviewees who did not personally struggle to pay their rent. There was a strong belief that, in this respect, the legacy system is better.

Many of our interviewees expressed concern about the dangers of requiring them to allocate a large portion of their overall income to rent. While many were clear that rent would always be their priority, others spoke of a temptation to dip into the rent allocation to pay for other necessities and unpredictable expenditure.

Alternative Payment Arrangements (APAs)

Alternative Payment Arrangements (APAs) enable claimants to apply to receive: more frequent payments than monthly; split payments, meaning that a household's UC award is divided between cohabiting adults; and, 'direct payments' of rent to a claimant's landlord. The decision to award an APA is normally made by a claimant's work

coach at the initial interview. Awareness of and use of APAs among our interviewees was very low.

The self-employed

UC is available only to self-employed claimants deemed to be gainfully self-employed following an initial assessment interview with their work coach. None of our self-employed interviewees described difficulties proving themselves to be gainfully self-employed. However, there was little evidence that work coaches met the specialised needs of self-employed interviewees.

Progressing on Universal Credit

The key and unique design features related to progressing on UC that interviewees commonly discussed in our fieldwork were: the taper rate, work allowances and the removal of hours-based thresholds; the role of work coaches; increased conditionality; and, increased sanctioning.

The taper rate, the work allowance, and the removal of hours-based thresholds

There are three distinct design elements of UC which affect the financial award claimants receive when progressing in and into work: the taper rate, the work allowance, and the removal of hours-based thresholds.

Under the legacy system, the simultaneous withdrawal of different benefits at different rates produces, overall, variable and incomprehensible taper rates for claimants. UC introduces a single payment, thereby theoretically creating a single, comprehensible taper rate. Currently, it stands at 63%, meaning that UC entitlement is reduced by 63p for every additional £1 a claimant earns.

The work allowance is the amount of earnings a claimant can receive before the taper rate applies. The work allowance now only applies to two types of claimants: for those who have responsibility for a child, and for those who have limited capability for work.

Under the legacy system, benefit entitlement on Income Support and Jobseekers Allowance is withdrawn on a pound-for-pound basis on very low hours (after a small income disregard) until claimants transfer to Working Tax Credit when working 16 hours a week, where they receive a significant income boost. In contrast, claimants can receive UC for any hours worked.

Most interviewees in our fieldwork understood that as their earnings increased, the amount of their UC award would be gradually withdrawn. A minority of interviewees demonstrated very limited understanding of how the taper rates operate. In some cases, this was because claimants were unable to work, so it was irrelevant. In other cases, it was because claimants wanted to work regardless of whether it made financial sense for them to do so.

A significant majority of interviewees failed to demonstrate awareness of the work allowance, with very few explicit mentions, despite our sample deliberately containing a minimum number of parents and claimants with physical and mental health problems.

In contrast, the removal of hours-based thresholds for receiving benefits was noted by many interviewees, who explicitly mentioned not having to reach and maintain a specific number of hours to qualify for UC in comparison to the legacy system. This change was received positively, enabling greater flexibility in working patterns and fewer interactions with the benefits system.

The role of work coaches

Work coaches are new to UC; previously, claimants could receive advice from personal advisers in Jobcentre Plus's. And under the legacy system, claimants are assigned to different advisers in a Jobcentre Plus as they moved into and out of employment. Under UC, claimants receive advice from the same person – the work coach – whether they are in or out of work, to enable consistent and personalised support. The frequency of interaction with work coaches depends on which conditionality group a claimant belongs to.

Our interviewees were noticeably very positive about their work coaches, using the language of friendship to describe their relationship with them. Interviewees with experience of legacy benefits spoke much more highly of the work coaches they had met under UC than their previous Jobcentre Plus advisers. Many described how a positive relationship with their work coach helped to assuage their anxieties about UC. Some interviewees believed that their work coaches' discretion has even helped to protect them from being sanctioned.

Some interviewees with physical or mental health problems spoke highly of supportive work coaches, who went the extra mile to understand their situation, providing a better service than they had experienced under the legacy system. Significantly, it was common for interviewees to express a desire to see their work coach more frequently.

This positive experience of work coaches was not, however, universal. Where a minority of interviewees spoke negatively of their work coaches, they cited lack of effort, a clash of personality and misinformation. There was frustration among dissatisfied interviewees that while they were subject to strict conditionality, work coaches were able to make errors without being held to account.

Some suggested that the relative newness of UC meant that work coaches were left to learn on the job. A handful of interviewees felt that their work coaches failed to empathise and refused to exercise discretion.

Increased conditionality

A key design element of UC related to progression is the introduction of increased conditionality for claimants. In particular, new types of claimants are now subject to conditionality requirements: parents of pre-school aged children are subject to job-seeking requirements; claimants who are in work, but on a low income, are also to be subject to conditionality for the first time. Moreover, claimants now have to sign and comply with a 'claimant commitment'. This claimant commitment sets out the number of hours in a week a claimant is expected to work, seek work or prepare for work, as well as the number

of in-person visits a claimant must make to the JobCentre Plus.

There was widespread recognition of the need for conditionality and resulting sanctions. For many interviewees, an obligation for claimants to seek employment was just common sense. There was an implicit acceptance of the notion of rights and responsibilities; that in return for financial support from the state, claimants should accept certain obligations. Several interviewees described the claimant commitment as an important mechanism to protect taxpayers from exploitation.

Some interviewees with physical and mental health problems, however, felt that conditionality was too strict for them. Some interviewees also noted the difference in potential or actual consequences between them and their work coaches when an error was made: for example, the penalties they could or do face for missing an appointment, compared to no consequences for a work coach for being late.

Increased sanctioning

Sanctions are applied to the standard allowance of future UC awards if a work coach determines that a claimant is not fulfilling their claimant commitment. There are a number of sanction levels that might be applied to individuals, depending on their conditionality regime, previous sanctions and nature of misconduct. What is unique about sanctioning under UC is that there are indications that it is being applied more frequently than is the case with legacy benefits.

Nearly all interviewees understood that breaking the claimant commitment would result in them being sanctioned. But while there was a general acceptance among claimants that sanctioning is necessary, some argued that either the level of sanctions or the conditions under which it could be imposed, were punitive.

New policies

In Chapter Six, we make eleven policy recommendations. These policies directly address not only the key and unique design elements of UC that were highlighted as particularly challenging in our field-

work, but in the wider literature too.

These policies seek to improve the experience of the significant minority of claimants that are dissatisfied and struggling with key and unique design features of UC. Our fieldwork showed that these claimants consistently tend to be older, self-employed, long-term unemployed, and with physical or mental health problems.

The policies we propose also seek to ensure the positive experiences many claimants have can be enjoyed by others.

The policies we propose stem from four fundamental principles. First, fiscal realism: although retrenchment has slackened and been deprioritised, any reforms should not represent unrealistic increases in state spending. Second, progressivity: policy attention and resources should focus on the critical challenges claimants who are older, unemployed, self-employed, and with physical and mental health problems are facing. Third, personalisation: policymakers should seek, where feasible, to enable people to make choices about how they receive and interact with UC, rather than assuming what is in their best interest. Fourth, rooted in the ideas of claimants: policy ideas should emerge and develop from the views of those who will be affected by them. Indeed, some interviewees from our sample actually provided us with policy ideas that we have adopted and refined.

The policy recommendations we propose are original. Other organisations have proposed other plausible policies, which the government should consider adopting, especially further increasing the generosity of UC work allowance and reducing the taper rate.

Accessing UC

Recommendation one: all new claimants of UC should receive a one-off upfront ‘helping hand’ payment

We recommend that all new UC claimants should be offered a one-off ‘helping hand’ payment of equal to 25% of their estimated initial UC award. This would be equivalent to a week’s worth of their future UC award payments.

This 'helping hand' would be paid as soon as possible after successfully registering on UC to the claimant's chosen bank account, would be non-repayable, and could only be received once by a claimant over a long time period.

This one-off 'helping hand' could alleviate the financial impact of the delay for the initial UC award, improve take-up of UC, generate goodwill when a claimants first accesses UC, and improve impressions of UC during this critical rollout period.

Recommendation two: claimant commitments should be rewritten to include obligations of individuals and institutions that support UC claimants. If these obligations are not met, Independent Case Examiners should determine whether compensation to claimants is paid in their next UC award

We recommend that claimant commitments are rewritten to reflect not only the obligations of claimants, but also the obligations of the individuals and institutions that are delivering UC. For work coaches, for example, this could include their commitment to respond to the entries in the online journals of UC claimants, or facilitate suitable training or work experience, within a specified time period. For the DWP, this should include the obligation to pay claimants their UC award – especially their initial award – on a specified date.

Claimants should be able to seek redress via an Independent Case Examiner, who could investigate and determine whether financial compensation should be paid to them in a future UC award. Independent Case Examiners already provide an established independent complaints service for issues related to DWP and services contracted by them.

There is evidence which shows that UC awards – especially the first ever award a claimant receives – are not being paid to claimants on time because of administrative errors. If these types of late payment occur, a claimant should easily be able to get an investigation and judgement from the Independent Case Examiner. They would determine whether the delay was caused by an administrative error that occurred through

no fault of the claimant, and as such whether compensation should be granted to claimants.

The amount of compensation issued to UC claimants should mirror the amount lost by claimants because of sanctions. Specifically, the financial compensation offered to claimants as a result of non-compliance by DWP should be tiered according to the number of weeks a claimant has waited for their UC award. These tiers should reflect to some degree the different tiers of sanctions for claimants.

Recommendation three: Introduce a new mobile phone app for people to access their UC online account

We recommend that the DWP develop, or commission a competitive tendering process for a third party organisation to develop, a new mobile app which provides claimants with access to their online UC account. The mobile phone app should be developed now with the aim of becoming operational as soon as possible.

This policy recommendation of a mobile phone app for accessing the online UC account was recommended by one of our interviewees.

Managing on UC

Recommendation four: Enable claimants, through their online accounts, to grant continuous explicit consent for their advocates and to opt-out and personalise the default frequency and destination of their future UC awards

We recommend that all claimants have the power, through their online UC accounts, to grant continuous explicit consent for their advocates and to alter the frequency and destination of their UC award payments before they receive it in their bank accounts.

Upon first claiming for UC, claimants should be automatically enrolled into the default positions: monthly payments, a single payee, and all money paid directly to them. But, through their online accounts, including in the new proposed mobile phone app, claimants should be

granted the power to change the frequency and distribution of their UC awards that they will receive at the end of their next assessment period.

This would enable claimants to have control to change relatively quickly two aspects of the way they receive their UC awards before they receive it in their bank account. First, how frequently their UC awards are paid, enabling monthly or fortnightly payments. Second, the destination of different elements of their UC award, enabling different amounts specified by the claimant to be paid into up to three different bank accounts. These different bank accounts could include: an alternative current account, which belongs to them or their partner; a savings account, which belongs to them or their partner; and, the bank account of their landlord. This enables all claimants, without any conditions, to instigate relatively quickly split and managed payments.

Claimants who are unable to access their online UC account should, as a last resort, be given the power to change the default frequency and destination of their future UC awards through the UC telephone helpline.

Recommendation five: Introduce a live chat facility in the online UC account for claimants with queries and problems

We recommend that the government introduce a live chat facility within online UC accounts, so claimants can get their queries and problems addressed almost anytime and anywhere. Considering the technical difficulties that the government has already faced, and is likely to face in the future, with the rollout of UC, we believe the live chat facility should be developed now with the aim of becoming operational as soon as possible. This live chat facility was recommended by one of our interviewees.

Recommendation six: Cap the number of UC claimants all work coaches can be assigned

As of March 2018, work coaches had an average caseload of 85 claimants. By 2024-25, the NAO has forecast this will increase

dramatically to 373. Such a dramatic expansion in caseload risks jeopardising the generally positive relationships which have characterised claimants' experiences of UC to date and, ultimately, the success of UC in improving employment rates.

We recommend capping the number of UC claimants a work coach can be assigned. Given some claimants will require more intensive support than others, the cap will need to reflect the composition of work coaches' caseloads as well as their size.

Recommendation seven: Ensure there is a full-time disability and mental health specialist employment adviser in every Jobcentre Plus

Disability specialist employment advisers primarily provide support for work coaches, but can also assist claimants directly by providing information. Their role is to make sure that work coaches have the skills and knowledge to effectively assist people with physical and mental health problems. This involves providing training, updating information and working with employers to provide additional opportunities.

Though DWP initially intended to remove all specialist advisers, including lone parent and young people advisors, they have recently reversed their decision to remove disability advisers. As of July 2018, there were 458 full time equivalent disability advisers across 637 Jobcentre Plus's.

The Secretary of State for Work and Pensions, the Rt Hon Amber Rudd MP, has recently made a commitment that every Jobcentre Plus will have a domestic abuse expert. Due to the significant and positive role that disability specialist employment advisers can play, we recommend that every Jobcentre Plus should have a full-time disability and mental health employment adviser.

Recommendation eight: Introduce a disregard for the repayment of UC overpayments where DWP is responsible for the error

Preliminary estimates for 2017-18 indicate overpayments of 8.3% of

total UC spending. Much of the overpayments in UC will be linked to unreported or unrecorded changes in circumstances. However, another significant source of overpayment is error by relevant agencies that process UC claims.

Under the legacy system, up to £2,500 a year is disregarded from the recovery of any overpayments of tax credits. This disregard does not exist under UC. We recommend that overpayments in UC caused by official error should be disregarded up to a certain value.

Progressing on UC

Recommendation nine: An ongoing out-of-work claimant, or claimant that still need to find further work, should be awarded a supplement on their future UC awards if they are consistently meeting the most demanding conditions around job seeking and preparation set by their work coach

At the moment, there is a penalty of being sanctioned and losing your benefit income for not fulfilling conditionality requirements, although different conditionality groups have different conditionality requirements. There should be greater rewards, not just sanctions, built into conditionality requirements.

We recommend that a small but significant supplement is added to all subsequent UC awards of out-of-work claimants, and those who are required to find further work, who consistently meet the most demanding conditions around job seeking and preparation set by the work coach. Eligibility for the supplement should be clearly outlined in the claimant commitment.

The supplement should be awarded after a set time period and only when the claimant is out-of-work, or – in the case of those required to look for further work – until their in-work conditionality requirements are met. This would therefore be rewarding claimants who are putting in maximum effort but have been simply unlucky in securing appropriate employment. Those claimants that refuse to take up suitable

employment that has been offered to them, even after complying with their conditionality requirements over a set time period, will not be eligible for the supplement.

The work coach would determine whether the claimant is eligible for the supplement. If eligibility is contested, the claimant would have the right to apply for an investigation and judgement through the Independent Case Examiner.

Recommendation ten: Enter all claimants who are consistently meeting the most demanding conditions around job seeking and preparation set by their work coach into a new biannual UC prize, where a handful of claimants win £1,000

We recommend that those out-of-work claimants, as well as in-work claimants who are required to look for further work, who consistently meet the most demanding conditionality requirements over a set time period should be entered into a biannual prize. Eligibility would be similar to the aforementioned supplement, but with this policy even those who go on to secure work and even leave UC will be eligible to be entered into the prize. A handful of winners across the country will be announced every six months, each winning a £1,000 prize. Claimants will only be able to receive one prize in their lifetime.

Recommendation eleven: Extend the 12-month exemption from the Minimum Income Floor (MIF) for self-employed UC claimants, so a further separate 12 months of exemption can be claimed at any point in their lifetime while an individual is on UC, after approval from a claimant's work coach

The existing 12-month grace period preceding the activation of the MIF is intended to give self-employed claimants the time to develop profitable businesses. The MIF is then intended to prevent UC being used to prop-up unsuccessful businesses. However, while the MIF serves an important purpose, it fails to recognise that even established,

profitable forms of self-employment regularly generate a fluctuating income. Income volatility is a marked feature of self-employment, especially seasonal businesses.

Rather than providing claimants with an extended grace period before the MIF applies, we recommend that UC claimants are given an additional but separate 12 months' exemption from the MIF after the grace period. Claimants will be able to choose which months the exemption will apply. They will determine the months for any point in their lifetime when they are on UC. Claimants would only be eligible for these 12 additional months once in their lifetime, regardless if the nature of their self-employment changes, but they do not have to be taken all at once.

To ensure that UC is not used to prop-up unprofitable businesses, the additional but separate 12 months should only be granted if approved by a claimants' work coach.

Conclusion

Most claimants are coping with and adapting to UC. There are positive experiences, especially with work coaches. And there are positive attitudes too: especially towards the single payment model and conditionality regime.

Nevertheless, there is a significant minority of claimants that are struggling, either initially or long-term. There were claimants with socio-demographic characteristics that especially seemed to struggle with key design elements: claimants that were older, long-term unemployed, and with mental or physical health problems.

Without doubt, the biggest challenges for them are the initial waiting period of at least five weeks (although, admittedly, this issue did apply to most claimants) and monthly payment in arrears.

The policies put forward in this report seek to minimise some of the common challenges faced by these claimants. Equally, they also seek to ensure that more claimants can enjoy the positive experiences many have.

Now is an ideal time to reform UC. Not only is there sufficient evidence about its impact on claimants, but the Government has adopted a new fiscal policy, especially towards welfare. Though we are mindful of not proposing policies that are unrealistically expensive, we do argue for reforms that will require new investment. The new spending that the current Government is gradually unlocking, we believe, should be prioritised on people who need it most, and that is UC claimants.

We are at a critical time in the rollout of UC. The UK Government has an important window of opportunity, before rollout accelerates, to reflect on this and other important evidence and introduce significant changes to improve the effectiveness of and support for UC.

Chapter 1: Introduction

In 2010, upon becoming the Secretary of State for Work and Pensions, the Rt Hon Iain Duncan Smith MP began the introduction of a new benefit called Universal Credit (UC), claiming it would bring “fairness and simplicity” to an “overly complex” and “wildly expensive” welfare system.”¹ The need for welfare reform was recognised across the House of Commons. Initially, UC enjoyed widespread support.

But as UC has gone from idea to implementation, this cross-party support has dissipated. Its journey has been beset with significant challenges and delays. It was originally expected to be completely operational by 2017, but only around 10% of the final expected caseload was in receipt of UC as of June 2018. Rollout is now scheduled to complete in 2023,² six years later than forecast.³

The impact of UC on low-income households has been widely debated. There have been examples and evidence of significant hardship experienced by some on UC.⁴ The Labour Party is now promising to fundamentally reform UC, with some wanting to scrap it completely. Prominent centre-right politicians are questioning UC’s ability to deliver on its aims, as are third sector organisations that originally

1. Iain Duncan Smith, *Welfare reform*, 11 October 2010, <http://bit.ly/2PFFwhX>.

2. HM Treasury, “Budget 2018”, <https://www.gov.uk/government/publications/budget-2018-documents> (2018), 78.

3. National Audit Office, “Rolling out universal credit”, <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf>, 5.

4. NAO, “Rolling out universal credit”, 19.

supported it. The political context has shifted significantly since 2010.⁵

Mounting hostility and polarisation in attitudes towards UC underlines the need for a balanced assessment of the experiences of different claimants. This report aims to do just that. And, with the roll-out of UC set to significantly accelerate in the coming years, now is an important window during which policymakers can be informed and influenced about what is working and what is not.

What is UC?

Box 1.1. The intellectual origins of UC

UC was first developed and promoted in 2009 by the think tank, the Centre for Social Justice (CSJ), under the Chairmanship of Iain Duncan Smith MP, who a year later became the Secretary of State for Work and Pensions.⁶

The CSJ's report, *Dynamic Benefits*, argued that the then “complicated and cumbersome” benefits system penalised “positive life choices”, including but not exclusively in relation to seeking and sustaining work.⁷ *Dynamic Benefits* pointed to both the complexity of the legacy system and high ‘benefit withdrawal rates’ as major factors in disincentivising employment. Complexity entrenched dependency by making it hard for claimants to understand how work would affect their income. High ‘benefit withdrawal rates’ meant the financial benefits associated with increasing earned income were often minimal.⁸ Legacy benefit claimants seeking to enter or progress in work could face ‘benefit withdrawal rates’

5. BBC, “Labour could scrap Universal Credit – John McDonnell”, <https://www.bbc.co.uk/news/uk-politics-45634380> (2018); BBC, “John Major: Universal credit could repeat poll tax problems”, <https://www.bbc.co.uk/news/uk-politics-45817897> (2018).

6. Centre for Social Justice, “Dynamic benefits: towards welfare that works”, <https://www.centreforsocialjustice.org.uk/core/wp-content/uploads/2016/08/CSJ-dynamic-benefits.pdf> (2009).

7. CSJ, “Dynamic benefits”, 6.

8. *Ibid.*, 18-19.

(also referred to as ‘marginal tax rates’ and ‘taper rates,’ including in this paper) of over 75%, meaning that for every additional pound earned they only kept 25p or less.⁹ The CSJ therefore recommended a new ‘universal credits system,’ which would also include increasing the earnings level at which benefits start to be withdrawn and introducing a single universal benefit withdrawal rate.¹⁰

By 2010, just after the new Conservative-led Coalition Government was formed, the white paper, *Universal Credit: welfare that works*, was published, setting out plans to introduce UC.

UC is a new benefit which replaces six working-age in-work and out-of-work benefits from the legacy system: Income Support (IS), Income-based Jobseeker’s Allowance (JSA), income-related Employment and Support Allowance (ESA), Housing Benefit (HB), Child Tax Credit and Working Tax Credit. As such, it could be interpreted as a super-benefit or uber-tax credit to support low-income households whether they are out-of-work or in-work.

UC, according to the UK Government, has a number of specific aims:

- To simplify the benefit system, making it easier for claimants to navigate.
- To incentivise work and ensure that being in work always pays.
- To ease the transition from welfare to work by making the process of claiming welfare more like receiving a salary;
- To encourage personal responsibility among claimants.

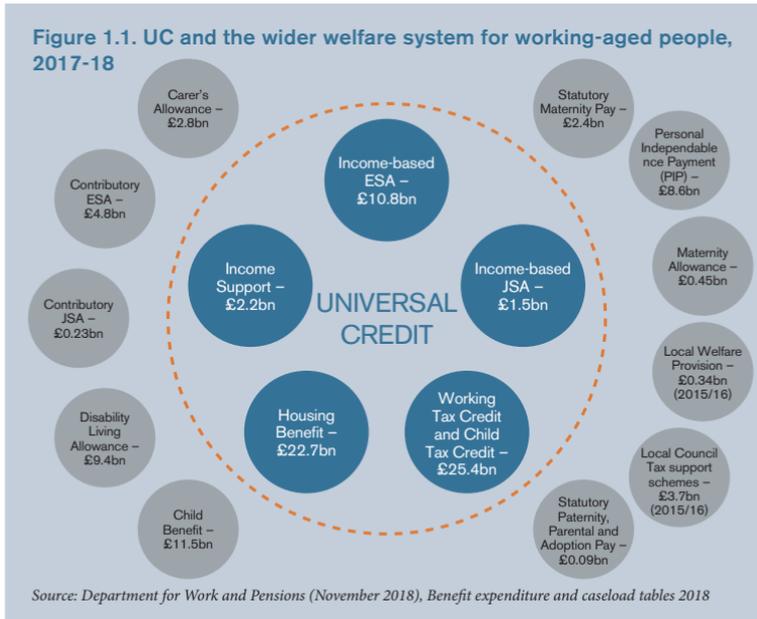
At its heart is the idea that UC can engender behavioural and cultural change among claimants, both in terms of their willingness to work and

9. Ibid., 19.

10. Ibid., 26.

the responsibility they take for household finances.¹¹

Figure 1.1 below demonstrates how UC fits into the wider welfare system.



The amount awarded to claimants through UC is determined by household circumstances and means. Couples need to make a joint claim. However, only one member of the couple needs to complete the registration of UC, providing the details of the other member.¹² Indeed, one member of the household, apart from in exceptional circumstances, is granted the UC award payments. So, when reading this report, it should be remembered that claimants are managing and receiving their UC on behalf of their entire household.

11. Department for Work and Pensions, "Universal credit makes work pay", <https://www.gov.uk/government/news/universal-credit-makes-work-pay> (2015).

12. DWP, "Universal credit: further information for families", <https://www.gov.uk/government/publications/universal-credit-and-your-family-quick-guide/universal-credit-further-information-for-families> (2019).

UC comprises a ‘standard allowance’ and extra ‘elements’. These ‘elements’ include housing, children, childcare, caring for someone, and disability or health conditions. The final UC amount awarded to claimants takes these factors, along with income, into account.¹³

Who receives UC?

As more people have started to receive UC, the characteristics and circumstances of claimants has broadened.

As of November 2018, 60% of UC households were single without children, 27% were single with child dependant(s), 10% were couples with child dependant(s) and 4% were couples with no child dependants.¹⁴

The latest figures suggest that only 34% of claimants are in employment.¹⁵ More than half of all claimants are unemployed and have been found able to work in their initial assessment with their work coach (described in greater detail later in the report), while more than 300,000 people on UC have no work requirements at all, often due to a physical or mental health problem.¹⁶

During earlier stages of rollout, there were a disproportionate number of men on UC. Since UC has been made more widely available to different types of claimant households, this imbalance has tilted in the opposite direction, with 53% of claimants being women as of January 2019.¹⁷

The vast majority of those currently receiving UC are aged 25-49, making up 60% of claimants. This varies by region though. The North West has the highest proportion of claimants in that age bracket. As the area in which the rollout of UC first began, the North West also has the largest numbers of UC claimants.¹⁸

13. DWP, “Universal Credit”, <https://www.gov.uk/universal-credit/what-youll-get> (2019).

14. DWP, “Stat-Xplore”, <https://stat-xplore.dwp.gov.uk/webapi/jsf/login.xhtml> (2019).

15. Ibid.

16. Ibid.

17. Ibid.

18. Ibid.

The evolution of UC

The rollout of UC began with a series of limited pilots in ‘pathfinder areas’ – which included Ashton-under-Lyne, Wigan, Warrington and Oldham – in 2013.¹⁹ In these areas, UC was only provided to claimants who were single and without dependents. Between April and September 2013, only 2,150 people had started on UC, disproportionately men under the age of 25.²⁰

These pathfinders areas are part of the UC ‘live service’. This live service was progressively rolled out to areas across the country in a staggered way. Claimants in live service areas do not have access to online aspects of UC and are expected to manage UC by telephone instead.²¹

From May 2016, UC ‘full service’ rollout began, meaning that all types of new claimants, including those with dependants, living in selected areas applied to UC rather than legacy benefits. In contrast to live service, full service allows claimants to manage UC online.²²

This twin-track approach of live and full service was the product of a system reset in 2013, brought about by problems with the early development of the UC IT system. Live service relies on IT developed largely before the 2013 reset. This was intended to enable the DWP to learn from the live running of UC at the same time as developing its full service.

The rollout of full service was completed by December 2018. As a consequence, this means that, in 2019, nearly all new benefit claimants will apply to UC rather than the legacy system, no matter

19. House of Commons Library, “Effect of the roll-out of universal credit in the North West”, <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CDP-2016-0008> (2016).

20. DWP, “Universal credit claimants in Pathfinder areas – experimental official statistics to September 2013”, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/262638/Universal_Credit_Statistical_First_Release.pdf (2013), 1.

21. Gov.uk, “Universal credit: full service and live service”, <https://www.gov.uk/guidance/universal-credit-full-service-and-live-service> (2018).

22. *Ibid.*

where they live.²³ This includes those experiencing ‘natural migration’; where claimants move from the legacy system onto UC when their circumstances change and they need to make a new claim. The OBR expects the UC caseload to reach two million by the end of the 2018-19 fiscal year and around seven million in 2022-23.²⁴

From July 2019, ‘managed migration’ will commence; this will see claimants currently on the existing legacy system gradually transferred across to UC. This will start with 10,000 people migrating onto UC in a pilot. Once that is successfully complete, the DWP will seek permission from parliament for further migration. The DWP has estimated that approximately 2.09 million claimants will experience managed migration from existing benefits to UC.²⁵

Upon completion, UC will be the major source of benefit income from government for working-age households. By 2023, an estimated seven million households will be in receipt of UC.²⁶

Box 1.2. Delays to UC

The DWP has changed the timetable for the rollout of UC eight times to date:

- In November 2014, it was revealed that claimants of legacy benefits JSA, Housing Benefit and Income Support would not be transferred by the end of 2017, but would now start in January 2018 with the aim of this being completed by the end of 2019. Additionally, the transfer of those on Employment

23. DWP, “Transition rollout schedule – March 2018 to December 2018”, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/693928/universal-credit-transition-rollout-schedule.pdf (2018).

24. Office for Budget Responsibility, “Welfare trends report”, https://obr.uk/docs/dlm_uploads/WelfareTrends2018cm9562.pdf (2018), 5.

25. DWP, “The universal credit (transitional provision) (managed migration) amendment regulations 2018”, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718580/uc-transitional-regs-2018-explanatory-memorandum.pdf (2018), 29.

26. House of Commons Library, “Universal credit roll-out: 2018-19”, <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8299> (2018), 3.

and Support Allowance was delayed until after the end of 2019, compared to the original date of 2017.

- In July 2016, the DWP slowed the rollout of full service and delayed its completion by a year.
- In November 2017, a further delay pushed the completion of full service roll out back to the end of 2018.
- In March 2018, the rollout schedule for Jobcentre Plus's in Wales was revised to December 2018.
- In June 2018, the DWP extended the timetable for full completion to March 2023.
- In October 2018, a further extension to the timetable for full completion was announced, to December 2023.
- In January 2019, Amber Rudd announced that the start of 'managed migration' planned for that month was to be delayed. A pilot of 10,000 claimants migrating to the new benefit will take place from July 2019. Following this, the DWP will seek parliamentary approval to continue with full migration.

Repeated delays to UC, detailed in Box 1.2, have attracted criticism. But incremental rollout has enabled the DWP to adopt what it has referred to as a 'test and learn' approach, which is responsive to emerging and unforeseen problems. This has resulted in a number of significant improvements to UC, outlined in Table 1.1 below. These improvements followed changes in the 2015 Summer Budget, which significantly decreased the generosity of UC by reducing work allowances, removing the family element of UC for the first child, and freezing the value of most benefits for four years.²⁷

27. HM Treasury, "Summer budget 2015"; https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/443232/50325_Summer_Budget_15_Web_Accessible.pdf (2015).

Table 1.1. Improvements to UC

Description of improvements	Announced	Effective from
A reduction of the taper rate from 65% to 63%	November 2016	April 2017
The development and introduction of the 'Landlords Portal', which digitally connects claimants, landlords and the DWP	September 2017	Enrolment of the largest social landlords started October 2017
The UC telephone helpline made free of charge	October 2017	November 2018
The introduction of transitional Housing Benefit (HB), meaning that claimants receive an additional two weeks of HB when they transfer to UC	November 2017	April 2018
A seven day reduction to the initial waiting period, bringing it down from six weeks to five	November 2017	February 2018
Provision for the immediate payment of an 'advance payment' equal to 100% of a claimant's expected first UC award	November 2017	January 2018
The repayment schedule for 'advance payments' extended from 12 to 16 months	October 2018	October 2021
Re-investment in the 'work allowances' in UC, for working parents and people with physical and mental health problems	October 2018	April 2019
A reduction to the maximum proportion of a UC award that can be deducted to payback outstanding debts from 40% to 30%	October 2018	October 2019
The introduction of transitional IS, JSA and ESA payments, meaning that claimants will receive these benefits for an additional two weeks when they transfer to UC	October 2018	July 2020
If the initial month's childcare costs prevent a claimant from starting work, a new Flexible Support Fund will be available to smooth the transition	January 2019	January 2019
Pilot schemes to provide more frequent payments for new claimants (Alternative Payment Arrangements), with the intention of wider rollout if successful	January 2019	To be confirmed

Government will not extend the two-child limit to UC for children born before April 2017, due to come into place before February 2019. All children born before that date will continue to be supported by UC	January 2019	January 2019
Intention to create a new online system for private landlords which would allow them to request that their tenant's rent be paid directly to them	January 2019	To be confirmed

These improvements reflect the changing context of fiscal policy. Fiscal retrenchment, though still a long-term aim, has slackened and been deprioritised. In 2018, the Prime Minister even declared that austerity “is over.”²⁸ Over the years, the Government has progressively increased the amount of funding available for welfare.

Despite these welcome improvements, criticisms remain about the DWP’s conduct during rollout. Amyas Morse, Head of the National Audit Office, has questioned the DWP’s commitment to “listening and responding to the hardship faced by claimants.” The House of Commons Public Accounts Committee has criticised what it perceives to be a “systemic culture of denial and defensiveness.”²⁹

The uniqueness of UC

Compared to the legacy system of benefits it is slowly replacing, UC exhibits several unique and key design features that significantly alter the way in which claimants interact with, and relate to, the welfare system. This research report focuses on and examines these unique and key design features.

UC also alters the amount of financial support different claimants receive from the government’s welfare system. In the latter part

28. Theresa May, Speech at *Conservative Party Conference 2018*, 3 October 2018, <https://www.bbc.co.uk/news/av/uk-politics-45733098/theresa-may-people-need-to-know-austerity-is-over>.

29. NAO, “News release: rolling out universal credit”, <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-Out-Universal-Credit-Press-notice.pdf> (2018); Committee of Public Accounts, “Universal credit”, <https://publications.parliament.uk/pa/cm/201719/cmselect/cmpubacc/1183/1183.pdf> (2018), 5.

of the Coalition Government especially, the then Chancellor of the Exchequer reduced the amount of financial support that future claimants would originally have received under UC. But in recent years, the Conservative Government have sought to restore somewhat the generosity of UC award payments, by reducing the UC taper rate and increasing the amount of the work allowances applied to some claimants. The definition and evolution of the UC taper rate and work allowances are described in further detail in Chapter Five.

Recent analysis of working claimants from the Resolution Foundation suggests that after all of them have migrated to UC, one million people will see their benefit entitlements decrease by more than £50 per week and two million people will see their benefit entitlements decrease by less than £50 per week in comparison to the legacy system. Conversely, 0.9 million people will see their benefit entitlements increase by more than £50 per week, while 1.5 million will see their entitlements increase by less than £50 per week.³⁰

The financial support claimants will receive under UC is highly important. Bright Blue has been successfully campaigning in recent years to enhance the generosity of UC, especially through the restoration of work allowances. Nonetheless, the amount of financial support claimants should and do receive is not the focus of this report. Rather, this report focuses on the impact of and reforms to the unique and key design features of UC. Specifically, it explores unique and key design features of UC during three critical stages of the claimant experience: accessing UC; managing on UC; and, progressing on UC. These stages are primarily chronological, but they also include processes that might happen at any time; for example, the predominantly digital nature of the UC system is a unique and key design feature relating to accessing UC.

30. Resolution Foundation, "Back in credit? Universal credit after budget 2018", <https://www.resolutionfoundation.org/app/uploads/2018/11/Back-in-Credit-UC-after-Budget-2018.pdf> (2018), 9.

The uniqueness of this research

This research report is unique in three ways.

First, on the breadth in experiences and attitudes captured in the sample of UC claimants we examine in our fieldwork. There is a growing body of evidence on the impact that UC is having on claimants, from national and local government reports, to third sector and academic reports. Many of these have focused on studying, quite understandably, claimants who seek third party assistance and have profound problems. Gladly, this has helped change Government policy, as evidenced in Table 1.1. But the breadth of experiences of being on UC is not sufficiently captured in many of these separate studies. As Chapter Two explains in detail, this report includes conducting and analysing semi-structured depth interviews with 40 claimants with a broad range of experiences of and attitudes towards UC, both positive and negative. This enables politicians and policymakers to get a fuller understanding of the differing experiences for claimants on UC.

Second, on the diversity of claimants interviewed in our fieldwork. The incremental nature of UC rollout means that a relatively narrow group of claimants – in terms of their characteristics and circumstances – has been studied in recent reports. Research drawing on the experiences of a sufficiently representative sample of claimants is vital in order to ensure that a fuller picture is painted and practical problems with the UC system are identified. Our analysis captures a more diverse range of claimants. Importantly, this includes the self-employed – a claimant group poorly represented in the existing literature.

Third, on the focus being on key and unique design elements of UC, rather than financial support. The existing literature focuses heavily on the level of support provided through UC, which is incredibly important. However, there are equally important concerns about the new and unique design features of UC. By focusing on design, our research grapples with issues which can be overshadowed by a primary focus on levels of financial support.

Box 1.3. Looking at London

This report also explores, through the fieldwork we conducted, whether the key unique and design elements of UC is having a particularly unique impact on Londoners. This is because existing evidence shows that the impact of current welfare reform looks different in London from the rest of the country in a number of ways.³¹

Londoners have some unique circumstances and characteristics which mean that UC might affect them differently. Around 17% of Londoners receive benefits for their housing costs, compared with around 14% nationally, meaning Londoners are disproportionately likely to be affected by changes to the way that housing support in UC, as described in chapter four, is paid.³²

There are also disproportionately high levels of self-employment in London. In the year to September 2016, there were 800,000 working-age self-employed adults in London, the highest of any region of the UK. This is 18% of all of those in work – four percentage points higher than the average for Great Britain.³³ In fact, Policy in Practice estimates that a quarter of London households in low-paid work are self-employed.³⁴ Key design elements affecting the self-employed, such as the Minimum Income Floor (MIF), may disproportionately affect Londoners.

The Mayor of London has called for the rollout of UC to be paused, claiming that while “we all want a simpler, fairer benefits system... the shortcomings of the new system [are] causing significant hardship to Londoners most in need of support.”³⁵

31. London Councils, “The Impact of universal credit in London”, <https://www.londoncouncils.gov.uk/node/1085> (2011).

32. Trust for London, “What does universal credit mean for London?”, <https://www.trustforlondon.org.uk/news/what-does-universal-credit-mean-london/>.

33. Ibid.

34. Policy in Practice, “Low income Londoners and welfare reform”, <https://www.trustforlondon.org.uk/publications/low-income-londoners-and-welfare-reform/> (2017), 7.

35. Sadiq Khan, “Mayor calls on government to halt universal credit roll out”, <https://www.london.gov.uk/press-releases/mayoral/mayor-calls-on-government-to-halt-universal-credit> (2018).

This report seeks to analyse the impact of unique design elements of UC on London claimants throughout.

The focus of this research

This report assesses the impact that the unique and key design features of UC is having on the lives of a broad range of claimants across England. It explores unique and key design features of UC during three critical stages of the claimant experience: accessing UC; managing on UC; and, progressing on UC.

As the interview sample in the fieldwork has been deliberately designed to include claimants with a range of attitudes towards UC, this research seeks to unearth the main positive and negative experiences of life on UC. However, it is important to admit that challenging aspects of the unique design features of UC are given slightly greater focus in our evaluation. This is because, as policymakers, we are trying to collate the main challenges that require a response. Indeed, a primary aim of this research is to devise credible and original policies to improve the claimant experience in relation to the design of UC.

The main research questions that will be explored in this project are:

1. What is the impact of key and unique design features of UC on current claimants?
2. What changes are required to UC to ensure it provides adequate support for claimants?

The report is structured as follows:

- **Chapter Two** describes the research methods employed, including an extensive literature review, stakeholder consultation and semi-structured depth interviews.

- **Chapter Three** explores how easily claimants are able to access UC.
- **Chapter Four** considers claimants' experiences of managing on UC.
- **Chapter Five** focuses on how easily claimants are able to progress whilst in receipt of UC.
- **Chapter Six** recommends new policies to address some of the challenges that emerge from our fieldwork.

Chapter 2: Methodology

This report aims to unearth the experiences claimants have, particularly the challenges, with the key and unique design elements of UC. Specifically, it will explore the positive and especially negative experiences claimants have as they access, manage and progress on UC. This chapter explains in detail the methods used to achieve these research objectives.

Research techniques

We employed five research techniques for this report:

- **An extensive literature review.** An extensive literature review was conducted of existing national and local evidence. This included:
 - Government research papers and statistical releases
 - House of Commons Select Committee reports
 - Different government and third sector surveys and reports
 - Relevant academic work
- **Depth interviews.** Forty semi-structured interviews were conducted with a broadly representative sample of current UC claimants. Interviews were conducted by ComRes.
- **Informal focus groups with charities:** Bright Blue convened two informal focus groups with representatives of national and local charities supporting UC claimants to listen to their

experiences and views.

- **Consultation:** Bright Blue consulted with a number of parliamentarians, academics, civil servants, opinion formers, campaigners, researchers, and front-line volunteers and professionals.
- **An expert steering group:** Bright Blue convened an expert steering group with policy experts from the public, private and third sectors, which advised on research methodology and analysis, and policy formulation.

Depth interviews

Forty semi-structured depth interviews with current UC claimants were conducted for this report by ComRes. We sought to achieve a uniquely and broadly representative sample of the UC caseload by establishing a number of quotas in our sample, relating to three important elements:

- **Sociodemographic characteristics**, such as gender, region, age, ethnicity, tenure type, physical and mental health problems, and family type.
- **Experience of work and benefits**, such as employment status and past experience of legacy benefits.
- **General attitudes towards UC**, to ensure we got a minimum proportion of claimants who were very positive, very negative, and very mixed in their attitudes to UC.

The exact quotas applied to our interview sample is detailed in Table 2.1. below. The depth interviews too place across four locations: Birmingham, Brighton and Hove, London and Manchester. These locations were chosen to give a broad representation of different areas in England (North, South, Midlands and London).

Though the depth interviews reveal common trends and experiences, it is crucial that these are not extrapolated as *strictly*

representative of all UC claimants. Rather, the evidence that emerges from the depth interviews will provide clarification or colour to existing evidence. The reason why this sample cannot be deemed to be *strictly* representative is twofold. First, the sample is too small to make this judgement. Second, the sample has been deliberately engineered to ensure a minimum number of interviewees with very different overall attitudes of UC.

Since ‘managed migration’ will gradually be introduced over the course of this year, our sample does not include claimants who have been transferred directly on to UC rather than the legacy system. These people on ‘managed migration’ are likely to include those who are especially vulnerable and have experienced longer-term unemployment. The exclusion of these people in our sample limits the representativeness of the fieldwork. But, as Table 2.1 illustrates, we did apply a minimum quota to historical experience of legacy benefits, to enable comparisons.

Bright Blue and ComRes jointly authored the interview guide. Interviewee recruitment was conducted using an external supplier using a screening questionnaire, with the quotas outlined in Table 2.1, which was designed jointly by ComRes and Bright Blue. The interviews were carried out between 4th July and 10th August 2018 and all claimants were offered a financial incentive to take part.

Each depth interview took place in the interviewee’s home and lasted approximately 40-45 minutes. Interviews were recorded and later transcribed for accurate reporting purposes. In most instances, two interviewers were present per claimant.

Interviewees were asked questions relating to five issues: first, their overall experience and understanding of UC and the legacy system; second, their experiences of accessing UC; third, their experiences of managing on UC, especially the impact on their financial circumstances; fourth, their experiences of progressing on UC, particularly in regards to seeking and securing work; fifth, their

views on how UC could be improved. It was important that our policy recommendations, as will be outlined in Chapter Six, were rooted in the views and ideas of actual claimants. Listening to claimants in this way, we believe, will enable us to devise considered and practical policies that address what actual claimants tell us most concerns them about UC.

Table 2.1. Quotas for our broadly representative sample of UC claimants

Sampling criteria		Number of claimants (minimum target in brackets)
Gender	Male	13 (19)
	Female	27 (13)
Age	16-24	6 (11)
	25-49	23 (16)
	50+	11 (1)
Region	North	11 (10)
	Midlands	5 (2)
	South	5 (6)
	London	19 (10)
Area	Urban	20 (10)
	Suburban	13 (10)
	Rural	7 (10)
Ethnic group	BAME	15 (5)
Living situation	Renting – local authority or housing association	17 (3)
	Renting – private	17 (3)
	Currently living rent-free with family or friends	2 (3)
	Own home – with or without mortgage	4 (3)

Living with	I live alone	10 (good mix)
	I live with my partner, with children under the age of 18	7 (good mix)
	I live with my children, no partner	10 (good mix)
	I live with my partner, no children	2 (good mix)
	I live with other family	4 (good mix)
	I live with flatmates	7 (good mix)
Number of children	0	18 (3)
	1	7 (3)
	2	6 (3)
	3+	6 (3)
Work Capability Assessment results	I have been assessed and told I am fit for work and currently working sufficient hours	13 (natural fallout)
	I have been assessed and told to find work up to a certain number of hours	11 (natural fallout)
	I have been assessed and told to take on more work than I currently do	5 (natural fallout)
	I have been assessed and told that I am exempt from work	9 (natural fallout)
Working situation	I currently work full-time	3 (5)
	I currently work part-time	12 (5)
	I am on a zero hour contract/work irregular hours in employment	3 (5)
	I am self employed	4 (5)
	I am unemployed	18 (5)
Work history	Always working	12 (3)
	Recently entered work for the first time in a while	3 (3)
	Recently out of work for the first time in a while	6 (3)
	Regularly in and out of work	14 (3)
	Always out of work	5 (3)

Helping hand?

Physical or mental health condition	Yes	10 (2)
Length of time on UC	Up to 3 months	8 (3)
	3-6 months	8 (3)
	7-12 months	10 (3)
	12-18 months	8 (3)
	Longer	6 (3)
Previously on other benefits	Yes	30 (9)
General attitude towards UC	Generally happy	12 (10)
	Mixed	20 (10)
	Generally unhappy	8 (10)

In Table 2.1 above, 'good mix' refers to the target of ensuring an adequate mixture of respondents without a set quota. 'Natural fallout', meanwhile, means there was no minimum quota set.

Chapter 3: **Accessing Universal Credit**

Chapter One described UC and how it has evolved over time. In particular, it highlighted the lack of contemporary and comprehensive research on the experience different claimants have with the unique and key design features of UC. This chapter unearths the experiences a broad range of current claimants have with those design features when they try and access UC. For the purposes of this report, accessing UC refers to: the first stages of becoming a claimant on it; and, trying to access the details of and support for their UC awards, whether online, in person or over the telephone.

The chapter focuses on the major steps for accessing UC, namely: first registering and subsequently accessing UC online; and, receiving the initial UC award after a minimum five-week wait.

First registering and subsequently accessing UC online

UC will enable and expect almost everyone to register for and manage their award online. Indeed, UC is the DWP's first fully digital service.

The 'full service' UC system involves a registration process that is completely online. Claimants are first required to set up an online UC account, providing basic personal and contact details. After verifying their e-mail address, they have 28 days to complete the registration of their claim, by providing more detailed information relating to their income, housing, health and other personal circumstances. During this period, claimants are also required to verify their identity; the requirements for this are described

in detail below. If they fail to complete this registration process within 28 days, they are required to initiate a completely new UC claim.

After registration, the online UC account becomes the main method of contact throughout the time a claimant is on UC; through it, they can manage their UC award payments, report changes in their circumstances, and fulfil work-related commitments.

The registration process for UC is different and theoretically much simpler than under the legacy system, where a claimant might have to apply for different benefits simultaneously, across multiple government departments, via telephone calls or paper forms.

However, UC is not yet completely fully digitised. Those claimants in 'live service' areas make and manage their UC claim by telephone. As of March 2018, there were an estimated 325,000 claimants in 'live service' areas.³⁶ However, the 'live service' is expected to close completely by Spring 2019, thereby likely dramatically reducing the numbers accessing UC by telephone.³⁷ UC applications in full service areas can be made by telephone or in person only if claimants demonstrate an inability to use the online system.

As part of the registration process, claimants must have their identity and residency verified. Applications to UC require claimants to prove their identity either by uploading relevant documents to the Government Digital Service's Verify system, or by presenting them in person at the Jobcentre Plus.

To verify their identity, claimants must present three separate pieces of evidence. This must include one of the following photographic documents: a passport; an EU identity card; a residence permit or permanent residence card; biometric immigration status documents; or, a UK driving license. The other two pieces can be from a wider range of accepted documents which includes birth certificates, employment paperwork, and letters from government agencies. In contrast, identity requirements for legacy benefits

36. NAO, "Rolling out universal credit", 4.

37. House of Commons Library, "Universal credit and the claimant count", <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7927#fullreport> (2019).

vary. Whilst JobSeekers Allowance (JSA) require a similar standard of proof, Employment and Support Allowance (ESA) and Housing Benefit (HB) allow claimants to select from a wider range of documents. Reportedly, some forms of identification that are accepted under legacy benefits are no longer always accepted under UC, such as letters from social workers.³⁸

Following initial registration, claimants are required to constantly interact with different parts of UC, mainly online, to manage their claim and fulfil the conditions of their ‘claimant commitment’, which is explained in more detail in Chapter Five. The main point of contact for claimants is work coaches, which are explained in detail in Chapter Five. Most claimants will interact with their work coaches, after an initial face-to-face interview, through their online UC account. This includes their online journal, where they log details of their job searches and other work-related activity to meet their conditionality requirements.

To access their online UC account, claimants must have and constantly enter a Government Gateway access code, which is made up of 13 randomly generated numbers and letters. Without this, claimants cannot correspond with staff in the Jobcentre Plus or the DWP, and cannot see messages in their online UC accounts.

Most of our interviewees could register for and manage their UC online without support. Typically, younger claimants with good levels of computer literacy were most likely to be positive about the online system for registering and managing UC. For example, a 24-year-old male described how he:

“Did the application online, which took about fifteen to twenty minutes. I got a text... three days later saying bring your evidence in, and it was done.”

Male, 24, South, recently unemployed

38. St Mungo’s, “Work and pensions select committee inquiry on universal credit roll-out: submission from St Mungo’s”, <https://www.mungos.org/wp-content/uploads/2017/07/St-Mungos-response-to-the-Work-and-Pensions-Committee-Inquiry-on-Universal-Credit-roll-out.pdf> (2017).

Many interviews reported liking how “easy”, “straightforward” and “simple” UC was thanks to it being online.

“I think it’s fantastic, with the fact that you can just go on your phone, log into Universal Credit every day.”

Female, 48, London, unemployed and exempt from work

For claimants who regularly use the internet for shopping and social media, for instance, the ability to apply for and manage UC online from home at a time convenient for them compared positively to the legacy system, which often entailed waiting long periods to speak to an adviser on the telephone.

“The online account is a blessing. I don’t have to call up for everything. I just do everything online on my phone. It’s so much easier.”

Male, 24, South, recently unemployed

Other interviewees, however, found the new online system difficult. Unsurprisingly, interviewees with lower levels of digital literacy were more likely to report problems. Such interviewees were typically older, but those with physical or mental health issues were also more likely to have found the new online system challenging, regardless of age.

Notably, it was identity verification that emerged in our interviews as the most commonly experienced problem with the online application process. While interviewees generally had ready access to the required documentation, a significant minority struggled to successfully upload them. This problem was not limited to older interviewees less familiar with online processes.

“I actually remember having to upload a picture of my passport or something like that, and I thought, ‘Oh my

gosh, I'm quite, you know, tech-savvy,' but for me, even I was like, 'Wow, this is a bit difficult.'"

Female, 29, London, employed in an administrative capacity

A number of young interviewees, employed in roles likely to require some digital literacy, described the problems they encountered with online verification:

"So, registering the account was easy, and verifying the account is so-so. It said you can verify your identity online, but I couldn't manage to do it. Nothing was scanning for me, and then I verified it in the post office, and then the Universal Credit was saying the post office wasn't right, so I had to bring my ID in."

Female, 30, London, employed in sales

Other interviewees appeared to have been given incorrect advice about which forms of identification were required.

"The verifying the account was the hardest bit, because the Jobcentre had asked me to go along with my passport, or something, and then when I got there, they said, 'No, we don't want that, we need something else.' So, then I had to go back with something else. So, that was a slight delay."

Female, 49, North, recently unemployed

The majority of interviewees had ready access to the internet at home. Nevertheless, a small minority of interviewees described how their experience of applying for and managing UC had been made more difficult by a lack of home computer access. While some interviewees without access to a laptop or PC found it easy to register for and manage

UC using their mobile phones, others found that the smaller screen size and reduced functionality made certain tasks difficult to perform. One interviewee struggled to upload their identity documents while another felt that constant zooming in and out increased the likelihood of her making a mistake.

“It’s just a nightmare. I mean, people use the Internet all the time so I don’t understand how they can make something that’s supposed to be so easy so difficult. If you’re going to buy some clothes online, or trainers, or shoes, or whatever, when you go online how easy is it to do that? It’s not hard, is it? So, if you’re going online to a Government website, why’s it so difficult to navigate around?”

Male, 27, North, employed on a zero-hour contract

UC had been designed to be mobile compatible, but our fieldwork suggests that users reliant on a mobile device to submit and manage their claim may still experience difficulties.

“Yes, I’d rather go to the library and use a computer there. I think, because, like, you don’t want to have to keep zooming in and out and then, you know, you could accidentally click a button and get yourself into trouble because it’s so small on the phone, isn’t it?”

Female, 29, London, self-employed

For interviewees with limited digital literacy, challenges with the online nature of UC extended beyond the registration period and into claim management, particularly in relation to tracking award payments, updating personal circumstances, and reporting work-related commitments. Indeed, those who needed job-related advice or to provide evidence of searching for work needed to regularly

engage with their online UC account. Those who struggled with this lacked a clear sense of where they could go for help and instead relied heavily on ad hoc assistance from friends and family.

“Well also it being online, because I don’t understand computers at all. I’m having to get my daughter or somebody else to go onto this Universal Journal for me and work it all out, and I just don’t really understand it.”

Female, 62, London, unemployed and exempt from work

There was little evidence among our interviewees that work coaches – who are responsible, under UC, for providing ongoing personalised support and advice on seeking work – helped with online access. In one case, an interviewee described the reluctance of his work coach to help him submit a claim online:

“There’s no one to help you. The Jobcentre didn’t seem to want to help me. They just said, ‘You’ve got to do it online now.’ ‘Yes, but I don’t have a clue.’ If I didn’t have a friend to do it, I would have been – the Jobcentre was, ‘Go to the library. Someone at the library will help you.’ I said, ‘Aren’t you supposed to help me?’”

Male, 59, North, delivery driver working variable hours

This particular interviewee recognised how lucky he was to be about to ask his housemate for help:

“I went into job centre on the New Year’s Eve and they said, ‘You have to do everything online,’ but I’d never been online before, so I was knackered. I didn’t know what to do. Luckily, the other bloke who lives here did it for me on his laptop.”

Male, 59, North, delivery driver working variable hours

Admittedly, even interviewees with good levels of digital skills expressed a desire for more face-to-face contact to be made available. One interviewee explained that while she generally liked being able to manage her account online, the option to discuss certain issues in person would be welcome:

"I have PTSD, depression, anxiety, and even getting to the Jobcentre was a huge deal for me. So, I do prefer, sort of, doing emails and stuff but when it comes to important stuff like money, I prefer a face-to-face, just because, personally, I find eye contact and, you know talking with someone."

Female, 29, South, unemployed and exempt from work

Some interviewees felt that where previously they had been able to receive more regular face-to-face support from Jobcentre Plus staff when looking for jobs, especially for elements of the job search that were more difficult such as arranging or preparing for interviews, UC now required them to be much more independent in this respect. Among a significant number of interviewees, then, there was a feeling that digitising the benefits system had dehumanised it.

"It's all online now, all they do is send you somewhere else. You can look down this avenue, you can go and look online here, it's never, 'Oh, come to us and we can assist you in what you want to do.' Now it's just like, 'Okay, go online, down the library for two, three hours a day and click okay, apply, apply, apply, apply, apply on all these jobs."

Male, 39, London, employed part-time

For claimants who need assistance with the UC registration process or ongoing support, there is a telephone helpline they can access. Some

interviewees have tried to make use of this helpline. Feedback on the service was generally critical, especially the length of waiting.

“Long waits. Long, long, long waits. Sometimes you just talk to someone who doesn't understand what's going on, and yes, there's been a lot of, like, going back and forth between people.”

Male, 24, London, self-employed

Wider evidence demonstrates that the online nature of the application for and management of UC is proving problematic for many claimants. Almost all claimants can access the internet easily, usually at home or through a mobile phone, although a small proportion cannot, especially those who are older, unemployed and living in rural areas.³⁹ Ofcom's evidence suggests that 6% of adults do not use internet at all, but this rises to 12% among the working-class and adults not in employment or education.⁴⁰

Only 54% of current claimants in a recent DWP survey reported being able to register their claim online without help, although this rose to 75% with help.⁴¹ Online application is more likely to cause problems for claimants with physical and mental health problems. The same recent DWP survey found that claimants with a long-term health condition were six percentage points more likely than all claimants to need help to go online to register their claim. Help was most commonly provided by a friend or family member, although claimants also received assistance from Jobcentre Plus staff, charity representatives

39. Advice North Yorkshire, “Access denied: universal credit and digital by default”, https://www.citizensadvice.org.uk/global/migrated_documents/corporate/ripon-cab-access-denied-report.pdf (2013). East Thames, “Universal credit: are tenants ready?”, https://www.lqgroup.org.uk/_assets/files/view/383fe3f6-5796-486c-8569-f83d1514697b/ (2016).

40. Ofcom, “Adults' media use and attitudes report”, https://www.ofcom.org.uk/_data/assets/pdf_file/0011/113222/Adults-Media-Use-and-Attitudes-Report-2018.pdf (2018), 207.

41. DWP, “Universal credit full service survey”, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714842/universal-credit-full-service-claimant-survey.pdf (2018), 31-32.

and local authority staff.

The National Audit Office (NAO) found that problems with online UC applications were most likely to result from: being given the wrong information about which benefit to claim; struggling to complete the requirements to submit a claim, for example, because of language barriers; and not having a bank account or identification.⁴²

The wider evidence base suggests that a small minority of claimants have access neither to a computer nor a smartphone. Lack of computer access is likely to be problematic when claimants have limited mobility or do not live within easy reach of a public space offering free Wi-Fi. It may also be costly to travel to Jobcentre Plus' and other public buildings to access the internet on a regular basis. According to the latest DWP survey data, 7% of current claimants are reliant on public-access computers to manage their UC claim.⁴³ Furthermore, those with physical and mental health problems are more likely to find the registration for and management of UC confusing, and less likely to have access to the necessary digital equipment do so.⁴⁴

Furthermore, trends in internet use suggest that the proportion of users engaging with UC predominantly through a mobile device will increase.⁴⁵ The then Minister for Welfare Reform, Lord Freud, expressed surprise as early as 2013 that "around a quarter of visits to the UC portal were made on mobiles, despite there not yet being a mobile app."⁴⁶ This points to the importance of ensuring that access to an online UC account via a mobile phone is made as seamless as possible.

42. NAO, "Rolling out universal credit", 34.

43. DWP, "Full service survey", 29.

44. DWP, "Full service survey", 38, 43, 49.

45. Office for National Statistics, "Internet access – households and individuals, Great Britain: 2018", <https://www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsocialmediausage/bulletins/internetaccesshouseholdsandindividuals/2018#mobile-phones-or-smartphones-still-most-popular-devices-used-to-access-the-internet> (2018); ONS, "Internet access – households and individuals, Great Britain: 2016", <https://www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsocialmediausage/bulletins/internetaccesshouseholdsandindividuals/2016> (2016).

46. Lord Freud, *Implementing Universal Credit*, 16 July 2013 <https://www.gov.uk/government/speeches/implementing-universal-credit%>.

The particular problem of identity verification was also reflected in the wider evidence. The Government predicted that 90% of claimants would be able to verify their identity online. But the DWP's recent full service survey found that just 45% of claimants had been able to do so. Forty-eight percent of all claimants surveyed described using Verify, the government system to digitally upload identity documents, as either "very" or "fairly" difficult.⁴⁷

The wider evidence intimates that problems with identity verification typically arise from a lack of appropriate documentation, which was not really reflected in our fieldwork, or inadequate advice and guidance about which identity documentation was relevant,⁴⁸ which was reflected in our fieldwork. Those aged 16-24, for example, were less likely than other groups to have the required forms of ID, in part due to being less likely to have driving licenses or be financially independent.⁴⁹ Homeless claimants seem to have some difficulty due to their transience and frequent lack of identity documents or recent addressed letters.⁵⁰

If claimants are unable to verify their identity online, they are required to make an appointment to do so in person at their local Jobcentre Plus. This can cause delays to initial payment, compounding the hardship some claimants can suffer during their initial wait period, which is explained in more detail later in this chapter. Relatively recent research from Citizens Advice suggests that a majority (57%) of claimants reported finding verifying their identity in person difficult and that arranging a meeting with the Jobcentre Plus caused delays to their claim.⁵¹ Indeed, the DWP reference incomplete verification processes as a leading explanation for why initial UC awards were not

47. DWP, "Full service survey", 36.

48. Gov.uk, "Estimating what proportion of the public will be able to use GOV.UK Verify", <https://identityassurance.blog.gov.uk/2016/01/25/estimating-what-proportion-of-the-public-will-be-able-to-use-gov-uk-verify/> (2016).

49. *Ibid.*

50. *Ibid.*

51. Citizens Advice, "Universal credit and debt", <https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Universal%20Credit%20and%20Debt%20-%20final.pdf> (2017).

paid on time and in full.⁵²

Although there are no paper forms for applying for UC, claimants do have the option of registering for UC in person or over the telephone. Wider evidence suggests that awareness of these alternative arrangements is low. Citizens Advice have reported that more than three quarters of the people they helped in ‘full service’ areas between 2016 and 2017 had not been told about alternatives to online application for UC.⁵³

Recent research from Britain Thinks with UC claimants suggests that, in general, ongoing communication with Jobcentre Plus and DWP staff via the online UC journal is working well, and it is readily understood and intuitive for claimants.⁵⁴ However, a number of claimants reported that issues with accessing the internet hindered their ability to use the online UC journal, particularly for those without access at home.⁵⁵ Furthermore, all of the claimants interviewed by Britain Thinks referenced obtaining and remembering the Government Gateway access code to enter their online UC account as an issue, as it could not easily be memorised and could be mislaid.⁵⁶

Recognising the challenges some claimants have with digitisation, especially at the start of their UC journey, the Government introduced ‘Universal Support’, described in Box 3.1 below.

Box 3.1. Universal Support (US)

Universal Support (US) is a support package currently available to UC claimants, which they can access on an optional basis. It

52. DWP, “Universal credit statistical ad hoc: payment timeliness”, <https://www.gov.uk/government/statistics/universal-credit-payment-timeliness-january-to-june-2017> (2017).

53. Citizens Advice, “Delivering on universal credit”, <https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Delivering%20on%20Universal%20Credit%20-%20report.pdf> (2017).

54. Britain Thinks, “Learning from experiences of universal credit”, http://britainthinks.com/pdfs/Learning-from-experiences-of-Universal-Credit_Report-for-the-Joseph-Rowntree-Foundation.pdf (2018).

55. Ibid.

56. Ibid.

was launched in 2013. US is intended to support claimants during transition to UC rather than meet any longer-term needs.⁵⁷

It comprises of two support programmes: most relevantly, ‘Assisted Digital Support’, which helps claimants use a computer to make or manage their UC claim. But US also comprises ‘Personal Budgeting Support’, which provides financial advice to claimants.

The DWP provides funding to deliver US through local authorities and the third parties they commission. Claimants can only be referred for US within the first three months of their UC claim. Referral is the responsibility of work coaches.⁵⁸

Our interviewees expressed little knowledge of the two US programmes. This could be a result of considerable national variance in terms of availability, with our interviewees missing out. As the House of Commons Work and Pensions Select Committee recently reported: “In its current form, Universal Support is far from ‘universal.’”⁵⁹

A more profound concern over US is that there is a lack of evidence to suggest that it is having any meaningful positive impact on UC claimants. Past evidence from areas in which Assisted Digital Support and Personal Budgeting Support were trialed found no statistically significant improvements in the digital or financial capability of claimants.⁶⁰

From April 2019, Citizens Advice will provide a new ‘Help to Claim’ service and the old Universal Support will no longer exist. The service will support people to make and complete a claim for UC and offers support until someone receives their first full,

57. Work and Pensions Select Committee, “Universal support”, <https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/1667/1667.pdf> (2018), 9.

58. *Ibid.*, 43.

59. *Ibid.*, 3.

60. DWP, “Evaluation of the universal support delivered locally trials”, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/537089/ad-hoc-report-33-evaluation-of-the-universal-support-delivered-locally-trials.pdf (2016).

correct payment. However, within the funding available, it is not possible for the service to provide ongoing support.

For the minority of claimants who wish to manage their UC via telephone, there have been issues. DWP statistics showed that in 2017, the average time claimants waited for their telephone calls to be answered was estimated to be 39 minutes.⁶¹ There have been improvements, nonetheless: the average wait time in October 2018 was three minutes and fifty-eight seconds.⁶² However, one Freedom of Information request found that some callers were waiting up to two hours on the UC hotline.⁶³ Figures collected by the DWP showed that more than one million calls to the helpline were abandoned over the course of 2017.⁶⁴ Worryingly, almost a third of claimants who called the helpline reported having to make ten or more calls in order to resolve their issue.⁶⁵

Receiving the initial UC award after a minimum five-week wait

New UC claimants must wait at least five weeks between finalising their claim and receiving their first award payment. This is because UC is paid in arrears, following one four-week assessment period and seven days during which UC awards are calculated and processed. The DWP assumed that most claimants would have enough money to manage over this initial waiting period.⁶⁶

61. Citizens Advice, "Delivering on universal credit".

62. DWP, "Universal credit: telephone services: written question – 194163", <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2018-11-21/194163/> (2018).

63. DWP, "Universal credit telephone helpline performance indicators", https://www.whatdotheyknow.com/request/universal_credit_telephone_help/ (2017).

64. DWP, "Universal credit: telephone services: written question – 118690", <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2017-12-11/118690/> (2017).

65. Citizens Advice, "Delivering on universal credit".

66. NAO, "Rolling out universal credit", 32.

This initial waiting period was originally six weeks. This was because in 2015 the previous Chancellor, the Rt Hon George Osborne MP, extended from three to seven days the period before anyone was entitled to claim out-of-work benefits, consequently adding yet another week to the initial waiting period for UC.⁶⁷ Thankfully, this period was abolished altogether, as proposed and promoted by Bright Blue, in the 2017 Budget.⁶⁸ However, there were some interviewees in our sample who had experienced this now historical six-week initial waiting period.

Claimants should technically receive their first UC award at the end of the five-week initial waiting period. However, errors in processing the claim could delay the receipt of the first award even further.

It is the case that claimants can apply for an 'advance payment', equal to 100% of their expected initial UC award payment. Advance payments are 'loans' which are repaid via automatic deductions from future UC awards over a maximum 12-month period. The size of repayments depends on the initial amount borrowed, but is now capped at 40% of the claimant's monthly UC awards. In 2017, the average repayment was £43, which is around 8% of the average monthly UC award.⁶⁹ In some cases, the advance payment is repayable within 24 hours of application.

The initial waiting period of five weeks was a pressing challenge for our interviewees that also typically have no or very low savings. This reflects existing evidence: a recent survey suggested only 17% of claimants used savings to manage financially during the initial waiting period, while 51% relied on borrowing from their friends or family.⁷⁰

It was common for our interviewees to describe the stress caused by an extended period without benefit income.

67. House of Commons Library, "Universal credit: proposals for a seven day "waiting period" for claims", <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06694> (2013).

68. HMT, "Autumn budget 2017", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/661480/autumn_budget_2017_web.pdf (2017), 28.

69. NAO, "Rolling out universal credit", 42.

70. Citizens Advice, "Universal credit and debt", 15.

"I've been in the dole office a few times doing my Universal Credit and people were freaking out and arguing and, 'Why haven't I got my money?'. 'You told me that it would be six weeks,' or, 'I can't wait six weeks.' These were desperate people."

Male, 49, London, employed and working sufficient hours

Only a handful of interviewees said they had sufficient savings to cover their expenses for the initial waiting period. One interviewee who had experienced the historical initial six-week waiting period described the situation starkly:

"If you're going to make them wait six weeks, it's, like, a whole summer holiday, you know."

Male, 22, London, self-employed

Those interviewees who were unable to rely on their own savings frequently described their dependence on financial support from friends and family during the early stages of their UC claim. Younger claimants typically relied on their parents whilst older claimants were likely to rely on their adult children. Older claimants, in particular, were likely to consider this demeaning. For example, asked whether borrowing from family was 'easy', a 36-year-old father, said:

"Yes and no. I never like asking people for favours. So, in that sense, it's not. It wasn't easy for me to ask them, but I had to do what I had to do."

Male, 36, North, works part-time in construction

Similarly, a 62-year-old woman with adult daughters described her unease asking them for financial help:

"When I first got on it I didn't like it one bit, because having

to go six weeks with no money at all and I was having to ask my daughters to try and help me out, which I don't like asking people for anything."

Female, 62, London, unemployed and exempt from work

A significant minority of our interviewees described being in debt even before lodging their claim for UC, using payday loans, overdrafts, bank loans and credit card debt. One interviewee, a young father working as a self-employed delivery driver, described how desperate his situation had become by the time he applied for UC:

"We were literally at the point where we were thinking: 'oh gosh we're going to sink at this point'. So, we've got credit cards that are all maxed out... we went over the overdraft a couple of times a month."

Male, 24, North, working variable hours as a delivery driver

In many cases, the initial waiting period precipitated future financial difficulties. Some interviewees took on commercial debt. One disabled interviewee explained that her initial UC payment "was gone in a day", owing to the repayment of external debts accrued during the initial waiting period. A recently unemployed teacher recalled it taking "a lot of work and a lot of time" to "work things out" with organisations she was unable to pay whilst waiting for her first UC award.

A number of interviewees described falling into rent arrears as a result of the initial waiting period. One interviewee described taking out a loan from her credit union to cover unpaid rent. Many others relied on the ad hoc financial support of friends and family to pay rent. Some interviewees described the tension that the initial waiting period placed on the relationship they had with their landlords, and their anxiety that it could cost them their accommodation.

Happily, however, some interviewees suggested that considerable flexibility is shown by landlords, both in the private and social rented

sector. Several interviewees described their landlords as understanding and helpful. For example, one interviewee described the support she received from a benefits adviser at her Housing Association:

“When I first went onto Universal Credit, I had to go and speak to the benefits adviser at my housing association and he was really helpful. He helped me sort it all out and everything, and I was in rent arrears at first because of this six week stop.”

Female, 62, London, exempt from work

Another explained that a good relationship with her estate agent helped to smooth her transition onto UC:

“My rent’s due on the 1st, so I had to, sort of, call up my estate agent and I’ve got quite a good relationship with them. Very good with sending good emails, and I was, like, ‘Here’s what’s happening.’ So, they’ve been alright with, like, having rent ten days late.”

Female, 29, South, exempt from work

The vast majority of our interviewees were aware of the option to take ‘advance payments’ during the initial waiting period. In fact, most of our interviewees chose to take this option up. Interviewees expressed relief that these advance payments existed. They were generally positive about the ease and speed of the application process for these advance payments. The most common reason for refusing an advance payment was nervousness of debt, as opposed to a lack of need.

Few interviewees, however, felt they made informed choices about the level of advance payment to request. A number described applying for an insufficient sum, which later left them reliant on credit cards and other forms of borrowing. Conversely, one interviewee described accepting a larger than necessary advance payment which she then

struggled to repay from her future monthly UC award payments.

Interviewees appeared to receive little guidance about – and generally demonstrated only a limited understanding of – the repayment terms of advance payments.

“I got an advance in the end, so I think the advance was £700, but when I first got my Universal, then they took £120 out of it... They should make it easier to say this is how much you can afford, you know, but living by your means is how much you can afford, because some people will say they’ll pay more than they could actually pay.”

Female, 30, London, working part-time in sales

One interviewee, whose claim had started when she was signed off work with depression, described her experience of UC as like being on a “hamster wheel”. The repayment of her advance payment exacerbated her financial difficulties, creating a sense of hopelessness:

“It’s just been a really long six months... £56 was, like, a couple of days’ money, like, travel and food and stuff, and now it’s, like, that’s a good two weeks’ worth of food and stuff that’s gone. Again, when I spoke to my work coach about it, I was, like, ‘This is just too much to pay, even monthly, on this budget. I can’t eat,’ and she was, like, ‘Go to the food bank.’ It was, like, ‘Oh, right.’ So, that was a bit of a bummer, because, like, it feels like a hamster wheel and feels, kind of, impossible to get well enough to go back to work.”

Female, 29, South, recently exempt from work

As mentioned earlier, UC claimants may have to wait even longer than the five weeks for their initial UC award due to errors in

processing their claim. Worryingly, roughly a third of our interviewees did not actually receive their initial UC award payment on time. Some, in fact, did not know the date when they should be paid. The reasons cited by interviewees for delays, include: problems uploading identity documents; problems with logging in to their online UC account; and, miscommunication by Jobcentre Plus staff of the evidence that was required when registering for their claim. In one case, hospital admission delayed an interviewee's initial interview and the completion of her UC claim. In another, an interviewee had difficulty proving she was responsible for the care of a child.

One claimant spoke of his landlord's scepticism when he had to repeatedly explain his initial UC payment had been delayed:

"It felt like she didn't believe me or thought I might be kidding her about making payments, so I phoned them up while she was still sat there, and she listened as well. She spoke to them."

Male, 59, North, working variable hours as a delivery driver

Wider evidence indicates that the initial waiting period for the first UC award is proving particularly problematic, specifically the three issues that emerged in our fieldwork: waiting the official five weeks; understanding of and struggling with the repayment terms of advance payments; and, further delays above and beyond the official period caused by errors.

First, the official five weeks of the initial waiting period create a significant risk of debt and rent arrears, especially for those who do not have savings or family and friends to turn to.⁷¹ The DWP itself has noted that the initial waiting period has emerged as a "key factor" in claimants

71. Britain Thinks, "Learning from experiences of universal credit", 10.

being in rent arrears.⁷² Citizens Advice recently found that 26% of UC claimants that asked for assistance needed help with debt issues, with the initial waiting period being a significant cause of indebtedness.⁷³ Furthermore, the Trussell Trust recently reported that 70% of claimants referred to food banks experienced debt and 56% experienced housing issues due to the initial waiting period, such as going into arrears on rent, increased fear of eviction, and falling into debt paying for gas and electricity, due to the initial waiting period.⁷⁴

Second, on the use of advance payments, recent DWP data reflects our fieldwork findings showing a majority of claimants using them. The DWP's most recent data suggests, overall, 60% of new UC claimants ask for and receive an advance payment. Indeed, requests for and the receipt of advance payments have increased recently, up from between 30% and 40% in early 2017.⁷⁵ This surely shows that most claimants do not have the financial capabilities to properly manage over the initial waiting period.⁷⁶ Indeed, the National Audit Office has highlighted that the reliance on advance payments indicates the material hardship suffered by claimants who are ill-equipped to manage for five weeks without benefit income.⁷⁷

Similarly, repaying the advance payment creates additional financial pressures, as claimants receive a reduced UC award. Repayments were one of the most frequently mentioned issues by food bank attendees, with 39% stating that it is an issue while receiving UC.⁷⁸ It has been found that these DWP deductions can have a snowball effect with other external debts, leaving some people with virtually nothing to live on.⁷⁹

72. DWP, "Universal credit test and learn evaluation: families", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/644028/summary-research-into-families-claiming-universal-credit.pdf (2017), 14.

73. Citizens Advice, "Universal credit and debt", 8.

74. The Trussell Trust, "Left behind: is universal credit truly universal?", <https://s3-eu-west-1.amazonaws.com/trusselltrust-documents/Trussell-Trust-Left-Behind-2018.pdf> (2018), 3.

75. *Ibid.*, 40.

76. NAO, "Rolling out universal credit", 32.

77. NAO, "Rolling out universal credit", 33.

78. Trussell Trust, "Left behind", 16.

79. Joseph Rowntree Foundation, "Destitution in the UK 2018", <https://www.jrf.org.uk/report/destitution-uk-2018> (2018), 53.

Third, further delays above and beyond the official initial wait period are troublingly frequent. Timeliness of the initial UC award has improved, with the proportion of first UC awards paid in full and on time rising from 55% to 80% over the course of 2017.⁸⁰ However, this momentum has not been sustained; data from August 2018 shows little improvement on last year, with only 84% being paid in full and on time.⁸¹ The National Audit Office estimates that between 270,000 and 338,000 claimants were paid their first UC award later than the initial five week waiting period during 2018.⁸²

Initial UC awards not paid on time are paid, on average, four weeks late.⁸³ After 10 weeks from the original claim, approximately 5% of UC awards had still not been paid.⁸⁴

Claimants surveyed by Britain Thinks in March 2018 attributed delays above and beyond the official initial waiting period to poor guidance from Jobcentre Plus staff and administrative difficulties,⁸⁵ reflecting the reasons suggested by interviewees from our fieldwork. Citizens Advice has emphasised that processing delays are affecting the timeliness of the first UC award.⁸⁶

These delays can have profoundly detrimental consequences. A recent DWP survey showed that 13% of claimants cited errors in processing their UC award payment as a cause of their rent arrears.⁸⁷ Even worse, three of the Local Authorities in which UC was first made available – Croydon, Hounslow and Southwark – recalled that thousands of social tenants were at risk of eviction, blaming UC award payments not being

80. NAO, "Rolling out universal credit", 36.

81. DWP, "Universal credit statistics: claims, monthly starts and people on universal credit August 2018", <https://www.gov.uk/government/statistics/universal-credit-29-april-2013-to-9-august-2018> (2019), 8.

82. Resolution Foundation, "The benefits of moving: managing the transition of existing claimants to universal credit" <https://www.resolutionfoundation.org/app/uploads/2018/09/The-benefits-of-moving.pdf> (2018), 40.

83. NAO, "Rolling out universal credit", 8.

84. Resolution Foundation, "The benefits of moving", 8.

85. Britain Thinks, "Learning from experiences of universal credit", 9.

86. Citizens Advice, "Universal credit and debt", 3.

87. DWP, "Universal credit test and learn valuation: families", 53.

paid on time and at the right level.⁸⁸

Happily, payment timeliness does improve after the initial UC award: in the first half of 2017, for example, only 76% of initial awards were paid on time, compared to 92% of all awards.⁸⁹

Box 3.2. Understanding UC

This chapter has examined the experiences of claimants initially accessing the benefit. It could be argued that a part of accessing UC also includes understanding it – specifically, its rationale and key features.

Understanding the rationale for UC

UC represents a significant change in the way claimants receive benefits from government. As Chapter One illustrated, its primary intentions are to simplify the welfare system, more effectively incentivise work, improve work preparedness, and encourage personal responsibility.

Several interviewees demonstrated considerable proactivity in finding out about UC themselves – especially from friends, the internet and third party organisations such as Citizens Advice.

The majority of our interviewees understood that UC had been introduced to make the benefits system simpler.

“It’s easier. We submit our data... It’s all just sent in straight away electronically. So, it’s both costs-cutting and time-saving.”

Male, 39, North, works part-time in construction

88. London Councils, “Universal credit rollout inquiry: evidence submission to the work and pensions select committee”, <https://www.londoncouncils.gov.uk/sites/default/files/Policy%20themes/Tracking%20welfare%20reforms/2017.03.23%20London%20Councils%20Universal%20Credit%20Rollout%20Evidence%20Submission.pdf> (2017).

89. DWP, “Universal credit statistical ad hoc: payment timeliness”.

A number of interviewees also suggested that UC was designed to incentivise work, although this was frequently framed in terms of discouraging people from claiming benefits. Some interviewees praised UC for tackling what they perceived to be exploitation of the welfare system by claimants who chose not to work. It was noticeable that interviewees who had rarely been out of work were more likely than those experiencing an extended period of worklessness to reflect positively on the rationale of incentivising work.

“I think that it’s in an effort to stop, there are a lot of people on long term sick. It discourages that element of things, and I also think it does benefit the working person.”

Female, 38, Midlands, a former nurse recently out of work for the first time

Indeed, DWP evidence also suggests that claimants are more likely to think of UC as a mechanism for ensuring claimants do not avoid work than they are to consider it a positive means of promoting employment.⁹⁰

It was clear that many interviewees felt strongly that the key beneficiary of simplification and the incentivising of work through UC was government rather than claimants. This scepticism of the intentions of government was prevalent. Many believed UC has been introduced to save money, not by making the welfare system more efficient, but by confusing applicants and discouraging them from persisting with their UC claim. A 59-year-old employed interviewee

90. DWP, “Universal credit test and learn evaluation: families”, 34.

who struggled with the digital nature of his UC application suggested that the Government made it difficult “so that people give up”. A 42-year-old interviewee employed on a zero-hours contract suggested “they’re making it hard on purpose just to save money.”

Understanding the key features of UC

Chapter One detailed the key features of UC, including a single payment subject to a single withdrawal rate and monthly payment in arrears. Our interviewees demonstrated good understanding of some unique design features, but a much poorer understanding of others.

There was a high level of awareness of monthly payment in arrears, the ‘claimant commitment’ and sanctions, including the 100% sanction rate for those with work-related requirements. There was high awareness of ‘Advance Payments’, but low awareness of ‘Alternative Payment Arrangements’ (APAs), described in Box 4.3 later.

Though a majority of interviewees demonstrated some understanding of taper rates, this was frequently incomplete or only partially correct. For example, several interviewees believed that the taper rate meant that they would keep 63p for every pound they earned, rather than lose it, while some thought that they would lose all of their UC award payment if they went past a certain number of hours.

“If I work an extra two days, I could lose-, I’d probably be working a day for nothing for what you’d lose through your credit.”

Male, 24, North, a self-employed builder

Sadly, a handful of interviewees displayed very poor understanding of certain features of UC, which had significant

detrimental implications. One claimant living in the social rented sector, for instance, had understood that financial support for housing would continue to be paid directly to the landlord, which led to the accumulation of rent arrears.

The wider evidence base reflects low understanding of key design features. Recent research by the DWP found that claimants were frequently completing the application without being aware that financial support for housing and childcare would be included in their UC award, and not understanding which legacy benefits were being replaced.⁹¹

In particular, there is a lack of understanding about changes to financial incentives for work in UC compared to legacy benefits. DWP's research suggests most claimants are not aware of changes to the benefit withdrawal rate.⁹² Additionally, almost half (46%) of former JSA claimants surveyed recently by DWP thought that UC would not better reward small amounts of work compared to the legacy system.⁹³ This research is highly important: if most claimants do not understand these changes, deliberately designed to make people recognise and respond to the greater financial rewards from working, then the Government cannot feasibly claim that these element of UC are driving significant employment growth.

Wider issues with accessing UC

There is one issue with accessing UC that emerged from our literature review and stakeholder consultation but was not reflected in our fieldwork: access for advocates representing vulnerable claimants.

91. DWP, "Universal credit test and learn evaluation: families".

92. DWP, "Understanding how universal credit influences employment behaviour – findings from experimental research with claimants", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/643953/understanding-how-universal-credit-influences-employment-behaviour-summary.pdf (2017).

93. Ibid.

A major difference between legacy benefits and the new system is the eligibility for third party advocates such as professionals, relatives or friends to access the details of – and represent – vulnerable benefit claimants, for example those with learning or physical health problems.

Under legacy benefits, access for such advocates can be granted on the principle of ‘implicit consent’. This requires staff in Jobcentres and DWP to ask questions and use their judgment to determine whether someone was a genuine advocate. An advocate is likely to be deemed genuine if they are able to provide basic information about the claimant, have access to specific details about the claim, and are making enquiries in line with what the claimant would be expected to ask. This applies each time they speak with staff.⁹⁴

Under UC, access for such advocates can only be granted on the principle of ‘explicit consent’. That means that access is dependent on the vulnerable claimant giving explicit permission for their advocate to conduct each and every piece of business with the DWP or the Jobcentre Staff. This can be done in writing, via the claimant’s online UC account; on the telephone, including through a three-way conference call; or, in person at the Jobcentre Plus. Consent must be established for each new request and at the start of every new assessment period. Government Ministers have said this is necessary to protect the large amounts of claimant personal information held under UC.⁹⁵

Exceptions, however, have been made for others working on behalf of claimants. In 2017, the DWP announced that MPs would only need to meet implicit consent standards to conduct casework on behalf of constituents in UC full service areas.⁹⁶

Citizens Advice has described how this explicit consent principle causes extra work for DWP staff and work coaches, who already have

94. DWP, “Working with representatives: guidance for DWP staff”, <https://www.gov.uk/government/publications/working-with-representatives-guidance-for-dwp-staff> (2015).

95. DWP, “Universal credit: written statement – HCWS528”, <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2017-03-13/HCWS528/> (2017).

96. DWP, “Universal credit: written statement – HCWS528”.

limited time due to such high demand, as consent must be verified for each new piece of business. Concerns have also been raised about additional barriers to claim management for those most in need of practical support. For example, Macmillan Cancer Support offers a service to fully manage a claimant's access to benefits in relation to their prognosis. Due to explicit consent, Macmillan must now always reveal the prognosis to the patient to secure all available support through UC, even when they are explicitly asked not to disclose this information to the patient.⁹⁷

There are also reports that Jobcentre Plus and DWP staff are not applying the rules around explicit consent consistently. In some instances, claimants with physical and mental health problems have been told to repeatedly travel to the Jobcentre Plus in order to give explicit consent for an advocate to access their claim, and representatives have not been informed that this consent could have been provided by telephone.⁹⁸ People with mental health problems, for instance, have had to attend meetings at the Jobcentre Plus in order to verify consent.⁹⁹ The National Association of Welfare Rights Advisers have suggested that some staff are reluctant to discuss the details of UC claims with third parties, even when explicit consent is in place.¹⁰⁰

Conclusion

In the first part of the UC journey, when claimants first access it, there are two key experiences which interviewees in our fieldwork focused their reflections on: registering and claiming for UC online; and,

97. Toynbee Hall, "Written submission from Toynbee Hall", https://financialhealthexchange.org.uk/wp-content/uploads/2017/03/Toynbee_Hall_UC_inquiry_submission.pdf (2017).

98. Toynbee Hall, "Written submission from Toynbee Hall"; Citizens Advice, "Citizens advice response to the public accounts committee inquiry into universal credit", https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Surveys%20and%20consultation%20responses/PAC_UC_July2018.pdf%20 (2018).

99. Housing Quality Network, "Universal credit: challenges and experience among housing providers", <https://hqnetwork.co.uk/download.cfm?doc=docm93jjm4n9812> (2018).

100. National Association of Welfare Rights, "GDPR consent guidance consultation", <http://www.nawra.org.uk/wordpress/wordpress/wp-content/uploads/2012/03/NAWRA-response-ICO-March2017.pdf> (2017), 5.

receiving the initial UC award after a minimum five-week wait.

Importantly, the leading challenge with the initial online UC registration and claim was verifying identity – the advice on documentation needed was sometimes inaccurate, and uploading the identity documents was surprisingly testing. Notably, this issue even affected interviewees that have good digital literacy skills, such as younger people.

It is clear from our fieldwork that the greatest challenge facing UC claimants, mentioned the most by all our interviewees, was the initial waiting period of at least five weeks before receiving the first award payment. This issue affected most claimants, not just the most vulnerable, although it does tend to cause the biggest problems for the most vulnerable. The most vulnerable interviewees included older people and those with a physical or mental health problem.

There are three issues related to this: the official length of time; the widespread use of advance payments to cover this time; and, further delays above and beyond the official time caused by errors.

The next chapter explores the experiences of claimants managing on UC once they have accessed it and received their first award payment.

Chapter 4: Managing on Universal Credit

The previous chapter examined the key experiences and challenges of claimants when they first apply for UC. This chapter unearths the key experiences of claimants managing on UC, after they receive their first award payment. It explores the impact of key and unique design features that were discussed by our interviewees, including: a single payment; monthly payment in arrears; and, payment of the housing element of UC to all tenants. This chapter also examines the unique experiences of self-employed claimants on UC.

Box 4.1. Others and I: differing perceptions of UC

A striking and common finding from our fieldwork was the perception that most interviewees themselves were coping relatively well with UC, but the belief that other claimants were struggling.

“It’s not actually been as bad as I thought it would be... I think I’m very much in a privileged position where it’s not hard for me... so, I’ve definitely had an easier experience than I think a lot of other people have had”

Female, 25, London, recently unemployed

Regardless of their own experiences, interviewees recognised that some design elements of UC – for instance, receiving benefits monthly – could cause vulnerable claimants problems.

“If you’re struggling, that money’s sitting there. I mean, I don’t drink, I don’t take drugs, you know, I smoke fags, but someone in that situation could think, ‘Oh my God, I’m rich, I can drink the whole weekend.’ Then, they’re worrying about it later, or maybe they won’t worry about it.”

Female, 48, London, exempt from work

Interviewees frequently cited negative press coverage of UC.

“Obviously there’s quite a lot in the news about it. Generally, it’s been better than the bad news stories.”

Male, 27, London, employed full-time

The impact of such coverage was so pervasive that even where interviewees had positive experiences themselves some assumed they had merely been lucky and remained sceptical about the impact UC was having on claimants more broadly.

“Based on what I have heard, no, it hasn’t made it easier for people. But my own experience, yes, I think overall it’s better”

Female, 27, London, long-term unemployed

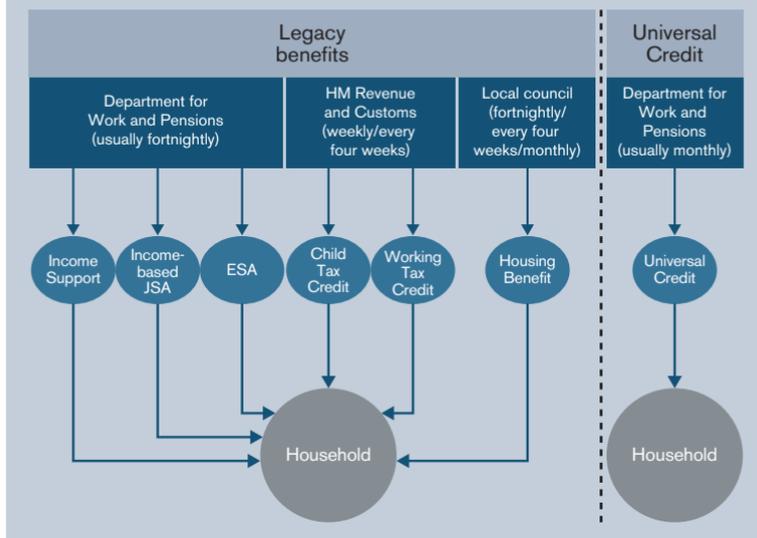
However, it should be noted that it could be the case that interviewees did not fully reveal the difficulties that they personally

faced, due to ‘social desirability bias’.¹⁰¹ Being unable to cope with difficulties can be a source of stigma, so people might want to avoid expressing those difficulties in an interview setting.

Single payment

As described in Chapter One, UC is one single payment that replaces six out-of-work and in-work benefits under the legacy system: Income Support, Income-based Jobseeker’s Allowance (JSA), Employment and Support Allowance (ESA), Housing Benefit, Child Tax Credit and Working Tax Credit.

Figure 4.1. Comparing the source and frequency of legacy benefits and UC



101. Ivar Krumpal, “Determinants of social desirability bias in sensitive surveys: a literature review”, *Quality and Quantity* (2013), 2025.

Under this legacy system, a claimant is required to interact with several different government agencies to obtain different benefits. A claimant can expect multiple and separate benefit payments over the course of a month. Under UC, claimants make one application to one government agency, the DWP, and receive a single, monthly payment in place of the six working-age benefits UC replaces. This is shown in Figure 4.1 above.

There are still, of course, benefit entitlements such as Child Benefit, Disability Living Allowance, Free School Meals, Council Tax Benefit, to name but a few, that are not included in UC; the application process for, and distribution of these benefits, remains mostly separate. Nonetheless, UC does simplify much of the benefits system, meaning claimants interact less with different agencies and receive much of their benefit entitlement at the same time each month.

Among our interviewees, there was a clear majority preference for this single payment model that UC introduces. Interviewees said that it helped them to keep better track of their household cash flow.

"I feel like now it's all incorporated into one, it's a lot easier to manage, because that's what you've got, then your wage or whatever on top of that. You can work it out better, I can imagine if it was all these different things going in, I'd be, like, 'Oh, my God, where am I up to?' Yes, I think it simplified that"

Female, 24, North, employed part-time as a sales assistant

Many interviewees also spoke positively about having to deal with only one government agency.

"It's not like I have to sign off every time I find a job, that's how the old system used to work. So, in a way it is beneficial to have Universal Credit because then you don't have to sign on and off all the time."

Male, 27, North, employed on a zero-hours contract

Prior to rollout, there was some concern that this single payment model would adversely affect claimants who hypothecated specific benefit payments to particular outgoings.¹⁰² However, we found little evidence that interviewees missed being able to use different payment dates as budgeting prompts.

“I think it has been pretty effective. It’s not different payments coming in at different times of whatever. So, I know what I’m going to get paid on 12th of the month.”

Female, 25, London, recently unemployed

The single payment model does increase the impact that any error or disruption in UC payment can have on a claimant’s overall household income. Indeed, a small number of interviewees described the cumulative effects of error on their household finances. One woman from London, for example, described her preference for the legacy system of separate payments on the grounds that it was easier to guarantee “you were going to get one of them”.

The wider evidence does point to some concern about single payment leaving claimants exposed if there are errors in processing their awards. Ahead of rollout, DWP research highlighted claimant concerns about having “all eggs in one basket.”¹⁰³ Centrepoint and Child Poverty Action Group have raised concerns about claimants’ increased exposure to the impact of administrative and technical error under a system of single payment.¹⁰⁴ It is worth stating that single payment is not really the problem here; it is just that

102. Social Market Foundation, “Sink or swim? The impact of Universal Credit”, <http://www.smf.co.uk/wp-content/uploads/2012/09/Publication-Sink-or-Swim-The-impact-of-Universal-Credit.pdf> (2012), 10.

103. DWP, “Perceptions of welfare reform and Universal Credit”, <https://www.gov.uk/government/publications/perceptions-of-welfare-reform-and-universal-credit-rr778> (2011), 2.

104. Centrepoint, “Briefing: Universal Credit and managed migration”, <https://centrepoint.org.uk/media/2890/briefing-on-universal-credit-managed-migration.pdf> (2018), 1; CPAG, “Something needs saying about universal credit and women – it is discrimination by design”, <http://www.cpag.org.uk/content/something-needs-saying-about-universal-credit-and-women-%E2%80%93-it-discrimination-design> (2018).

it exacerbates the detrimental effects of the problem of error in the UC system.

Monthly payment in arrears

UC is paid monthly in arrears to claimants. After the initial wait period of five weeks, the interval between each UC award is a month. Following the ‘assessment period’ of one month, described in further detail later in this chapter, the UC award amount is calculated during and paid at the end of seven days, hence why it is paid in arrears.

The frequency of payments for legacy benefits varies, but few claimants are paid monthly. Income Support, JSA and ESA are all usually paid fortnightly.¹⁰⁵ Claimants of Child Tax Credits and Working Tax Credits can choose to be paid either weekly or fortnightly. Other existing benefits, such as Child Benefit, are paid monthly, but can be paid weekly to some claimants, if in receipt of income-related legacy benefits.¹⁰⁶

This monthly payment model is intended to replicate how frequently most workers typically receive their salary. To support this claim, the DWP cites evidence that more than 75% of people in paid employment receive their wage on a monthly basis.¹⁰⁷

There was widespread understanding of why Government had shifted to a monthly payment model, with many interviewees saying this would help people budget more effectively and prepare them for the world of work.

“Probably because they thought that more people would think of it as wages and think, ‘Well, if I’m getting that one sum at the end of the month, I’m going to

105. Gov.uk, “How and when your benefits are paid”, <https://www.gov.uk/how-to-have-your-benefits-paid> (2019).

106. Ibid.

107. DWP, “Explanatory memorandum to the Universal Credit”, http://www.legislation.gov.uk/ukxi/2013/380/pdfs/ukxiem_20130380_en.pdf (2012), 7.

take my fat arse out and go make some money that way,
as well.”

Female, 34, London, unemployed

Interviewees were divided as to whether monthly payment in arrears was an improvement compared with the more frequent payments paid under the legacy system. There were some interviewees who coped significantly better than others in managing their income over a longer period. Unsurprisingly, interviewees with recent experience of a monthly wage were most likely to speak positively about the monthly payment model.

“I was always quite good at money anyway. You know, you work somewhere, you get paid a monthly salary anyway, so I’ve always been used to that.”

Female, 29, London, employed as an admin officer

Some interviewees have made small changes to the way they budgeted, which they viewed positively:

“I suppose it’s just like having a monthly wage, really, and I’ve changed all my Direct Debits, everything to be three days after, two, three days after I get it.”

Female, 58, London, recently unemployed

Admittedly, even among those who appeared to be managing, some described the initial challenge of adjusting to a monthly budgeting cycle. This was often compounded by the financial strain of the initial five-week waiting period:

“It was all right. The waiting process was a bit hard because obviously you don’t get any money in that time... you’ve still got the advance payment, [but] it was like half of my

initial entitlement, so that was a bit difficult, and getting used to going from weekly money to monthly money, paying my bills and stuff like that and managing my money was a bit hard at first.”

Female, 31, North, working part-time in retail

A lot of interviewees, especially older ones and those who are divorced or single, spoke about the need to adapt to a new budgeting cycle. This proved challenging in the immediate term, but most interviewees tended to believe that after a while they were coping with it.

“I don't know if it's because I haven't had a chance to adapt to it and adjust to it, but... I've been struggling with money financially, you know, to manage. I mean, like, my phone broke down and I'm not able to just go out and replace it whereas, you know, before I'd just budget for that week or that fortnight, to sort of go and get that, but now I've got to wait until the end of the month.”

Female, 38, Midlands, exempt from work

While some interviewees recognised that replicating the monthly pay cycle was an attempt to improve budgeting and prepare people for work, one interviewee felt this was disingenuous given the low-level of income benefits claimants are required to manage on.

“When you're working, you'd normally be getting more money, really, so it's a bit difficult on managing, I'd say, a monthly income on benefit, really. I think that's a bit different from when you're working.”

Female, 53, London, recently unemployed

It was very noticeable that interviewees without any earned income

were most likely to struggle with the new monthly payment system. Interviewees who received UC alongside a wage were likely to regard it as a top-up, meaning the impact of benefit payment frequency was less pronounced. Those who depended exclusively on their UC award were highly vulnerable to unpredictable expenditure that could arise over the course of the month. One recently unemployed father described his frequent reliance on “handouts” come the end of the month:

“Now I’m always finding myself having to actually ask for handouts or ask for assistance much more frequently than I was before... on the fourth week when I’m waiting for that final day to come that the money’s in my account, that’s going to be the hardship one. That’s going to be the difficult one whether or not I’ve actually taken something away from myself, taken away something from the house or taken away something from the kids.”

Male, 39, London, recently unemployed

Reservations about monthly payment are well-documented and longstanding in the wider literature. Before the rollout of UC, the think tank the Social Market Foundation conducted a series of depth interviews with prospective UC claimants, finding that most opposed the idea of a monthly payment on the grounds that longer payment cycles would make budgeting harder.¹⁰⁸ A little earlier, in 2011, the DWP found 42% of existing welfare claimants said that monthly payment would make it harder for them to budget. Just 10% said this would make it easier for them.¹⁰⁹ This was a particular issue for those on JSA and Income Support, more than half of whom said it would

108. SMF, “Sink or swim?,” 10.

109. DWP, “Work and the welfare system: a survey of benefits and tax credits recipients,” https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/193471/rrep800.pdf (2012), 4.

be more difficult.¹¹⁰ Similarly, a more recent survey of low-income housing association tenants yet to move onto UC found that 40% of those surveyed believed monthly payment would make it harder to manage their money.¹¹¹

There are two prime concerns with monthly payment that emerge from the wider literature.

First, evidence does suggest that a monthly wage is far from universal for those on very low income. For new UC claimants, fewer than two in five will have been paid monthly in employment. And around 60% of new UC claimants were paid weekly or fortnightly before moving onto UC.¹¹² Indisputably, for many claimants, monthly payment of UC is not reflective of the way they receive their salary from work.

Second, the budgeting cycles of many low-income families are often more frequent than monthly, partly because of the frequency of distribution of legacy benefits. A study from the previous decade found that two thirds of claimants on legacy benefits reported budgeting weekly, whilst only one in six budgeted monthly.¹¹³ This study found that budgeting cycles were closely linked to the frequency of their legacy benefit payments, with around 85% of claimants receiving weekly payments also budgeting on a weekly basis.¹¹⁴ Recent research by JRF has found that monthly budgeting was a common source of anxiety, with working claimants with fluctuating income being particularly stressed as their benefit entitlement varied from month to month, making budgeting ahead much more difficult.¹¹⁵

Our fieldwork echoes some of the wider literature by exposing much scepticism with monthly payment. But our fieldwork

110. *Ibid.*, 60.

111. East Thames, "Universal Credit: are tenants ready?", https://www.lqgroup.org.uk/_assets/files/view/383fe3f6-5796-486c-8569-f83d1514697b/ (2016), 4.

112. Resolution Foundation, "Universal remedy", <https://www.resolutionfoundation.org/app/uploads/2017/10/Universal-Credit.pdf> (2017), 6.

113. DWP, "Payment of pensions and benefits", <https://www.bristol.ac.uk/media-library/sites/geography/migrated/documents/pfrc0102.pdf> (2001), 80.

114. *Ibid.*, 79.

115. JRF, "Learning from experiences of Universal Credit", http://britainthinks.com/pdfs/Learning-from-experiences-of-Universal-Credit_Report-for-the-Joseph-Rowntree-Foundation.pdf (2018), 14.

also reveals much adaptation to monthly payment, apart from a significant minority – especially those who were unemployed – who struggled. Certainly, this reflects research by JRF and Britain Thinks which found that claimants’ ability to manage on a monthly income was largely dependent on their employment status, although some workers were also found to be struggling.¹¹⁶ For those UC recipients in regularised work, monthly payment was seen as working well and serving to top up their income at the end of the month. However, for those out of work, a monthly payment of-ten proved harder than legacy benefits to manage even when the level of the benefit was the same.

It seems that a process of gradual adaptation not only applies to claimants, but the DWP too. As Chapter Three revealed, there is a real problem with delays to the payment of initial UC awards above and beyond the initial waiting period because of errors. However, payment timeliness does improve significantly for subsequent UC award payments. The latest data shows that only 84% of initial UC award payments were made on time, rising to 94% for all UC award payments.¹¹⁷

Box 4.2. Alternative Payment Arrangements (APAs)

The UK Government does provide for more frequent payment than monthly where a claimant is deemed to be vulnerable. This is called ‘Alternative Payment Arrangements’ (APA). This differs in Scotland and Northern Ireland. In the former, the Scottish Government decided to let all claimants have an active choice between fortnightly and monthly payments. In the latter, the Northern Ireland Assembly made fortnightly payments

116. *Ibid.*, 11.

117. DWP, “Universal Credit: 29 April 2013 to 8 November 2018”, <https://www.gov.uk/government/statistics/universal-credit-29-april-2013-to-8-november-2018> (2018).

the default option, with claimants having an option to request monthly payments. A claimant may be deemed vulnerable in England and Wales if they suffer from addiction problems, are in severe debt, or have learning difficulties. There are concerns that the criteria for what counts as vulnerability might be too strict.

APAs not only include more frequent payments, but also ‘split payments’ – meaning that a household’s UC award is divided between co-habiting adults – and ‘direct payments’ of rent to a claimant’s landlord. The impacts of the default to these two additional APAs are discussed later in this chapter.

The decision to award an APA is normally made by a claimant’s work coach at the initial interview. There is no right to appeal the decision, although it theoretically should be kept under review.¹¹⁸

It should be noted that claimants granted an APA which enables UC to be paid fortnightly are still subject to the initial waiting period of at least five weeks.¹¹⁹

In January 2019, the new Secretary of State for Work and Pensions, the Rt Hon Amber Rudd MP, announced some new changes and objectives for APAs. For example, she announced that the DWP is to introduce an online facility for private landlords to request direct payments from their tenants. Additionally, she announced that pilots were to start on how the provision of frequent payments for new claimants can be improved, with a focus on better identifying claimants who need APAs. Following the pilots, the intention is for such provision to be rolled out further. She is also keen to see “what more we can do to enable

118. DWP, “Personal budgeting support and alternative payment arrangements”, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/747989/personal-budgeting-support-and-alternative-payment-arrangements.pdf (2018), 10.

119. *Ibid.*, 9.

the main carer to receive the UC payment”¹²⁰

Awareness of the availability of APAs, specifically more frequent payments, is low. This is notably different to awareness of Advance Payments, where awareness is high, as shown in Chapter Three. Citizens Advice found that in full service areas, just 8% of claimants were aware that payment schedules could be adjusted, despite the fact that nearly 60% believed they would benefit from this.¹²¹

Moreover, use of APAs is very limited. Just 1% of claims paid in full service areas are either split between individual claimants within a household or paid more frequently than the standard, monthly of-fer.¹²²

Among our interviewees, one demonstrated awareness of the option to be paid more frequently. However, when she attempted to raise this with Jobcentre Plus staff, they appeared unable to discuss it with her:

“I heard that you could, if you were struggling, that you could get your money paid every two weeks instead of every four weeks, sort of, monthly. I tried to get back into the Jobcentre to try and speak about that and it was very, very hard to get an interview... Since I started going to that Jobcentre I asked a few different people, so I couldn't say it's any advisor's fault.”

Female, 29, North, working part-time as a housekeeping supervisor

120. Amber Rudd, Speech about the *future of Universal Credit*, 11 January 2019, <https://www.gov.uk/government/speeches/universal-credit-personal-welfare>.

121. Citizens Advice, “Delivering on Universal Credit”, 36.

122. NAO, “Rolling out Universal Credit”, 71.

Payment of the housing element of UC to all tenants

The housing element of UC replaces Housing Benefit (HB). By November 2018, around 744,000 households received some level of the housing element, representing 59% of all households currently claiming UC.¹²³ With 3,928,000 households still receiving HB at the time,¹²⁴ millions more will be receiving the housing element once managed migration is complete.

In most cases, the housing element of UC is paid in its entirety to claimants, whether they are living in the social or private rented sector. This is somewhat different to under the legacy system, where social rented tenants with local authorities as their landlords have their HB automatically deducted from their rent; this means they have to pay very little or no rent to their landlord. However, it is important to note that those living in private or Housing Association accommodation who received Local Housing Allowance (LHA) almost always, from 2008, have HB paid directly to them.¹²⁵ Overall, of the almost four million claimants in receipt of Housing Benefit in the legacy system, 72% were in the social rented sector and 28% were in the private rented sector in November 2018.¹²⁶

As outlined in Box 4.2 earlier, the Government does enable payment of the housing element of UC to be paid directly to the landlord as an Alternative Payment Arrangement (APA), where a claimant is deemed to be vulnerable. These ‘direct payments’ can be requested by either claimants or landlords. They are granted by a work coach on a case-by-case basis. APAs are generally discussed during a claimants’ initial interview with their work coach, but can also be requested via the UC telephone helpline. Landlords can request this APA via an online

123. DWP, “Stat-Xplore”.

124. Ibid.

125. House of Commons Library, “Paying Local Housing Allowance direct to tenants in private rented housing”, <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN03211> (2013), 3.

126. DWP, “Stat-Xplore”.

form.¹²⁷ Their requests are now automatically granted after seven days in the absence of claimant intervention.

A clear majority of our interviewees felt that the housing element of UC should be the reverse of the new status quo and be paid directly to landlords. This was true even of interviewees who did not personally struggle to pay their rent. There was a strong belief that, in this respect, the legacy system is better.

Intriguingly, interviewees living in London were particularly likely to oppose payment of the housing element of UC to tenants. One London-based interviewee even suggested that it could be a mechanism for removing people from their properties. Asked why the policy had been introduced, he said:

“I just thought about it as, ‘You’re giving people all this money to spend it so that they get in to debt and then you take away their property.’ That’s the way I saw it.”

Male, 49, London, employed as a learning support assistant

Box 4.3. How unique is the experience of London claimants?

As Box 1.2 outlined, we deliberately designed the fieldwork to unearth any unique experiences faced by Londoners claiming UC.

Overall, we found no real difference between the attitudes and experiences of interviewees in London and the rest of the country. There were two exceptions to this. First, in attitudes towards the housing element of UC being paid directly to claimants, which Londoners were much more likely to oppose.

127. DWP, “Personal budgeting support guidance”, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/181400/personal-budgeting-support-guidance.pdf (2013), 2.

Second, which may be related to the first, is the sense that the budgeting pressures are more acute in London, since the cost of living is generally higher.

“I just don’t think it’s enough, in the city especially. I think, if I was anywhere else it probably would be fine, but I think London is particularly hard to live in”

Female, 25, London, recently unemployed

Many of our interviewees expressed concern about the dangers of requiring them to allocate a large portion of their overall income to rent. While many were clear that rent would always be their priority, others spoke of a temptation to dip into the rent allocation to pay for other necessities and unpredictable expenditure. A father from London, for example, described how financial pressures had led him to “borrow” from the allocation of his income for rent. He suggested that many people on UC could be forced to choose between paying rent and buying food. Worryingly, another interviewee failed to recognise that he was required to pay rent out of his UC award. Monthly repayment of the resultant rent arrears thus imposed a heavy burden on his monthly income.

“One of the biggest negatives was they’d give you all this money, I think about £829 is what I was getting for the whole month, but they didn’t explain that you paid your rent with that. Then, a year and a half went by and they said I owed them £1,500 or something like that. How could they let it go on so long? So, those were the teething problems in the beginning.”

Male, 49, London, employed as a learning support assistant

Among all our interviewees, there was low awareness of the option for 'direct payments' and just one had the housing element of UC paid directly to their landlord. This reflects the evidence in Box 4.1, which illustrated that awareness of APAs is low and take-up even lower. In this case, the interviewee was not proactively offered the alternative 'direct payment' by their work coach, but requested it, as they were struggling with loan repayments and had fallen into rent arrears.

Our fieldwork findings are consistent with the wider evidence base in showing that claimants would prefer to have the housing element of UC paid directly to their landlords.¹²⁸ A relatively recent study found that 93% of tenants in the social rented sector wanted HB to be paid direct to their landlord. Landlords, too, have expressed concern about the change. There appears to be increasing reluctance to rent to UC claimants.¹²⁹ According to the National Landlords Association, only 20% of private landlords are now willing to let to tenants in receipt of UC or those likely to be in the future, down from 34% at the start of 2013.¹³⁰

There is solid evidence showing that rent arrears and evictions have increased under UC. The reasons for increased levels of rent arrears are multiple, but design elements of UC seem to be having an impact.

Freedom of Information Requests from across 105 Local Authorities showed that around half of all local authority tenants who receive UC are at least a month in rent arrears.¹³¹ This is an issue that has worsened compared to legacy benefits, when fewer than 10% of local

128. HoC Library, "Paying the housing element of Universal Credit direct to tenants in social rented housing", 4.

129. Helen Pidd, "Landlords unwilling to rent to universal credit claimants", *The Guardian*, <https://www.theguardian.com/society/2017/dec/24/landlords-unwilling-to-rent-to-universal-credit-recipients>, 24 December, 2017.

130. National Landlords' Association, "Two in ten landlords willing to house Universal Credit tenants", <https://landlords.org.uk/news-campaigns/news/two-in-ten-landlords-willing-house-universal-credit-tenants> (2017).

131. Michael Savage and Chaminda Jayanetti, "Revealed: Universal Credit sends rent arrears soaring", *The Observer*, <https://www.theguardian.com/society/2017/sep/16/universal-credit-rent-arrears-soar>, 17 September, 2017.

authority tenants in those same Local Authorities were a month in rent arrears.¹³²

A 2017 survey of landlords letting to UC claimants found that 38% had experienced tenants going into rent arrears.¹³³ The average amount owed in arrears was £1,600.88.

In a study of 775 families moving onto UC, rent arrears increased by an average of £115 per claimant, with 3.4% of the total rent owed not being paid over that period.¹³⁴ On average, rent arrears only start to be paid down 11 weeks after transition on to UC.¹³⁵

Some evidence suggests that households in London and the North are most likely to be in rent arrears, while those in London have the most weeks' rent arrears.¹³⁶

More extremely, figures from Freedom of Information requests found that in areas with UC claimants, an average of one in 103 tenants on UC have been evicted in the past three years. This compares to a ratio of one in 243 tenants claiming Housing Benefit in other areas.¹³⁷ In one council where UC had been implemented, evictions have increased by 55% compared to the same time last year.¹³⁸

Low awareness and take-up of 'direct payments' as an APA is also mirrored in the secondary literature. Citizens Advice, for instance, found that just one in three of their clients were aware of the possibility of 'direct payments'.¹³⁹ Awareness and usage among landlords of these

132. *Ibid.*

133. Residential Landlords Association, "Welfare reform and Universal Credit: The impact on the private rented sector", <https://research.rla.org.uk/wp-content/uploads/Welfare-Reform-and-Universal-Credit-The-impact-on-the-private-rented-sector-2017.pdf> (2017), 4.

134. The Smith Institute, "Safe as houses: the impact of universal credit on tenants and their rent payment behaviour in the London boroughs of Southwark and Croydon, and Peabody", <http://www.smith-institute.org.uk/wp-content/uploads/2017/10/Safe-as-Houses.pdf> (2017), 5.

135. *Ibid.*

136. NFA and ARCH, "Pause for thought – measuring the impact of welfare reform on tenants and landlords 2017 survey results", http://www.arch-housing.org.uk/media/102697/pause_for_thought_-_welfare_reform_report__2017_.pdf, (2017), 7.

137. Inside Housing, "Figures suggest Universal Credit is driving homelessness and evictions", <https://www.insidehousing.co.uk/news/news/figures-suggest-universal-credit-is-driving-homelessness-and-evictions-59468> (2018).

138. BBC News, "Universal credit: Rent arrears double for benefit claimants", <https://www.bbc.co.uk/news/uk-wales-45893616> (2018).

139. Citizens Advice, "Delivering on Universal Credit", 36.

APAs was higher: a 2017 study estimated that 53% of private landlords reported successfully requesting an APA.¹⁴⁰

Box 4.4. Transitory versus structural problems

It was noticeable that many claimants found the new unique design features of UC challenging, at least initially. This was particularly the case with monthly payment in arrears, since many interviewees previously received benefits more frequently and had a different budgeting cycle.

“Getting used to going from weekly money to monthly money, paying my bills and stuff like that and managing my money was a bit hard at first.”

Female, 31, North, part-time retail associate

“I do like challenging myself, but yes, it was challenging. Like I said, at first, getting used to it. The change.”

Female, 29, North, part-time housekeeping supervisor

These transitory problems often led to profound problems, such as forgetting to pay rent – as the housing element of UC was now paid directly to claimants – and thus building up significant rent arrears.

“Getting into Universal Credit is bad but once you’re into it and you’re into the system properly, it’s good.”

Male, 59, North, full-time driver

140. Residential Landlords Association, “Welfare reform and Universal Credit”, 4.

After initial teething problems were experienced and ironed out, interviewees generally settled well into UC. Indeed, according to the Claimant and Experience Survey (CESS), the overwhelming majority of UC claimants (80%) reported being generally satisfied with the DWP's services in 2017-18, although this has declined slightly from 82% in 2015-16.¹⁴¹

However, evidently, there are ongoing structural problems, such as the rigidity around monthly payment in arrears and the housing element of UC being paid to the claimant. Our fieldwork suggests these problems particularly affect claimants with certain socio-demographic characteristics: namely, being older, longer-term unemployed, and having mental or physical health problems.

Furthermore, although the DWP's ongoing CESS shows a clearly majority are generally satisfied with UC, the proportion who are dissatisfied still represents a significant proportion of people. Nineteen per-cent of people reported being dissatisfied in 2017-18; if this level of dissatisfaction remained constant once UC was fully rolled-out, an estimated 1.33 million people would be dissatisfied with it.

Self-employment on UC

Whilst there is currently no data available on the number of self-employed workers on UC, they are likely to be well-represented amongst the UC population once the full rollout of UC is complete. Previous research by Bright Blue estimated that 20% of self-employed

141. DWP, "Claimant service and experience survey 2017/18", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/774560/dwp-claimant-service-and-experience-survey-2017-2018.pdf (2019), 10.

resided in a low-income household, twice as many as employees.¹⁴² In a 2013-14 analysis, the then Department for Business, Innovation and Skills concluded that, on average, 30% of self-employed workers' income came from sources other than employment, such as benefits and tax credits.¹⁴³ That is why, in our fieldwork, we deliberately designed the sample so there at least five self-employed claimants to interview, as explained in Chapter Two.

There are three main design elements of UC that affect self-employed claimants: that those in receipt of UC should be 'gainfully' self-employed; the Minimum Income Floor (MIF); and, the surplus earnings and loss rule.

Gainfully self-employed

UC is available only to self-employed claimants deemed to be gainfully self-employed following an initial assessment interview with their work coach. A claimant is considered gainfully self-employed if they can demonstrate their work is regular and organised, that it is their main job, and that they expect to make a profit. If it is deemed that a UC claimant is not gainfully self-employed, they will be required by the work coach to search for alternative work.

None of our self-employed interviewees described difficulties proving themselves to be gainfully self-employed. One interviewee in fact suggested that work coaches should "try a bit harder" to make sure those on UC are working as hard as they should be. Interestingly, another interviewee explained that his work coach had deemed him gainfully self-employed on the grounds of an "unwritten agreement" that, after 12 months, he would look for other forms of employment.

142. Bright Blue, "Standing alone", <https://brightblue.org.uk/wp-content/uploads/2017/03/StandingAlone2.pdf> (2016), 8.

143. Department for Business, Innovation & Skills, "The income of the self-employed", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/500317/self-employed-income.pdf (2016), 12.

However, one self-employed interviewee described an unproductive relationship with his initial work coach, who encouraged him to seek alternative forms of employment. Reflecting on what the problem had been, he suggested that self-employed claimants “have to be lucky with who you’re work coach is, essentially.”

There was little evidence that work coaches met the specialised needs of self-employed interviewees, however. For example, one claimant, a self-employed record producer, explained that his work coach had little to offer in relation to his field of work:

“Yes, advice is a bit difficult because again, like, because of the field of work I do, they can’t re-ally advise me, but they’re aware that they can’t. They’re just, kind of, like, ‘Yes,’ they say, like-, they’re very honest, ‘I don’t really know, like, what to say. Just, like, keep doing what you’re doing.’”

Male, 24, London, self-employed record producer

Self-employed claimants should be served by ‘enhanced capability’ work coaches, who receive special training in order to assess the viability of the self-employed.¹⁴⁴ However, there are concerns that many claimants cannot access work coaches that have the necessary knowledge and skills. Citizens Advice have reported that some self-employed people are avoiding UC entirely despite being entitled to it.¹⁴⁵ The Association of Independent Professionals and the Self-Employed (IPSE) has said that work coaches require more guidance on what counts as gainful self-employment.¹⁴⁶ The Low Income Tax Reform (LITR) Group has

144. OBR, “The role of work coaches”, <https://obr.uk/box/the-role-of-uc-work-coaches/> (2018).

145. Citizens Advice, “Universal Credit and modern employment: non-traditional work”, <https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Universal%20Credit%20and%20non-traditional%20employment.pdf> (2018), 21.

146. IPSE, “Written evidence from The Association of Independent Professionals and the Self-Employed (IPSE) (UCR0174)”, <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/universal-credit-rollout/written/76311.pdf> (2018), 2.

expressed concern about the level of support new businesses will receive from work coaches given the variety of specialised occupations self-employment spans.¹⁴⁷ The importance of – and attitudes towards – work coaches are described in further detail in Chapter Five.

Box 4.5. New Enterprise Allowance (NEA)

Self-employed claimants can be referred to additional support to help them develop their business via the New Enterprise Allowance (NEA). Launched in 2011, the NEA is now delivered by a variety of external providers.

NEA is available to those 18 and over who are claiming – or the dependent partners of – JSA or ESA, as well as IS. As of 2017, self-employed UC claimants have been eligible for NEA.

Participants in the NEA have access to a business mentor, who provides support and guidance with the development of a business plan. If this business plan is approved by the mentor, the claimant can get a weekly allowance worth up to £1,274 over 26 weeks. Under the legacy system, this NEA starts to be paid once the JSA is no longer received. Depending on the elements of UC already claimed, the NEA will be paid in addition or instead of a part of UC.

NEA participants can also get help from the government through the British Business Bank, which provides a small unsecured ‘Start Up Loan’ to small businesses. Since 2011, 220,940 individuals have started on the NEA scheme and 120,520 businesses have been launched.¹⁴⁸

The current NEA contracts with the expert external providers were extended in the 2018 Budget and will continue to 2021.

147. LITRG, “Self-employed claimants of universal credit – lifting the burdens”, <https://www.litrg.org.uk/latest-news/reports/171030-self-employed-claimants-universal-credit-%E2%80%93-lifting-burdens> (2017), 13.

148. DWP, “New Enterprise Allowance Statistics”, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/747136/nea-official-statistics-to-june-2018.pdf (2018), 3.

The Minimum Income Floor (MIF)

Self-employed claimants' UC awards are subject to, after 12 months, a 'Minimum Income Floor'. This means that when their UC award is calculated, their earnings are assumed not to fall beneath a certain level. If a claimants' earnings fall beneath the MIF, their UC entitlement will not be increased to reflect the lower earnings.

For most claimants, this floor is set at the equivalent of 35 hours worked per week at the National Minimum Wage. Where reduced work commitments – described in further detail in Chapter Five – apply, a claimants' UC awards will be calculated in accordance with a reduced MIF.

The MIF applies after the first 12 months of self-employment; this 'grace period' is intended to give claimants time to develop a profitable business. After this, the MIF applies to disincentivise unprofitable forms of self-employment and prevent taxpayers from heavily subsidising unviable businesses.

None of our self-employed interviewees were subject to the MIF. This is unsurprising, considering only a small proportion of eventual claimants are on UC, and these have tended to be those with more straightforward circumstances. Among our interviewees, awareness and understanding of the MIF was low.

One interviewee who was aware of the MIF felt that there was scope to extend the period it covered from one year to two to help nascent businesses to get off the ground. He suggested that while the MIF served a legitimate purpose its blanket application meant that genuine efforts to build a profitable business are overlooked:

"It would just be nice if they could [have] either restarted it just once or if the minimum income floor was like two years instead of one, something like that... there should be some flexibility where you can see-, I know you can't. I remember they said to me, 'Well, what's to stop you just starting another business, another business, another

business.' Obviously I'm not trying to do that. It's like a genuine attempt to start out on my own so they should've just been a bit more flexible and each case is different, that sort of attitude."

Male, 27, London, self-employed in the creative industries

Low awareness of the MIF in our fieldwork reflected DWP research which described self-employed tax credit recipients as having a "limited understanding" of how the MIF would affect them.¹⁴⁹

Other research echoes our findings that self-employed claimants are concerned about MIF's short grace period, with many feeling that one year is too short considering the length of time it takes to start a business and make it sustainable.¹⁵⁰

Wider evidence also points to more profound problems with the MIF. As it currently operates, the MIF means that a self-employed claimant could receive considerably less in UC than an employee on the same annual gross income. This is because self-employed workers are much more likely than employees to experience income volatility: in previous Bright Blue research, income volatility came through as the top challenge self-employed individuals in low income households face.¹⁵¹ If a self-employed claimant has months of very low earnings, which go beneath the MIF, their benefit entitlement will be less than an employee on an equivalent income.

The Office of Budget Responsibility estimates that 400,000 claimants will see their UC awards drop because of the introduction of the MIF, making UC less generous for these claimants than the tax credits system.¹⁵² Data shared from 19 London boroughs was analysed in

149. DWP, "Self-employment Working Tax Credits claimant survey and qualitative follow-up research", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/644093/research-into-self-employment-working-tax-credits.pdf (2017), 72.

150. JRF, "How can Universal Credit help working parents move out of poverty?", (Forthcoming), 25.

151. Bright Blue, "Standing alone", p.12.

152. Office of Budget Responsibility, "Welfare trends report", https://obr.uk/docs/dlm_uploads/WelfareTrends2018cm9562.pdf (2018), 10.

a report by Policy in Practice and Trust for London, who found that 91% of self-employed individuals earn below the level of the MIF. They estimated that if UC was fully rolled out to this group, the average self-employed claimant would be worse off by £4,128 per year.¹⁵³ This reflects research by the RSA, which found that average monthly earnings were considerably below MIF for the first and second years of self-employment, and even slightly below MIF for the third year of self-employment.¹⁵⁴

Moreover, as Citizens Advice have emphasised, losses for self-employed claimants can be intensified by the application of MIF to eligibility for other benefits. Some local authorities have used the MIF to determine eligibility for Council Tax Support.¹⁵⁵

Surplus earnings and loss rule

Just as the MIF ensures there is a floor in earnings for the calculation of UC awards, there is also an earnings ceiling, known as ‘Nil UC Threshold’, for entitlement to UC. This is calculated individually. If reached, entitlement is set to zero for the month. There is also an additional surplus earnings and loss rule. Though this rule was not mentioned by any interviewees, it has important implications for self-employed claimants.

The surplus earnings rule means that monthly income that is more than £2,500 over the ‘Nil UC Threshold’, such as profits from self-employed income, is used in future calculations of a claimant’s UC award, counting as additional earnings. The level of surplus earnings can increase or decrease over time, depending on whether the claimant’s income is above or below the Nil UC Threshold plus £2,500 total in each assessment period. Once the surplus earnings are exhausted, or a

153. Policy in Practice, “Low income Londoners and welfare reform”, https://obr.uk/docs/dlm_uploads/WelfareTrends2018cm9562.pdf (2018), 10.

154. RSA, “Boosting the living standards of the self-employed”, <https://www.thersa.org/globalassets/pdfs/reports/boosting-the-living-standards-of-the-self-employed-.pdf> (2015), 48.

155. Citizens Advice, “Universal Credit and modern employment”, 8.

period of six months has passed, a claimant can once again receive UC. For those who are self-employed, any losses can also be carried forward to future assessments of UC awards as deductions from future income.

This rule is intended to prevent claimants manipulating the reporting of their income by clustering their earnings into particular months, as to increase UC entitlements in later months. However, it will affect self-employed claimants with very volatile income.

Whilst those who have seen their income fall will be able to take home more from UC, self-employed people will be subject to longer-term deductions based on abnormally high income in particular monthly assessment periods.¹⁵⁶ The surplus earnings rule means that some self-employed claimants could be up to £3,000 worse off each year because their income fluctuations will see their subsequent payments reduced.¹⁵⁷ However, owing to the high level of surplus earnings currently disregarded under the rule, relatively few claimants are affected. But, in April 2020, the additional amount over the threshold for the rule to apply will reduce from £2,500 to £300,¹⁵⁸ thereby affecting potentially many more self-employed claimants.

Wider issues with managing on UC

There are key issues with managing on UC that emerged from our literature review and stakeholder consultation but were not reflected in our fieldwork. Three in particular stand out: the single payee model; monthly assessment periods; and, how childcare supported is supported in UC.

Single payee model

As established in Chapter One, the amount of UC award that is received each month is calculated on the basis of household income, not just individual income. A claimant may not always be a single

156. *Ibid.*, 7.

157. LITRG, "Self-employed claimants of universal credit", 13.

158. HM Treasury, "Budget 2018", 78.

individual, therefore, but an individual representing a household with multiple members. As a result of this, the UC award is paid by default to one individual representing the entire household.

This differs from the situation in legacy benefits, where many of them are paid separately to different members of the households. Child Tax Credit, for instance, was paid to the ‘main carer’. Working Tax Credit, meanwhile, was paid to the ‘main earner’. Additionally, whilst joint applications were often necessary for JSA and ESA, there were exceptions for couples with children. Splitting different benefit payments like this granted some financial control and independence to different members of a household.

While around 60% of UC recipients are women,¹⁵⁹ there are still concerns that the UC’s default single payee model could reduce the financial control and independence of some members of a household, especially those in abusive or coercive relationships. Indeed, almost two thirds of women in financially abusive relationships surveyed by Women’s Aid reported partners withholding funds from them or their children, while more than half reported partners spending money meant for essentials on alcohol, narcotics or gambling.¹⁶⁰

Moreover, it is important to note that if one member of the household has their UC withdrawn because they have been sanctioned, a process described in further detail in Chapter Five, this affects the entire income of the household.

As highlighted in Box 4.3 earlier, it is possible for claimants to seek Alternative Payment Arrangements (APAs), specifically ‘split payments’ to ensure different parts of the UC award can be paid out separately to those different members of a household. But this is only granted, usually by work coaches in the initial interview, in limited circumstances. The Government advises that ‘split payments’ can

159. Amber Rudd, *Speech on the future of Universal Credit*.

160. Women’s Aid, “Unequal, trapped and controlled”, https://1q7dqy2unor827bqjls0c4rn-wpengine.netdna-ssl.com/wp-content/uploads/2015/11/Women_s_Aid_TUC_Financial_Abuse_Report_March_2015.pdf (2015), 35.

be made to claimants who “cannot genuinely manage the standard monthly payment and where there is a risk of financial harm to the claimant or their family”¹⁶¹; this would those experiencing domestic violence, financial abuse, and financial mismanagement. As Box 4.3 indicated, there is evidence that awareness and usage of these split payments is very low. In addition, there is no right of appeal against the decision of the work coach.

Although the ability to apply for ‘split payments’ are welcome, there are two problems. Having to apply for it could potentially put women at risk, as there is no way of keeping this confidential from other claimants in the household.¹⁶² Moreover, some forms of control and coercion partners have are subtle, which government will not be able to detect and thus intervene on. For example, studies have shown that men can consume more from a shared household income at the expense of women.¹⁶³ Women, when acting as primary caregivers, might also have less personal money than their partner as they are more likely to spend their allocation on children.¹⁶⁴ Additionally, a study by the charity Refuge found that demanding total control of household finances was a common method of financial abuse.¹⁶⁵

In response to these concerns, in January 2019, the Secretary of State for Work and Pensions, the Rt Hon Amber Rudd MP, announced her intention to ensure that more UC award payments go directly to the main carer.¹⁶⁶

Monthly assessment periods

The amount of each UC award payment is assessed and adjusted on a

161. DWP, “Personal budgeting support and alternative payment arrangements”, 9.

162. Women’s Budget Group, “Universal Credit and financial abuse”, <https://wbg.org.uk/analysis/briefing-universal-credit-financial-abuse/> (2018), 35.

163. Social Market Foundation, ‘Sink or swim?’, 104.

164. Women’s Budget Group, “Women’s and children’s poverty: making the links”, <https://policy-practice.oxfam.org.uk/publications/womens-and-childrens-poverty-making-the-links-112550> (2005), 6.

165. Work and Pensions Select Committee, “Universal Credit and domestic abuse”, <https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/1166/1166.pdf> (2018), 20.

166. Amber Rudd, *Speech on the future of Universal Credit*.

monthly basis. A claimant's personal circumstances – including their earnings, living arrangements and any savings – are assessed during a 'monthly assessment period' to establish the amount of UC they are entitled to. The UC award payment is paid seven days after this assessment period has ended, on a monthly basis.

UC has been designed to use 'Real Time Information' (RTI) from HMRC, which sends the monthly earnings reported by employers through the PAYE system directly to the UC system, so that award payments instantaneously reflect each claimant's monthly income, even if it fluctuates. This is intended to ensure that the amount of UC paid each month always reflects the current income of claimants' household.

The wider literature raises two primary concerns about these new monthly assessment periods: first, although overpayments and their repayments were expected to be reduced or even eliminated, they have not been under UC; second, claimants will experience fluctuation in the amount of their UC awards, to varying degrees.

First, on the expected reduction of overpayments. These monthly assessments differ noticeably from how entitlements to tax credits – which included Child Tax Credit and Working Tax Credit – are calculated in the legacy system. Here, the amount of tax credits a claimant was entitled to is assessed annually, meaning that month-to-month income fluctuations do not affect the level of benefit entitlement.

This is one reason, alongside fraud and error, for significant overpayments in the tax credit system, however. At the end of the year, if claimants are found to be overpaid because their income had changed, they are obliged to pay this back, although up to £2,500 a year is disregarded. In 2016-17, the total amount of overpayments equalled £1.32 billion, or 4.9% of all tax credit expenditure.¹⁶⁷ Claimants are obliged, if still on tax credits, to pay a minimum repayment from

167. HMRC, "Personal Tax Credits statistics: Child and Working Tax Credits error and fraud statistics 2016-17", <https://www.gov.uk/government/statistics/child-and-working-tax-credits-error-and-fraud-statistics-2016-to-2017> (2018), 4.

their future tax credit awards each month; otherwise, they are issued with a 'notice to pay' from HMRC. The maximum level of repayments varies between 10% and 50% of tax credit awards depending on annual earnings and the level of benefits received.

Overpayments are also common for other legacy benefits. Preliminary estimates suggest that 6.7%, 4.1% and 6.3% of total spending in 2017-18 on HB, ESA and JSA respectively is due to overpayment.¹⁶⁸ Overpayments in the legacy system have a very negative effect on claimants, with Citizens Advice highlighting that majority of their tax credit workload involves those struggling with overpayments both due to their complexity and the potential hardship due to repayments.¹⁶⁹ Indeed, their potentiality was also putting off some people from even making claims for tax credits.

The use of RTI, therefore, eliminates the emergence of overpayments because of changes in income. Claimants are still required to report changes of circumstances, however – for example, change in employment, housing or family status.¹⁷⁰ In essence, UC does not eliminate the possibility of overpayment arising because of changes in circumstances, which claimants are expected to report.

Indeed, DWP data shows UC overpayments are at their highest recorded rate, increasing from 5.5% to 8.3% of expenditure in 2017-18.¹⁷¹ What is significant is that, unlike the tax credit system, there is in UC no disregard for the amount that needs to be repaid as a consequence of overpayment under UC.¹⁷² Furthermore, for other legacy benefits, most overpayments caused by official error are not recoverable, but

168. DWP, "Fraud and error in the benefit system", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/762141/fraud-and-error-stats-release-2017-2018-final-estimates.pdf (2018), 3-5.

169. Citizens Advice, "Understanding Tax Credit: client and adviser experiences", https://www.citizensadvice.org.uk/Global/Migrated_Documents/corporate/tax-credits-adviser-and-client-experiences-may08-final.pdf (2008), 3.

170. Gov.uk, "Universal Credit", <https://www.gov.uk/universal-credit/changes-of-circumstances> (2019).

171. DWP, 'Fraud and error in the benefit system', 8.

172. OBR, "Welfare trends", 71.

under UC, all overpayments are recoverable, regardless of the cause.¹⁷³

In UC, a repayment cap for overpayments is set: ranging from a standard rate of 15% of future UC awards for non-fraudulent overpayments, to a higher rate of between 25% to 40% for fraudulent overpayments.¹⁷⁴ In July 2018, 60,936 UC claimants had a deduction applied to their UC award as a recovery against benefit overpayment.¹⁷⁵ The average monthly deduction in October 2017 was £50.85.¹⁷⁶

Second, on how the monthly assessment periods of UC awards lead to fluctuating benefit entitlements. There will be assessment periods when claimants receive more pay packets than usual. The DWP has shown that for claimants paid every four weeks, there will be one assessment period in the year where they will receive two pay packets rather than one. For those paid fortnightly, there will be two assessment periods where they will receive three pay packets rather than two. For those paid weekly, there will be four assessment periods where they receive five pay packets, rather than four.¹⁷⁷

These extra pay packets will increase claimants' assessed income in the monthly assessment period, causing their next UC entitlement to be significantly lowered. This drop in the amount of the UC award occurs even though there is no change to material circumstances.¹⁷⁸ As a result of this, claimants will have to rely on less income from UC for a particular period of time.

Theoretically, claimants could budget over a year to compensate

173. DWP, "Benefit overpayment recovery guide", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/770083/benefit-overpayment-recovery-guide.pdf, 7.

174. *Ibid.*, 65.

175. Justin Tomlinson, *Response to written question 163208 – Universal Credit: overpayments*, <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2018-07-11/163208/>, 16 July, 2018.

176. Kate Belgrave, "The Universal Credit problem nobody is talking about", <https://www.politics.co.uk/comment-analysis/2018/01/09/tax-credit-debt-the-universal-credit-problem-nobody-is-talki>, Politics.co.uk, 9 January, 2018.

177. DWP, "Universal Credit: different earning patterns and your payments", <https://www.gov.uk/government/publications/universal-credit-different-earning-patterns-and-your-payments/universal-credit-different-earning-patterns-and-your-payments-payment-cycles> (2018).

178. *Ibid.*

for these lower UC award payments. But this is easier said than done, especially for those on stretched incomes. In addition, wider evidence has shown that claimants on low household incomes prefer stability and certainty in the level of their benefit entitlement.¹⁷⁹

The monthly assessment period is even more of an issue for those whose assessment period date is close to their pay date. It is also more of an issue for those in seasonal and self-employed work, who tend to experience greater income fluctuation.¹⁸⁰ As already outlined earlier in the chapter, such claimants may earn considerably less or more in particular monthly assessment periods, leading to much lower or higher UC award payments. In fact, they may receive so much income from work in one particular monthly assessment period, that it takes them over the Nil UC Threshold, thereby depriving them of any benefit entitlement. Likewise, self-employed claimants may earn so little in one monthly assessment period that their overall income has to be linked to the aforementioned Minimum Income Floor (MIF), thus severely lowering their benefit entitlement.

Childcare support through UC

Under UC, claimants can claim back up to 85% of their childcare costs for children under the age of 16 if they and their partner, if they have one, are working or have a job offer. This is limited to £646 per month for one child, £1,108 for two or more children, and further limits can be imposed if charges are deemed 'excessive' by DWP. Under the legacy system, the childcare element of working tax credit could cover up to 70% of childcare costs. However, many low-income working families could actually get up to 96% of their childcare costs covered, with the additional support provided through Housing Benefit and Council Tax Benefit.¹⁸¹

179. SMF, "Sink or swim?", 55.

180. Bright Blue, "Standing alone?", 71.

181. Children's Society, "The parent trap: childcare cuts under Universal Credit", https://www.childrensociety.org.uk/sites/default/files/tcs/the-parent-trap_childcare-cuts-under-universal-credit_the-childrens-society-report.pdf (2012), 1.

Though generally more generous, there is a significant problem with childcare support through UC. Under UC, claimants must pay upfront their childcare costs each month, including any initial deposit, then report these costs to the DWP and wait to be reimbursed in their next UC payment. Under the legacy system, childcare support is assessed upfront for the year ahead, and paid monthly to the claimant in advance of their childcare bills.¹⁸²

Wider evidence, though limited, suggests that some parents have found it especially difficult to transition to the UC system due to childcare costs. Save the Children report that 90% of childcare providers require advance payment, which can be as high as £1,000 for the first month along with a deposit.¹⁸³ With majority of families on UC not having direct access to such funds, Citizens Advice has seen a number of cases where claimants were running up arrears or entering debt to finance initial childcare costs.¹⁸⁴

In January 2019, the new Secretary of State for Work and Pensions, the Rt Hon Amber Rudd MP, out-lined some changes to childcare support under UC, noting issues created by needing to pay for child-care costs upfront. Specifically, priority would now be given for childcare cost claims from the 'Flexible Support Fund', a long-running scheme of additional discretionary funds for Jobcentre Plus's for which all claimants are able to apply. Additionally, further flexibility will be introduced for reimbursing childcare costs when parents are unable to report them immediately. The extent to which these new policies will help families with childcare costs remains to be seen, but it must be noted they fail to directly and significantly address the issue of receiving childcare support after fees have been paid.

182. Centre of Social Justice and Save The Children, "A bright start: Improving childcare for disadvantaged families through Universal Credit", <https://www.centreforsocialjustice.org.uk/core/wp-content/uploads/2018/11/CSJJ6068-Childcare-Report-181127.pdf> (2018), 28.

183. Save the Children, "Written evidence for Work and Pensions Committee", <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/universal-credit/written/88651.pdf> (2018), 6.

184. Citizens Advice, "Written evidence for Work and Pensions Committee", <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/universal-credit/written/88651.pdf> (2018), 2.

Conclusion

Most of our interviewees are managing on UC, even if they initially found certain unique design elements of it difficult to adapt to. The single payment model was widely welcomed, as were the objectives of incentivising work and simplifying the benefits system. It was common for interviewees to cite negative experiences that applied to others, including what they read in the national media, rather than themselves.

But there are a significant minority of interviewees who are struggling with certain design features, especially monthly payment in arrears. Our fieldwork has found that monthly payment in arrears and the payment of the housing element of UC to claimants are proving the most contentious unique design features. Interviewees believed that UC should allow greater flexibility in the frequency and distribution of UC awards, but awareness and usage of Alternative Payment Arrangements (APAs) was low.

Generally, the self-employed seem to be struggling more with UC than employees, believing that staff are not sensitive or knowledgeable enough about their work. In addition, interviewees who were older, longer-term unemployed and with physical and mental health problems were more likely to struggle with key design elements of UC on an ongoing basis.

The next chapter explores the experiences of claimants progressing into and in work on UC.

Chapter 5: Progressing on Universal Credit

The previous two chapters explored how key and unique design features affected how claimants accessed and managed on UC, showing the initial waiting period of at least five weeks and monthly payment in arrears are causing the most problems. This chapter will examine how claimants experience the key design elements associated with progressing on UC. For the purposes of this paper, we regard progression as relating to progressing into work and in work. It will explore the experience of key design features that were discussed by our interviewees, including: the taper rate, work allowances and the removal of hours-based thresholds; the role of work coaches; increased conditionality; and, increased sanctioning.

The taper rate, the work allowance, and the removal of hours-based thresholds

There are three distinct design elements of UC which affect the financial award claimants receive when progressing in and into work: the ‘taper rate’, the ‘work allowance’, and the removal of hours-based thresholds. It is true that these elements of UC primarily affect the financial amount claimants receive, which – as outlined in Chapter One – is not the focus for this report. However, the ‘taper rate’, the ‘work allowance’, and the removal of the hours-based thresholds are also intended to improve claimant understanding of the financial benefits of working, and the incentive for claimants to work more. Therefore, we think it is

worth highlighting the evidence from our fieldwork on the impact of the ‘taper rate’, the ‘work allowance’, and the removal of hours-based thresholds on claimants’ attitudes and behaviour.

The ‘taper rate’, which we described briefly in Chapter One, refers to the rate in which the amount of UC award is withdrawn as earnings increase once a claimant is in work. It is also commonly referred to as the ‘benefit withdrawal rate’ or ‘marginal tax rate’. Under the legacy system, the simultaneous withdrawal of different benefits at different rates produces, overall, variable and incomprehensible taper rates for claimants. In fact, 600,000 claimants in the legacy system face taper rates of up to 90%, meaning they received just 10p for every additional £1 earned.¹⁸⁵ This has been criticised as causing a ‘benefit trap’, where work is not incentivised. Nonetheless, it is worth stressing that the majority of claimants in the legacy system do not face taper rates this steep; the average taper rate was 62%, lower than the current UC rate.¹⁸⁶

UC introduces a single payment, thereby theoretically creating a single, comprehensible taper rate. It was deliberately designed to create a lower taper rate than that experienced by some claimants in the legacy system. Currently, it stands at 63%, meaning that UC entitlement is reduced by 63p for every additional £1 a claimant earns. The taper rate was originally 65%, but was reduced to its current rate in the 2017 Budget. Nevertheless, the architects of UC, as outlined in Box 1.1, had originally proposed a more generous taper rate than present of 55%, which was also below the average taper rate of the legacy system.

This relatively low and single taper rate is somewhat misleading though. There are other benefits a claimant might receive – such as Council Tax relief and Free School Meals – which are means-tested and administered separately, meaning they will be withdrawn at a different rate. So, a claimant’s overall income may in fact face a different taper rate.

185. Institute for Fiscal Studies, “IFS green budget: The changing effects of Universal Credit”, <https://www.ifs.org.uk/uploads/gb/gb2016/gb2016ch10.pdf#page=1> (2016), 253.

186. *Ibid.*

The ‘work allowance’ is the amount of earnings a claimant can receive before the taper rate applies. Changes announced in the 2015 Budget mean that the work allowance now only applies to two types of claimants: for those who have responsibility for a child, and for those who have limited capability for work. Previously, adults without children and who did not have physical and mental health problems qualified for work allowances.

The 2015 Budget also led to the generosity of the remaining work allowances being reduced substantially. However, in the 2018 Budget, the Chancellor announced an annual investment of £1.7 billion to reinstate some of the generosity in the remaining work allowances, which led to working parents and people with physical and mental health problems claiming UC in work being £630 better off each year.¹⁸⁷

Under the legacy system, a claimant’s eligibility for out-of-work benefits (IS and JSA) and in-work benefits (Working Tax Credit) depends on the number of hours worked. Claimants have to change from out-of-work benefits to the in-work benefit if they cross a threshold, usually 16 hours per week, depending on their personal circumstances. Under the legacy system, entitlement is withdrawn on a pound-for-pound basis on very low hours (after a small income disregard) until the Working Tax Credit provides a boost once working 16 hours.¹⁸⁸ The Institute for Government notes that the legacy system “in almost all cases literally made it not worthwhile to work below 16 hours”.¹⁸⁹ In contrast, claimants can receive UC for any hours worked. This was deliberately designed to incentivise even small amounts of work. In particular, this aids people with physical and mental health difficulties or parents of very young children, where reaching the 16 hours work a week threshold could be challenging.¹⁹⁰

187. HM Treasury, “Budget 2018”, 3.

188. Resolution Foundation, “Universal remedy”, 28.

189. Institute for Government, “Universal Credit: from disaster to recovery?”, <https://www.instituteforgovernment.org.uk/sites/default/files/publications/5064%20IFG%20-%20Universal%20Credit%20Publication%20WEB%20AW.pdf> (2016), 32.

190. Resolution Foundation, “Universal remedy”, 37.

Most interviewees in our fieldwork understood that as their earnings increased, the amount of their UC award would be gradually withdrawn. Most suggested this was broadly fair. But some felt that the taper rate was punitive.

“Every pound that I earn from my wages, anything over £180, every pound in, they take £60 something ... I just think it's a little bit unfair. Just a little bit unfair that they take so much out of every pound. The more I earn, the more they take, basically.”

Female, 29, North, working part-time as a house-keeping supervisor

A minority of interviewees demonstrated very limited understanding of how the taper rates operate. In some cases, this was because claimants were unable to work, so it was irrelevant. In other cases, it was because claimants wanted to work regardless of whether it made financial sense for them to do so. In a number of cases there was a demonstrable lack of specific understanding, with interviewees not knowing the actual taper rate or believing that they would keep every 63p for every pound they earn, rather than lose it.

A significant majority of interviewees failed to demonstrate awareness of the work allowance, with very few explicit mentions, despite our sample deliberately containing a minimum number of parents and claimants with physical and mental health problems.

In contrast, the removal of hours-based thresholds for receiving benefits was noted by many interviewees, who explicitly mentioned not having to reach and maintain a specific number of hours to qualify for UC in comparison to the legacy system. This change was received positively, enabling greater flexibility in working patterns and fewer interactions with the benefits system.

“A lot easier, because, yes, I don't have to make sure I only

work twelve hours, and I don't have to worry about sending away payslips and stuff, because they calculate it all for you, from their tax people, so it's a lot easier."

Female, 30, London, part-time salesperson

But a small number of interviewees failed to understand the removal of hours-based thresholds and believed that UC was dependent on amount of hours worked, with some quoting the old thresholds such as 16 hours per week.

"Am I allowed to do the sixteen hours, or do I have to go full-time?"

Female, 29, South, exempt from work

The wider evidence points to differing levels of understanding about how the taper rate, work allowance and removal of the hours-based thresholds rule affects income when moving into and increasing earnings from employment. The DWP has found that overall understanding of the taper rate was mixed, with only 51% of claimants they recently surveyed agreeing that they would be better off for every hour they work under UC.¹⁹¹ Worryingly, there was a widespread assumption that the work allowance "was creating false barriers to the take up of... additional hours."¹⁹² Hence, the conclusion by the DWP that there is a "widespread perception among families that they would be worse off on UC if they entered work."¹⁹³

Nonetheless, it is common for there to be significant difference between attitudes and behaviours. Research undertaken by the DWP in the earlier stages of the rollout suggests it is having some positive effect on employment rates. Compared to a matched sample on JSA,

191. DWP, "Universal Credit full service survey", 13.

192. DWP, "Understanding how Universal Credit influences employment behaviour – findings from experimental research with claimants", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/643953/understanding-how-universal-credit-influences-employment-behaviour-summary.pdf (2017), 3.

193. *Ibid.*, 4.

UC claimants were 8% more likely to have been in work over the 270 days following their UC claim and around 3-6% more likely to move into work with each month that passed.¹⁹⁴

However, UC was initially rolled out to the least complex types of claimants, and this could account somewhat for the improved employment rates. Additionally, instead of being the result of a behavioural response to improved work incentives, it is possible that claimants are taking on more work simply to meet the shortfall in their income arising due to UC's payment rates. Additionally, there is evidence that suggests some claimants are being incentivised to apply for and take on inappropriate and unsustainable employment.¹⁹⁵

In short, whilst UC is evidently having some impact on the likelihood of claimants to enter work or take on more work, the elements of UC which are driving this is still unclear.

The role of work coaches

As already evidenced in this report, work coaches play a critical role in the new UC system: they are the main point of contact for UC claimants, based in Jobcentre Plus's. The role of work coaches is to support claimants into work and while they are working, as long as they are on UC. They are therefore critical for helping claimants' progression on UC.

Work coaches are new to UC; previously, claimants could receive advice from personal advisers in Jobcentre Plus's. And under the legacy system, claimants are assigned to different advisers in a Jobcentre Plus as they moved into and out of employment. Under UC, claimants receive advice from the same person – the work coach – whether they are in or out of work, to enable consistent and

194. DWP, "Estimating the Early Labour Market Impacts of Universal Credit", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/481827/universal-credit-estimating-early-labour-market-impacts-dec-2015.pdf (2015), 3.

195. ESRC, "Welfare conditionality: final findings: Universal Credit", <http://www.welfareconditionality.ac.uk/wp-content/uploads/2018/05/40414-Universal-Credit-web.pdf> (2018), 10.

personalised support.¹⁹⁶

A claimant's first interaction with their work coach will be in their initial interview after first registering for UC. Here, they are required to agree work search requirements under their 'claimant commitment', which will be discussed later in this chapter. A core aspect of UC is that a claimant interacts with the same work coach for the duration of their claim, regardless of changes in their circumstances, with the aim of delivering a more consistent and personalised service.

The frequency of interaction with work coaches depends on which conditionality group, explained later in Box 5.2, a claimant is placed in. Those with no work requirements will not need to engage with a work coach beyond the initial interview and giving them updates about personal circumstances. Meanwhile, those who do face work-related requirements will need to contact them to provide proof of fulfilling them. The regularity of contact will depend on the conditionality regime placed on the claimant and the decisions of the work coach, but it must be at least fortnightly for those who are under an 'intensive work search' regime.¹⁹⁷ Claimants can also seek out the work coach on their own initiative for advice.

Our interviewees were noticeably very positive about their work coaches. A number of interviewees went so far as to use the language of friendship to describe their relationship with the work coach. It was striking how many interviewees referred to their work coach by their first name.

"He's such a good guy, like, he's really easy to get on with
and he's really supportive"

Female, London, 29, employed as an admin officer

196. DWP, "Universal Credit: in-work progression randomised controlled trial", <https://www.gov.uk/government/publications/universal-credit-in-work-progression-randomised-controlled-trial> (2018), 3.
197. DWP, "Universal Credit – conditionality group and labour market regime policy", <https://www.whatdotheyknow.com/request/366996/response/904624/attach/5/2%20Conditionality%20and%20regime%20Overview.pdf>, 2.

"I was in tears and then she really calmed me down, you know, consoling me and giving me a lot of confidence, 'You can do it, don't worry,' because my confidence was completely struck down, completely struck."

Female, 60, London, self-employed

"He's awesome. He is, he's awesome but he understands me... He's disabled himself so he understands"

Female, 38, Midlands, long-term unemployed

Interviewees with experience of legacy benefits spoke much more highly of the work coaches they had met under UC than their previous Jobcentre Plus advisers.

Many described how a positive relationship with their work coach helped to assuage their anxieties about UC. Some interviewees believed that their work coaches' discretion has even helped to protect them from being sanctioned, which is a process discussed later in this chapter.

"It was fairly straightforward and she was a very friendly person, so I didn't mind being there. She was nice and she did explain everything, like, fully. If I had any questions, she would answer them and I was happy with how she explained everything. It was good."

Female, 27, London, long-term unemployed

"I was really dreading going there, because it's such a stigma...but she was super-helpful. Really helpful in the first couple of months, really clearly explained everything and the fact that she went the extra mile"

Female, 29, South, exempt from work

Some interviewees suggested that their communication skills

and work histories encouraged their work coaches to treat them more leniently than they might less capable claimants. Several younger, highly educated claimants spoke about their work coach's flexibility in giving them time to find a role which matched their experience.

"I think he knew that I was looking for jobs, so he didn't really mind how much detail I put in... he's going to be more lenient with me because of the fact that I come across as more employable, you know? I don't come across as I'm taking the piss of whatever."

Female, 25, London, recently unemployed

Some interviewees with physical or mental health problems spoke highly of supportive work coaches, who went the extra mile to understand their situation, providing a better service than they had experienced under the legacy system. A 48-year-old woman suffering from anxiety and depression, for example, described her work coach's understanding when she was unable to make appointments:

"There have been times when they've said to me, my interview, as they call it, would be nine o'clock, say, tomorrow, and because I suffer from anxiety and depression, I don't sleep very well. They know all of that anyway, so, I might put my phone on, say, ten o'clock, and then they ring me and say, 'X you didn't answer your phone at nine.' I explain, you know, because of my circumstances, they understand that, do you know what I mean?"

Female, 48, London, exempt from work

Significantly, it was common for interviewees to express a desire to see their work coach more frequently.

This positive experience of work coaches was not, however,

universal. Where a minority of interviewees spoke negatively of their work coaches, they cited lack of effort, a clash of personality and misinformation. There was frustration among dissatisfied interviewees that while they were subject to strict conditionality, work coaches were able to make errors without being held to account.

Some suggested that the relative newness of UC meant that work coaches were left to learn on the job. One interviewee, who had been in receipt of UC for a year, described the impact of her work coach's limited understanding of the new system:

“Everybody was really lovely at the Jobcentre, they were really helpful. Although, again, I have to say, because it was new at the time, I don't think they really knew what they were doing. So, you'd be told one thing and then you'd be told something else... I think the only thing I was a bit, there was some, sort of, grant that they hadn't told me about in time, and then I couldn't claim for it, and I was like, 'Urgh.'”

Female, 49, North, exempt from work

A very small minority of interviewees raised more serious concerns about the competency of their work coaches. One interviewee described consistently being given incorrect information, leading to underpayment of their UC award. Her frustration was compounded by her work coach's intransigence and their failure to respond in a timely manner to messages she sent through the online UC journal, which is the main way work coaches and claimants communicate when it isn't face-to-face.

“They come across as quite undertrained in their own departments and what they're supposed to be doing... they don't know the rules of their own system, to be fair, all the criteria for their own system... I still don't know

what I'm going to be getting this month, and no one has answered any of the queries in my journal, and it's still a bit up in arms."

Female, 38, Midlands, exempt from work

A handful of interviewees felt that their work coaches failed to empathise and refused to exercise discretion. One felt that UC had shifted authority from frontline staff to a remote "decision maker", while another described his work coach's rigid adherence to a "script":

"I don't know if I sound too harsh on them, but they seem so cold, you know... It was like they were robots. There was a system you had to do, and they wouldn't bend for you. Now, they needed to give you some leeway and help bend with you. It just seemed like they had a script and they stuck to that script. It was no good for me. No one was willing to just get human with you."

Male, 59, North, employed as a delivery driver

The hugely important role that work coaches are playing is widely recognised both in the existing academic literature and by organisations working directly with UC claimants. Refugee Action, for example, emphasised to the House of Commons Work and Pensions Select Committee that work coaches can be "pivotal in resolving problems."¹⁹⁸

DWP evidence demonstrates the value claimants place on the employment support provided by their work coaches. In a relatively recent survey of UC claimants looking for work, 69% said that attending regular review meetings with their work coaches was helping them to find work.¹⁹⁹

198. Work and Pensions Select Committee, "Written evidence submitted by Refugee Action: Universal Credit rollout inquiry", <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/universal-credit/written/71549.html> (2018).

199. DWP, "Universal Credit test and learn evaluation: families", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/643978/research-into-families-claiming-universal-credit.pdf (2017), 42.

In addition, the DWP recently conducted a randomised controlled trial which compared the earnings progression of three treatment groups of in-work claimants over the course of a year. Claimants in the ‘intensive’ and ‘moderate’ support groups were required to see their work coaches every two and eight weeks respectively. Claimants in the ‘minimal’ support group were only required to speak with their work coaches on the phone every eight weeks. The results showed that more intensive provision had a small but statistically significant impact on claimants’ earnings progression, with ‘frequent support’ participants earning an average of £5.25 more per week than ‘minimal support’ participants after a year.²⁰⁰

There are, nevertheless, concerns in the wider evidence about whether generalist work coaches have the breadth and depth of knowledge required to meet the needs of claimants with diverse needs. For example, Homeless Link report that all Jobcentre Plus staff, including work coaches, were not able to “identify the needs and barriers of vulnerable claimants.” The mental health charity, Mind, said that it had “little confidence” that the “skills, experience, capacity and culture of work coaches” could deliver a good service for people with mental health conditions.²⁰¹ Indeed, the National Audit Office has found that work coaches can lack the time and ability to identify claimants in need of additional support.²⁰² And the DWP’s own research published last year confirmed that some work coaches struggle to identify and appropriately respond to claimant vulnerabilities.²⁰³

Work coaches, and claimants, do have access to specialist disability advisors and work psychologists.²⁰⁴ This means work coaches can defer to their expertise in supporting the most vulnerable claimants. But, not only does this rely on generalist work coaches

200. *Ibid.*, 9.

201. Work and Pensions Select Committee, “The future of Jobcentre Plus”, <https://publications.parliament.uk/pa/cm201617/cmselect/cmworpen/57/57.pdf> (2016), 14.

202. NAO, “Rolling out Universal Credit”, 31.

203. *Ibid.*

204. House of Commons Work and Pensions Committee, “The future of Jobcentre Plus: government response to the Committee’s second report of session 2016–17”, <https://publications.parliament.uk/pa/cm201617/cmselect/cmworpen/965/965.pdf> (2017), 4.

accurately identifying vulnerability in the first place, there is also a significant challenge with them having sufficient capacity. There is clear concern that work coaches – who are expected to conduct between 10 and 20 interviews a day – do not have the time to actively seek guidance from these specialist advisers.²⁰⁵ In addition, as the UC system has been introduced, there has been the removal of lone parent and young people advisers which were available under the legacy system.²⁰⁶

As the rollout of UC continues, the workload of work coaches will expand. The NAO reported that while there are 85 claimants per work coach currently, this will rise to 373 claimants by 2025.²⁰⁷ Such a considerable increase in their caseloads risks compromising the positive relationships the majority of claimants currently enjoy.

Box 5.1. Training opportunities under UC

Under UC, claimants who are required to prepare or search for work have access to training opportunities, as they were under the legacy system. Referral to these different types of support is the responsibility of work coaches. In fact, some claimants will be required to undertake training as part of their ‘claimant commitment’, which is described in further detail later in this chapter. Such training can support claimants’ progress into work.^{208 / 209}

205. Work and Pensions Select Committee, “The future of Jobcentre Plus,” <https://publications.parliament.uk/pa/cm201617/cmselect/cmworpen/57/57.pdf> (2016), 33.

206. Learning and Work Institute, “Written evidence for the inquiry into the future of Jobcentre Plus,” <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/the-future-of-jobcentre-plus/written/32445.pdf> (2016), 4.

207. NAO, “Rolling out Universal Credit,” 4.

208. DWP “Sector-based work academies,” https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/508175/rr918-sector-based-work-academies.pdf (2016), 10.

209. DWP, “Sector-based work academies and work experience trials for older claimants,” https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/584663/sector-based-work-academies-and-work-experience-trials-for-older-claimants.pdf (2017), 3.

In 2017, the Government ended the ‘Work Programme’ and ‘Help to Work’ schemes,²¹⁰ replacing them with the ‘Work and Health Programme’. The Work and Health Programme is compulsory for those claiming unemployment benefits for longer than 24 months and is also available on a voluntary basis to many UC claimants, including people with physical and mental health problems and carers.²¹¹ This programme includes training opportunities.

Other training opportunities available to UC claimants includes: training courses, including basic maths, English and IT skills, sector-based work academies, work experience opportunities, work trials, traineeships for those aged 16-24, and specialist support for self-employed claimants.²¹² The provision varies across the country. This training is provided and delivered by a variety of external providers, including small local organisations. Attending training courses can be either compulsory or voluntary, depending on the individual’s ‘claimant commitment’. Choosing to engage in all other activities is always voluntary, but if the claimant has begun to do so, then they must finish the course to avoid sanctions, with exception of work trials and self-employment support.²¹³

Our interviewees had very mixed opinions about the training opportunities made available through UC. Some spoke positively about being offered courses specifically related to their chosen field of work; others were offered courses which included help

210. Gov.uk., “Help with moving from benefits to work,” <https://www.gov.uk/moving-from-benefits-to-work/job-search-programmes> (2017).

211. DWP, “Improving Lives: the Future of Work, Health and Disability,” https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/663399/improving-lives-the-future-of-work-health-and-disability.PDF (2017), p.54.

212. DWP, “Skills and experience opportunities Universal Credit,” https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/720799/universal-credit-back-to-work-schemes.pdf (2018), 3.

213. Ibid.

with CVs and interviews.

Graduate-level claimants and claimants with full work histories tended to feel confident in seeking employment independently.

“I volunteered to join the Brighton Fringe at The Warren... Then, I also volunteer with the Brownies every week. So, like, I’m a Girl Guide leader. Very wholesome. That’s another reference, but again, that’s all my own doing. That’s nothing to do with the Jobcentre.”

Female, 29, South, exempt from work

Conversely, those with more limited experiences of employment found the training opportunities valuable. For example, a 24-year-old interviewee with less recent work experience praised the IT courses his work coach recommended:

“My adviser actually sent me a link for some free courses online as well that I could use to try and get myself back into the world of IT, which I have been using as well, which I have found very helpful. It’s like revising for an exam. I’m refreshing all the knowledge in my head... so when I get an interview, I’ve got all that knowledge fresh.”

Male, 24, South, recently unemployed

A significant proportion of interviewees were critical of the available training opportunities. One interviewee felt that more training opportunities had been made available under the previous benefits system and another expressed frustration that training opportunities seemed to be targeted at young people.

Increased conditionality

A key design element of UC related to progression is the introduction of increased conditionality for claimants. In particular, new types of claimants are now subject to conditionality requirements. More-over, claimants now have to sign and comply with a ‘claimant commitment’.

Conditionality – which requires claimants to meet certain conditions to claim benefits– is not an innovation of UC. The payment of many out-of-work benefits has long been contingent on recipients demonstrating they are taking steps to get a job. The introduction of JSA in 1996 intensified monitoring of unemployed claimants’ job-seeking behaviour. Following this, there was the gradual expansion of conditionality requirements to previously exempt groups.²¹⁴ From 2001, lone parents on IS had to attend work-focused interviews, while the replacement of Incapacity Benefit with ESA saw the introduction of conditionality for people with physical and mental health problems deemed capable of working.²¹⁵

UC has introduced several changes to the way that conditionality operates. Under UC, parents of pre-school aged children are subject to job-seeking requirements or risk being sanctioned.²¹⁶ Claimants who are in work, but on a low income, are also to be subject to conditionality for the first time.²¹⁷

To qualify for UC, claimants must also sign a ‘claimant commitment’ in their initial interview with their work coach. This claimant commitment sets out the number of hours in a week a claimant is expected to work, seek work or prepare for work, as well as the number of in-person visits a claimant must make to the JobCentre Plus. The number of visits depends on the conditionality regime of the claimant and the discretion of the work coach, but it must be at least fortnightly

214. JRF, “Welfare sanctions and conditionality in the UK”, <https://www.jrf.org.uk/sites/default/files/jrf/migrated/files/Welfare-conditionality-UK-Summary.pdf> (2014), 3.

215. *Ibid.*, 68.

216. Gingerbread, “An impossible bind”, <https://www.gingerbread.org.uk/wp-content/uploads/2017/10/An-impossible-bind-requirements-to-work-under-Universal-Credit.pdf> (2018), 4.

217. JRF, “Welfare sanctions and conditionality in the UK”, 3.

for those who are under an ‘intensive work search’ regime.²¹⁸

Claimant commitments are supposed to be personalised according to the claimant’s capability and personal circumstances; it is intended that they can and will change as a claimant’s circumstances change.

Even claimants in the ‘no work requirements’ conditionality group are required to sign a claimant commitment. Those who are in-work are still expected to meet conditionality requirements. Any claimants earning below the equivalent of at least 35 hours a week at the National Minimum Wage are subject to conditionality requirements, although the requirements on hours are less in certain circumstances, as outlined in Box 5.2 below.²¹⁹

Further to attending meetings with work coaches, UC claimants are required to log details of their job searches and other work-related activity via their online UC journal, to demonstrate compliance with the conditionality set out in their ‘claimant commitment’.

The conditionality requirements for different claimants are explained in Box 5.2 below.

Box 5.2. Different conditionality requirements for different claimants

All UC claimants are assigned one of six conditionality groups, also known as ‘labour market regimes’, which determine their obligations based on their personal circumstances and their ability to take on work. The six conditionality groups are: ‘searching for work’; ‘working with no requirements’; ‘working with requirements’; ‘no work requirements’; ‘preparing for work’; and, ‘planning for work’.

In October 2018, less than half of all Universal Credit claimants (42%) were estimated to be in the ‘searching for work’ conditionality, on the basis that they were unemployed or have a very small

218. DWP, “Universal Credit – conditionality group and Labour Market regime policy”, <https://www.whatdotheyknow.com/request/366996/response/904624/attach/5/2%20Conditionality%20and%20regime%20Overview.pdf>, 2.

219. *Ibid.*, 147.

amount of earned income from very infrequent work.²²⁰ They are subject to the full work search criteria and are expected to look for and apply for jobs for around 35 hours each week, although this can be reduced in some cases for those with physical or mental health problems, and those with caring responsibilities.²²¹

An estimated 18% of claimants were assigned to the ‘working with no requirements’ regime as they are already earning the equivalent of 35 hours a week at the national minimum wage.²²² Claimants in this conditionality group are not required to apply for jobs or undertake work preparation activity.

A further 15% were estimated to be ‘working with requirements’, meaning that they have some in-come from employment but are expected to look to take on more hours or better paid work.²²³ They are expected to fulfil requirements similar to those under the ‘searching for work’ regime, but at a less frequent and lighter rate. In essence, these are those who now face in-work conditionality requirements.

The ‘no work requirement’ conditionality group applies to those for those entirely unable to work due to physical and mental health problems, caring responsibilities, certain education commitments, or other circumstances. Claimants in this conditionality group are not required to apply for jobs or attend work preparation activity. This group was estimated to account for 19% of Universal Credit claimants overall.²²⁴

Individuals who are assessed to have limited ability to work and lead carers of children between the age of three and five fall into

220. DWP, “Stat-Xplore”.

221. Department for Work & Pensions, “Universal Credit and you,” <https://www.gov.uk/government/publications/universal-credit-and-you/universal-credit-and-you-a#conditionality-opening-up-work-and-taper> (2018).

222. DWP, “Stat-Xplore”.

223. Ibid.

224. Ibid.

‘preparing for work’ group, which composed 4% of claimants.²²⁵ They do not have to apply for or take on work, but may be required to attend training courses and work-focused interviews to prepare them to return to work at some point in the future.

Those with demanding childcare responsibilities, such as caring for children between the ages of one and three, or children with physical and mental health problems, are assigned to the ‘planning for work’ group.²²⁶ They are estimated to account for 2% of claimants.²²⁷ They are not required to apply for jobs or take on work, but must attend several work-focused interviews each year with work coaches to discuss an eventual return to work.

Interviewees, on the whole, demonstrated a good understanding of the ‘claimant commitment’.

“I signed claimant commitment and it was simple. The claimant commitment isn't hard to fol-low. Just apply for work. Yes. It was broken down, for lack of a better phrase, in layman's terms. Yes, they did a good job of explaining everything to me. They said, ‘You do this, we do this, and we're all in agreement.’”

Male, 24, South, recently unemployed

There was widespread recognition of the need for conditionality and resulting sanctions. For many interviewees, an obligation for claimants to seek employment was just common sense. There was an implicit acceptance of the notion of rights and responsibilities; that in return for financial support from the state, claimants should accept certain obligations.

225. Ibid.

226. Ibid.

227. Ibid.

“For me, it [the claimant commitment] was quite straightforward to stick to it. Obviously, in terms of looking for roles, it’s something I naturally do anyway, so that wasn’t difficult.”

Female, 31, London, self-employed agency teacher

Several interviewees described the claimant commitment as an important mechanism to protect tax-payers from exploitation:

“You can’t just go around taking money off people and then breaking the rules. Like, you know, there has to be a rule in place otherwise people will just run amok.”

Female, 30, London, employed as a salesperson

“They have to do something, if you’re not following the rules, and if you’re abusing the system, definitely. I mean, I’m sorry, you know, this is tax money that people pay and I’m sure that’s not fair on them.”

Female, 35, London, part-time administrative assistant

Work coaches have the power to adjust work search requirements and conditionality requirements. One interviewee reported that she had been told she was fit to work, despite having been found exempt from work on health grounds under the legacy system. Her work coach therefore softened the conditionality requirements under UC:

“I mean, I can’t work. Even Gary in the Job-, he said, ‘You’re unemployable. I’m not going to push you because there’s not a lot we can do for you but I’ll just keep in contact now and then,’... He’s just, like, there to help me prepare for work in the future. I mean, he said to me on the phone two days ago, ‘If there’s something I can do, let me do that,’ and said, ‘I’ll change the commitments just to say ‘keep medical

appointments', which he's done."

Female, 38, Midlands, unemployed, previously exempt from work

Some interviewees with physical and mental health problems, however, felt that conditionality was too strict for them. For example, a 61-year-old claimant, who suffered from depression among other health conditions, felt that the rules around claiming the UC ignored the reality of disability:

"A lot of people on the benefits and, you know, disabled people. I think their thinking is to get people off and get back to work, but a lot of people aren't able to do that... People just aren't capable of holding down jobs."

Female, 61, London exempt from work

Some interviewees also noted the difference in potential or actual consequences between them and their work coaches when an error was made: for example, the penalties they could or do face for missing an appointment, compared to no consequences for a work coach for being late.

Interviewees generally found the online UC journal an effective mechanism for holding them to account and encouraging them to proactively seek employment. One interviewee suggested that a written record increased the accountability of claimants and work coaches alike:

"With, you know, the journal system, it is good because obviously it's, kind of like, a documented thing that you and the other person see and obviously if someone's slacking, whether it be me or the other person, normally the other person, the agent, they can see."

Female, 25, London, exempt from work

Contrastingly, a few interviewees did query the extent to which their online UC journal was monitored. While some saw this as a reflection of their work coach's trust in their commitment to finding employment, others saw it as evidence of disengagement by work coaches.

"[On the online diary] I'm never sure if it really is checked, to be honest, because, like I said, I had to ask for my next interview, and stuff... I think it's more for you, yourself. Like, you can keep track of what you're applying to and what you've got to go. I'm not sure if they actually properly look at it."

Female, 27, London, unemployed

The wider evidence, specifically from DWP, shows that the online system of recording job search activity is popular among claimants. Eight in ten claimants recently surveyed in full service areas said they found the online UC journal easy to use, while three quarters said it was a useful way to keep a record of their progress.²²⁸

While there was limited evidence of people being placed in an inappropriate conditionality group within our fieldwork, the wider evidence base clearly suggests that work coaches are not being sufficiently sensitive to personal circumstances when applying conditionality requirements. A study led by University of York has found that some claimants are forced to apply to unsuitable and unsustainable jobs, while others attend unproductive training courses to meet their conditionality requirements.²²⁹ The DWP's own evidence shows that the intended changeability of conditionality to a claimant's changing circumstances is limited, with just half of claimants reporting

228. DWP, "Full service survey", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714842/universal-credit-full-service-claimant-survey.pdf (2018), 50.

229. Economic and Social Research Council, "Welfare conditionality: final findings: Universal Credit".

their conditionality had been reviewed over a three month period in 2018.²³⁰

Concerns have also been raised about individuals with physical and mental health problems being subject to full conditionality until their Work Capability Assessment.²³¹ And, according to DWP data, claimants with physical and mental health problems are less likely than other claimants to feel that their ‘claimant commitment’ reflects their personal circumstances.²³² The National Audit Office has reported that many work coaches seem to lack confidence to apply discretion in conditionality requirements for people with physical and mental health problems.²³³

Increased sanctioning

While sanctioning has long been a feature of the welfare system, a new sanctioning regime was introduced in 2012 that increased the severity of sanctions. Sanctioning is when a claimant experiences deductions from, or the temporary discontinuation of, their benefits because they fail to meet conditionality requirements. There is robust evidence that sanctioning, and the threat of it, can, if applied correctly, play a positive role in increasing employment in the short-term, but their longer-term effect on employment and earnings appears to be negligible or negative in some studies.²³⁴

In the case of UC, sanctions are applied if a work coach determines that a claimant is not fulfilling their ‘claimant commitment’, which was described in the previous section. There are a number of sanction levels that might be applied to individuals, depending on their conditionality

230. DWP, “Full service survey”, 14.

231. The Trussell Trust, “Left behind: is Universal Credit truly universal?”, <https://s3-eu-west-1.amazonaws.com/trusselltrust-documents/Trussell-Trust-Left-Behind-2018.pdf> (2018).

232. DWP, “Full service survey”, 38, 43, 49.

233. NAO, “Rolling out Universal Credit,” 31.

234. JRF, “Welfare Sanctions and Conditionality in the UK”, 3.

regime, previous sanctions and nature of misconduct.²³⁵ Table 5.1 below outlines the rules of sanctions that might apply.

Table 5.1. Sanctioning under UC

Sanction	Applicable conditionality regime	1st failure duration	2nd failure duration	3rd and subsequent failure duration
Higher level	'searching for work' and 'working with requirements'	91 days	182 days	1095 days
Medium level	'searching for work' and 'working with requirements'	28 days	91 days	91 days
Lower level	'searching for work', 'working with requirements' and 'preparing for work'	Open-ended until compliance		
		+ 7 days	+ 14 days	+ 28 days
Lowest level	'planning for work'	Open-ended until compliance		

Source: SSAC (August 2012) 'Universal Credit and conditionality', 6.

The amount deducted depends on the claimant's personal circumstances and conditionality group they're in. Sanctions do not affect the other elements of UC above and beyond the standard allowance, such as the child and housing elements.

A single claimant in the 'searching for work', 'working with requirements', 'working with no requirements' or 'preparing for work' groups face deductions of 100% of their UC standard allowance. Claimants from a couple household in these groups face deductions of 50% of their UC standard allowance.

In contrast, a single claimant in the 'planning for work' or 'no work requirements' (on the grounds of childcare responsibilities, adoption or pregnancy) groups could face deductions of 40% of

235. SSAC, "Universal Credit and Conditionality", https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/323919/ssac_occasional_paper_9.pdf (2012), 6.

their UC standard allowance. Claimants from a couple household in these groups could face deductions of 20% of their UC standard allowance.

Meanwhile, claimants in the ‘no work requirements’ (on the grounds of limited capability for work-related activities) group do not face deductions of their UC award due to sanctions.²³⁶

What is unique about sanctioning under UC is that there are indications that it is being applied more frequently than is the case with legacy benefits. In early 2018, around 5% of all UC live service claimants were newly sanctioned, compared to around 1% of all JSA claimants.²³⁷ The National Audit Office has described sanctioning rates under UC as “high”.²³⁸

The DWP has argued that UC has a much higher sanctioning rate because under JSA, actions such as failing to attend a work coach meeting would often lead to the JSA claim being closed. Contrastingly, under UC, the claimant would be sanctioned instead.²³⁹ As the action of closing the claim is not recorded as a sanction, JSA appears to have lower rates of sanctions. Analysis of this by the House of Commons Library has suggested that it accounts for most of the difference in sanctioning rates between the two welfare system, but that UC sanction rates remain higher even once this is taken into account.²⁴⁰

It is unclear what the exact cause of this rise in sanctioning is: it could be a transitory or structural problem, as discussed in Box

236. DWP, “Universal Credit Sanctions Experimental Official Statistics”, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/706793/universal-credit-sanctions-statistics-background-information-and-methodology.pdf (2018), 5.

237. Work and Pensions Select Committee, “Benefit sanctions”, <https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/955/955.pdf> (2018), 17.

238. NAO, “Rolling out Universal Credit”, p.72.

239. DWP, “Written evidence from the Department of Work and Pensions (ANC0083)”, <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/benefit-sanctions/written/84015.pdf> (2018), 3.

240. Work and Pensions Select Committee, “Benefit sanctions”, 18.

4.4 in the previous chapter. Nearly all interviewees understood that breaking the 'claimant commitment' would result in them being sanctioned. But while there was a general acceptance among claimants that sanctioning is necessary, some argued that either the level of sanctions or the conditions under which it could be imposed, were punitive.

One of the two interviewees in our fieldwork with direct experience of sanctioning described being sanctioned for missing an appointment at the Jobcentre Plus because his train was delayed:

"I think I missed an appointment a couple of times. One time, I was on a train back from work, and the train was cancelled at Rochdale, so I had to get off and get a tram in. I was late for the appointment, and then I got sanctioned for it. So, I understand the reason for sanctions. Whether I agree with them or not is a different thing."

Male, 36, North, part-time sales assistant

The other sanctioned interviewee was late to her appointment due to her child being ill and felt that the reaction was overtly punitive:

"It can be a bit too harsh... it's like, well, how do I prove that? A doctor's not going to see my child for having a cold or a cough or having a stomach bug. I'm not going to take them to hospital. I'm not going to be able to get a sick note, so it's a bit harsh. I got sanctioned about £300."

Female, 31, North, part-time retail associate

It is important to note that the wider evidence does point to positive outcomes from sanctions, if used appropriately. Recent DWP research, for instance, found that almost four in five UC claimants said that the threat of sanction meant they were more likely to look for work or take

steps to prepare for work.²⁴¹

For those on UC, the evidence shows that failing to meet work search requirements is the most significant source of sanctions. Between August and October 2018, 16,554 UC claimants were under sanction for ‘failure to comply with an interview requirement’, accounting for 61% of all those sanctioned.²⁴² A further 15% of sanctions were reported to be due to a ‘failure to participate in an employment programme’, which includes work experience and CV workshops. Around 7% were as a result of claimants voluntarily leaving or being dismissed from work.²⁴³

Significantly, there is a growing body of evidence to suggest that UC’s sanctioning regime is proving punitive for some claimants. Depth interviews conducted with UC claimants found that the threat of sanctions had a profoundly negative impact on mental health and incentivised some claimants to apply for unsuitable and unsustainable work.²⁴⁴

The Child Poverty Action Group (CPAG) has warned that individual characteristics and circumstances are not fully taken into account when a ‘claimant commitment’ is produced, meaning the obligations are unrealistic and unattainable for some claimants, hence the sanctioning.²⁴⁵ Together with Crisis and Gingerbread they have argued that many decisions to impose sanctions were at best ill-informed, and, at worst, wholly inappropriate, especially of claimants with physical and mental health problems.²⁴⁶ In-deed, overall, 81% of sanctions under UC that go to tribunal are overturned, suggesting systemic problems with their application.²⁴⁷

241. DWP, “Universal Credit test and learn evaluation: families”, <https://www.gov.uk/government/publications/universal-credit-test-and-learn-evaluation-families> (2017), 40.

242. DWP, “Stat-Xplore”.

243. Ibid.

244. ESRC, “Welfare conditionality – final findings: Universal Credit”, 7.

245. Work and Pensions Select Committee, “Benefit sanctions”, 32.

246. Work and Pensions Select Committee, “Benefit sanctions”, 29.

247. NAO, “Rolling out Universal Credit”, 72.

Conclusion

In this chapter, we explored claimants' experiences of progressing on UC, both into and in work. Interviewees were extremely positive about the role of work coaches in UC, with those who had historical experience of the legacy system generally comparing them favourably to Jobcentre Plus advisers they had been assigned previously.

There was widespread recognition and agreement of the need for conditionality and sanctions under UC. However, a common view was that such conditionality and sanctions could be applied harshly and insensitively.

There was confusion over key design elements that are intended to incentivise employment, including the taper rate, but especially the work allowance and the removal of hours-based thresholds.

The next and final chapter offers policy recommendations to mitigate the main challenges that emerged from our fieldwork.

Chapter 6: New policies

The previous three chapters have outlined a range of positive and negative experiences of current claimants when accessing, managing on and progressing on UC. The report has identified the most critical challenges faced by claimants in terms of the unique design features of UC. This chapter proposes new policy recommendations to improve the experience of claimants at different stages of the process of being on UC.

Policy approach

Happily, the Government has demonstrated that it will make changes to UC, based on the evidence, as it is extended to more claimants in the years ahead. The 2018 Budget, for instance, increased the amount available in the existing two work allowances and decreased the maximum rate of reductions for advance payments. The new Secretary of State for Work and Pensions, the Rt Hon Amber Rudd MP, has also made changes by not extending the two-child limit on UC for children born before March 2017, launching a system where landlords can be paid directly, and starting ‘managed migration’ with a smaller pilot to monitor the rollout.²⁴⁸ More potential reforms to UC are also being examined, especially in relation to childcare costs and the single household payment.²⁴⁹

The fieldwork presented in this report and the evidence from the

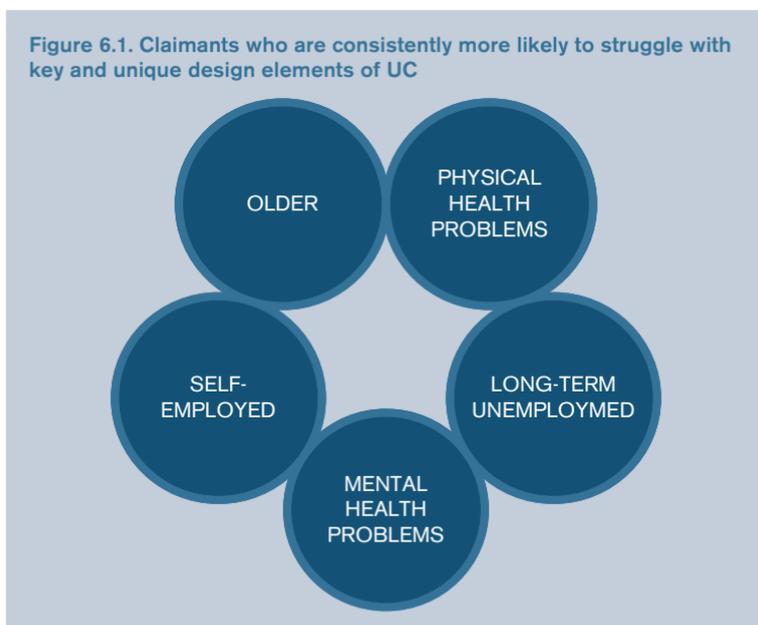
248. Amber Rudd, *Speech on the future of Universal Credit*.

249. *Ibid.*

wider literature suggests that, despite welcome changes to policy from government, a significant minority of claimants are still struggling with certain unique design features of UC.

Our fieldwork found that older people, those with a physical or mental health problem, the self-employed and the long-term unemployed were the most likely to be consistently struggling with these key and unique design features. The focus of this chapter is to offer new solutions to support these claimants in particular.

Figure 6.1. Claimants who are consistently more likely to struggle with key and unique design elements of UC



When formulating policies, we applied four key tests that had to be met:

- **Fiscal realism.** The Government's fiscal policy has changed significantly over the latter half of this decade. Fiscal retrenchment has slackened and been deprioritised. Indeed, the Chancellor has recently provided more funding for UC and now slowed

the degree of annual cuts to public expenditure in the years ahead. However, the current Government has still outlined a trajectory of fiscal deficit reduction way into the 2020s. Therefore, although there is an opportunity to provide increased investment in UC, any reforms should not represent unrealistic increases in state spending.

- **Progressivity.** UC is intended to help improve the employment opportunities and financial resilience of those on modest incomes. Therefore, any proposed improvements to UC will benefit them. However, the evidence suggests that there is a sizeable minority of claimants with particular characteristics and needs that are struggling much more with the unique design features of UC. This includes claimants who are older, unemployed, self-employed, and with physical and mental health problems. Policy attention and resources should therefore be focussed on the critical challenges these claimants are facing.
- **Personalisation.** The DWP claims that its vision for UC is “one of a personalised benefits system”²⁵⁰. Indeed, individuals themselves are typically the best decision-makers about how particular resources they receive should be deployed. Policymakers should therefore seek, where feasible, to enable people to make choices about how they receive their and interact with UC, rather than assuming what is in their best interest.
- **Rooted in the ideas of claimants.** Policy ideas should emerge and develop from the views of those who will be affected by them: in this case, UC claimants themselves. Feedback from the fieldwork should influence how policymaking is prioritised and formed. Indeed, some interviewees from our sample actually provided the research team with policy ideas, that we have adopted and refined, as indicated in relevant parts of this chapter.

250. Esther McVey, *The way forward: personalisation and digitalisation of benefits and support*, 19 July, 2018, <https://www.gov.uk/government/speeches/the-way-forward-personalisation-and-digitalisation-of-benefits-and-support>.

The previous chapters demonstrated the chief concerns with unique design features of UC for interviewees from our sample. When accessing UC, these were the initial waiting period for the first UC award and, for a minority of claimants, barriers to online application and management. When managing on UC, many interviewees experienced difficulties adjusting to monthly payment and the vast majority disliked having to allocate money for rent. The automatic repayment of advance payments also caused a significant minority of interviewees difficulties. When progressing on UC, interviewees raised concerns about the fairness of conditionality and sanctions, and the rate at which UC is withdrawn as earnings rise. The policies advocated in this chapter seek to address some of these concerns based on the principles we have outlined. The chapter also seeks to ensure the positive experiences many claimants have – such as with work coaches – can be enjoyed by others.

The policy recommendations we propose are original. Other organisations have proposed other plausible policies, which the government should consider adopting, especially further increasing the generosity of UC work allowance and reducing the taper rate. However, we do not repeat these policies here.

We did not have the capacity to devise original and credible policy responses to all the challenges that emerged from our fieldwork and the wider evidence base. But we hope the policy ideas we do advocate respond to the most critical challenges among these. Ultimately, we hope that this report is one of many helpful contributions for reforming the unique design features of UC.

Accessing Universal Credit

Recommendation one: all new claimants of UC should receive a one-off upfront ‘helping hand’ payment

A large volume of evidence, including our own fieldwork, shows that most claimants moving on to UC do not have the financial resources to manage for the initial five-week period without any benefits. Few low-income

households have sufficient savings. In fact, as our fieldwork showed, many claimants initiate their UC claim in debt.²⁵¹ Our fieldwork and wider evidence demonstrates that this is the biggest concern facing UC claimants.

The Government has introduced reforms to alleviate the financial impact of this waiting period for the initial UC award. First, as announced in the Budget 2017, it cut completely the initial 7-day period before people could actually claim for any out-of-work benefits, which reduced the initial waiting period for receiving the first UC award from at least six to at least five weeks.

Second, advance payments have been made available to UC claimants, which they need to repay from future UC awards. However, the maximum value of such an advance is equal to 100% of a claimant's expected monthly award. This can be inadequate when stretched across the at least five weeks claimants are required to wait.²⁵² Furthermore, the repayment of these advance payments can be burdensome. While it is welcome that the maximum debt deduction threshold will be reduced from 40% to 30% of a claimants' standard UC allowance from October 2019, this remains a substantial proportion of low-income households' monthly income.

Despite these government reforms, it is still the case that the initial waiting period for the UC award is proving difficult and distressing for most claimants. We recommend that all new UC claimants should be offered a one-off upfront 'helping hand' payment of equal to 25% of their estimated initial UC award. This would be equivalent to a week's worth of their future UC award payments, thereby reducing the financial impact of the initial waiting period.

This 'helping hand' would be paid as soon as possible after successfully registering on UC to the claimant's chosen bank account, would be non-repayable, and could only be received once by a claimant over a long time period. Those migrating from the legacy system, even if they are now benefiting from the ability to receive HB, JSA and ESA for a

251. SMF, "Sink or swim", 6.

252. DWP, "Rent boost for millions of claimants moving onto Universal Credit", <https://www.gov.uk/government/news/rent-boost-for-millions-of-claimants-moving-onto-universal-credit> (2018).

limited period during the initial waiting period from UC, should also be offered this 'helping hand'. Claimants would be able to receive both this 'helping hand' and advance payments.

This one-off 'helping hand' could alleviate the financial impact of the delay for the initial UC award, improve take-up of UC, generate goodwill when a claimants first accesses UC, and improve impressions of UC during this critical rollout period.

Recommendation two: claimant commitments should be rewritten to include obligations of individuals and institutions that support UC claimants. If these obligations are not met, the Independent Case Examiners should determine whether compensation to claimants is paid in their next UC award

The claimant commitment, which was described in detail in Chapter Five, is first introduced to a claimant in their initial interview with their work coach at the JobCentre Plus. It outlines the conditions a claimant must meet to receive their UC awards. If the claimant does not meet these conditions, the claimant commitment outlines the sanctions that can be introduced on their UC awards.

A clear majority of our interviewees were highly aware and generally supportive of the claimant commitment. However, it is striking that the claimant commitment is concerned only with the obligations of claimants, who are told what is required of them but not what they are entitled to expect in return from the individuals and institutions that support them. The penalties of claimant non-compliance – including being sanctioned – are made clear, but the reciprocal obligations of work coaches and the DWP are not.

We recommend that claimant commitments are rewritten to reflect not only the obligations of claimants, but also the obligations of the individuals and institutions that are delivering UC. For work coaches, for example, this could include their commitment to respond to the entries in the online journals of UC claimants, or facilitate suitable

training or work experience, within a specified time period. For the DWP, this should include the obligation to pay claimants their UC award – especially their initial award – on a specified date.

If individuals and institutions supporting UC claimants do not meet their obligations that are outlined in the claimant commitment, there should be consequences, just as there are consequences – specifically, sanctions – for claimants who do not meet their obligations. Ensuring there is equal treatment of all actors in the UC system is important for sustaining public and specifically claimant support for it.

For example, if claimants feel their work coaches are not meeting their obligations, they should be able to seek redress via the Independent Case Examiner, who could investigate and determine whether financial compensation should be paid to them in a future UC award. Independent Case Examiners already provide an established independent complaints service for issues related to DWP and services contracted by them.

Equally, there is evidence which shows that UC awards – especially the first ever award a claimant receives – are not being paid to claimants on time because of administrative errors.²⁵³

If these types of late payment occur, a claimant should easily be able to get an investigation and judgement from the Independent Case Examiner. They would determine whether the delay was caused by an administrative error that occurred through no fault of the claimant, and as such whether compensation should be granted to claimants.

The amount of compensation issued to UC claimants should mirror the amount lost by claimants because of sanctions. Specifically, the financial compensation offered to claimants as a result of non-compliance by DWP should be tiered according to the number of weeks a claimant has waited for their UC award. These tiers should reflect to some degree the different tiers of sanctions for claimants shown in

253. CPAG, “CPAG’s early warning system – report on universal credit top issues”, <http://www.cpag.org.uk/sites/default/files/uploads/Early%20Warning%20System%20Top%20UC%20Issues%20July%202018.pdf> (2018), 1; Trussell Trust, “Left behind”, <https://s3-eu-west-1.amazonaws.com/trusselltrust-documents/Trussell-Trust-Left-Behind-2018.pdf> (2018), 3.

Table 5.1 in the previous chapter.

Recommendation three: Introduce a new mobile phone app for people to access their UC online account

The majority of our interviewees liked being able to apply for and manage their UC online. However, many claimants do not have access to a computer at home; recent DWP research found that 31% of current claimants were reliant on a mobile device to access the internet at home. Indeed, ONS evidence signifies that 78% of all adults use mobile phones or smartphones to access the internet, making this the most popular form of internet access.²⁵⁴

Our fieldwork revealed that some interviewees had difficulty uploading material to and using their online UC account. In particular, the verification process at the beginning of a UC claim – where interviewees had to upload identification documents – proved cumbersome and frustrating in some circumstances.

Mobile phone apps are generally considered to improve the convenience and functionality of using websites. They are increasingly being used by a range of commercial organisations to enable customers to access their private and confidential information, including bank accounts.

The Government is committed to improving its customer-facing digital infrastructure through the development of mobile phone apps. For example, competitions are currently open for third party organisations to develop mobile phone apps which support travellers with physical and mental health problems accessing public transport and which help potential students better understand the outcomes data of universities they wish to apply to.²⁵⁵ A new NHS app, which provides patients with access to

254. ONS, "Internet access – households and individuals, Great Britain", <https://www.ons.gov.uk/peoplepopulationandcommunity/householdcharacteristics/homeinternetandsocialmediausage/bulletins/internetaccesshouseholdsandindividuals/2018> (2018).

255. UKRI, "Creating apps for travellers with disability", <https://www.gov.uk/government/news/creating-apps-for-travellers-with-disability-apply-for-contracts> (2018); DfE, "Universities Minister pledges to transform student choice", <https://www.gov.uk/government/news/universities-minister-pledges-to-transform-student-choice> (2018).

a range of healthcare services including appointment booking and repeat-prescription ordering facilities, is currently being rolled out nationally.²⁵⁶

The digitisation of UC is intended to accommodate the increasingly online nature of people's lives. However, there have been delays with implementing some useful online features of UC, such as appointment booking and application for 'advance payments.'

We recommend that the DWP develop, or commission a competitive tendering process for a third party organisation to develop, a new mobile app which provides claimants with access to their online UC account. Considering the technical difficulties that the government has already faced, and is likely to face in the future, with the rollout of UC, we believe the mobile phone app should be developed now with the aim of becoming operational as soon as possible.

This policy recommendation of a mobile phone app for accessing the online UC account was recommended by one of our interviewees. This new mobile phone app could improve the convenience and functionality of accessing and using an online UC account for all claimants who have online access, but would be particularly beneficial for the significant number without computer access at home.

Managing on UC

Recommendation four: Enable claimants, through their online accounts, to grant continuous explicit consent for their advocates and to opt-out and personalise the default frequency and destination of their future UC awards

Our fieldwork, echoing findings from the wider evidence base, points to a significant minority of claimants struggling to manage financially with being paid monthly in arrears. There are many UC claimants who receive their wage, and conduct their budgeting, more frequently.

There is also widespread scepticism with the housing element of UC

256. NHS Digital, "NHS App", <https://digital.nhs.uk/services/nhs-app> (2018).

being paid directly to claimants in the social rented sector, rather than straight to the landlord, as is the case under legacy benefits.

Though this was not of significant concern to interviewees in our sample, the wider evidence base does point to anxieties with the single payee model. Previously, different benefits were paid to different members of the household: specifically, the ‘main earner’ or the ‘main carer’. This enabled both men and women to receive benefits. There are concerns that, under UC, only one member of the household will by default now receive financial support from the state. Though work coaches can introduce ‘split payment’, it is feared that more subtle and unprovable forms of abuse and control will be missed and deprive women in particular of financial resources.

The Government has responded to all these concerns by emphasising that some claimants can apply, via their work coach, for alternative payment arrangements. This includes split payments, bi-monthly payments and ‘managed payments’, which divert rent payments from the housing element of UC directly to landlords. The Secretary of State for Work and Pensions, the Rt Hon Amber Rudd MP, has recently announced the creation of a new online system for private landlords in January 2019, so that they can get the housing element to be paid directly to them. She also promised to look at making it easier to enable the main carer to receive the UC award payment.²⁵⁷

However, it was clear from our fieldwork, that these alternative payment arrangements are neither widely understood nor proactively offered. Indeed, DWP advice to work coaches instructs that alternative payment arrangements should only be considered for those claimants “who cannot manage the single monthly payment and as a result there is a risk of financial harm to the claimant and/or their family.”²⁵⁸ Similarly, DWP

257. Sky News, “Universal Credit: Amber Rudd acknowledges ‘real problems’ with welfare system”, <https://news.sky.com/story/universal-credit-amber-rudd-acknowledges-real-problems-with-welfare-system-11560728> (2018).

258. DWP, “Personal budgeting support and Alternative Payment Arrangements”, <https://www.gov.uk/government/publications/universal-credit-and-rented-housing--2/universal-credit-and-rented-housing-guide-for-landlords> (2018), 5.

advice states that rent should only be paid directly to a landlord when a UC claimant falls two months into arrears or is for other reasons deemed ‘vulnerable.’²⁵⁹ These measures are clearly reactionary and target only a small and specific group of claimants. There is strong evidence to suggest that a more preventative approach to the struggles claimants face with UC, available to a much wider group of claimants, would be beneficial.

Another issue that emerged from the wider evidence base, but not in our fieldwork, was about the new need to establish explicit consent from vulnerable claimants. Claimants are required to give explicit consent for an advocate to conduct each piece of business with the DWP or Jobcentre Plus. Considering the time and practical pressures placed on claimants, advocates and JCP staff, there is a compelling case to simplify this process.

We recommend that all claimants have the power, through their online UC accounts, to grant continuous explicit consent for their advocates and to alter the frequency and destination of their UC award payments before they receive it in their bank accounts.

Upon first claiming for UC, claimants should be automatically enrolled into the default positions: monthly payments, a single payee, and all money paid directly to them. But, through their online accounts, including in the new proposed mobile phone app, claimants should be granted the power to change the frequency and distribution of their UC awards that they will receive at the end of their next assessment period.

This would enable claimants to have control to change relatively quickly two aspects of the way they receive their UC awards before they receive it in their bank account, as demonstrated in Figure 6.2.

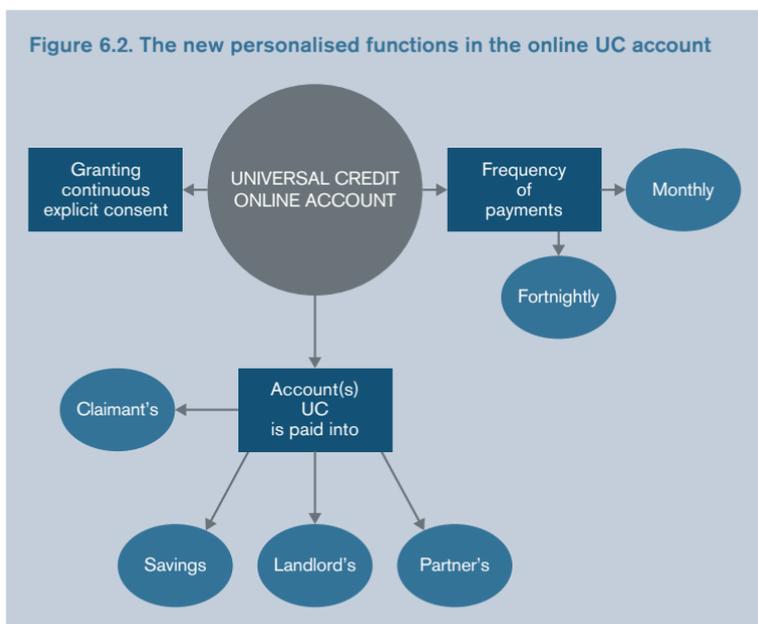
First, how frequently their UC awards are paid, enabling monthly or fortnightly payments. This would mirror the flexibility that has recently been offered to claimants in Northern Ireland and Scotland. Between October 2017 and August 2018, for instance, 41% of claimants who were offered fortnightly payments in Scotland took up the offer,

259. *Ibid.*, 7.

suggesting that there is a significant demand for them.²⁶⁰

Second, the destination of different elements of their UC award, enabling different amounts specified by the claimant to be paid into up to three different bank accounts. These different bank accounts could include: an alternative current account, which belongs to them or their partner; a savings account, which belongs to them or their partner; and, the bank account of their landlord. This enables all claimants, without any conditions, to instigate relatively quickly split and managed payments.

Figure 6.2. The new personalised functions in the online UC account



The features of the online UC account that will enable this personalisation will need to be developed, tested and then implemented. The government should immediately initiate a tendering process for third party organisations to bid for and ultimately deliver these new online

260. Scottish Government, “Universal Credit Scottish Choices – management information to end August 2018”, <https://www2.gov.scot/Topics/Statistics/Browse/Social-Welfare/SocialSecurityforScotland/UCMIAug2018> (2018), 1.

operating features. All claimants should be able to access these new personalised functions in their online UC account as soon as possible.

Claimants who are unable to access their online UC account should, as a last resort, be given the power to change the default frequency and destination of their future UC awards through the UC telephone helpline.

Recommendation five: Introduce a live chat facility in the online UC account for claimants with queries and problems

Our fieldwork exposed that a significant minority of interviewees were frustrated with the length of time it took to be attended to, especially in the JobCentre Plus and on the telephone hotline. It was common for interviewees, even those who were comfortable with managing their UC claim online, to express a wish to be able to talk to a person directly about any pressing and unique problems they had.

Though there are clear efficiencies to be gained from automating particular processes within organisations, personalised human interaction is still critical for good customer services. Many commercial organisations now offer live chat facilities, which enable customers to ask specific and often unique questions online and receive a fairly prompt response from an individual. Usage of such facilities by public services, such as libraries, is also increasing and customer satisfaction with them was found to be between 80% and 94% across several studies.²⁶¹ This is unsurprising, as a customer can initiate an online conversation at any point in their day or week. This enables customers to get their queries and problems addressed anytime and anywhere.

We recommend that the government introduce a live chat facility within online UC accounts, so claimants can get their queries and problems addressed almost anytime and anywhere. Considering the technical difficulties that the government has already faced, and is likely to face in the future, with the rollout of UC, we believe the live chat

261. Miriam Matteson et al., "A Systematic Review of Research on Live Chat Service," *Reference & User Services Quarterly* (2011), 178.

facility should be developed now with the aim of becoming operational as soon as possible. This live chat facility was recommended by one of our interviewees.

Recommendation six: Cap the number of UC claimants all work coaches can be assigned

The relationship between claimants and their work coaches is integral to the support claimants receive and, ultimately, the success of UC. The DWP argue that the support of a “dedicated work coach” allows for a “more personalised approach” in UC based on an informed understanding of an individual’s support needs.²⁶² Indeed, it was commonplace for our interviewees to speak positively about their engagement with work coaches, especially in their initial interview. The NAO has also noted widespread “good relationships” between claimants and their work coaches. DWP analysis of UC in ‘full service’ areas also found that the majority of claimants consider interactions with their work coach helpful.²⁶³

Work coaches are currently expected to complete between 10 and 20 interviews a day. Initial interviews with new claimants are expected to last around 40 minutes. The fortnightly job search reviews they conduct with their claimants last around 10 minutes each.²⁶⁴

As of March 2018, work coaches had an average caseload of 85 claimants. By 2024-25, the NAO has forecast this will increase dramatically to 373.²⁶⁵ This compares with an average caseload in legacy benefits, specifically JSA, of around 140 claimants per JobCentre Plus adviser. In fact, the then Labour Market Operations Director at the DWP, said in 2016 that he expected the average JSA caseload to fall

262. DWP, “Written evidence from the Department for Work and Pensions (FJP0064)”, <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/the-future-of-jobcentre-plus/written/32277.html> (2016).

263. NAO, “Rolling out Universal Credit”, 7; DWP, “Full service survey”, 14.

264. Work and Pensions Select Committee, “The role of Jobcentre Plus in the reformed welfare system”, 12.

265. NAO, “Rolling out Universal Credit”, 7.

between 90 and 120.²⁶⁶ It should be noted that there are many more claimants to be counted in UC caseloads, since in-work claimants now require work coaches, which was not the case under JSA.

Such a dramatic expansion in caseload risks jeopardising the generally positive relationships which have characterised claimants' experiences of UC to date and, ultimately, the success of UC in improving employment rates.

We recommend capping the number of UC claimants a work coach can be assigned. Given some claimants will have require more intensive support than others, the cap will need to reflect the composition of work coaches' caseloads as well as their size.

Recommendation seven: Ensure there is a full-time disability and mental health specialist employment adviser in every Jobcentre Plus

Our sample contained a handful of people with physical and mental health problems. Their experience of work coaches were varied, but the comments tended to be much more positive when the work coaches showed understanding of the claimant's condition. One interviewee was particularly happy with the patience and empathy of her work coach, attributing it to the fact that they were also disabled. On the other hand, another interviewee was upset with how dismissive and insensitive his work coach was of his physical condition as its severity was not immediately apparent. Similarly, an interviewee who had struggled with mental health problems thought there was a lack of accommodation for her issues. Wider evidence also suggests that many people with physical and mental health problems. Find their current UC support inadequate, with a study in two London boroughs

266. Work and Pensions Select Committee, "Oral evidence: The future of Jobcentre Plus, HC 57- iii" <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/the-future-of-jobcentre-plus/oral/40829.pdf> (2016); Work and Pensions Select Committee, "The role of Jobcentre Plus in the reformed welfare system", <https://publications.parliament.uk/pa/cm201314/cmselect/cmworpen/479/47906.htm#note66> (2014).

finding that 74% felt adversely impacted by UC.²⁶⁷

Disability specialist employment advisers primarily provide support for work coaches, but can also assist claimants directly by providing information. Their role is to make sure that work coaches have the skills and knowledge to effectively assist people with physical and mental health problems. This involves providing training, updating information and working with employers to provide additional opportunities.

Though DWP initially intended to remove all specialist advisers, including lone parent and young people advisers, they have recently reversed their decision to remove disability advisers. As of July 2018, there were 458 full time equivalent disability advisers across 637 Jobcentre Plus's.²⁶⁸

The Secretary of State for Work and Pensions, the Rt Hon Amber Rudd MP, has recently made a commitment that every Jobcentre Plus will have a domestic abuse expert.²⁶⁹ Due to the significant and positive role that disability specialist employment advisers can play, we recommend that every Jobcentre Plus should have a full-time disability and mental health employment adviser.

Recommendation eight: Introduce a disregard for the repayment of UC overpayments where DWP is responsible for the error

As Chapter Four outlined, overpayments are a common feature of the legacy system. But, unfortunately, they are also happening in UC. Much of the overpayments in UC will be linked to unreported or unrecorded changes in circumstances. However, another significant source of overpayment is error by relevant agencies that process UC claims.

Preliminary estimates for 2017-18 indicate overpayments of 8.3% of

267. Phil Jew and Natalie Western, "All Change: The Impact of Universal Credit in Southwark and Lambeth," http://www.walcotfoundation.org.uk/uploads/1/7/2/2/17226772/all_change__impact_of_uc_full_report.pdf (2018), 3.

268. Ibid.

269. BBC News, "Rudd: Domestic abuse specialist in job centre", 24 January, 2019, <https://www.bbc.co.uk/news/av/uk-politics-46995462/rudd-domestic-abuse-specialist-in-job-centre>.

total UC spending.²⁷⁰ Overpayments due to official error were 2.3% of total UC spending in the same period.²⁷¹

Overpayments and their subsequent recovery can make it much more difficult for people to effectively budget. Though the Government has announced they will reduce the maximum possible debt deduction for a UC award from 40% to 30%²⁷², this is still a significant sum for poor households.

Under the legacy system, up to £2,500 a year is disregarded from the recovery of any overpayments of tax credits. This disregard does not exist under UC.

We recommend that overpayments in UC caused by official error should be disregarded up to a certain value.

Progressing on UC

Recommendation nine: An ongoing out-of-work claimant, or claimant that still need to find further work, should be awarded a supplement on their future UC awards if they are consistently meeting the most demanding conditions around job seeking and preparation set by their work coach

Successive UK governments in recent decades have intensified the conditionality requirements to receive out-of-work benefits and expanded them to a wider range of jobseekers. Overall, the evidence does show that, generally, they lead to higher rates of exit from the benefits system into employment.²⁷³ The application of benefit conditionality to more lone parents since the 1990s has helped significantly increase their employment rates.²⁷⁴ Tougher

270. Work and Pensions Select Committee, "The role of Jobcentre Plus in the reformed welfare system", 30.

271. Ibid.

272. HM Treasury, "Budget 2018", 77.

273. JRF, "Welfare sanctions and conditionality in the UK", 17.

274. HM Treasury, "The impact of increased conditionality for out-of-work lone parents. Evidence from the UK Labour Force Survey", <https://www.ukdataservice.ac.uk/media/428561/nielsen.pdf> (2010), 7.

conditionality requirements on Jobseekers introduced by the UK Coalition Government also assisted in reducing long-term unemployment this decade.²⁷⁵

At the moment, there is a penalty of being sanctioned and losing your benefit income for not fulfilling conditionality requirements, although different conditionality groups have different conditionality requirements. There should be greater rewards, not just sanctions, built into conditionality requirements.

We recommend that a small but significant supplement is added to all subsequent UC awards of out-of-work claimants, and those who are required to find further work, who consistently meet the most demanding conditions around job seeking and preparation set by the work coach. Eligibility for the supplement should be clearly outlined in the claimant commitment, which is first presented to claimants in their initial interview with a work coach. The supplement should be awarded after a set time period and only when the claimant is out-of-work, or – in the case of those required to look for further work – until their in-work conditionality requirements are met. This would therefore be rewarding claimants who are putting in maximum effort but have been simply unlucky in securing appropriate employment. Those claimants that refuse to take up suitable employment that has been offered to them, even after complying with their conditionality requirements over a set time period, will not be eligible for the supplement.

The work coach would determine whether the claimant is eligible for the supplement. If eligibility is contested, the claimant would have the right to apply for an investigation and judgement through the Independent Case Examiner.

Recommendation ten: Enter all claimants who are consistently meeting the most demanding conditions around job seeking

275. Centre for Analysis of Social Exclusion, "The Coalition's record on employment: policy, spending and outcomes 2010-2015", <http://sticerd.lse.ac.uk/dps/case/spcc/SWP15.pdf> (2015), 4.

and preparation set by their work coach into a new biannual UC prize, where a handful of claimants win £1,000

As David Halpern, the Chief Executive of the Behavioural Insights Team has stated: “It is a curious thing that governments very readily fine their citizens for late payment or non-compliance, but they almost never reward them for paying on time, or complying.”²⁷⁶ There is a strong case, as mentioned above, for better rewarding claimants for complying with their conditionality requirements, not just penalising them for not meeting them.

There is evidence which suggests that the use of ‘lotteries’ can encourage compliant behaviour. Entering motorists who drove within the speed limit on a road anytime within a three-day period in Stockholm to a lottery to win a financial prize led to significant reductions in average speeds.²⁷⁷ Similarly, in a London Council, inviting individuals to register to vote and be entered into a lottery with a £1,000 prize, led to a significant rise in voter registration.²⁷⁸

We recommend that those out-of-work claimants, as well as in-work claimants who are required to look for further work, who consistently meet the most demanding conditionality requirements over a set time period should be entered into a biannual prize. Eligibility would be similar to the aforementioned supplement, but with this policy even those who go on to secure work and even leave UC will be eligible to be entered into the prize.

A handful of winners across the country will be announced every six months, each winning a £1,000 prize. Claimants will only be able to receive one prize in their lifetime.

Recommendation eleven: Extend the 12-month exemption from the Minimum Income Floor (MIF) for self-employed UC claimants, so a further separate 12 months of exemption can

276. David Halpern, *Inside the Nudge Unit* (London: WH Allen, 2015), 94.

277. *Ibid.*, 356

278. *Ibid.*, 96

be claimed at any point in their lifetime while an individual is on UC, after approval from a claimant's work coach

Interviewees had minimal awareness or understanding of the new Minimum Income Floor (MIF), which will apply to self-employed claimants after 12 months of being on UC. Nonetheless, its introduction will have profound implications for self-employed claimants. It will restrict their future monthly UC awards. Furthermore, as described in detail in Chapter Five, it will lead to an inequitable situation: namely, that even though a self-employed claimant may earn the same gross annual income as an employed claimant, they will receive less financial support through UC over the year.

The existing 12-month grace period preceding the activation of the MIF is intended to give self-employed claimants the time to develop profitable businesses. The MIF is then intended to prevent UC being used to prop-up unsuccessful businesses. The logic is that if a self-employed individual is earning below MIF after 12 months, then self-employment is not the best way for them to be financially independent and the state should not subsidise them.

However, while MIF serves an important purpose, it fails to recognise that even established, profitable forms of self-employment regularly generate a fluctuating income. Income volatility is a marked feature of self-employment, especially seasonal businesses. The House of Commons Work and Pensions Select Committee reported that 84% of self-employed Working Tax Credit claimants had a variable monthly income.²⁷⁹ Previous Bright Blue research has also found that over half of self-employed workers that live in low-income households consider monthly income fluctuations the most pressing challenge they face.²⁸⁰

It has been widely argued that the 12-month period is not sufficient to allow businesses to develop and should be extended. This is an understandable recommendation, but still fails to recognise that

279. Work and Pensions Select Committee, "Universal Credit: supporting self-employment", <https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/997/997.pdf> (2018), 11

280. Bright Blue, "Standing alone", 12.

income fluctuation is an inherent rather than temporary part of being self-employed. Rather than providing claimants with an extended grace period before MIF applies, we recommend that UC claimants are given an additional but separate 12 months' exemption from MIF after the grace period. Claimants will be able to choose which months the exemption will apply. They will determine the months for any point in their lifetime when they are on UC. Claimants would only be eligible for these 12 additional months once in their lifetime, regardless if the nature of their self-employment changes, but they do not have to be taken all at once.

To ensure that UC is not used to prop-up unprofitable businesses, the additional but separate 12 months should only be granted if approved by a claimants' work coach. At the end of the initial grace period, claimants should be expected to provide a viable plan for increasing their profitability in the future. If they cannot do that, the additional but separate 12 months should not be granted. If the judgement of the work coach is disputed, self-employed claimants will have the right to have an investigation and judgement from Independent Case Examiners.

Conclusion

This report has examined in detail the experiences claimants have with the key design features of UC. It adds to the mounting evidence on the impact of UC, but by focussing on a more contemporary and broadly representative sample of claimants.

Most claimants are coping with and adapting to UC. There are positive experiences, especially with work coaches. And there are positive attitudes too: especially towards the single payment model and conditionality regime. Common descriptions of UC deployed by our interviewees included "helpful", "straightforward", "smooth" and "easy".

Nevertheless, there is a significant minority of claimants that are struggling, either initially or long-term. There were claimants with socio-demographic characteristics that especially seemed

to struggle with key design elements: claimants that were older, long-term unemployed, self-employed and with mental or physical health problems.

Without doubt, the biggest challenges for them are the initial waiting period of at least five weeks (although, admittedly, this issue did apply to most claimants) and monthly payment in arrears. It was typical for such people in our fieldwork to assert that UC was “confusing”, “stressful”, “challenging”, and “unsettling.”

The policies put forward in this report seek to minimise some of the common challenges faced by these claimants. Equally, they also seek to ensure that more claimants can enjoy the positive experiences many have. The policies are not exhaustive. But they are original and credible, and – most importantly – directed by, sometimes devised by, claimants themselves.

Now is an ideal time to reform UC. Not only is there sufficient evidence about its impact on claimants, but the Government has adopted a new fiscal policy, especially towards welfare. Though we are mindful of not proposing policies that are unrealistically expensive, we do argue for reforms that will require new investment. The new spending that the current Government is gradually unlocking, we believe, should be prioritised on people who need it most, and that is UC claimants.

We are at a critical time in the rollout of UC. The UK Government has an important window of opportunity, before rollout accelerates, to reflect on this and other important evidence and introduce significant changes to improve the effectiveness of and support for UC.

