

Research report

Perceptions of welfare reform and Universal Credit

by Monique Rotik and Luke Perry

Department for Work and Pensions

Research Report No 778

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Monique Rotik and Luke Perry

A report of research carried out by Jigsaw Research on behalf of the Department for Work and Pensions

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Abbreviations

DWP	Department for Work and Pensions
ESA	Employment and Support Allowance
HMRC	Her Majesty's Revenue and Customs
HR	Human Resources
IB	Incapacity Benefit
JSA	Jobseeker's Allowance
PAYE	Pay as you earn
SMEs	Small and medium enterprises

Foreword

The Department for Work and Pensions (DWP) is committed to involving users throughout the development of Universal Credit, from setting out the criteria for a good experience to detailed design decisions. This user involvement helps ensure issues are known, understood and mitigated as the Universal Credit system is being built, rather than being discovered only once this new benefit system is live. Involving users in the challenges and potential solutions, drawing on their current experience and good ideas, will maximise system effectiveness and reduce inconvenience and cost for both users and to Government.

This research, carried out from December 2010 to January 2011, represents the first stage in a comprehensive programme of user-centred design. It explored how people currently claiming benefits, those with recent experience of claiming or potentially needing to claim, employers and the DWP's and Her Majesty's Revenue and Customs (HMRC) staff viewed the Universal Credit proposition, the principles and key component parts.

How phase 1 has informed design

These findings have enabled the user perspective to shape the overall approach to design in the following ways:

- Informing high-level design principles, highlighting perceived failures of the current system and priorities for change. This helps ensure we do not repeat design mistakes.
- Contributing, alongside other evidence, to policy options and decision making by revealing what users perceive to be understandable, reasonable and desirable.
- Highlighting key components of Universal Credit that, while the intent is sound, may cause difficulties for certain claimants during the transition to the new system. This enables us to understand areas of concern for which we need to develop the right support and communications in the build up to migration to Universal Credit.
- Enabling the communications strategy to be based on a good understanding of audience perceptions about the fundamentals of Universal Credit.

In March 2011, further research was set up to directly support design in real-time, embedding the concept of user-centred design into the development and delivery of Universal Credit. Once a fortnight users are brought together to draw on their experience to input to the decision-making process, or to secure feedback on emerging design. This enables us to explore issues in depth and will continue throughout the design.

We will publish an ongoing series of reports, at appropriate intervals, detailing what was tested and the resulting findings.

Terry Moran

Chief Operating Officer for DWP and Senior Responsible Owner for the Universal Credit Programme.

Summary

Jigsaw Research was commissioned to undertake research to explore reactions to the Government's Universal Credit proposal. This report is of findings of an initial phase of research, which was a large-scale qualitative programme (34 groups, 24 interviews) that involved a range of audiences (different types of claimants, general public, employers, Human Resources (HR) professionals and Department for Work and Pensions (DWP)/Her Majesty's Revenue and Customs (HMRC) staff) and took place in six locations around the UK (Birmingham, Bridgend, Glasgow, London, Newbury and Newcastle) in December 2010-January 2011.

Findings from this research suggest that there is broad consensus on the need for reform to the welfare and benefits system. As we might expect, awareness of Universal Credit was low at this early stage, and respondents indicated that their support would be conditional on being convinced that this is a genuine effort to correct a broken system and not just about repackaging or cost cutting.

Good understanding of the principles underpinning the reforms has the potential to increase the level of support for implementation, which highlights the need for strong communications. Of the principles set out, fairness and 'making work pay' particularly resonated. Fairness was interpreted by respondents as the ability to discriminate between those with genuine need (who were felt to merit help) and those without such need (who it was felt should help themselves), and the system's ability to treat people as individuals. Respondents felt that Universal Credit should positively incentivise work to ensure that it is unquestionably more rewarding to work than receive benefits. However, the system as described was interpreted as more focused on removing barriers and excuses to working.

In terms of the tangible aspects of the proposed new system, the most immediate practical change from the present was seen to be the single, integrated payment, and reactions to this aspect were mixed. The prospect of a 'one-stop shop' was favourably viewed but a potential was also seen for increased risks of placing 'all eggs in one basket' in terms of having all benefits issued by one entity in case something goes wrong. In addition, the possibility of monthly payment emerged as a significant concern for many, and there was strong preference for an option to be provided for more frequent payment. Some other features (such as obligations) were seen to be no different to the present, which raised questions about how significant a change this would be in reality.

Overall, Universal Credit was seen to suggest some important progress, such as the removal of barriers and excuses to working, thereby repositioning work as an opportunity rather than a risk. There was also broad support for most of the other underlying principles, particularly the aim of increasing fairness. This research suggests that substantiating the principles behind the reforms and demonstrating the specific benefits to individuals would be important in securing support for them from those affected.

However, the research also aimed to understand any risks which could jeopardise the successful delivery of Universal Credit. A number of potential issues were identified, both with respect to product/delivery and communication, and DWP is advised to investigate these further and consider mitigating action.

The main product and delivery-related issues and risks identified include:

- the degree of the financial incentive was not seen as sufficiently compelling to those who did not value work for other reasons;
- monthly payment was strongly criticised and alternatives were seen to be required for this as well as other defaults (e.g. single household payment, online delivery);
- single payment was perceived to be open to error and problematic if there would be no way of claimants checking to ensure the payment had been calculated correctly;
- there was a perception that the online service delivery channel could lead to lower compliance and increased fraud;
- online as the main channel for delivery was perceived to be an issue for those without access or confidence in using the internet;
- quality of compliance was seen as key and there was some expectation that Universal Credit could lead to lower commitment to stay in work due to claimants not needing to reapply for benefits once they were registered for Universal Credit;
- having ‘all eggs in one basket’ was a concern, particularly given the perceived credibility issues that the Government has in terms of delivery.

The main challenges for the information and communication strategy were:

- there was general suspicion of the Government’s motives for introducing Universal Credit, and about whether the change would make people genuinely better off – particularly in the current environment where significant concerns exist about the availability of jobs;
- people did not sufficiently understand how the system would be designed to ensure people are better off in work, and they consequently tended to question this;
- certain groups are likely to be more challenging targets, either because they did not perceive the reforms as relevant to them (e.g. part-time and self-employed workers) or due to high resistance (e.g. some long-term unemployed people);
- there is potential for the name ‘Universal Credit’ to cause confusion if not clearly explained;
- people have a tendency to see the similarities with the current obligations and sanctions regime; the differences may need to be presented more strongly to encourage the desired behaviour change.

This research provides understanding of claimant views and behaviours to inform system design. It also highlights the scale of the communications challenge, and pinpoints areas which may need particular focus. It enables planning as to where support may be needed for claimants in transitioning to the new system. Further research will explore the issues identified here in greater depth, to support the detailed system design necessary for the successful implementation of Universal Credit.

1 Main report

1.1 Introduction

The Government is planning fundamental reforms to the welfare system by bringing together a range of working-age benefits into a single streamlined payment. The proposed new Universal Credit is intended to be a:

- simpler system that is easier for people to understand and use, and easier and cheaper for staff to administer;
- system that ensures that work (or more work in the case of those already working some hours) clearly pays, and smooths the transitions into and out of work; and
- system that reduces fraud and error.

The research was conducted based on key ‘components’ of Universal Credit, as the policy and design was understood at the time of the research. More details on this are included later in this report.

Jigsaw Research was commissioned to undertake research to involve a range of audiences in the development of both the policy and service-delivery aspects of Universal Credit. The research has been organised into two phases:

Phase	Timing	Objectives
1	December 2010-January 2011	To explore views about the Universal Credit proposition, including underlying principles and key components
2	March-December 2011	To ensure the design of the potential future service is effective in terms of achieving the policy objectives as well as being user-centred

This report is about the findings from the first phase of the research. The second phase is still underway and is planned to reach its conclusion in 2012.

The methodology and question areas of Phase 1 are detailed below.

1.1.1 Methodology

Phase 1 was a large-scale qualitative programme consisting of:

- 18 x mini-groups with claimants;
- 12 x 2-part immersion depths with claimants;
- 12 x household depths with joint claimants;
- 6 x mini-groups with affected non-claimants (e.g. extended family members, recent claimants, those at risk of becoming a claimant);
- 6 x employer case studies (i.e. mini-groups in situ within specific organisations);
- 2 x Human Resources (HR) professional mini-groups;
- 2 x Department for Work and Pensions (DWP)/Her Majesty’s Revenue and Customs (HMRC) staff groups.

Research took place in six locations across the UK: Birmingham, Bridgend, Glasgow, London, Newbury and Newcastle. The specific locations selected were designed to ensure representation of areas with more buoyant labour markets and those with higher deprivation or rising unemployment.

Quotas were set to ensure that the following variables were also covered within the research:

- **Demographics:** Male and female, different age ranges from 16 until state pension age, ethnic minority groups, disabled people and carers.
- **Lifecycle and parental responsibilities:** pre-children, those with children under 16 at home (including lone parents), 'empty nesters' and those without children.
- **Household composition and type of housing:** single and co-habiting, private rental and social housing.
- **Work status:** In work and out of work, different numbers of hours worked, pay as you earn (PAYE) and self-employed.
- **Claimant-related factors:** Short and long-term benefits receipt, joint claimants, different benefit types, single and multiple benefits.

1.1.2 Question areas

Phase 1 commenced with discussion to provide a context on subsequent views on Universal Credit. For example, attitudes to the present system were explored, along with unprompted awareness of, and attitudes to, reform. At this stage, respondents' 'acceptance criteria', or their key considerations when judging a potential new system, were also explored.

The remainder of each session was focused on Universal Credit. Respondents' reactions to the general proposition were gauged through a discussion of the name, a brief description of the proposed new system and the principles that underpin it.

This was followed by a more detailed discussion of specific components of Universal Credit including 'making work pay', household payments and the online service delivery channel. Respondents' views on the likely behavioural impacts were also explored at this point.

Aligning with these question areas, this report has been organised into the following four main sections:

- context (views on the present system; unprompted awareness of, and attitudes to, reform; acceptance criteria for a new system);
- overall reactions to Universal Credit (name; description; underlying principles);
- reactions to Universal Credit in more detail (key components; views on behavioural impacts);
- responses by different groups.

These findings are followed by a short conclusions section and an appendix which includes the core discussion guide used.

1.2 Context

As a warm-up discussion and to provide some context, respondents were first asked about their views on the present welfare system. This was followed by a brief discussion about what (if anything) had been heard about Universal Credit, as well as how any reform would likely be evaluated and its success judged by claimants and other members of the public.

1.2.1 Views on the present system

There was gratitude expressed for the presence of a welfare ‘safety net’ and help for those who are in most need of it. Having financial support available for those who are going through difficult times was seen as being particularly important in the current economic climate as many knew people who had recently lost their jobs due to the recession. There was also support of welfare principles more generally as these were felt to be one of the hallmarks of a civilised society and therefore important to preserve.

‘[It’s a good thing to have the benefits system] *It helps those who have misfortune, gives them a roof over their head.*’

(Long-term unemployed person)

However, the present system was also widely criticised. Some commonly articulated complaints made by claimants about the system included that it is:

- complex and confusing (a multitude of benefits and criteria; complex claiming processes; uncertain outcomes);
- impersonal and stigmatising (both in terms of treatment from specific Jobcentre Plus staff and at a broader systemic level);
- error prone (a view which was informed both by direct experience and more general word of mouth).

Some additional perceived flaws in the system were also identified, particularly by working people. These included that the system:

- can discourage working (people can be no better off financially, and sometimes worse off, in work than on benefits);
- is too easy on the those not in genuine need of support (welfare too easy to access; insufficient scrutiny of claimants);
- is seen as being open to exploitation (easy to flout or only fulfil obligations in a tokenistic way; Jobseeker’s Agreement obligations are vague and compliance is not sufficiently enforced);
- has therefore contributed to an entrenched welfare culture (especially among long-term claimants).

Thus, there was a broad consensus that the present system is not fit for purpose and that some sort of change is required.

However, support for reform was contingent on the preservation of the welfare safety net for those who need and merit it (perceived by respondents to be people who have worked all of their lives and have happened, through no fault of their own, on hard times).

1.2.2 Unprompted awareness of, and attitudes to, reform

At the time of the research, respondents referred to a general buzz (in the media, word of mouth) about the Government planning significant changes to welfare. Specifically, there were expectations that:

- benefits would be restricted, frozen or cut (e.g. Child Benefit, Housing Benefit);
- Government would continue to cut Jobcentre staff and services to save costs;
- long-term claimants in particular would be ‘shaken up’ and there would be more onus on getting people into work.

However, only a small minority had heard anything about Universal Credit specifically (e.g. name, plan to combine benefits) and there was a tendency to conflate Universal Credit with other potential changes. This indicates that the broader context, both with respect to welfare reform specifically and cost-cutting more generally, is likely to affect perceptions of Universal Credit.

In general, despite a perceived need for change as outlined in the previous section, there was scepticism of the Government's motives and also, in some cases, fearfulness about the potential changes ahead. For example, some expected that the changes would be 'just another cut' and part of general austerity measures rather than a principle-led reform. There were also questions about whether the reforms were going to be substantive and not just political tinkering designed to demonstrate that the Government was 'doing something about welfare cheats'.

'[The Universal Credit proposition] is just a way of making cuts; the Government want to cut everything.'

(Long-term unemployed person)

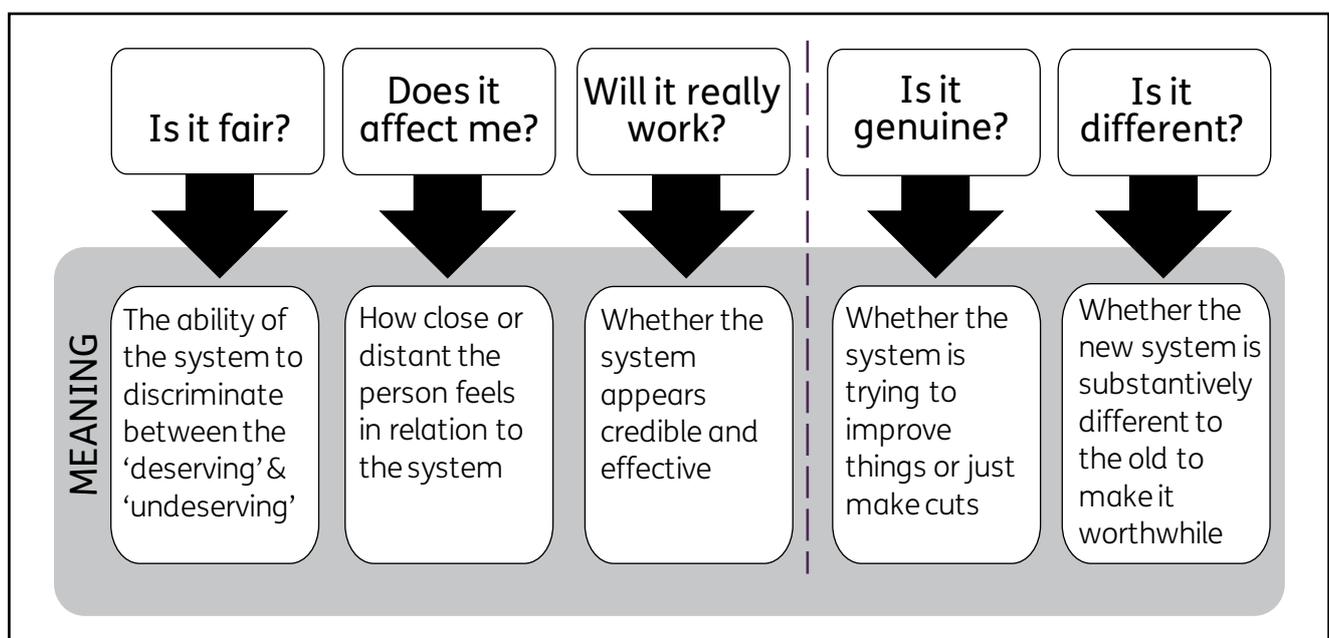
'Do we want to become like America? Where the poor go hungry? What sort of direction is that?'

(Unemployed joint claimant, female)

1.2.3 Acceptance criteria

Responses in the research suggest that the Universal Credit propositions will be judged according to a number of key criteria, as highlighted in Figure 1.1.

Figure 1.1 Criteria used to judge the new system of welfare



This research indicates that these evaluation criteria will not only affect attitudes to reform, but also how much resultant engagement and cooperation there is with a new system. In other words, if people do not regard these criteria as having been met it is likely to result in negativity towards the system, which in turn may lead to lower cooperation and more perceived 'permission' to exploit or defraud it.

It was particularly important to respondents that any new system appears to be fair. This was seen to require that those with weak entitlement to benefits are treated differently from those with strong entitlement. In this respect, most respondents wanted to see the system continue to protect carers and those with ‘genuine’ disabilities and health conditions, as well as single parents of very young children. Short-term benefit recipients (including those in receipt of Contributory Benefits) and part-time workers were identified as groups that should be enabled and encouraged to work or work more. However, there was also a view that those already working, even if they are not working full time or still receiving some benefits (e.g. Working Tax Credits or Child Tax Credits under the present system) should be either rewarded or left alone. Conversely, it was generally felt (by most claimants as well as the general public) that the long-term unemployed, as well as anyone who is not a genuine claimant or does not want to work, should be compelled to work.

1.3 Overall reactions to Universal Credit

To provide an introduction to Universal Credit, respondents were first presented with the name, followed by the key principles which underlie it and a summary description of its key features.

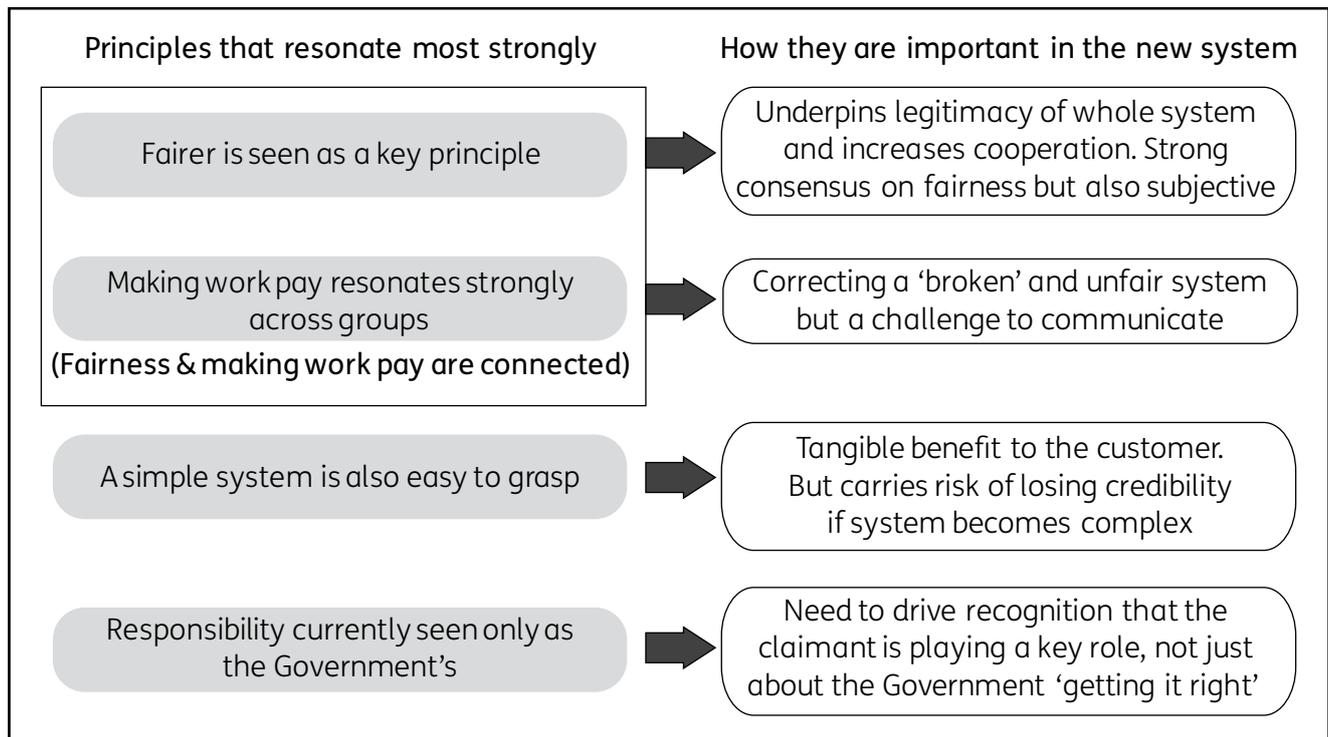
1.3.1 Reactions to name

Prior to any explanation of the proposition, views on the name were sought. Some initially felt that the name Universal Credit had connotations of a bank or other commercial organisation. Some also mistakenly perceived it to mean that ‘everyone qualifies’ (including, in some people’s interpretation, even people outside of the UK), that ‘everyone gets the same’ or that ‘everyone is treated the same’. This indicates that the name does not in itself convey the new system, and that it has the potential to mislead if not properly explained.

Once the proposition was discussed further, the name tended to be better understood. Universal Credit had more neutral or positive connotations for some people than the present benefits system. For example, the term ‘credit’ was perceived to be less stigmatising by some compared to ‘benefit’. However, there were also some employed people who felt that the new name could mean that they would be ‘lumped in’ with those who are unemployed when they would prefer there to be a clear distinction.

1.3.2 Reactions to underlying principles

Most of the key principles of Universal Credit were supported, but they had varying levels of resonance with the public as shown in Figure 1.2.

Figure 1.2 Views on underlying principles

As Figure 1.2 shows, the strongest principles overall were felt to be 'Fairer' and 'Making work pay'. Making work pay was seen to sum up what needed to be fixed about the present system, while fairness was perceived to underpin the legitimacy of any new system. However, the research indicates that both may be challenging to communicate and demonstrate:

- Fairness is a subjective measure which meant different things to different people in the research. It was seen to be inextricably linked with personalisation, which was an additional 'user-led principle' that emerged from the research.
- The financial advantage of working over receiving benefits was seen to be only marginal under Universal Credit, and some questions were raised about whether this would be sufficiently motivating, particularly when other expenses and the 'hassle-factor' were taken into account.

The principle of simplicity had medium resonance to respondents. It was found to be easy to understand and presented a tangible benefit to claimants in particular. However, one limitation of this principle is that it primarily relates to the process (i.e. the experience of dealing with the system) rather than outcomes (i.e. the Government support that is received). In addition, later findings show that simplicity was not seen to be a wholly credible claim as some complexity was perceived to remain under Universal Credit.

Principles that resonated less strongly overall included:

- **Responsibility:** this was interpreted as being about the Government's responsibility to 'get it right' rather than about being about claimants having responsibility to meet obligations in return for monetary support.
- **Affordability and Reducing fraud and error:** This was viewed as being only relevant to the Government and not the taxpayer.

1.3.3 Reactions to summary of key features

A short simplified summary of Universal Credit, containing the main features of the new system, was read out to respondents and their initial views on this were sought. There was a mixed reaction to the features presented at this point, as shown in Figure 1.3.

Figure 1.3 Reaction to main features

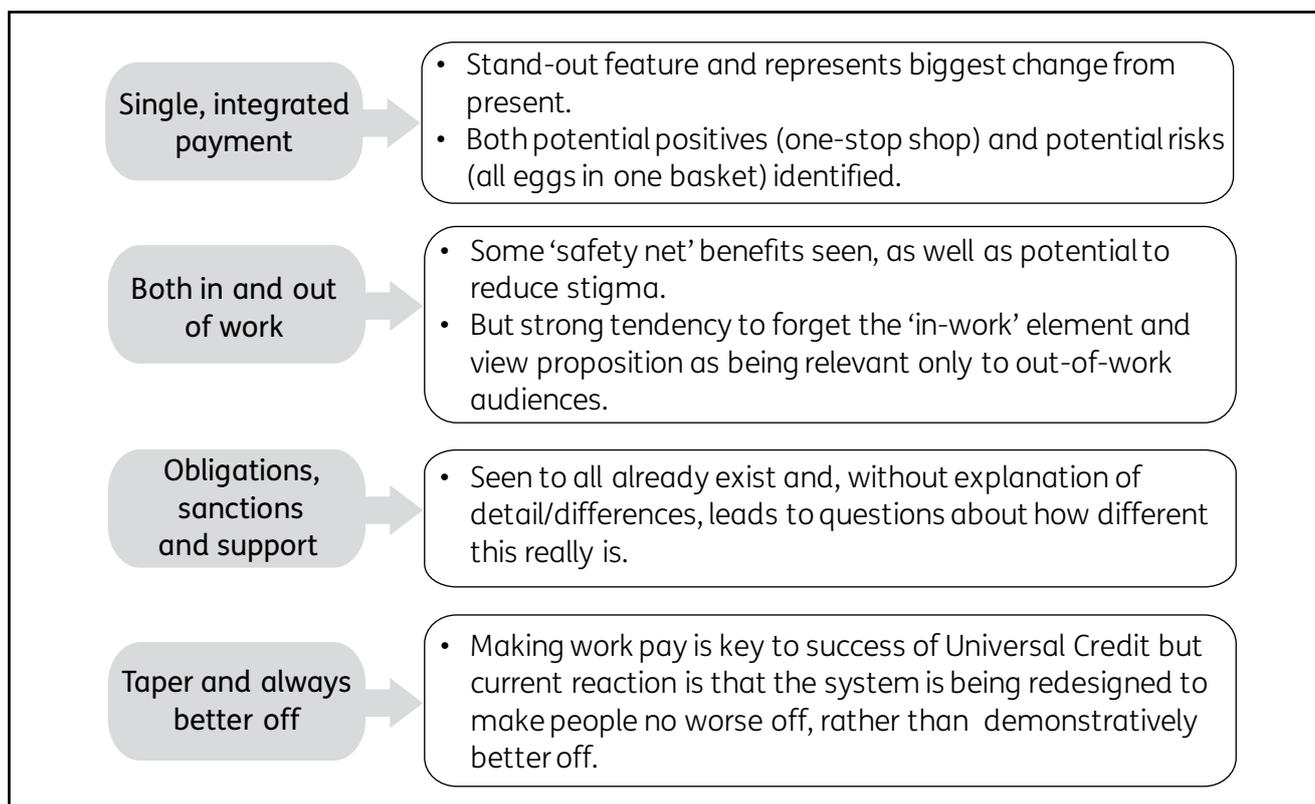


Figure 1.3 highlights that the proposition to replace the current multitude of benefits with a 'single, integrated payment' was perceived to be the stand-out feature of Universal Credit overall, as well as the biggest change from how things work at present. Some interpreted this as a move towards a 'one-stop shop' and felt that this would make it easier for people to know and access what they are entitled to. However, there was also a concern expressed that a single benefit may increase the risk to claimants if something goes wrong either with its calculation or payment as 'all their eggs would be in one basket'. In addition, there were some who felt that this change was being motivated by the benefits this would provide to the Government rather than the public. Specifically, they felt that it was being driven by a desire to save on administration costs and/or to obscure an overall reduction in the amount of benefits paid (i.e. 'whole is less than the sum of the parts').

The intention for Universal Credit to apply both to 'people in and out of work' was seen to have practical benefits once it was explained that this would mean that most claimants would not need to reapply for benefits if their work situation changed and that claims processing time should also be less. However, these specific benefits were not spontaneously identified and required prompting. An additional benefit of this feature, as perceived by non-workers, was that it could reduce the stigma that was currently felt to be attached to receiving benefits. However, conversely, some working people did not like the idea of being treated in the same way as those who are out of work.

‘Obligations’ were perceived to exist in the current system already and, therefore, on the face of it, this feature was not seen to be any different, particularly by out-of-work claimants. There was some scepticism expressed about how rigorously these obligations are enforced, at present with a common view being that claimants can get away with ‘box ticking’ and ‘going through the motions’. This in turn raised questions about if and how this would change under Universal Credit and whether checks and sanctions would be enhanced.

Similarly, ‘support’ was perceived to already exist but it was felt that this does not work as well as it should at present. In particular, there were references to a reduction in face-to-face support and increased automation and DIY options, all perceived to be driven by Government cost-cutting. There was a desire to see a qualitative improvement in the support provided to job seekers including making support more tailored and personalised to individual needs (e.g. reskilling, building confidence, improving basic literacy, etc.). This was seen as key to the success of getting people back into work as well as an important way of demonstrating fairness and mutual responsibility (i.e. in respondents’ views, while the claimant has responsibility to look for work, Government also has responsibility to help equip him or her to be employable).

The ‘taper’ feature, whereby benefits would be gradually withdrawn as claimants’ earnings increase, was difficult for respondents to grasp and required considerable explanation by moderators (including showing a taper diagram and using case study scenarios). Even with explanation, the ability for the system to guarantee that more earnings will always result in more money was questioned and the reaction tended to be that people would be no worse off rather than demonstratively ‘better off’ in work.

More detail on reactions to these features, as well as views on other supplementary features, is contained in the next section.

1.4 Reactions to Universal Credit in more detail

This section includes more detail on what respondents felt will be required to ‘make work pay’ as well as what they perceived would be the appropriate balance to strike between obligations, sanctions and support.

In addition, this section includes responses to all key aspects of Universal Credit’s proposed delivery, as understood at the time of the research and explained to claimants:

- People will have obligations in return for benefits (looking for work, attending appointments at Jobcentre Plus, preparing for work, keeping in touch), and these will be personalised.
- People will be required to sign a Claimant Commitment which sets out these personalised obligations, and there will be sanctions or penalties for those who do not comply.
- There will be a range of support measures alongside Universal Credit to help people get into paid work and increase work.
- The main channel through which people will manage their benefits (claiming, notification of changes, etc.) will be online.
- Payment of benefits is likely to be monthly.
- Benefits will be calculated to meet people’s various needs (e.g. living costs, support of children, housing costs and health conditions/disabilities) but will be paid as a single amount.
- For those who are married or cohabiting, claims will need to be made as a household and a single household payment is likely to be made into a nominated account.

- For most people, there will be automatic adjustment of benefits as earnings change, but people will still need to report other changes to their circumstances.

Finally, what respondents themselves identified as potential behavioural impacts of Universal Credit is also summarised in this section.

1.4.1 Making work pay

The intention of Universal Credit to ‘make work pay’ was supported by respondents, but how the system will ensure this is achieved was not well understood.

This was in part because it proved to be challenging to communicate how this would work to respondents in simple terms. The notion of a gradual withdrawal taper required considerable explanation by moderators before it was grasped by respondents. Graphical representations and specific numeric examples were helpful for some, but others found graphs and percentages to be difficult to understand.

Once detailed explanations and examples were provided, respondents expected that Universal Credit may have some success in removing financial barriers to work and to enabling people to work who already wanted to. However, it was generally felt that there would be less success in motivating people who required persuasion to work.

One of the reasons for this view was that the specific financial differentials presented to respondents as case studies were perceived to be underwhelming, particularly as respondents also tended to factor in:

- additional expenses such as transport and childcare;
- the potential loss of ancillary (passported) benefits such as free prescriptions and school dinners;
- the expected increased ‘hassle’ of working, such as early starts and rushing to drop and pick up children, etc.

‘When you think about it though, only having an extra £5 a week, when you take into consideration your bus fares and having to pay lunch and everything. I mean, that’s going to be cut down anyway. I think you’re still going to end up using more than you get. So, in the long run, you’re not really much better off.’

(Person with a health condition or disability)

1.4.2 Obligations and the Claimant Commitment

The principle of obligations for benefits was broadly accepted, however there was an automatic assumption that this would mainly (or entirely) apply to out-of-work groups. This indicates that specific efforts will be required in future to ensure in work audiences understand the conditionality that will apply to them.

In addition, many respondents were aware that obligations already feature in the current system (as set out in the Jobseeker’s Agreement), but there was a widespread view that these are not taken sufficiently seriously either by claimants or Jobcentre Plus. Responses indicated that the Government may face a challenge to demonstrate genuine regime change unless it can convey that the area of obligations will be strengthened.

The notion of tiered obligations (from full through to no conditionality) was supported and perceived to demonstrate fairness. This research suggests that the new Claimant Commitment has the potential to demonstrate the expectations of the new system at an individual level by:

- including personalised obligations;
- highlighting what support will be offered to help claimants meet their commitments;
- explaining the checking/verification procedures as well as the sanctions for non-compliance;
- conveying a sense of a binding ‘contract’.

‘It is basically saying you sign a contract and if you don’t look for work they will stop your benefits.’

(General public, female)

‘My dad is from a graphic print background and has loads and loads of experience...you can’t expect him to take a job as a cleaner.’

(General public, female)

‘People that are perhaps only claiming Working Tax Credit, they’re working to get that. I don’t think you can expect them to turn up on a monthly basis and sign on and say that they’re doing everything they committed to in this contract. I think there are varying degrees of what you can ask people to commit to.’

(Part-time worker, female)

1.4.3 Sanctions

Stronger compliance monitoring and sanctions were also perceived to be required to ensure genuine commitment to obligations. Respondents indicated that sanctions in particular could symbolically demonstrate the ‘teeth’ of the new system and that it is not business as usual. However, it was seen as important that sanctions strike the right balance between toughness and fairness, and that they protect the ‘innocent’ such as children in the household.

Overall sanctions were endorsed provided they target those who are intentionally flouting the system in some way (e.g. ‘work shy’, fraudulent). In addition, from a perspective of fairness it was seen to be appropriate to have different levels of sanctions for different types of non-compliance and for sanctions to apply to the living expenses element of benefits only, so that claimants were not at risk of becoming homeless. However, some examples provided to respondents were perceived to be too harsh (e.g. sanctions for a first-time failure to meet obligations, or for a duration of more than one month).

Respondents also identified some potential risks of increasing sanctions. These included the possible knock-on effects of increased Crisis Loans, family breakdowns and crime. In addition, some employers were concerned that they may get more poor quality candidates if claimants are ‘forced’ to apply for and take jobs they do not want.

There were a number of suggestions made by respondents with respect to the obligations and sanctions regime:

- Job-related commitments should be appropriate and reasonable, e.g. reasonable travel distance, appropriate hours if they have caring commitments, and focused (at least in the short term) on jobs appropriate to the claimants’ qualifications and experience.
- First-time failures should be warned and sanctions only implemented for subsequent failures.

- The system should provide opportunity for claimants to explain themselves, and legitimate reasons should be taken into account.
- Food vouchers should be provided to mitigate the financial disadvantage children in families may suffer as a result of sanctions.

'Warn them the first times then bingo...three strikes and you are out.'

(Part-time worker, female)

'The kids will be robbed because they have nothing to eat.'

(General public, female)

'Why not give them food tokens? That would really be a penalty. Stop letting them have cash in their hands which they'll spend on luxuries.'

(Full-time worker, male)

1.4.4 Support

Respondents would not regard obligations and sanctions as being 'fair' unless they were accompanied by appropriate support to help people overcome the specific barriers they face to getting back into work. The presence of support was also seen to demonstrate the notion of reciprocal responsibility: from the claimant to get back into work, and from the Government to support his or her efforts to do so.

There were a number of suggestions given in the research of specific types of support that respondents would find helpful; these included:

- **Practical job-seeking support:** access/alerts to suitable vacancies, help with CVs/applications, longer-term career planning, etc.
- **Skills, training and qualifications:** specific training courses and assistance with getting various certifications and qualifications ranging from basic skills and IT through to trades and other specialist skills.
- **Transition support:** Financial support for the first month of work before first pay is received; financial support in accessing clothes or equipment required for interviews and new job.
- **Confidence and motivation building:** Softer, emotional support particularly for those who have had longer hiatuses out of the workforce.

'You've got to have support...What is this support going to be? Is it going to be any different? We don't know.'

(Part-time worker, male)

'[Support] should to be targeted to individual needs. Different people need different things, it needs to be personalised.'

(Long-term unemployed person)

1.4.5 Online delivery channel

Online was acceptable to most respondents as the main channel of delivery. An online interface was perceived to have a number of plus points including the convenience of doing it in your own time and avoiding queues associated with face-to-face interactions.

However, there were also potential issues and problems identified, such as difficulty getting specific answers and data security concerns.

In addition, an immediate and widespread reaction was to question the fairness of an online delivery focus for groups without access to, or confidence in using, the internet.

Some also felt that online delivery could make it easier for claimants to be dishonest or simply to ignore the 'terms and conditions'.

'If it's online things would be, like, a lot quicker. You can sit on the phone for a benefit, just waiting to get through, for 40 minutes.'

(Person with a health condition or disability)

'You could lie on the computer...no one to assess you...just type away...if you were doing it at the office with someone in front of you, you would be more likely to be honest.'

(General public, female)

'It might be alright for us but what about people who don't have the internet or older people. What are they going to do?'

(Part-time worker, male)

1.4.6 Monthly/single payments

The prospect of a monthly payment was highly contentious in this research. In particular, those on low incomes anticipated that they would have great difficulty in budgeting as they are used to more frequent payments and do not tend to have much of a financial buffer to fall back on.

Some of those working were more receptive, but these tended to be people who were earning more and already being paid on a monthly basis. Many low paid workers reported being paid more frequently and they reacted in a similarly negative way to this proposition to those currently receiving benefits.

A related point was that some people felt more comfortable with some of their benefits being paid direct, e.g. Housing Benefit paid directly to the local council. This was seen to reduce any temptation to use the money for other purposes and then be left short when it came to paying their rent.

Only a small minority spontaneously appreciated that monthly payments could prepare those claimants not currently in the workforce for working life. Overall, there was a strong feeling that there should be options or at least an opt-out from the default offered where required.

Being paid a single amount was less problematic than the likely monthly frequency and was seen by some of having a benefit of greater simplicity. However, there were concerns about the ability of claimants to verify the accuracy of calculations with a single lump sum. Some reported that they had experienced receiving incorrect payments under the current system. There was an expectation that single payments may result in a greater incidence of error as well as an increased volume of queries.

'I'd just think "I've got this money and I'm going to spend it and not pay the rent". You'd get kicked out.'

(Unemployed lone parent, female)

'Do you want things where you're getting more homeless people on the streets, you know, because they're not paying their rents?'

(Person with a health condition or disability)

'How will you know if they haven't made a mistake? Sounds like they are trying to con you, saying you don't need to know. If you just get the one payment you can't calculate.'

(Part-time worker, male)

1.4.7 Joint household claim and payment

Joint claiming and payment was seen as personally acceptable by most, with no overall consensus about what account would be preferable for payment (his/hers/joint) as this was seen to depend on the situation and preferences of each individual couple.

However, respondents felt that those in less stable or problematic relationships could be disadvantaged by joint payments. In particular, a distinction was drawn between those in long-term partnerships and marriages, and those whose relationship status was more transient. There were also real concerns expressed about households where there are specific problems such as drugs or alcohol abuse, problem gambling or domestic violence. Related to this, there was a view that joint household payments could result in a 'purse to wallet' transfer of resources in some problematic relationships; in other words, benefits that would previously have gone to women and by extension the children (e.g. Child Tax Credits) would end up with men under a single Universal Credit and it was felt that some men would misuse or otherwise not share the benefit with their partners or children. The implication of this was seen to be the potential that the wider household may suffer as a result.

The same risks were not seen to apply as much to joint claiming, but here another risk was identified. It was felt that if making a claim with a partner meant receiving less money than would be the case with individual claims, then there could be an incentive not to report cohabitation. However, this was not seen to be any different under Universal Credit compared to the current system.

'Imagine if you live with an alcoholic or if there are problems with drugs or gambling or domestic violence – it could be disastrous.'

(Unemployed and from ethnic minority group, female)

'If it's one account you just look at some of these people and think I wouldn't even trust you with a fiver never mind a month's benefit. It's scary honestly, it is. He just disappears on a Thursday and doesn't get back until the following Tuesday and there's the wife with the kids and they have absolutely nothing.'

(General public, male)

'I suppose normally you'd have a joint account if you were having a normal relationship.'

(Part-time working lone parent, female)

1.4.8 Single delivery authority

As mentioned previously, there were some potential benefits perceived to having a single delivery authority (convenience of a ‘one-stop shop’). However, there was also a concern expressed that this may increase the risk to the claimant if something goes wrong (‘all eggs in one basket’).

There were mixed views about which of the existing agencies would be best placed to deliver Universal Credit. Most reported positive interactions with HMRC, but there were also recollections of substantial past errors. There were criticisms of perceived poor treatment received from Jobcentre Plus, as well as lack of resources. DWP had more neutral associations.

‘Like I say, I’ve always worked but I’ve had a lot of problems while signing on with the Jobcentre and so on. I’m always getting misled and, you know, sent to the wrong department and stuff. You know, if they can simplify it and kind of deal with most of your needs with one benefit, then it is definitely a better option.’

(Person with a health condition or disability)

‘If it’s all under one roof it’s more risky if something goes wrong.’

(Unemployed and from ethnic minority group, female)

‘The HMRC made a mess of tax credits. I don’t have much faith in Job centres either as they keep cutting their budgets.’

(Unemployed and from ethnic minority group, female)

1.4.9 Auto-adjustment

As mentioned previously, not having to self-report or reapply because of changes to work status (e.g. changing from in work to out of work, or changing amount of work) was mostly seen as a benefit. However, there were concerns as to whether the Government would get these calculations right. This was in part because of the widely reported problems of overpayments of tax credits, but also related to a more general scepticism about government systems and record keeping.

In addition, there was a desire for automatic adjustment to be synchronised with earnings as much as possible to minimise fluctuations experienced by claimants. For example, if wages are down at the point of payment, there were calls for Universal Credit to compensate by being up at the same time.

If the payments were seen to be too unreliable or unpredictable there was a view that claimants may choose not to increase hours due to a preference for a stable Universal Credit payment.

‘It might put you off doing small jobs and overtime...if you were working part time and you’ve worked two extra hours and this has an impact on your benefit.’

(Person with a health condition or disability)

‘If they’re tracking it and it’s going to be adjusted every month, it is going to be a rollercoaster with your benefits. You’re not going to know what you’re getting from month to month.’

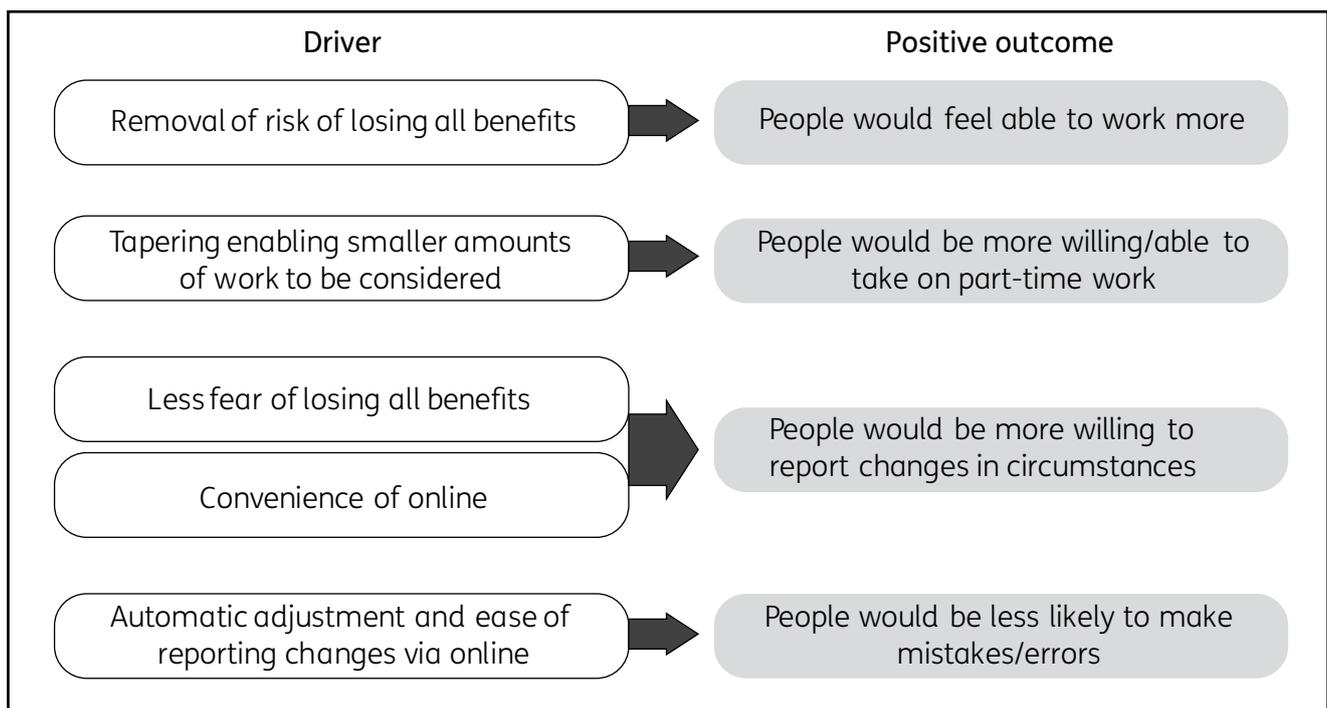
(Part-time working lone parent, female)

1.4.10 Perceived potential behavioural impacts

Towards the end of the discussions, after the components and features of Universal Credit had been explored in depth, respondents were asked what they expected could be some positive and negative impacts of Universal Credit on people’s behaviour. They were asked to consider this both from a personal perspective as well as considering ‘others they know’.

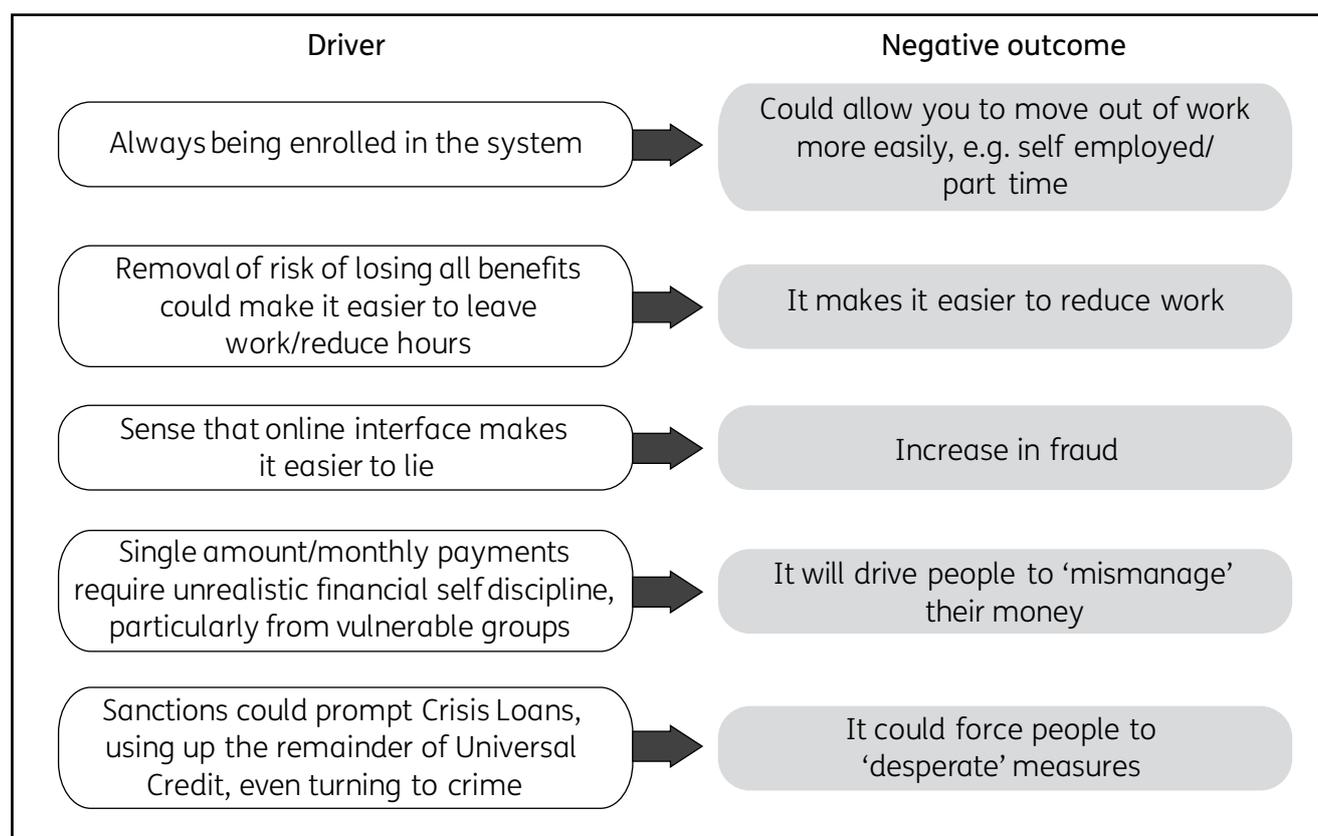
Figure 1.4 summarises the main expected positive behavioural impacts.

Figure 1.4 Anticipated positive behavioural impacts



The research found that, by removing some significant barriers that exist in the current system, Universal Credit was seen to have the potential to induce some positive behavioural impacts. As shown in Figure 1.4, the move away from ‘cliff-edge’ removal of benefits was seen as potentially removing a barrier to work and to increase work. Some of the process changes (online delivery channel and auto-adjustment) were also perceived to make it easier for people to report accurately; in other words, they would only need to report changes in circumstances rather than changes in earnings in most cases if they are a PAYE earner, and reporting online was perceived to be quicker and more convenient than other channels (e.g. by phone or in a face-to-face meeting).

However, Figure 1.5 highlights that some potentially negative impacts were also identified by respondents.

Figure 1.5 Anticipated negative behavioural impacts

As shown above, a potential was seen for increased fraud as it was felt that it would be easier to lie online, and some also feared that professional fraudsters would hack into the online system. In addition, HMRC staff reported an increase in fraud with the launch of tax credits online.

'It's so easy for fraudsters to access sites instantaneously and just be able to withdraw your bank details and so on. I think that it's better to do face to face.'

(Person with a health condition or disability)

In addition, it was felt that there was potential for the level of work to go down as well as up, due to always being enrolled in the system. There were also concerns expressed about the impact of payment changes on claimants' money management and therefore financial security.

A number of suggestions were made for how these risks could be mitigated, including strengthening the monitoring and verification regime throughout the system and also offering support and intervention for vulnerable people.

1.5 Responses by different groups

This section highlights where specific or different views on Universal Credit were held by particular sub-groups of respondents.

1.5.1 Part-time workers

Many part-time workers were surprised that the Universal Credit proposition addresses them as they tended to perceive that they were already 'doing their bit' and felt a strong sense of entitlement to tax credits.

However, there appeared to be some gender differences in attitude; men who work part-time mostly wanted to work more but felt that they lacked the opportunity, however part-time working women mainly felt that they cannot work more due to other commitments.

There appeared to be some who were actively taking advantage of a particular threshold of hours ('sweet spot') where they can maximise credits and this group lacked a financial advantage to work more.

Significantly, most part-time workers, whether they wish to increase their hours or not, did not see conditionality as applying to them.

'If the hours were there I would do them anyway, so I don't need to be incentivised by government.'

(Part-time worker, male)

'My work have actually asked me to increase my hours and I've said no because whatever they pay me more, like, it'll get stopped in another way and all I'll be doing is leaving my kids for an extra day to go to work for no more money.'

(Part-time working lone parent, female)

1.5.2 Self-employed workers

Self-employed workers did not see Universal Credit as relevant to them but only to people who do not work at present. Consequently, like part-time workers, they did not expect conditionality to apply to them.

There were strong objections to the risk of being 'pressurised' in a claimant commitment to seek work outside their chosen area, driven by the view that setting up a business is a contribution in itself. Some felt that conditionality requirements could drive them out of self-employment.

However, the opportunity to claim Universal Credit when business is slow was looked upon favourably by some.

Some had concerns about how much reporting paperwork would be required from them. Currently, some are reporting monthly but others on a quarterly basis.

'I don't know what the impact will be on people already working, probably not much.'

(Self-employed worker, male)

'I tell you what some people don't see is that I've got a business which I run on my own. I've got a family which I look after and I've got a home that I run. So, really, I mean, what more can you do?'

(Self-employed worker, female)

'You could end up folding your company saying "right, what's the point". If I've got to earn so much money by going out and getting a PAYE job and being taxed to the hilt you would just say "stuff it".'

(Self-employed worker, female)

1.5.3 Claimants of contributory benefits

There was low awareness of being in receipt of contribution-based Jobseeker's Allowance (JSA) but a strong perception of 'paying their dues' among this audience, as well as among the short-term unemployed generally.

The lack of awareness and knowledge of the differences between income-based and contributory benefits suggests that there is no explicit need to distinguish contributory benefits under Universal Credit.

However, some differentiated treatment of people who have previously made a contribution by working was suggested. A specific idea included less conditionality in the first six months for this group.

'I've been paying tax since I started working years ago, at least when I was 16. Do you know what I mean? If I lose my job, I expect to get money straight away for all the amount of years I've been paying tax for.'

(Short-term unemployed, male)

'It'd be fair to base it on National Insurance contributions, to know that these people who have been working all their lives and haven't missed a day of work, but are unfortunately made redundant, [are treated differently to] other people who have been on benefits most of their life and have their National Insurance paid for them.'

(Part-time working lone parent, female)

1.5.4 Long-term unemployed people

The views expressed by long-term unemployed respondents suggest that they will be the most intractable audience in terms of changing behaviours. They tended to be most fearful about change overall and felt that they were being specifically targeted. However, those within this group who wanted to work were more receptive than those who were happy with their present situation.

There were also seen to be some significant practical barriers that needed to be overcome, such as building skills and confidence. As such, this audience was very focused on the support needed to get back into work after a long hiatus out of the workforce.

The views about support notwithstanding, there was also a perception that a single, less stigmatising system could encourage more work trial, particularly if there is proactive linking of claimants to jobs.

'God help us!...Every change seems to be digging the knife in us further.'

(Long-term unemployed person)

'[There will be more hardship and therefore needs to be] emergency payments and crisis loans...There also needs to be a change in attitudes to people on benefits.'

(Long-term unemployed person)

'Could be better as it won't put us to shame as much [because of name change and single system].'

(Long-term unemployed person)

1.5.5 Lone parents

Financial issues were reported to be a key barrier to working, particularly needing to pay for childcare.

Many of the non-working lone parents in the research acknowledged that they would need to go back to work in the future, but they were resistant to compulsion.

Responses of those who do work suggest that financial rewards are less of a driver than self-esteem and the 'lifestyle choice' to work. Those in work were generally part-timers who felt strongly that they are already contributing and 'doing all they can'. However, as previously mentioned, it appears from this research that some have found a 'sweet spot' that suits them both financially and personally.

'It looks like they're going to be expecting everyone to be looking for a job and getting a job, but for some people who can't really get childcare or can't rely on family, how the hell are they supposed to look for a job? It's going to be difficult.'

(Unemployed lone parent, female)

'I like to be able to talk about something else apart from kids...I have an interesting job...so I like that conversation I have with other people, when you talk about your job.'

(Part-time working lone parent, female)

1.5.6 Disabled people

For this research, people with long-term health conditions or disabilities which meant that they were eligible for specific benefits (Employment Support Allowance (ESA), Incapacity Benefit (IB)) were recruited as a specific sample. The initial reaction of this group was that 'making work pay' is aimed at 'able-bodied' and 'healthy people' rather than them. Those with less tangible conditions such as stress were most defensive.

As with the long-term unemployed, there was a view that a single, less stigmatising system could help and encourage people with a temporary health condition back to work. The thinking was that there would be the possibility to 'dip a toe in the water' without losing hard-won benefits.

However, a fundamental question was raised about how the new system would be able to identify and penalise fakers without victimising those with genuine health conditions and needs.

'I think there's a massive gap then. I think there's a big bridge between people who physically can't work or mentally can't work, and people who don't want to. I mean, I'm off for stress but I've worked for ten years before that. So it's not a lifestyle choice.'

(Respondent with a health condition or disability)

1.5.7 Carers

Carers referred to previous experience of cuts at the local level and were therefore wary of any reform. There was a discernable sense of high moral ground and entitlement among this group; they saw themselves as supporting the system rather than being supported by it. Many also reported being emotionally and physically exhausted from their caring responsibilities and this made them feel unable to 'fight their corner' or to plan for the future. They therefore felt very strongly that they should be supported to work rather than compelled, and only if this was practically possible.

'It's a job, caring for someone is a job.'

(Carer, female)

'I think something like this [Universal Credit work-related obligations] are for people who are just unemployed. It's for people who haven't got other commitments who should be the main focus to get all this.'

(Carer, female)

1.5.8 General public

In this research, some respondents from the wider public but with specific experience of benefits (e.g. family members on benefits, previously on benefits, at risk of going on benefits) were included. This group generally saw themselves as 'funders' of the system rather than as potential claimants.

Therefore, they tended to identify fraud and exploitation as the main weaknesses of the current system. In doing so, they made a strong distinction between 'deserving' and 'undeserving' benefit recipients, and had the harshest views on how those who do not want to work or defraud the system should be treated. That said, they were equally protective as other groups on having a welfare safety net and unconditional support for 'deserving' groups.

'It sounds like it is going to make things easy for people to claim [single system]...encouraging people to be lazy (and not stick at jobs).'

(General public, female)

'They can't do that [monthly payment]. What about drug addicts? You can't let people sink. They will end up costing us more anyway with crisis payouts...People should be able to budget but some people can't. What happens to them?'

(General public, female)

1.5.9 Businesses

Businesses approached the topic from a number of perspectives: as an enabler (providing job, training and work experience opportunities to some people who were previously unemployed), an administrator (they recognise their role in providing data and information), and a taxpayer (from this viewpoint they tend to respond in a similar way to the general public). Businesses represented in this research agreed that reform of the current system is required because of their perception that:

- the intention to provide a safety net has led to welfare dependency;
- there is too much complexity in the system – particularly in terms of business administration;
- the system needs to be tougher on people who are 'not willing to work'.

'A lot of the times, it's not people that work. It's people that don't work. I think it's too generous. I think people shouldn't get paid for doing nothing no matter what the circumstances are.'

(Employer)

Businesses and employers were able to relay some direct experience of some of perverse behaviours that, in their view, the current system can encourage. Examples given included employees who:

- asked to be paid a lower hourly rate to avoid losing benefits;
- asked for time off in lieu rather than a pay rise to avoid losing benefits;
- limited their hours and rejected overtime to avoid going over a threshold where they would lose benefits.

In addition, employers raised concerns about the quality of applicants they experienced coming through the system and applying for work at their businesses. There was a view that some applicants were just going through the motions in job applications and interviews to fulfil their Jobcentre Plus obligations, but did not have a genuine desire to work.

'They just haven't turned up. Or else they've turned up and they've lasted two days and then they've left. I don't know what sort of excuses they give to the agencies, the benefits people, but you can just tell that they're going through the motions of seeking employment, but they're not really wanting to get the job.'

(Employer)

Against a backdrop of these perceptions and experiences, businesses were broadly supportive of the new proposals. In particular, employers were encouraged by the effort to remove barriers to working and to increasing work as this, it was hoped, would lead to more applicant and employee commitment.

However, some concerns remained, chiefly around the issue of whether they would still be presented with reluctant applicants, and even see an increase in tokenistic job seeking, as the new system will increase the obligations on claimants to seek employment.

'It might make me more willing to consider Jobcentre people, but it will depend how serious they are about the job. It won't make a difference if they are forced into it and just box ticking.'

(Employer)

In addition, employers and businesses also raised some concerns around the potential increase in the reporting burden, and how this may be particularly challenging for small and medium enterprises (SMEs) who rely on more manual systems compared to larger employers.

'It looks like the reporting requirements will mean extra work for my business. Perhaps they [government] should provide a tax break to offset this.'

(Employer)

1.5.10 DWP/HMRC staff

Staff highlighted a range of issues with the current system that are consistent with wider feedback from respondents. The key issues with the current system included:

- With the number of benefits and government agencies involved in their administration, it is difficult for the public to know what they are entitled to.
- The current system can be a disincentive to work because of the fear of losing benefits or claimants' wages not being significantly higher than the benefits being received.
- Staff perceive that there is a lack of checking and verification of claims within the tax credit system at the point of claiming and that Jobseeker's Agreements setting out agreed steps to look for work are not monitored and reviewed regularly.
- Poor coordination between different agencies, and between frontline staff and processing, can slow the claim process down.

'People don't understand who's paying their benefit and what different types are. There are so many different types of benefit that people could be getting. They don't understand how much they get for each benefit and where one benefit affects another benefit. There is just too much for people to understand. It's too much for us to take on board, to be fair, like when you're trying to work out why somebody's had their benefit reduced or whatever.'

(DWP staff)

'So we're not actually actively encouraging these people to go out [and look for work], we're just encouraging them to sit at home and, you know.'

(HMRC staff)

'You're better off on benefit than taking the job.'

(DWP staff)

'I think you need to build more checks in as you go along. More dip checks.'

(HMRC staff)

'I think they tell us that they're doing what they're doing, which is to meet their obligations but as advisers, we've got very little means of checking that out and ensuring that that's what they are doing. They become very savvy, very quick, on that we're asking them to tell us three things per week and they'll tell you three things per week.'

(DWP staff)

In responding to the Universal Credit proposals, staff felt there were a number of potential improvements that could result from the new system. These included the following key points:

- There was a greater incentive to work through removing the fear of losing all benefits when the claimant takes on additional work.
- Claimants should also be able to see more clearly the benefits of taking on more work.
- Always being enrolled in the system was seen as removing a psychological barrier to claimants informing the system that they have taken on work, because they no longer have the worry of potential delays or problems in getting back into the system if they need to in the future.
- The new system would in theory simplify the system from a claimant perspective.
- The new system may have the potential to reduce fraud and error through integrating benefits under one system and making it easier for the system to check on activities.

'You can see they'll be better off financially. There's no reason not to take it. Whereas now they're always, "What about my rent? What about this? What about that?"'

(DWP staff)

'It might reduce error and fraud across the different benefits, because everything is in one place.'

(HMRC staff)

However, there were also some questions and concerns which were raised by staff. The main concerns voiced by DWP staff were that:

- the new system may not provide sufficient financial incentives to motivate some people to work;
- claimants could struggle to budget with the proposed move to monthly payments;
- the system could require fewer staff to administer which in turn could mean job losses;
- staff would need to be multi-skilled and have a very broad knowledge of benefits;
- although the system looks simpler on paper there would still be potential for complexity including significant IT systems integration;
- online applications would require more policing to verify claimant information.

'My concern is that it's such a huge, big change. You're talking about more than 30 different types of benefit to be amalgamated into one system and I think that's something we need to be very cautious about and make sure it's robust enough to cope.'

(DWP staff)

'Probably just adding to what was just said there and that's just how complicated it will be for staff, possibly, if they don't have sufficient training.'

(DWP staff)

It was also specifically suggested that the Claimant Commitment should be personalised to increase its effectiveness and include earlier intervention (in the first six months).

While HMRC staff shared similar views to DWP staff on many points, the response of HMRC staff was specifically shaped by their experience of tax credits. Although staff felt the tax credit system had improved significantly in the last few years, they highlighted problems from the launch and early stages of the system. The specific lessons they raised with respect to the tax credit system included the following:

- They felt they had paid a price for going for a 'big bang' launch too early and recommended a more phased approach.
- Staff felt the training for tax credits had been poor and ideally they wanted classroom-based learning rather than while they were at their workstations.
- The tax credit system had placed a lot of emphasis on the online channel when it was launched, and this had been vulnerable to significant fraud. In addition they felt that it would be potentially hard for an online system to prevent and detect fraud. In light of the concerns around online fraud, HMRC staff suggested rigorous testing of the new system in this area.
- HMRC staff highlighted the common problem of overpayment in the tax credit system, stemming from the failure of claimants to report changes in circumstances.
- Although large employers may be able to provide PAYE data to the Universal Credit system, small businesses may find it more challenging and would seek to avoid the bureaucratic burden. Staff therefore questioned how practical it would be to expect timely data feeds from employers (particularly SMEs) to enable the system to make automatic adjustments.

'I think if you make it financially viable to go to work, but if you're just trying to coax them with a little sweetener of an extra £20, I don't think they'll bother.'

(HMRC staff)

'A simple system – it's looking simple on paper. But administratively I think it's a bigger headache.'

(HMRC staff)

'There should be a training environment, as per the old system [before tax credits]. We had a [live] computer system and then a training system. There wasn't such a thing on tax credits, more's the pity.'

(HMRC staff)

'I mean we've stopped online applications...It was accessibility and too much error, and fraud.'

(HMRC staff)

1.6 Conclusions

1.6.1 Context

Findings from this research suggest that there is broad consensus for the need for reform to the welfare and benefits system.

Overall, Universal Credit was seen to suggest some important progress, such as the removal of barriers and excuses to working, thereby repositioning work as an opportunity rather than a risk. There was also broad support for most of the underlying principles, particularly the aim of increasing fairness.

However, understanding of the principles, underpinning rationale and specific components of Universal Credit needs to be built in order to achieve the requisite public engagement and cooperation, and ensure that there is not seen to be 'permission' to exploit or defraud the new system. Support for Universal Credit is likely to hinge on the public being convinced that this is a genuine effort to correct a broken system and not just about repackaging or cost cutting. It appears that support can also be built by demonstrating the principles and benefits to individuals of the reforms, especially fairness and 'making work pay'.

Fairness was interpreted as the ability to discriminate between those who genuinely merit help and those who should be helping themselves, as well as its ability to treat people as individuals and take into account differences in circumstances and needs.

As a minimum, 'making work pay' should be about removing barriers and excuses to working, but it should ideally go beyond this to ensure it is unquestionably more financially rewarding to work than receive benefits.

1.6.2 Proposition

The most immediate practical change from present was seen to be the single integrated payment, and reactions to this aspect were mixed. The prospect of a 'one-stop shop' was favourably viewed, but a potential was also seen for increased risks of placing 'all eggs in one basket'.

The possibility of monthly payment emerged as one of the aspects causing most concern, and there was strong preference for an option to be provided for more frequent payment.

Some other features (such as obligations) were seen to be no different to present, which raised questions about how significant change this would be in reality.

Whilst there was a perception that most will cope with the changes, there was a desire for reassurance that the vulnerable minority will be helped, for example to access the online system.

The full list of issues that will need to be addressed are highlighted below.

1.6.3 Issues and challenges to address

The main product and delivery-related issues and challenges identified include:

- The degree of financial incentive to work was not seen as being sufficiently compelling to those who didn't value work for other reasons.
- Monthly payment was strongly criticised and alternatives were seen to be required for this as well as other defaults (e.g. single household payment, online delivery).
- Single payment was perceived to be open to error and problematic if there would be no way of claimants checking to ensure the payment has been calculated correctly.
- There was a perception that online could lead to lower compliance and increased fraud.
- Online as the main channel for delivery was perceived to be an issue for those without access or confidence in using the internet.
- Quality of compliance was seen as key and there was some expectation that Universal Credit could lead to lower commitment to stay in work.
- Having 'all eggs in one basket' was a concern, particularly given the perceived credibility issues that the Government has in terms of delivery.

There were also some challenges identified that will require addressing through the Government's information and communication efforts:

- There was general suspicion of the Government's motives for introducing Universal Credit and about whether the change will make people genuinely better off; this was particularly so in the current economic environment where concerns exist about the availability of jobs.
- People did not sufficiently understand how the system will be designed to ensure people are better off in work, and they consequently tended to question this.
- Certain groups are likely to be more challenging targets, either because they did not perceive the reforms as relevant to them (e.g. part-time and self-employed workers) or due high resistance (e.g. some long-term unemployed people).
- There is potential for the name 'Universal Credit' to cause confusion if not clearly explained.
- People have a tendency to see the similarities with the current obligations and sanctions regime; the differences may need to be presented more strongly to encourage the desired behaviour change.

This research provides understanding of claimant views and behaviours to inform system design. It also highlights the scale of the communications challenge, and pinpoints areas which may need particular focus. It enables planning as to where support may be needed for claimants in transitioning to the new system. Further research will explore the issues identified here in greater depth, to support the detailed system design necessary for the successful implementation of Universal Credit.

Appendix

Core discussion guide

DWP Universal Credit discussion guide 24 January 2011 (for claimant and general public groups and joint claimant depths)

1. Pre-introduction (ten minutes/five minutes in depths)

- In claimant groups, ask respondents to complete short questionnaire while waiting for group to commence:
 - What if any benefits they are currently on.
 - If on JSA, IB/ESA whether this is income-related benefit or contributory benefit.
 - Whether currently working or not working.
 - All to complete attitudinal segmentation ‘golden questions’.

2. Introduction (five minutes)

- Moderator introduction – research for DWP/government on proposed changes to benefits/tax credit system, **policy not finalised yet so will have an opportunity to influence**, Jigsaw is independent research agency, all views are confidential, taping, not a test, please be honest, we’re not experts so won’t be able to answer all questions – but questions/areas that are not clear are very important and will be fed back, housekeeping (food/drink, mobiles, toilets, fire exits).
- Respondent paired introductions – first name, something about you, what it’s like living around here, etc.

3. Views and experiences of present system (ten minutes/five minutes in depths)

- How describe to someone not familiar with current benefits/tax credit system?
- What works well? What doesn’t work so well/what needs to be improved?
- How regard yourself with respect to system – see yourself as being on ‘benefits’ or not (probe especially for Tax Credits recipients)? If/how does the present system influence how people behave, both positively and negatively?
 - How does the system influence decisions on whether or not to work and what other considerations are there.
- Probe those working PT: Are you happy with number of hours or they would ideally like to be working more? Are there currently barriers to seeking more work – what?

4. Unprompted expectations and views of the proposed reforms (five minutes)

- Whether heard anything about possible changes to the benefits system? Probe: From where heard? What specifically heard?
- How feel about what have heard? Why do you think it is being proposed?
- Has anyone heard about what proposed new system is called?

5. Reactions to Universal Credit initial description (15 minutes/ten minutes in depths)

- Researcher to hand out and read out brief description of Universal Credit (Handout 1) and show stimulus to highlight better off working/gradual taper
 - Taper diagram (Handout 2a).
 - Monetary example (Handout 2b).
 - Case studies (Handouts 2c-g).
- What is your understanding of Universal Credit? How would you summarise Universal Credit? What are key differences to current system and what remains the same? What if any questions or unclear areas were there?
- What are your impressions of Universal Credit? Likes and dislikes? How compare to present system – both Benefits and Tax Credits? How significantly different (‘another benefit’ versus new system)? Any specific areas better or worse than currently?
- Why do you think Government is proposing this – what think Government would want it to achieve? Probe beyond saving money
- What expect reactions to be like to Universal Credit more generally – e.g. people on benefits, family and friends, employers, media/headlines? Whether expect there to be any areas that are particularly popular or controversial?
- How expect Universal Credit to affect people’s behaviour – positive and negative effects? Probe: Expect merging of different benefits into one system to have any effect on overall take-up of benefits – how?
- What expect UC to mean for you personally? How do you feel about it (e.g. fearful, optimistic, not bothered)? What would you ideally like to see it achieve?

6. Reactions to key components and process (50 minutes/25 minutes in depths)

- Moderator to hand out key components (Handout 3 – NB: more information on components will be available in moderator’s pack).
- Explain that some are similar to current and some are different and then- go through each key component/theme asking:
 - Any questions/aspects that are unclear.
 - Reactions – likes and dislikes.
 - Additional probes (see below).

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1. People will have obligations in return for benefits which will be different for different groups (looking for work, attending Jobcentre appointments, preparing for work e.g. CVs, training, keeping in touch e.g. if already working, for self-employed people this might include looking for a PAYE job, for PT workers to increase hours)
 - Additional probes:
 - Would self-employed people be willing to receive less money for fewer obligations? Do you think this is fair if other people have lots of obligations? What sort of obligations would be right for self-employed people?
 - What do part-time workers (>16 hours) think about being encouraged to increase their hours and how should this be achieved?

 2. People will be required to sign a Claimant Commitment on these obligations (similar to Jobseeker's Agreement) and there will be sanctions or penalties for those who do not comply (e.g. reduction in payments).
 - Additional probes:
 - Is a Claimant Commitment likely to make people more committed to working in practice?
 - What sorts of commitments would be appropriate for people already working (e.g. increasing hours in working part-time)?
 - If/what sanctions or penalties would be fair and for what types of non-compliance? E.g. would sanctions for voluntarily leaving work or for being dismissed be fair?
 - Reactions to different commitments and possible sanctions (Handouts 4a-c) – probe if and what circumstances would stronger sanctions be appropriate for.

 3. Benefits will be calculated to meet people's various needs (e.g. living costs, support of children, housing costs and health conditions/disabilities) but will be paid as a single amount.
 - Additional probes:
 - Do people feel capable of managing with a single pot and paying themselves (e.g. housing, childcare)?
 - What would help them manage?

 4. The main channel through which people will manage their benefits (claiming, notification of changes etc.) will be online.
 - Additional probes:
 - How could those not confident with internet or who don't have access be helped? How to ensure online used securely?
 - How feel about potentially needing to confirm online whether their circumstances have changed or not before releasing next payment, so errors are eliminated and over/underpayments avoided? Probe whether views are about principle of regular updating or specifically about doing so online.
 - What would they would do if got stuck when trying to complete the claim or changes online? What would they prefer happened next? Would what they naturally think they would want/need to do or want from Government?

 5. Payment of benefits likely to be monthly.
 - Additional probes:
 - How do people manage money currently? What period do they budget over? What structures do they use to help budget? Are Direct Debits used? Where do people turn if budgeting fails and money runs out? What support do people need in managing budgets?
 - What do workers think about timing of benefits vis-à-vis earnings – are aligned or separate timings seen as better?
 - Are benefits seen as separate to wages or all one pot of funds?

Continued

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6. For those married or co-habiting, claims will be made as a household and a single household payment likely to be made to a nominated account.
- Additional probes:
 - How similar/different is this to present?
 - Joint claims: Are there any concerns about privacy? What info do people think should/shouldn't be shared?
 - Reaction to case study showing a joint Claimant Commitment which outlines individual commitments (Handout 5d) – Likes/dislikes? How realistic? What impact might this have on behaviour of individuals within couple?
 - Joint payments: Who in household would be nominated to receive payment ideally/in reality? What effect would not receiving individual payment have? Whether prefer it to go to primary care giver to children or depend on choice of household? Could joint accounts be a solution? (Probe this component particularly in joint claimant depths and in relation to costs of children/child care.)
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7. There will be automatic adjustment of the amount of benefits based on earnings received for PAYE tax payers, but self employed people will need to report earnings (and people will also need to report other changes to circumstances such as moving house).
- Additional probes:
 - Is automatic computer adjustment seen as more/less fair and why?
 - Do people understand automatic adjustment and that their payment will fluctuate depending on earnings?
 - What do people generally think about possibility for benefits to go down as well as up under UC (rather than being stable and predictable)? How could this affect budgeting? What support/skills could help manage this?
 - Could this affect commitment to stay in work? Do people understand the value of increasing earnings (i.e. that household income will increase)? (Show taper and related stimulus again if required)?
 - Do people do some cash-in-hand jobs as well as through PAYE? Would they classify themselves as self-employed? Do they know they'd be expected to report these earnings too?
 - Self-employed: What would be the right reporting frequency for self-employed people? How would they prefer to report changes? Do they have PAYE earnings as well as from self-employment? What do they think of the idea of always taking a nominal income from self-employment into account? What do they define as net earnings e.g. what is reasonable to deduct as expenses? When would they define themselves as unemployed – when they haven't been able to take money from their business for a while or when they actually fold it?
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8. There will be support available alongside Universal Credit to help people prepare for and get in work, and increase work (new Work Programme for long-term unemployed, improved job search, monitoring of job applications, help to use the internet, help with cost of childcare, etc).
- Additional probes:
 - What sort of support would be most helpful when moving into work? Or starting up your own business?
 - What sort of support would be most helpful to increase hours/earnings? Or to grow your business?
 - What do parents (and particularly lone parents) specifically need in terms of childcare?
 - Preference for allocation of money within UC for childcare versus providing vouchers versus parents paying direct out of wages and government exempting this element of wage from benefits calculations.
 - What sort of support would be most helpful to other specific groups e.g. disabled, long-term unemployed, self-employed?
 - Is it helpful also that there won't be a break of claim when moving into/out of work?
-

- Then evaluate UC against intended principles (Handout 5) – for each principle, ask:
 - What is it seen to mean.
 - How important is it – overall prioritisation.
 - Does UC fully meet this principle (green), partly (amber) or not meet it (red).

Making work pay	A simple system	Fairer	Support where it's needed	Responsibility	Reducing fraud and error	More affordable
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- Probes:
 - Are any principles at odds with each other (e.g. simplicity and fairness/tailoring) – if so, which should take precedence in trading one off against the other?
 - Making work pay: which do they think more likely in practice – always better off or no worse off (or sometimes worse off) in work?
 - A simple system: how simple is UC in reality – what aspects have been simplified and what if any are expected to be more complex?
 - Fairer: are aspects not seen as fair (e.g. online access) being assessed on a personal or more general basis, and are concerns hypothetical or based on someone they know?

7. Anticipated impacts (15 minutes/five minutes in depths)

- How expect new system to affect your own behaviour and that of people you know?
- For part-time workers probe:
 - Likelihood of UC meaning that they/people they know will look to increase their hours? Why/why not? What would be incentives/disincentives?
 - Could it lead to decreasing hours? Why/why not? What would be incentives/disincentives?
- For full-time workers probe:
 - How they view UC – an entitlement to top up wages, a reward for going to work?
 - Do they see the need to change behaviour at all, or is the fact they are in work the stopping point for behavioural change?
 - Likelihood of UC meaning they/people they know will look to increase earnings (come off benefits entirely)?
- For self-employed probe:
 - Likelihood of UC meaning they will increase their hours?
 - Likelihood of UC encouraging or discouraging people from starting their own business/going self-employed. Why?

- For non-workers probe:
 - Likelihood of UC meaning they/people they know will actively look for work and take work when offered? Why/why not? What would be incentives/disincentives? What about taking a job to ‘try it out’ now there are fewer risks (e.g. not needing to reapply and not facing delays in payment)
 - Likelihood of UC meaning that they/people they know will stick with work and not quit/return to benefits if faced with challenges in new role?
- For lone parents/carers probe:
 - Likelihood of UC meaning that they/people they know will aim to look for work and balance this with caring responsibilities? Why/why not? What would be the incentives/disincentives?
- For disabled people probe:
 - Likelihood of UC meaning that they/people they know will take steps to prepare for and move into work despite disability/health condition? Why/why not? What would be the incentives/disincentives?
- For short term unemployed people:
 - Check whether any on contributory benefits (refer questionnaire)
 - Explain contributory benefits if necessary – people who have been in work previously and have made NI contributions draw on this for first six months (not normally means tested, individual rather than household entitlement, paid at a flat rate) prior to moving onto income-related benefits (which are means tested at a household level and level of benefits varies according to need). Some people will be entitled to both CB and UC
 - Probe what they think should happen to Contributory Benefits in future – integrated with UC or remaining separate?
 - Is it important to distinguish between benefits that people have contributed to and those that they have not? (i.e. draw on NI contributions first)?
 - If prefer that they remain separate, what does this mean for simplicity of system?
 - Imagine you were entitled to both contributory benefit and UC:
 - Would make no difference or matter if separate or integrated?
 - If integrated, would it be easier if you saw how much getting in CB and UC?
 - If integrated, would you still want to know how much contributory benefit you would have got?
- Probe all on possible changes to benefits behaviour- more or less likely or no change under UC for people to:
 - providing complete and accurate information on circumstances straightaway;
 - making valid and appropriate claims;
 - not committing deliberate or unintentional benefit fraud;
 - using online channels confidently and securely;
 - managing own finances and making payments on time.

8. Summing up (ten minutes/five minutes in depths)

- Sum up reactions – ‘quantitative’ assessment (e.g. whether better/worse than present system, score out of ten), and ‘qualitative’ feedback (e.g. best features and areas for improvement).
- Views on what would be the best institution to deliver the new system – existing e.g. Jobcentre Plus or new? How important to them is which institution would deliver?
- Views on name (appropriateness, connotations, etc) after discussion of new system.
- IN GROUPS ONLY: Postcard to the Minister – suggestions on how to develop the system further (e.g. issues that need to be addressed or additional measures that need to accompany changes to ensure success).

This report presents findings of a qualitative study carried out in December 2010-January 2011, to explore the views of claimants, staff, employers and the wider public about Universal Credit. This is the first in a series of reports on research commissioned to inform the design and delivery of Universal Credit.

In total, over 200 respondents in a range of circumstances were engaged through a mixture of focus groups, case studies and in-depth interviews. Research was conducted in six locations across Britain.

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