Universal Credit
at Work

October 2014
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Foreword

It was four years ago that we published a Government White Paper entitled ‘Universal Credit: welfare that works’. Then, we set out our determination to reform Britain’s welfare state – undertaking the most significant redesign since Beveridge’s post-war blueprint, to create a benefits system fit for the 21st century - Universal Credit.

Far-reaching change was long overdue. We were faced with a complex and chaotic system, which failed to promote work and penalised responsible choices, with millions left to languish in worklessness and dependency for too long.

Yet it wasn’t that others didn’t agree with the need for reform. Rather it was that welfare reform on such a scale had been thought too difficult or too risky. When it came to a complete overhaul of the benefits system, many said it couldn’t be done.

Four years later, this paper marks our progress in delivering Universal Credit: restoring work incentives, renewing fairness, and transforming lives at the same time. We are now rolling out Universal Credit nationwide to all Jobcentres and Local Authorities from early 2015, delivering Universal Credit to every community across the country. In doing so, our priority will remain – as it always has been – the programme’s safe and secure delivery, testing and learning as we go.

Already Universal Credit is having a positive impact where it has been rolled out, with the emerging evidence so far indicating that Universal Credit claimants do more to find a job, and move into employment quicker. In the North West of England, the new service is now live for singles, couples, and shortly for families; it will be running in more than 1 in 8 Jobcentres by the end of 2014.

This progress is testament to the hard work and determination of central and local Government together – strengthening community partnerships as we restore the welfare safety net. As we mark our successful delivery to date, we would like to take this opportunity to thank the many people who have contributed over the last four years, and whose efforts are crucial to making our future plan a reality.

As planned and once fully implemented, Universal Credit will deliver up to £35 billion in economic benefits over ten years. Yet even more important is the change that it will bring, not just to our economy, but to the most disadvantaged individuals and families. Above all, that is why we have fought so hard for Universal Credit. As we deliver this great reform, we are delivering life change for people, setting them on a path from dependence to independence.

Rt Hon Iain Duncan Smith MP
Secretary of State for Work and Pensions

Lord David Freud
Minister for Welfare Reform
Executive Summary

This document explains how Universal Credit is working.

Chapter One records the significant weaknesses in the legacy welfare system, and the rationale for introducing Universal Credit. For too many people, the legacy system meant a world in which too little was expected of them, and work didn’t pay. Despite recent improvements, nearly three million people are still on the main out of work benefits, over half of whom have been claiming for more than five years. By creating a single system for those in and out of work, Universal Credit is designed to ensure that work pays, and more work pays; and that claimants take more responsibility for finding work.

Chapter Two explains the scale of the undertaking to design and deliver Universal Credit, bringing together and transforming multiple benefits. Universal Credit is effectively the concurrent delivery of several profound changes, each of which would be a major programme in its own right. The chapter illustrates the key elements, and some of the many issues which have already been tackled in getting Universal Credit to where it is today.

Chapter Three sets out the careful strategy for rolling out Universal Credit, reflecting the scale of endeavour, and the absolute commitment to deliver Universal Credit safely for households. Unlike so many other past programmes, not least the initial introduction of tax credits, Universal Credit has been progressively extended, and at a pace determined by what’s sensible, not an arbitrary timeline. Universal Credit is already operating in 63 Jobcentre areas, and by Christmas will be operating across the North West of England for virtually all claimants who would otherwise have made a new claim to Jobseeker’s Allowance. The national roll out for single people who would have otherwise claimed Jobseeker’s Allowance will begin early in 2015.

Chapter Four sets out the substantial economic value expected from introducing Universal Credit. The approved business case for the whole programme delivers gross economic benefits of up to £7 billion per annum in steady state. The benefits arise principally through Universal Credit encouraging more people into work, and from the higher incomes for lower income households.

Chapter Five records the many levels at which the evidence of Universal Credit’s impact will be measured. As the caseload increases, and as the effects over time become more apparent, the evidence base will become more robust. Nevertheless, there are encouraging signs that claimants are already recognising the new incentives and expectations, behaving differently as a result, and there is some evidence – not least from experienced Jobcentre staff – that claimants are trying more work than in the past.

This report concludes that Universal Credit is a transformational reform, being safely delivered.
1. Universal Credit at work: the case for change

The UK's labour market has responded well to the global financial crisis, and supported the return to economic growth. With over 30 million people in work, the highest level on record, the employment rate now stands at 73%.

The peak level of unemployment was lower than in previous recessions, despite the deeper economic downturn, and unemployment is now falling faster than ever before and faster than all other G7 countries. There are a range of reasons for this strong performance, including the UK's active labour market regime with its requirements for claimants to seek work, the Government's Get Britain Working measures, and welfare reforms.

To quote the Deputy Governor of the Bank of England: “In certain areas of the labour market, particularly the lower-skilled end, there are things that are increasing the supply of labour. I'm thinking of changes to welfare rules in particular that mean that people might be less inclined at the margin to want to stay in unemployment, or even stay outside the labour force. It may encourage them to come back in”.

There are still far too many people for whom the current welfare system doesn't work. For too many, work doesn't pay. The complexity of the system makes it risky to try work. Those that make responsible choices end up penalised.

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### Weak financial incentives in the current system
- around 900,000 households would lose 70% or more of their earnings if they move into work for ten hours a week at the National Minimum Wage; and
- around 800,000 individuals in low paid work would lose 80% or more of any increase in their earnings.

### Risks from trying work in the current system
- claimants who work more than 16 hours in one week cease their entitlement to out of work benefits. They may be entitled to in-work financial support through tax credits, but moving both into work and potentially back out is a risk to their household and income. This uncertainty acts as a barrier, especially for trying short term work.

Source: DWP, Policy Simulation Model.

Universal Credit has been introduced to tackle the structural problems which persist in the legacy welfare system. Universal Credit lies at the heart of the Government's commitment to reform the Welfare State, to make it fairer and more affordable, tackling poverty and welfare dependency whilst supporting the most vulnerable households.
By design, Universal Credit:
- ensures work pays;
- fosters independence and personal responsibility;
- supports more households into work; and,
- grows the economy.

By creating a single system, for those in and out of work, Universal Credit ensures that work pays, and more work pays, for everyone:
- with the transition to/from work no longer putting household income at risk: the underlying entitlement to Universal Credit is simply adjusted to reflect earnings;
- with claimants in work able to retain all their Universal Credit while their earnings remain within the new Work Allowances, which are more generous than the equivalent earnings disregarded in the legacy system; and
- with a standard rate at which Universal Credit is then reduced as earnings increase, at 65% this is significantly lower than in the legacy system for many claimants, so that claimants see a financial increase from completing a few more hours of work.

So Universal Credit sweeps away perverse risks, barriers to work, and underlying complexity, to improve incentives. All of which clears the way to focus effort on finding work, instead of calculating whether a particular job will be beneficial.

**Flexibility**
Even if people earn enough initially to move entirely off Universal Credit, the rules allow them easily to resume their claim should their circumstances change within 6 months. This means that, without worrying about disruptions to their income, households can gain valuable experience from work and build their personal experience.

**Simplicity**
Universal Credit also removes the requirement to provide similar but slightly different information to different organisations. For example, a Jobseeker’s Allowance claimant, with a partner and one child, living in rented accommodation would need to report the start of full time employment to DWP, HMRC and their Local Authority, each of which would adjust benefit entitlements. Under Universal Credit this multiple reporting is swept away.

Universal Credit also establishes a new relationship between the State and households. It deliberately fosters independence and personal responsibility, promoting the self-sufficiency critical for people to secure and sustain employment. Households receive more help to find work, with personal Work Coaches, and support with budgeting. This support is matched with renewed expectations to find work, and to increase earnings once in work, binding rights with responsibility.

By providing real financial incentives together with increased personal responsibility, Universal Credit aims to ensure more people are looking more actively for work. Every individual employment as a result is a success for the household, and potentially for the future of each member of the household, promoting social mobility.

In aggregate, across the economy this is likely to produce in turn a long-term macro-economic effect. The size of an economy reflects both the supply and demand for labour. Over time, a sustained increase in the numbers of people available and looking for work translates into a higher level of employment, and a bigger economy.
2. Universal Credit: the extent of the required change

The case for Universal Credit is compelling, and has commanded widespread support. It is a massive undertaking: effectively the concurrent delivery of several major programmes, each one of which would be challenging in its own right. This chapter explains the main elements, and illustrates some of the issues which have already been tackled to turn compelling theory into practical reality.

The chapter covers, in turn:
• promoting personal responsibility;
• transforming the labour market;
• building a system which is responsive to changes in earnings;
• support for those who need it most;
• simplifying the benefits system;
• transforming the way the Department delivers; and,
• building a safe and secure digital service.

To secure this complex undertaking, the Universal Credit Programme has adopted a Test and Learn approach. At each stage of the roll-out of Universal Credit, the Department is carefully assessing and evaluating how processes are operating in support of the intended policy and behavioural changes. Test and Learn enables the Department continuously to improve the service, and to ensure Universal Credit is delivered safely.

Many changes, of policy and process, have already been made as a result of Test and Learn and this chapter explains several examples of these improvements, working in partnership with Local Authorities, HMRC and other partners.

Through the Test and Learn approach, Universal Credit will be delivered in a safe and secure way.
2.1 Promoting personal responsibility

Universal Credit deliberately fosters independence and personal responsibility. It does so through a series of important changes to the way claimants are required to interact with the service.

To encourage and promote personal responsibility, Universal Credit introduces:
- a Claimant Commitment, and a Work Coach
- encouragement for claimants to manage their finances, while in and out of work

A Claimant Commitment, and a Work Coach: tailored job seeking and support

The Claimant Commitment encourages claimants to take greater responsibility for preparing themselves for work, and for their job search. It has been developed using behavioural insight techniques, to ensure claimants:
- set their own ambitious goals;
- tailor their job search to those goals and their circumstances; and,
- understand from the outset that receipt of Universal Credit is conditional on taking the action to which they commit.

Claimants and staff are positive about the Claimant Commitment:
- Wendy Grant, a Work Coach in Rugby, states that: “the onus is firmly on the claimant to take responsibility for themselves.”
- Nathanial a former Universal Credit claimant at Oldham Jobcentre Plus says: “I completed a Claimant Commitment, which was an agreement setting out all the actions I would take to find work, and this pushed me to be more motivated about my job search.”

The successful piloting of the Claimant Commitment led to it being rolled out nationwide, for all those making new claims to Jobseeker’s Allowance. This is a good example of how we are gradually rolling out the features of Universal Credit in a safe and secure way, which reduces the delivery risks of such a transformational programme.

Over 26,300 Jobcentre staff have already been trained to use the Claimant Commitment. The training provides them with new skills, helping them move from advising and monitoring compliance to become a Work Coach: someone who listens, and can help a claimant think through their own work goals and aspirations, asking open questions and working to overcome barriers.

Encouraging households to manage their own finances

Universal Credit is paid as a single monthly payment, to replicate the world of work. 75 per cent of employees are paid monthly, yet the legacy benefit system leaves claimants relying on fortnightly income. By matching the frequency of welfare payments to the world of work, households are encouraged to learn how to budget monthly, and so remove one of the concerns which can otherwise undermine a move into work.

In order to support this, the Universal Credit claimants are offered help with budgeting. Through Test and Learn, the process for offering budgetary support has been improved.
Universal Credit further promotes personal responsibility by paying the housing element directly to the household, which is then responsible for paying the rent to their landlord. This is in marked contrast to the legacy welfare system, where many claimants who rent from social landlords have no responsibility for paying their rent. By getting claimants used to managing rental payments while out of work, another potential barrier to taking work is removed.

Of course, some people will struggle to pay their rent. For those who are in these circumstances, Universal Credit provides an Alternative Payment Arrangement (APA). From the outset the Universal Credit Programme has worked very closely with the social rented sector including landlords, national housing organisations and Local Authorities.

Originally, budgeting support was offered as part of the initial triage process over the telephone with few referrals to budgeting support being made. Feedback from Work Coaches, and learning from Direct Payment Demonstration Projects, told the Department that money management was a very personal subject, and required a good degree of trust between the person seeking advice and the person providing it. Offering to talk about budgeting over the phone, didn’t allow sufficient trust to be built.

With this in mind, Work Coaches will now initiate a face to face conversation with all claimants to make them aware about assistance available from the Money Advice Service. If the claimant and Work Coach agree bespoke money advice will be beneficial, a referral to their Local Authority for additional help is made.

This partnership has enabled rapid development of the Universal Credit processes, learning from early cases. When early feedback and management information suggested that processes were not operating as expected, Universal Credit established a dedicated team to manage housing and APA cases. This team includes a Local Authority housing benefit expert, to help speed up the time it takes to implement an APA.

A new set of ‘triggers’ has also been implemented to identify and avoid repeated underpayment of rent to their landlord. If a household reaches an equivalent of one months arrears, budgeting support will be offered, and an APA considered. If arrears reach the equivalent of two month’s arrears, a managed payment to the landlord will be put in place. Any rent arrears accrued in the current property can be recovered. From November the Department will be able to deduct at an increased rate for these arrears when new Regulations come into force.

Our partners have welcomed these developments and the Riverside House tweeted “Welcome news. New rules #universalcredit allowing jobcentres to inform landlords of claims @insidehousing” and The National Housing Federation said in Universal Credit One Year In: “DWP has listened to the evidence and implemented real service improvements”.

The Department will continue to develop the Universal Credit approach to housing, working in partnership with Local Authority delivery partners and landlords. This includes regulatory reform to enable data sharing, the Universal Credit landlord preparation strategy, and developing transition and migration plans in partnership – all of which are now underway.
2.2 Transforming the labour market

Universal Credit creates much stronger requirements on recipients to meet their responsibilities in return for receiving benefit.

To transform the labour market, Universal Credit introduces:
• individualised labour market regimes for all members of a household
• a new regime to encourage progression of earnings once in work

Individualised labour market regimes for all members of a household

Compared to the legacy benefit system, the Department estimates that an extra 2 million citizens\(^1\) will become part of an active labour market regime under Universal Credit. More claimants will be asked to prepare and look for work, or to increase their earnings once in work, in exchange for receiving Universal Credit.

All claimants create a Claimant Commitment at the beginning of their claim; it is a contract between the claimant of Universal Credit and the State. Unlike the legacy system, the Claimant Commitment is an iterative agreement that can be tailored to reflect individual circumstances but for most claimants it ensures looking for work is a full-time job itself. This is a significant cultural change which is integral to the way in which Universal Credit transforms the Welfare State.

To provide the right level of support Universal Credit involves different levels of conditionality, reflecting different individual and household circumstances and earnings. These requirements are personalised and tailored to every claimant, and are reviewed and amended as circumstances change. Requirements are recorded on the Claimant Commitment.

The six levels of conditionality under Universal Credit are shown below. Different members of a household can be subject to the same or different requirements. As circumstances change claimants will also transition between different levels of conditionality.

Figure 1: Universal Credit: conditionality regimes

<table>
<thead>
<tr>
<th>Conditionality Regime</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working above the conditionality threshold – no work-related requirements</td>
<td>Individual or household earnings over the level at which conditionality applies. Required to inform DWP of changes of circumstances, particularly if at risk of decreasing earnings or losing job.</td>
</tr>
<tr>
<td>In work but earning below the conditionality threshold</td>
<td>In work but could earn more, or not working but has a partner with low earnings.</td>
</tr>
<tr>
<td>Intensive work-search: all work-related requirements</td>
<td>Not working, or with very low earnings. Claimant is required to take action to secure work – or more / better paid work. The Work Coach supports them to plan their work search and preparation activity.</td>
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1. Based on Universal Credit modelling when fully rolled out
While these principal categories of conditionality have been defined, the Department is continuing to Test and Learn how best to operate them, through a series of trials, including:

- **The Intensive Activity Programme** which tests the effect of early, intensive work focused activity in moving claimants into work quicker. The programme establishes a curriculum of activity for the claimant to complete, including practising job application and interview skills, as well as requiring intensive work search. It places responsibility on the claimant to approach their search for work as a full time job, and ensures that all work focused activities are completed to a high standard. Both of these should help claimants successfully secure work at the earliest opportunity.

- **Segmentation trials** which will develop a solid evidence base for refining to whom and when the Department targets specific interventions and how it will interact with different claimants.

<table>
<thead>
<tr>
<th>Conditionality</th>
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<tbody>
<tr>
<td><strong>Early evidence has been used to improve the processes and communications for those claimants who failed to attend appointments on Universal Credit.</strong></td>
</tr>
<tr>
<td>In the legacy system, claimants missing a Work Review Interview would have their claim closed, so some who moved into work did not notify the Department; they simply failed to attend an appointment.</td>
</tr>
<tr>
<td>In the original process when a claimant failed to attend a Work Review Interview in Universal Credit the claim remained open but a sanction was applied. This process did not work well initially for those who were failing to attend because they had found work: some claimants were sanctioned on multiple occasions having failed to report their move into work. Having identified this issue, the sanction process was improved so that only one open ended sanction is applied, which can be lifted when claimants re-comply with certain requirements, such as sharing information with DWP, providing a clear incentive to do the right thing.</td>
</tr>
<tr>
<td>The Department is also improving communications to ensure that claimants fully understand the importance of attending interviews and of keeping DWP informed when circumstances change. Communications aims to reduce sanctions, and to help claimants understand their options and support available if they have been sanctioned. The recently established Claimant Communications Unit is reviewing the sanctions communications and providing expert advice and behavioural insight to ensure they are understood by claimants and drive the appropriate behaviours.</td>
</tr>
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</table>
A new regime to encourage progression of earnings once in work
In the legacy system there is very little, if any, support or requirement for those currently in work and receiving tax credits to increase their earnings, and eventually manage without support from the State. Universal Credit changes that. By design, the system will for the first time provide support and encouragement to help people increase their earnings once in work.

So, again as part of Test and Learn, the Universal Credit programme will launch large-scale, randomised control trials in 2015 to explore how Work Coaches can best help claimants make progress once in work. This builds on the support offered today, enables the programme to learn what works, prove a case for future investment, and so inform and develop the support to be put in place nationally.

The programme will also launch a range of trials with employers, exploring innovative approaches to support progression by low-paid employees while also having a positive impact on business growth.
2.3 Building a system which is responsive to changes in earnings

Universal Credit provides support for those in and out of work. To do so, it has developed a system for utilising new monthly data on earnings, and rules for those in self-employment.

To support those in work, Universal Credit introduces:
- a direct link with HMRC's new monthly data on earnings
- more targeted support for the self employed

A direct link with HMRC's new real time PAYE earnings data

HMRC have introduced a new system for collecting regular PAYE information from employers and pension providers as individual payments are made. Employers are now required to supply HMRC with PAYE details on or before their employees' pay day. This Real Time Information (RTI) has fundamentally improved the accuracy and timeliness of PAYE payments.

RTI is also central to the design and operation of Universal Credit. A real-time flow of information between employers, HMRC and DWP enables the Department to adjust each monthly Universal Credit payment to reflect earnings in that month - even payments made on assessment day.

The Universal Credit programme has built a link between HMRC and DWP systems, and developed the IT systems to use the information provided automatically. This is working very well for the majority of Universal Credit claims where the claimant is in work. It is also providing a mechanism for identifying false declarations from those who say they are out of work: already there are examples of claimants immediately ceasing their claims when challenged at the outset by recent earnings data. This was simply not possible before Real Time Information and Universal Credit.

The introduction of RTI has been a vast change for employers and HMRC alike. Although performance is good it is, as expected, taking some employers time to adapt. Not all employers are yet reporting earnings on time, or accurately. In these minority of cases, the Department has had to develop appropriate processes and rules so that claimants are not disadvantaged. Again, this is all part of the Test and Learn approach to the safe delivery of Universal Credit.

More targeted support for the self employed

Universal Credit has also developed new policies and procedures to protect the taxpayer from those who declare themselves self employed, yet whose businesses routinely generate little income. In the legacy systems, they would receive tax credits to make good the repeated absence of income, with no obligation to increase their earnings.

Universal Credit has addressed this by creating a test of “gainful self-employment”. This seeks to clarify whether the self employment is organised, developed and carried out in expectation of profit. Those who do not pass this test are subject to greater conditionality to find more work, in return for their Universal Credit.

These are just two examples of the detailed work necessary to build a much simpler system, with much better incentives, while also protecting that system from abuse.
In April 2013 Universal Credit began to use Real Time Information for earnings information to automatically reduce the award where the earnings are above the Work Allowance for those claimants who are in work.

By carefully monitoring the system and analysing the data it was apparent some employers were incorrectly inputting information, for example categorising earnings as pensions or reducing some year-to-date figures creating a negative earnings amount. The Department has worked closely with HMRC and engaged with over 1000 employers and intermediaries, to explain how the RTI and Universal Credit systems interact. This work stressed the importance of employers taking as much care as possible to submit correct and timely information to HMRC as what they input is automatically reflected in a Universal Credit award calculation. Additionally a system enhancement has been implemented. Both of these measures have reduced the error rate.

The enhanced Digital Service will continue the use of RTI and is using the learning to date to inform their service design.

The Test and Learn approach has also been applied to the treatment of surplus earnings. The Department has developed proposals for consultation to allow income earned or losses made in a previous period to be included in the Universal Credit assessment. This is an integrated proposition to address several important issues: the potential for employers and employees to collude to maximise Universal Credit entitlement; potential unfairness between claimants on similar incomes who are paid on different cycles; and stakeholder feedback that the self-employed should be able to have losses reflected within the Universal Credit system.

In addition to the changes above the Test and Learn approach has allowed the service to be refined and improved in multiple areas of policy, design and delivery, including:

**Childcare:** refining policy based on feedback from childcare providers and other stakeholders. As a result DWP are increasing the amount of eligible costs Universal Credit can cover from 70% to 85%, and amending legislation for the digital service to allow greater flexibility of support with childcare costs paid in advance (introduced later this year).

**Child element:** amending Universal Credit regulations to allow entitlement to the child element where a child is looked after by a Local Authority for short periods such as respite care, and where a looked after child is placed by the LA to live with their parent for a short period (July 2013).

**Housing:** introducing legislation to improve data sharing to support claimants and also to manage the recovery of rent arrears more effectively (later this year).

**Work-related requirements:** amending Universal Credit conditionality to provide that a single person responsible for a child aged 3 or 4 may be required to comply with a work preparation requirement, as well as a work-focused interview requirement (April 2014).

**Victims of domestic violence:** amended Universal Credit regulations to introduce a new Government-wide broader definition of “domestic violence” (October 2013).
2.4 Supporting those who need it most

To support those who need it most, Universal Credit introduces:
• Universal Support – delivered locally

The Department recognises some people will need help with the new requirements of Universal Credit, such as understanding the new system, getting online and managing a monthly budget. No one should be denied access to eligible benefits because illness, disability, or difficult circumstances pose a barrier to claiming. This is why ‘Universal Support – delivered locally’ (previously known as the Universal Credit Local Support Services Framework) was created.

Universal Support is a delivery partnership. DWP, Local Authorities and service providers (such as Social Landlords and Charities) work together to agree how best to deliver services at a local level. The aim is a joined-up, holistic service, particularly for vulnerable claimants and those with complex needs, helping the claimant move from welfare dependency.

Again, these delivery partnerships have been based on evidence and experience as part of Test and Learn. This summer, the Department announced eleven trials across Great Britain, which started in September.

The trials test:
• different arrangements for triaging household needs, to tailor personalised and integrated services; and
• sharing of data, skills and estate to create the right integrated local foundations to support more households into work ahead of Universal Credit expansion.

Responding to the Department’s October 2014 announcement of the rollout of Universal Credit, Local Government Association Chair, Councillor David Sparks said:
“Councils are completely committed to supporting their residents who rely on benefits to get back to work. It is good that the government’s latest approach to implementing Universal Credit now recognises the huge contribution councils and their staff have to make, a case the LGA has been making in discussions with the DWP over the past 18 months.

Ministers have undertaken to build on existing experiments in joint working, to share offices, and to share data more effectively. Experience in pilot projects has demonstrated that a joined-up local approach gets better results and serves claimants better. People being able to access services provided by the DWP and Local Authorities under the same roof is an important part of that.

We look forward to that now becoming the norm as Universal Credit progresses. The LGA will continue to work with DWP to ensure this roll-out makes the most of councils’ skills and local knowledge.”
Figure 2: Formal trialling sites

Partnerships:
1. Westminster & Royal Borough of Kensington and Chelsea (Joint Bid)
2. Lambeth/Lewisham Southwark (Joint Bid)
3. Islington
4. West Lincolnshire
5. Northumberland and South Tyneside (Joint Bid)
6. South Staffordshire
7. Derby City
8. Argyll and Bute
9. Dundee City
10. Blaenau Gwent
11. Carmarthenshire
“It is fantastic news that Scotland has been selected to carry out two Universal Support trials. This demonstrates the excellent partnerships we have with Argyll and Bute and Dundee City Councils. This also gives us the opportunity to develop additional support for unemployed people living in these communities.”

Scotland: Denise Horsfall, Work Services Director for DWP Scotland

“We are delighted to have been selected as a Universal Support trial area. This trial is an important opportunity to strengthen our existing partnership working with the Department for Work and Pensions and other external partners and to ensure appropriate support is in place for citizens affected by welfare reform. Universal Support enables us to explore innovative approaches addressing issues such as digital and financial inclusion and builds on existing work throughout the County.”

Carmarthenshire: Councillor Pam Palmer, Anti-Poverty Champion & Executive Board Member for Sustainable Development

“Blaenau Gwent County Borough Council are extremely pleased that we have been chosen to deliver this trial which will help shape Universal Credit in the future. A key priority for us is enabling our communities to help themselves and part of this package of support is encouraging people to overcome any challenges or potential barriers back into work.”

Blaenau Gwent: Councillor Jim McIlwee, Executive Member for Financial Management and Strategy

“We are extremely glad to have been selected as part of a Universal Support trial. This will build on the excellent partnership the Department has with our colleagues in South Tyneside and Northumberland Local Authorities and will ensure people in our communities benefit from improved support.”

Northumberland and South Tyneside: Paul Chapman, DWP District Manager for Northumberland Tyne and Wear
Case study 1: Barnet Local Authority – preparing for Universal Credit

Barnet Local Authority is leading the way in bringing support services for local communities together under one roof, to make it easier for people to access the support they need. Jobcentre Plus Work Coaches have been brought in to join its employment, health, money, housing and other advice teams. These strong local partnerships are being developed in preparation for Universal Credit.

Chief Executive of Barnet Local Authority, Andrew Travers, explains how collaborative working has become embedded into Barnet’s way of working:

“It’s not just about working together in principle but also having teams physically based together. For example, we have Jobcentre Plus Work Coaches based in our offices alongside the public health, housing and budget support teams. This really makes a difference by allowing the team to provide a more rounded support service.”

Andrew initially set up the Barnet Welfare Reform Taskforce in June 2013. He felt pooling resources would provide people with a better service and be more cost effective. One of the multi-agency hub’s first successes was the introduction of a health mentoring service which helped many people get into work.

Mr Travers says: “Work is the best route to financial stability but we know there are multiple and diverse barriers stopping people achieve this. For example depression and anxiety can make it difficult for people to get into work, but when the public health team works together with Jobcentre Plus, people get the support they need to overcome those barriers.”

Barnet Local Authority know that when Universal Credit arrives people will have to take greater personal responsibility for preparing for and finding work with the actions expected of them set out in a Claimant Commitment. Barnet have adopted a similar approach:

Mr Travers says, “We attach conditions to some of the support we provide and offer incentives to help people make the right behaviour changes. For example, if someone needed help paying their rent we could make a Discretionary Housing Payment but in return we might want their commitment to engage with Jobcentre Plus or to work with Barnet Homes to find more affordable accommodation.”

Barnet Local Authority has done the groundwork and is ready for Universal Credit. Having the all-important partnerships in place will help make the transition a success.
2.5 Simplifying the benefits system

The legacy welfare system is complex in its structure, administration and how the different qualifying conditions interact with each other. Universal Credit seeks to simplify this, and to enable this, a new legislative framework has been created.

To simplify the legacy benefit system DWP has:
- created a new legislative framework
- implemented a single system of means tested support

Since 2010, the Department has built on the foundations of the Green and White papers to create the legislative framework for Universal Credit enacting the Welfare Reform Act 2012 and subsequent regulations. To enable the legal framework, thirteen sets of principal regulations were laid. Following the setting of the legislative framework the Department has developed Universal Credit with policy and design teams working together to ensure the strategic intent of Universal Credit is met through its design.

Universal Credit provides a new single system of means-tested support for working-age households who are in or out of work. All elements are assessed in a single claim which removes the need to claim different means-tested benefits from different agencies. Support for housing costs, children and childcare costs are integrated in the new benefit. It also provides additions for disabled people and carers.

**Universal Credit – Payment Accuracy April 2013 – to date**

Even with the simplification from one set of rules, to replace the six sets underpinning the legacy system, the means test and other conditions of entitlement require the Universal Credit system to perform complex calculations. Previous implementations of new benefits, for example Jobseeker’s Allowance and Employment Support Allowance, required a significant period to bed in, with a great many changes being implemented before reaching an acceptable level of accuracy.

Universal Credit has made rapid progress to achieve accurate payment calculations – system generated calculations are now accurate in 97% of cases, well in excess of performance at a comparable stage on earlier systems. This reflects the rapid application of Test and Learn in this area, raising system accuracy from what was 65% when the first hundred Universal Credit claims were processed in 2013.

Throughout the operation of Universal Credit, the Department has put in place controls to micro manage cases as the system develops. This ensures all awards are checked by the operations team before payment. For those where an issue is identified, payments are recalculated to ensure households are paid correctly.
2.6 Transforming the way the Department delivers

The Department is transforming the way it delivers its services.

To transform the way the Department delivers its service, Universal Credit introduces:
- Universal Jobmatch and digital Jobcentres
- multi disciplinary teams within Service Centres

Delivering services digitally

Preparing well ahead of the national roll out of Universal Credit, the Department has already made significant changes to the way it operates, embracing new digital channels.

Universal Jobmatch was implemented in November 2012. This enables jobseekers to have online access, any time, to a fully automated recruitment service. It supports claimants find work, and makes it easier for those in work to find better jobs and increase their hours. It also delivers business efficiencies for the Department, freeing resources to be deployed instead to support the most vulnerable and harder to help customers.

The installation of 6,000 new computers in Jobcentres across the country is also supporting jobseekers to become accustomed to using online services. This puts in place a modern environment, with access to digital channels in every Jobcentre for claimants to use when they do not have access at home. WiFi access and new computers will be installed in all Jobcentres by 31 October 2014.

Providing continuous support

Under the legacy system, the support offered to claimants by the State was disrupted. They would often be seen by different advisers as a result of changes in their circumstances. The Department aims to support claimants with the same Work Coach throughout the duration of their Universal Credit claim, meaning claimants can build a relationship with their Work Coach. This also includes if they move off Universal Credit as their claim can be kept open for six months to ensure they receive continuity of support should they move back onto Universal Credit.

Maximising efficiency in customer service

In parallel with these changes in Jobcentres, Universal Credit also improves the support provided remotely to working age claimants. The Department has already reduced significantly the number of contacts which claimants make over the phone, in part by ensuring that far fewer callers have to be passed on from a Contact Centre to a Benefit Centre. This has enabled the Department to improve service and reduce costs.

Universal Credit takes this a step further, and combines these separate contact centres and benefit processing centres into new service centres. Three such centres have already been established, in Bolton, Glasgow, and Bangor. By training the staff in these centres to cover a wider range of functions, with more in-depth knowledge about Universal Credit, there is significant opportunity for savings in both staffing and estates. Some of these savings are, in turn, releasing resources for operating the labour market conditionality regime for more people (see Section 2.2).
In preparation for the national roll-out of Universal Credit, the Department has also been trialling this approach in the legacy benefit system. Early results have been encouraging, and a bigger trial is currently underway. If successful, this will open the way to ensuring service centres are created across Great Britain, initially for the legacy benefit system, which again de-risks the subsequent full roll-out of Universal Credit.

Case study 2:

Michelle Worthington, Operations Manager from Bolton Service Centre

Universal Credit Service Centres provide an important service to claimants. Bolton Service Centre recently celebrated their first year of working on Universal Credit. Michelle explains what the year has been like for her team:

“I’ve been working for Jobcentre Plus for almost 20 years so I was very interested to see what changes Universal Credit would bring. When it was first introduced there was a variety of emotions from apprehension to anticipation and excitement. A year on, we believe it has brought a positive change.

Our job used to be very process orientated with the focus purely on getting claimants their money. Now we have much more involvement in their journey into work. And there is also more join-up between us and jobcentre staff.

An important part of our role is ensuring claimants keep their information up-to-date and report any changes of circumstances. These wider responsibilities give us a real feeling of satisfaction – knowing we are helping people move closer towards work. It is great to see claimants ready to move from receiving fortnightly payments to monthly payments. It’s also really rewarding when we successfully get claimants to re-connect with us if they falter on their Claimant Commitment – we help put them back in touch with their Work Coach.

Universal Credit is a lot more flexible than the old system. Sometimes it’s just small things that make a really big difference. For instance, we were able to help a young childcare worker called Laura when she wanted to take up a new role but didn’t have the money to pay her travel fare to the interview. She called us and explained the situation and we were able to arrange for her to receive a flexible support payment to cover the cost. She got the job, increased her income and has now come off Universal Credit completely.

We are constantly evaluating the service we offer and have also built up strong partnerships with Local Authorities and landlords, amongst many others, which means we can offer claimants more joined up support.

So, a year on, we believe Universal Credit is benefiting everyone. The claimants get a more personalised, targeted service and we get the satisfaction of seeing claimants through the whole journey.”
2.7 Building a safe and secure digital service

All the work already described in this chapter supports the creation and delivery of Universal Credit. The current live service has now been operating for 18 months, and has been progressively expanded.

To reinforce behavioural change and reduce costs and improve value for money, Universal Credit:
• introduces a Digital Service

This year the Department will also run a controlled test of a Digital Service. The table overleaf illustrates the further gains, over and above everything already being delivered, from introducing a Digital Service. These include enhanced features and functionality. For example enabling households to report changes online as well as via existing phone and face-to-face channels; and enabling households to make changes to their Claimant Commitment to-do list online, with face-to-face support remaining available, especially for those who need extra help.

The Digital Service builds on the experience of and learning from the Universal Credit service currently operating, and makes use of key assets already developed overall. The Digital Service will increase the efficiency of the existing service and improve value for money.

The Digital Service is being developed, and will be operated, in-house. The Department has already recruited many new people with relevant skills and experience. By operating in this way, the Department will have more control over how the service works, and be able to make adjustments to the service more quickly, reflecting what is learned from live operation. The costs of operation should also be lower than more traditional IT systems, with their reliance on external contracted support.

Operating safely through online channels requires excellent management of fraud and other security risks. The programme’s security and fraud expertise is an integral element of the development team, and the service is being built with the appropriate level of security and counter fraud measures.

This will include:
• **Identity Assurance**: the Digital Service will utilise the new cross-Government Identity Assurance service being developed by the Government Digital Service “Gov.UK Verify”. This is already being tested on other Government transactions, and aims to improve the current verification and authentication processes.
• **Dynamic risk based decision making**: the core Digital Service will be integrated with, and driven by, a risk assessment system. Reflecting the information and intelligence available to the Department (about the methods of cyber crime, about the claimant’s circumstances, about their current online session) this system will manage each claimant’s individual transactions according to the assessed risk. Different risks will result in different processes: with face to face checks where the risks are highest, and automated processing where the risks are acceptable.
## Figure 3: Integration journey from Live Service to Digital Service

<table>
<thead>
<tr>
<th>Theme</th>
<th>Legacy System</th>
<th>Improvements in current Universal Credit Service</th>
<th>Further improvements in final Universal Credit Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simplicity</td>
<td>Over-complicated, incoherent system - 30 benefits and complex combinations.</td>
<td>Simpler system merging six payments into one.</td>
<td>One on-line account for all claimants to do everything: make a claim, check payments, report changes, receive work search support, share information.</td>
</tr>
<tr>
<td></td>
<td>Jobcentre advisers acted as administrators of benefits.</td>
<td>Multiple claims with different organisations moved to one Universal Credit claim taken and managed by one organisation.</td>
<td></td>
</tr>
<tr>
<td>Cultural transformation</td>
<td>Trapped people on benefits making them worse off if they took a job</td>
<td>New relationship between advisers and claimants – from ‘checking’ to ‘coaching’.</td>
<td>More personal contact from work coaches, support available on-line 24/7.</td>
</tr>
<tr>
<td>Springing the benefit/poverty trap</td>
<td>Reinforcing welfare dependency as taking a job seen as risky and a poor choice.</td>
<td>Stronger incentives to make work pay; based on earnings not hours, with no 16 hour rule Universal Credit with payment in and out of work, gradual reduction as earnings increase; encourages mini-jobs.</td>
<td>Universal Credit digital calculator – easier to see the immediate benefits/incentives of work.</td>
</tr>
<tr>
<td></td>
<td>Failed to encourage personal responsibility and independence.</td>
<td></td>
<td>Self service account improves capacity to search and apply for jobs 24/7 – more flexibility and choice.</td>
</tr>
<tr>
<td>Expecting more of people</td>
<td>Jobcentres only asking for three activities per fortnight, retrospective reporting, reinforcing dependency culture.</td>
<td>Claimant Commitment in every Jobcentre – more tailored support in return for greater expectation to look for work. 35 hour job search a week.</td>
<td>Tailored messages to encourage work search activity, enabling more personalised services.</td>
</tr>
<tr>
<td>Digital transformation</td>
<td>Outdated analogue ways of searching for work – job points and phones.</td>
<td>Monthly payments.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Paying rent to tenants not landlords.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>New ‘to do’ list enhances digital Claimant Commitment.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Easier to report job search activity, make a new commitment, get feedback.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Personal access to on-line account encourages responsibility.</td>
<td></td>
</tr>
<tr>
<td>Theme</td>
<td>Legacy System</td>
<td>Improvements in current Universal Credit Service</td>
<td>Further improvements in final Universal Credit Service</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Fraud and error</td>
<td>High fraud and error rates – costing taxpayer billions in money wrongly paid out.</td>
<td>Automated data feeds from employers reduces scope for fraud and error.</td>
<td>Electronic identity assurance.</td>
</tr>
<tr>
<td>Universal Support/Local services</td>
<td>Encouraged disconnection from work, a dependency culture and worklessness.</td>
<td>New local partnerships provide joined up support to vulnerable claimants to make the transition into work as part of Universal Support delivered locally.</td>
<td>Decisions based on risk profiles.</td>
</tr>
<tr>
<td></td>
<td>Variable levels of local partnerships and extra support, with coordination failures between Jobcentres and Local Authorities.</td>
<td>Households that need Personal Budgeting Support identified and supported.</td>
<td>Monitoring of online security.</td>
</tr>
<tr>
<td>Labour market transformation</td>
<td>Restricted flexibility in labour market driven by perverse structures and incentives.</td>
<td>Removed 16 hour rule.</td>
<td>Mature partnerships provide quick, effective, appropriate integrated services to ultimately support claimants into work.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduction of red tape - using real time data feeds from employers.</td>
<td>Partnerships joined up sharing data, skills and estate where appropriate.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>More generous childcare support.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>In-work support to improve earnings and social mobility.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Personalised work search support through Universal Credit on-line account that also improve claimants digital skills.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Foster on-line networks between employers and claimants.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Universal Credit support extended to the full range of benefit claimants.</td>
<td></td>
</tr>
</tbody>
</table>
3. **Universal Credit:** delivered safely and securely

The extent of change required by Universal Credit always required a programme which straddled two Parliaments. The programme will have replaced access to all existing benefits for new claimants before the end of 2017. Unlike so many previous programmes, the roll out of Universal Credit has consistently been safe for those using and relying on it.

Universal Credit was launched from April 2013 in the Pathfinder site in the North West of England and has successfully been extended in line with the targets set out by the Secretary of State in December 2013.

The roll-out so far is based on:

- Offering Universal Credit to those who would otherwise have made a new claim to Jobseeker’s Allowance: beginning with claims from single people, extending to couples from July 2014, and moving on to families with children in November 2014;
- Retaining claimants on Universal Credit even if a change in their circumstances would otherwise have moved them onto another out of work benefit, or onto tax credits in work: so if a claimant has a child, becomes part of a couple, moves into work, or becomes sick, they remain on Universal Credit (until their earnings in work lift them completely clear of state support);
- Progressively expanding the geographical coverage.

By implementing the Universal Credit service progressively in this way, the Department can:

- deliver it **safely and securely**, limiting the disruption to claimants;
- **test the policy** intent and processes, learn, and so continually improve the service, including feedback into the design of the enhanced Digital Service; and
- inform the **business and cultural transformation** that the Department and its partners need to ensure Universal Credit fulfils its full potential.

In September 2014, the Secretary of State announced the start of the national roll out of Universal Credit, building on the successful delivery of the plans so far. From early 2015, Universal Credit will be progressively rolled out to all Jobcentres and all Local Authorities in Great Britain, for new claims from single people who would otherwise have claimed Jobseeker’s Allowance. This brings forward the outline plans announced last December and allows the Department to:

- **Realise earlier the economic benefits** – with Universal Credit helping more households into work earlier.
- **Align the operating environment** – early engagement with the national range of stakeholders including employers, landlords and others allows organisations to scale and adjust their operations, in a controlled way, building confidence, learning and capability over time.
- **Establish Universal Credit with Local Authority delivery partners** – to ensure the foundations are in place for transformation and the necessary Universal Support local services are established to support vulnerable households.
- **Improve further the Universal Credit service experience** for claimants, households and staff, as the service develops the IT and operational capability to handle more complexity and higher volumes in 2016 and beyond.
The combination of national roll out and retention of people on Universal Credit when circumstances change will ensure the Universal Credit caseload continues to grow, both in numbers and complexity, naturally over time. This process will accelerate as new claims to other legacy benefits are replaced with new claims to Universal Credit. This natural migration has advantages compared to managed migration (where people are actively transferred from legacy benefits to Universal Credit and nothing else has changed) including:

- **improved user experience** as Universal Credit ensures personalised support for households tailored to their changed circumstances, migrating at the time when households have to interact with Government anyway;
- **managing risk** by building caseloads over time through natural flow to deliver Universal Credit in a safe and secure way;
- reducing cost by avoiding artificial peaks in administration both locally and nationally;
- **optimising benefit flows** as the support and conditionality regime – including the tailored Claimant Commitment – improves employment outcomes for every household as they claim and progress their Universal Credit claim;
- **providing more support for those who need it** with local triaging to Universal Support including help with online access to Universal Credit, and Personal Budgeting Support and Alternative Payment Arrangements for the housing element of Universal Credit where appropriate; and,
- **delivering better value for money**, including fraud and error checks at the new claim stage and reducing transitional protection burdens on the taxpayer.

This plan - assured by the Major Projects Authority and signed off by HM Treasury - delivers national expansion and transition, enabling natural migration to build the Universal Credit caseload over time as household circumstances change and they become eligible for, and claim, Universal Credit. The Department will work in partnership with Local Authorities over the coming months, to develop the plans for transition and migration.

The Department will personalise support to maximise flows into work as more households move onto Universal Credit as legacy benefits and tax credits close to new claims from 2016. This establishes the Universal Credit service across Great Britain by 2017, with the caseload continuing to build thereafter.

The Department will keep all longer-term plans under review and progress Universal Credit based on the Test and Learn approach, securing long-term transformation of the Welfare State and UK labour market in a safe and secure way.
### Figure 4: Universal Credit rollout – summary

<table>
<thead>
<tr>
<th>Date</th>
<th>Jobcentre areas (and supporting Service Centres)</th>
<th>Claimants making new claims (but any subsequent changes leave claimants on Universal Credit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2013</td>
<td>Pathfinder Ashton under Lyme</td>
<td>New claims from single unemployed people, with or without housing costs, but not with children or additional needs e.g. mortgage, homeless, without bank account.</td>
</tr>
<tr>
<td></td>
<td>Universal Credit Service Centres in Bolton and Glasgow</td>
<td></td>
</tr>
<tr>
<td>July 2013</td>
<td>Expansion to a further 3 areas: Wigan; Warrington; Oldham <strong>Total: 4 areas</strong></td>
<td>As above.</td>
</tr>
<tr>
<td>October 2013 to April 2014</td>
<td>Expansion to a further 6 areas enabling a Universal Credit presence in every region of Great Britain: Rugby; Hammersmith; Bath; Harrogate; Inverness; Shotton <strong>Total: 10 areas</strong></td>
<td>As above.</td>
</tr>
<tr>
<td></td>
<td>Universal Credit Service Centre in Bangor</td>
<td>Claims in Shotton may be made in Welsh.</td>
</tr>
<tr>
<td>June to July 2014</td>
<td>Expansion to a further 29 areas <strong>Total: 39 areas</strong></td>
<td>As above, with expansion to new claims from couples without children, and a relaxation of constraints on single people claiming.</td>
</tr>
<tr>
<td>September to December 2014</td>
<td>Expansion to a further 58 areas <strong>Total: 96 areas</strong></td>
<td>As above, with further expansion to new claims from couples with children (families) in a few sites.</td>
</tr>
<tr>
<td>January 2015</td>
<td>Families to roll-out to all 96 areas</td>
<td>As above, with expansion to new claims from couples with children (families) to all North West sites.</td>
</tr>
<tr>
<td>Early 2015</td>
<td>Expansion nationwide</td>
<td>Expansion to new claims from single claimants with or without housing costs, but not with children.</td>
</tr>
<tr>
<td>During 2016</td>
<td>Legacy benefits begin to shut to new applications, beginning with beginning with Jobseeker’s Allowance claims from singles.</td>
<td></td>
</tr>
<tr>
<td>During 2017</td>
<td>All legacy benefits eventually shut to new applications, from all claimants.</td>
<td></td>
</tr>
</tbody>
</table>
Figure 5: Universal Credit roll out: by site

Key
Local Authority:
- Live
- Live by 31st December 2014
- From February 2015

Jobcentre:
- Live
- Live by 31st December 2014

N.B. Each Local Authority area includes a minimum of one Jobcentre delivering Universal Credit, up to a maximum of all the Jobcentres within that boundary.
<table>
<thead>
<tr>
<th>Jobcentre</th>
<th>Local Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Shotton</td>
<td>Flintshire County Council</td>
</tr>
<tr>
<td>2  Rugby</td>
<td>Rugby Borough Council</td>
</tr>
<tr>
<td>3  Inverness</td>
<td>Highland Council</td>
</tr>
<tr>
<td>4  Bath</td>
<td>Bath and North East</td>
</tr>
<tr>
<td>5  Hammersmith</td>
<td>Hammersmith and Fulham Borough</td>
</tr>
<tr>
<td>6  Harrogate</td>
<td>Harrogate Borough Council</td>
</tr>
<tr>
<td>7  Ashton-under-Lyme</td>
<td>Tameside Metropolitan Borough</td>
</tr>
<tr>
<td>8  Hyde</td>
<td>Wirral Council</td>
</tr>
<tr>
<td>9  Stalybridge</td>
<td>Bolton Metropolitan Borough Council</td>
</tr>
<tr>
<td>10 Stratford</td>
<td>Preston City Council</td>
</tr>
<tr>
<td>11 Altrincham</td>
<td>South Ribble Borough Council</td>
</tr>
<tr>
<td>12 Southport</td>
<td>Chester West and Chester Council</td>
</tr>
<tr>
<td>13 Crosby</td>
<td>Salford City Council</td>
</tr>
<tr>
<td>14 Bootle</td>
<td>Chester East Council</td>
</tr>
<tr>
<td>15 Bolton (Great Moor Street)</td>
<td>Bolton Metropolitan Borough Council</td>
</tr>
<tr>
<td>16 Bolton (Blackhorse Street)</td>
<td>Wirral Council</td>
</tr>
<tr>
<td>17 Farnworth</td>
<td>Knowsley Metropolitan Borough Council</td>
</tr>
<tr>
<td>18 Birkenhead</td>
<td>Chester East Council</td>
</tr>
<tr>
<td>19 Bromborough</td>
<td>Shiremoor Borough Council</td>
</tr>
<tr>
<td>20 Haylake</td>
<td>Ribble Valley Borough Council</td>
</tr>
<tr>
<td>21 Upton</td>
<td>Wyre Council</td>
</tr>
<tr>
<td>22 Wallasey</td>
<td>Pendle Borough Council</td>
</tr>
<tr>
<td>23 Preston</td>
<td>Cumbria Metropolitan Borough Council</td>
</tr>
<tr>
<td>24 Leyland</td>
<td>South Lakeland District Council</td>
</tr>
<tr>
<td>25 Preston</td>
<td>Lancashire Metropolitan Borough Council</td>
</tr>
<tr>
<td>26 Bury</td>
<td>Blackpool Borough Council</td>
</tr>
<tr>
<td>27 Eccles</td>
<td>Barrow-in-Furness Borough Council</td>
</tr>
<tr>
<td>28 Worsley</td>
<td>Carlisle City Council</td>
</tr>
<tr>
<td>94 Salford</td>
<td>Pendle Borough Council</td>
</tr>
<tr>
<td>95 Irlam</td>
<td>Lancaster City Council</td>
</tr>
<tr>
<td>29 Huyton</td>
<td>Lancashire Metropolitan Borough Council</td>
</tr>
<tr>
<td>30 Kirkby</td>
<td>Lancashire Metropolitan Borough Council</td>
</tr>
<tr>
<td>31 St Helens</td>
<td>Lancashire Metropolitan Borough Council</td>
</tr>
<tr>
<td>32 Newton-le-Willows</td>
<td>Lancashire Metropolitan Borough Council</td>
</tr>
<tr>
<td>33 Chester</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>91 Ellesmere Port</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>92 Northwich</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>93 Winsford</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>34 Congleton</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>35 Crewe</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>36 Wilmslow</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>85 Macclesfield</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>37 Rochdale</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>38 Middleton</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>39 Heywood</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>40 Skelmersdale</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>41 Ormskirk</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>42 Cheetham Hill</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>43 Newton Heath</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>44 Wythenshawe</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>70 Alex Park</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>86 Rusholme</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>87 Chorlton</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>88 Longsight</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>89 Openshaw</td>
<td>Manchester City Council</td>
</tr>
<tr>
<td>90 Didsbury</td>
<td>Manchester City Council</td>
</tr>
</tbody>
</table>
Universal Credit Caseload Estimations

DWP are not setting targets for numbers in receipt of Universal Credit at various points in time. Final numbers will vary according to a number of factors such as the economic circumstances over time and behavioural change of claimants. However the table below sets out the current planning assumptions based on the schedule discussed above and economic assumptions consistent with Budget 2014.

<table>
<thead>
<tr>
<th>Current Caseload (as of 11th Sept. 2014)</th>
<th>14,170¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projection May 2015</td>
<td>0.1 million recipients</td>
</tr>
<tr>
<td>Projection May 2016</td>
<td>0.5 million recipients</td>
</tr>
<tr>
<td>Long term once fully rolled out</td>
<td>7.7 million recipients</td>
</tr>
</tbody>
</table>

4.
Universal Credit: costs and benefits

In September 2014, following an assurance review and recommendation from the Major Projects Authority, HM Treasury approved the Strategic Outline Business Case for Universal Credit. Covering the entire programme, the business case brings together the investment and operating costs of Universal Credit for the ten year period from 2014-15 to 2023-24, and the expected economic benefits, in particular from having more people in work.

The expected economic benefits from Universal Credit are very large. The business case estimates that, in steady state, Universal Credit will:

- generate gross economic benefits of £7 billion every year;
- lead to a net reduction in administrative costs of £0.1 billion a year, as annual savings of £0.7 billion from closing down numerous legacy benefits, and an enhanced Digital Service, outweigh the £0.6 billion additional costs of delivering a labour market conditionality regime to a wider group of people (including those in low paid work).

The principal components of the economic benefits are as follows (steady state and total values are shown in the table on page 32):

- **Labour Supply Effects:** By improving the incentives to work, and to work more, the business case estimates that there will be up to an additional 300,000 households in work, once the impact of Universal Credit is fully realised. By increasing the size of the economy, more people will be earning, tax receipts will improve, and unemployment levels will be lower than they would otherwise have been under the legacy system.

- **Redistribution benefits:** These benefits arise as a result of lower income households receiving higher incomes (calculated as per HM Treasury’s Green Book³). They reflect the effect of Universal Credit allowing individuals to keep more of their income as they move into work, and by introducing a smoother and more transparent reduction of benefits when they increase their earnings. Child poverty will also be lower than under the legacy system through targeting resources on lower earners, and improving take up.

- **Reduction in Fraud:** The greater simplicity of Universal Credit will generate savings by reducing the scope for fraud (and also enables the Department to reduce error).

- **Non-Financial Benefits:** Universal Credit also delivers a range of non-financial benefits including:
  - In-work poverty reduction
  - Improved claimant experience
  - Improved staff engagement
  - Improved employer proposition
  - Sustainable development impacts

Delivering a new operating model at this scale requires considerable upfront investment. The estimated total lifetime implementation costs in the September 2014 business case are £1.8 billion. In the approved July 2011 business case (and also stated in the NAO\(^5\) report of September 2013) these had been estimated at £2.4 billion.

Of the £1.8 billion total, around a third has been spent to date on design, build and implementation of the Universal Credit model and service. As Chapter 2 illustrated, Universal Credit is an enormous undertaking, and implementation costs therefore have to cover all the areas in figure 7 on page 33.

4. All the figures in this table are gross and undiscounted
5. NAO Report September 2013 - ‘Universal Credit - Early Progress’

### Figure 6: Universal Credit: Steady state value per annum and values to 2023 - 2024

<table>
<thead>
<tr>
<th>Type</th>
<th>Benefit</th>
<th>Steady State Value per annum</th>
<th>Total Value to 23/24 (£bn)(^4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour supply effects</td>
<td>Reduced worklessness: employment impacts</td>
<td>2.4</td>
<td>9.1</td>
</tr>
<tr>
<td>Redistribution effects</td>
<td>Better off families: higher take up/entitlement re-distributional impact</td>
<td>2.7</td>
<td>18.1</td>
</tr>
<tr>
<td></td>
<td>Distributional impact from reduced worklessness</td>
<td>0.8</td>
<td>3.0</td>
</tr>
<tr>
<td>Reduced fraud and error</td>
<td>Reduction in Fraud</td>
<td>0.2</td>
<td>1.5</td>
</tr>
<tr>
<td>Other economic benefits</td>
<td>Reduction in administration costs</td>
<td>0.7</td>
<td>3.7</td>
</tr>
<tr>
<td>Other benefits to wider society</td>
<td>Positive impacts on health</td>
<td>0.1</td>
<td>0.5</td>
</tr>
</tbody>
</table>

**Total gross benefits** 6.9 35.9
Figure 7: Main elements of investment costs to date

- The over-arching Universal Credit policy and legal framework
- Programme design and support of the Universal Credit service, including:
  - Detailed development and continuous improvement of Universal Credit business processes
  - Development of claimant journeys to facilitate service design
  - Learning and Development modules for the various job roles
  - Delivery of training for all staff moving into work within Universal Credit
  - Development of Management Information requirements and metrics
  - Knowledge Management and the development of Knowledge Bases and guidance (for both Universal Credit staff and claimants)
  - Delivering on-the-ground preparation and the implementation of the Universal Credit service
- IT – providing scalable functionality already delivering in the North-West and supporting national expansion from 2015. This includes delivering the design, build, test and implementation activities to support the Universal Credit service go-live and subsequent updates, including on-going continuous improvement and functionality enhancements
- Organisational design and development
- Development and delivery of security requirements and services
- Programme Management, support and integration functionality, including the development of programme assumptions, detailed planning and risk management
- Development of the Universal Credit Business Case, including options and cost and benefit analysis

Of the remaining £1.2 billion investment costs yet to be incurred, around 10 per cent is on further IT development and enhancement. The majority of the remainder will be spent on further business change and implementation effort, including those costs for transition, migration, estates, training and other costs associated with delivering the business transformation necessary to operate Universal Credit. This will involve up to 40,000 staff across the Jobcentre network, so that Universal Credit can be delivered to millions of households.

Beyond investment, the total net operating cost to the end of the Business Case period is neutral. All of the remaining spend is subject to further scrutiny and review, to identify and implement opportunities for reducing costs, and maximise value for money.

This summary analysis illustrates the strong business case for Universal Credit: delivering positive outcomes for households, significant economic benefits, and reducing the operational cost base.
5. Universal Credit: the emerging evidence of impact

The description of Universal Credit in Chapter 1 helps illustrate the many different layers, and timescales, over which evidence of its impact can be sought.

This makes up the subjects of our evaluation strategy, seeking:

- evidence that the design, as now implemented, delivers improved financial incentives;
- evidence that claimants perceive those incentives, and the encouragement to take more responsibility for their job search and budgeting;
- evidence that claimants are acting differently as a result;
- evidence that claimants are moving into work quicker, staying in work longer, and progressing their earnings once in work; and
- evidence that all this is increasing the UK’s employment rate, and – in turn – growing the UK’s economy.

The Department has put in place an extensive evaluation framework to gather and report evidence in these different areas. The time necessary to demonstrate each effect clearly increases the further that effect is down the list; and, at every level, the longer Universal Credit operates and the more claimants experience it, the more robust the evaluation results.

The evaluation approach to date gathers evidence from various sources, including:

- a large scale Universal Credit/Jobseekers Allowance comparator survey;
- interviews with claimants and staff; and
- detailed statistical analysis of administrative data.

The evidence base is being built on the back of an explicit theory of change. This approach is particularly important in Universal Credit as it focuses on changes in behaviours and attitudes as well as how the various elements of Universal Credit interact and drive changes in behaviour.

The Department has underlined its commitment to evidence based policy making by championing greater testing as part the welfare reform regulations. It is actively encouraging testing and trialling under Universal Credit to better understand how Universal Credit is working and, crucially, how it can be refined, improved and optimised the policy to secure the behaviour change needed to get more people back to work. This approach involves running Randomised Control Trials (RCTs) to support the assessment of what works best. From small-scale trials of the language used by Jobcentre staff in talking to Universal Credit claimants through to a forthcoming major pilot of the approach to in-work conditionality, the Department is making use of RCTs as a means to secure the best outcomes from our investment in Universal Credit. This is a real shift from traditional policy making and enables Universal Credit to test quickly and cheaply to refine a system that will bring the most benefit to society.

The Department is committed to drawing on robust evidence in the testing of Universal Credit and have published a document setting out plans. To support this, the Department asked the Institute for Fiscal Studies (IFS) to advise on how to measure employment impacts. Within the boundaries of the North West of England expansion plans for Universal Credit, IFS note that “in most respects the report is excellent, the proposed evaluation strategy is wholly appropriate”. The Department will report on the detailed analysis in the coming months.
At this stage, emerging evidence, in October 2014, is just that. It represents early evidence, on small numbers, largely on the easier to measure effects. That said, the evidence available is encouraging.

**Evidence that the design delivers improved financial incentives**

The design now implemented, and in use for singles and couples without children includes:

- the same entitlement amount as on the legacy system while not working;
- an ability to earn up to £111 per month without losing Universal Credit, whatever the number of hours worked in a week;
- each additional £1 of take home pay resulting in a 65 pence reduction in Universal Credit i.e. a minimum financial gain of 35 pence for every £1 extra take home pay.

These simple rules ensure work always pays, in many cases significantly more than under the current system. This is particularly true for low earners, which means there is a real gain from trying even a few hours work.

The charts overleaf illustrate the position for four different claimants. For example, a young single person working 20 hours a week at the minimum wage, with a rent of £85 a week, is almost £170 better off every month compared to the current system. Similarly, the charts for a lone parent and a disabled person illustrate the real gain from removing the current 16 hour rule where individuals may be only able to work a smaller number of hours.

Universal Credit can make a real difference for employers as well as their staff. It increases the flexibility of workforces to deal with changes in demand. For example, employees are now able to take on extra hours of work, and not worry about breaching particular hours rules. Using Real Time Information on earnings that employers already supply to HMRC to calculate Universal Credit should reduce wage enquiries from staff. Job applicants will be better prepared for work, as Universal Credit increases job preparation and improves digital and budgeting skills.
Figure 8: Effect on incomes, before and after Universal Credit, as hours of work increase
For specific claimant types, all working at National Minimum Wage

Smother incentives

Single – over 25 – rent £65 per week
Removal of the cliff edge

Lone parent – over 25 – rent £120 per week – one child – no childcare costs

Difference in net income UC vs current system
(lone parent – over 25 – rent £120 per week – one child – no childcare costs)
More financial support for those who require it

Single – disabled – rent £96 per week

Difference in net income UC vs current system (single – disabled – rent £96 per week)
Helping families into work

Couple – over 25 – non-working partner – rent £96 per week – two children – no childcare costs

Difference in net income UC vs current system (couple – over 25 – non-working partner – rent £96 per week – two children – no childcare costs)
Evidence that Universal Credit claimants perceive the new incentives, and encouragement to take more responsibility for their job search and budgeting

In a study of 901 Universal Credit claimants, those who had claimed Jobseeker’s Allowance in the previous two years were asked to compare the experience of Jobseeker’s Allowance to Universal Credit. In most cases claimants reported that their experience claiming Universal Credit was preferable to Jobseeker’s Allowance.

Evidence from the Claimant Survey suggests that attitudes to Universal Credit and work were generally positive
- Two-thirds thought Universal Credit is a better financial incentive to work
- Two-thirds agreed it was easier to understand obligations under Universal Credit

Figure 9: Attitudes of UC claimants who have claimed JSA in the last two years

Base: UC claimants who have claimed JSA in the last two years

6. Based on Survey of 901 new Universal Credit claimants in August to October 2013
https://www.gov.uk/government/publications/universal-credit-pathfinder-evaluation
Initially there were some lower levels of understanding of the financial benefits of moving into work, but conditionality rules and the Claimant Commitment were generally understood by staff and claimants. And Universal Credit claimants (81%) were more likely than Jobseeker’s Allowance claimants (74%) to think the benefit system is effective at encouraging people back to work. This is a good start in changing attitudes to welfare and work.

A large majority of survey respondents were positive about the initial Universal Credit interview when asked about their experience of Universal Credit processes:

- 94% of claimants felt that the conditions of claiming Universal Credit were well explained by their Jobcentre Plus adviser;
- 92% of claimants agreed that they were encouraged to find work or increase the amount they were working;
- 85% believed that Universal Credit staff have the necessary skills and knowledge; and,
- 85% of Universal Credit claimants agreed that the advice and support offered by the Work Coach matched their personal needs and circumstances.

Qualitative research with claimants also explored experiences of the initial Universal Credit interview. Many claimants found the interview to be straightforward and useful, and interviews typically covered a detailed introduction to Universal Credit, including:

- an overview of the Universal Credit process including payments, sanctions and how to report changes of circumstance;
- an explanation of Universal Jobmatch and how claimants can evidence their job search;
- a discussion about job searching based on the experience of claimants; and
- the completion of the Claimant Commitment.

Universal Credit claimants have regular review meetings, known as Work Search Reviews. A large majority of those who were asked for their views of this process had positive responses including:

- 78% agreed the advice they received matched their personal needs and circumstances;
- 79% agreed staff have the necessary skills and knowledge;
- 85% agreed they are being directed to find work or increase the amount they are working;
- 84% agreed the review meetings make them more likely to do as their Claimant Commitment requires;
- 64% agreed the review meetings are making or made them more likely to find a job; and
- 85% agreed staff took into account how much time they had available to work when assessing their Claimant Commitment.
The new claim process is working well. Over 90% of Universal Credit claimants are making their claim online. Other claimants reported taking advantage of the other methods available - telephone or in person at the Jobcentre - to help them make a successful claim.

Universal Credit can only deliver outcomes if there is a successful partnership between claimant and staff. DWP staff report that Universal Credit is bringing in the sorts of changes they’ve wanted to see for some time. It’s encouraging them to have a more open and constructive discussion with claimants about the ways of getting them back to work. Instead of engaging in complex and lengthy processes, Work Coaches report having more time to spend with claimants and more flexibility to give a personalised service.

Universal Credit is not just about consolidating the number of welfare benefits, it is about changing the culture of benefit receipt, encouraging individuals to become self-reliant, financially independent and productive (in work). Moving to a monthly system of payments and encouraging greater responsibility for claimants to manage their finances whether in or out of work is a key feature of Universal Credit. The shift to monthly payments is being well received with over three-quarters (78%) of Universal Credit claimants feeling confident about their ability to budget.
Early evidence that changing perceptions and attitudes are leading to changes in behaviour

Encouraging claimants to look more intensively for work is an important element of Universal Credit. Evidence from claimant surveys shows Universal Credit claimants are doing more to search for work; Universal Credit claimants report doing twice as much job search as their Jobseeker’s Allowance counterparts, and this pattern continues throughout the 6 month period after making a claim.

Figure 11: Comparison of UC claimants job search with JSA claimants

<table>
<thead>
<tr>
<th>Hours of job search in the past seven days</th>
<th>UC</th>
<th>JSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 month*</td>
<td>27</td>
<td>14</td>
</tr>
<tr>
<td>3 months*</td>
<td>28</td>
<td>14</td>
</tr>
<tr>
<td>6 months*</td>
<td>29</td>
<td>16</td>
</tr>
</tbody>
</table>

*At around 1 month, 3 months and 6 months respectively after claim
Source: Universal Credit Pathfinder Evaluation
Base: All claimants not in work

The first wave of the Claimant Survey also suggested that Universal Credit claimants applied for more jobs in the last seven days (around 16) than similar claimants on Jobseeker’s Allowance (around 11). By Wave 2 and Wave 3, the difference had narrowed, with Universal Credit claimants reporting applying for 14 jobs in the last week compared to a figure of some 13 jobs for similar Jobseeker’s Allowance claimants six months after the initial claim. Over time one might have expected job applications to reduce, and it is not possible to say whether the apparent Jobseeker’s Allowance improvement is simply the result of independent performance improvement in Jobseeker’s Allowance sites, or whether some of the learning from more direct conversations with Universal Credit claimants was helping also raise performance in other sites.

Early evidence that these actions are leading to more work

It is still very early to make strong claims for this aspect of Universal Credit. But there is some evidence from three sources.

There are repeated examples from front line staff of claimants taking work which staff believe would not have happened without Universal Credit. Typically, these are examples where a claimant has taken a job on limited hours, or for a limited period, safe in the knowledge that doing so would not put their household income at risk when the job comes to an end. Three examples are shown in case studies on the following pages.
Case study 3:

John’s story

The flexibility of Universal Credit was ideal for John Leathely from Harrogate as he often found himself taking on temporary roles but was frustrated with having to sign off and on again each time under Jobseekers Allowance.

John’s work coach, Martyn Hunt, explains: “When I first met John he had just finished temporary work with an electrical manufacturing company. I explained how his Universal Credit claim would remain open and adjust with his earnings so he would continue to be supported during periods when he was out of work and up until he earned enough to be financially independent.

“This suited John perfectly as he often took on temporary work and was always keen to work additional hours when they were available. Under Jobseeker’s Allowance this meant losing his benefit if he worked more than 16 hours a week and each time a contract ended he would have to sign on again.

“I was able to refer John to local recruitment agency, Brooke Street, which was looking for reliable staff. He was exactly the right type of candidate and was snapped up immediately. To begin with he was offered short term and even daily contracts which he happily accepted knowing that he wouldn’t face the admin barriers of Jobseeker’s Allowance. Because he was so keen he built up an excellent relationship with the agency and they quickly found him some longer term opportunities. He has now worked full time for four months with the same employer, building up the skills and experience to help him apply for higher paid roles.

Case study 4:

Ben’s story

19 year old Ben left college after doing his A-levels but had no idea what he wanted to do. He had never had any experience of being in employment and lacked confidence because of it. He was unemployed for nine months and hated it. He found not doing anything frustrating.

Ben signed up for Universal Credit and Lorraine his Work Coach kept him busy doing job searches, refining his CV and filling out applications. He didn’t hear back from a number of applications which he found disheartening but Lorraine kept him motivated by encouraging him to keep up his search.

Lorraine got Ben some work experience at B&Q and he really enjoyed it. After the 8 week placement he was hoping he’d be kept on. He was invited to a recruitment day and got a job. He is contracted to do 8 hours a week but often ends up working about 40 hours a week. “I feel much happier I’m working. This job has given me a real sense of purpose and I’m hoping to progress to manager level.”

Ben is still receiving a small income from Universal Credit, but it is tapering off as his hours increase.
Analysis of administrative data suggests that Universal Credit claimants would have moved off Jobseeker’s Allowance (had they been claiming it) more quickly than a broadly similar group of Jobseeker’s Allowance claimants. The analysis found that, 90 days after making an initial claim, 60% of Universal Credit claimants would have left Jobseeker’s Allowance compared with 54% of Jobseeker’s Allowance claimants.7

Third, and most directly, the claimant survey shows that Universal Credit claimants are slightly more likely to have had some work in the last six months. Some 69% of Universal Credit claimants reported working at any point in the six months after their claim, compared to 65% of Jobseeker’s Allowance claimants in other areas of the country (who would otherwise have been eligible for Universal Credit).


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**Case study 5:**

**Mark’s story**

Mark made his claim for Universal Credit three days after being made redundant in November 2013. Mark wasn't particularly internet savvy, so Nicola helped him set up an email address and got him to put together a CV.

“She made me realise that I had some strong skills that I never before considered would be valued by employers – basic things like reliability, punctuality and trustworthiness.”

Nicola told him about training courses he could go on to help him feel more confident online. She also put him forward for a position at a postal company.

“As a printer I had handled lots of sensitive material so she thought I would be a perfect candidate for the position. I had to do an online test as part of the selection process which would have been really daunting if Nicola hadn't coached me through it.”

Only a few weeks after being made redundant Mark was offered a job as a postman. He started working just two days a week, but after a fortnight his position became full-time. He now earns sufficient enough not to claim Universal Credit and his case will remain open for 6 months in case he needs any support.
Case study 6:

Petra Kelly, Blue Arrow shares with us her thoughts on Universal Credit

“As a recruitment agency with branches across the UK we work with many of the biggest companies in the UK across lots of different sectors including hospitality, manufacturing, retail and transport.

The main priority for these companies is to recruit the right people for their business and Universal Credit puts us in a stronger position to be able help them. This is because these sectors often have lots of part-time and temporary roles to fill and so typically look for people who are willing and able to be flexible about their hours in order to meet the demands of their peak periods.

The simplicity of Universal Credit means claimants can flex their hours up or down, enabling them to earn more without losing all their benefit. It’s good for them and great for business too.

A positive side effect is that Universal Credit makes it easier for people to progress in their career which encourages them to strive for more. It gives us access to a wider pool of candidates who we can help realise their potential by matching them to jobs that are fulfilling and rewarding.

The current system of benefits and tax credits can be confusing for people and often means that although they may be eager to take up work, claimants turn down opportunities to work more than 16 hours a week because they are worried about what it might do to their benefit entitlements. Universal Credit will put an end to this which is something we very much welcome.”
6. Conclusion

Given the transformational nature of this programme and the direct impact it will have on millions of households, the Department must deliver Universal Credit carefully over time.

The Test and Learn approach – testing the policy intent and making continuous improvements based on evidence to inform transformation – is imperative in this respect.

A programme of this scale must also be delivered in partnership, working with Local Authorities, Housing Associations, employers and other partners to enhance the service offered to households, and securing Universal Credit transformation based on evidence and experience.

Early evidence of the effects of Universal Credit is so far encouraging, particularly for such a transformational programme at this early stage of introduction.

Staff and claimants prefer Universal Credit to the previous legacy system, and in turn households spend more time looking for work. There are indications that people are already responding to an improved, joined up welfare system which offers better financial incentives for people to enter work and increase the amount they work.

As the Universal Credit service grows across Great Britain, the Department will continue to measure the effects, particularly on employment outcomes, and will publish evaluation, including reporting on the benefits which arise from more people moving into work.

By delivering Universal Credit through the Test and Learn approach, the Department will secure the economic value of Universal Credit over time, fulfilling the potential of Universal Credit transformation in a safe and secure way.