



Universal Credit at Work

December 2015

Contents

Foreword	4
Progress on delivery	6
Better for claimants	8
Better for employers	10
Better service: working with partners	12
Better service: testing and learning	13

Foreword: Secretary of State and Minister for Welfare Reform



Welfare reform is at the heart of this government's long-term economic plan, but it is also much more than that: welfare reform is fundamentally about opportunity and life change.

For those who are able to work, we are creating a system that supports them to do so – making changes to transform a creaking and chaotic welfare state to one that rewards the right choices and removes the stumbling blocks in people's way.

Every person who is supported into work is someone given the chance to achieve their aspirations and fulfil their potential – a family with the security of a wage and hope for the future.

Equally, that movement into work – that movement from dependence to independence – means an individual or a family that is now contributing to the health of the UK economy. In this way we are cutting the cost of social failure by transforming the life chances and outcomes of those on benefits.

The central plank of our reforms is Universal Credit – a system that ensures work always pays, and that sweeps away the complexities and confusions of the previous system. Universal Credit thereby gives people the confidence to move into employment.

The idea that work should always pay may seem obvious, but it is worth remembering that the system Universal Credit replaces frequently made benefits more attractive than work – and therefore trapped people in dependency, with a consequent tragic waste of human potential.

Just as malignly, the tax credit system – which Universal Credit also replaces – contains such cliff edges and pitfalls that it acts as a fearsome barrier to progression in work, and therefore operates in such a way as to hold people on low wages.

Looking back, it beggars belief that such a system was tolerated for so long.

As well as the assurance that under Universal Credit work always pays, there are other tangible advantages in the new system – advantages that are illustrated in this report.

Unlike previous benefits, Universal Credit doesn't stop when a claimant enters work. Instead it stays with claimants for as long as they need it, offering support to progress in work and increase their earnings until they are entirely free of the benefits system. As such, Universal Credit delivers the government's pledge to move from a low wage, high welfare society to a higher wage, lower welfare one.

Today's report provides an insight into the future of work and welfare: a future where the benefits of a job are clear, and the potential to progress equally so.

As we roll out Universal Credit, the behavioural effect we are seeing is remarkable. Claimants are responding to the clear incentives to work, and spending twice as much time looking for a job than under the legacy system. And, crucially, the report tells us that claimants are earning more and are motivated to increase their hours.

Today's report also shows that people are moving into work faster, with 113 people moving into work under Universal Credit for every 100 under the old system.

This is a monumental change – the significance of which will only increase as the new system is established across the country. Universal Credit is already present in 75% of jobcentres, and it will have reached all of them by spring 2016.

When it comes to work and welfare, the legacy of this government will be Universal Credit – a dynamic and fundamental change that is already transforming lives for the better, and will improve many more.

This is welfare reform in action: changing the dynamics in the system, making things simpler, and ensuring work pays. Changing a culture and changing lives.

This report is testament to how successful Universal Credit already is; but this is only the beginning.



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



Lord David Freud
Minister for Welfare Reform

Progress on delivery

Universal Credit is changing the way we work across every jobcentre and local authority, and we have a single plan to deliver Universal Credit in full.

We started the national rollout of the Universal Credit live service on 16 February 2015. It is now available in almost 550 jobcentres; three quarters of the total national network.

By April 2016, Universal Credit will have been rolled out to every jobcentre and local authority in Great Britain.

Over 26,000 DWP staff have been trained to provide job coaching and expert help and advice to encourage and motivate claimants in their search for work. DWP staff will be supporting around seven million recipients of Universal Credit once it is fully rolled out.

Developing the full Universal Credit service.

Alongside our national rollout of the Universal Credit live service, we began testing the full Universal Credit service in South London in November 2014. The full service provides more online features, giving claimants greater control over their Universal Credit claim, with one online account for payments, reporting changes of circumstance, and receiving job alerts and work coach feedback.

We will launch the full service from May 2016. We will do that safely and securely, area by area, and where the full service is in place people will no longer be able to make new claims to benefits under the old system.

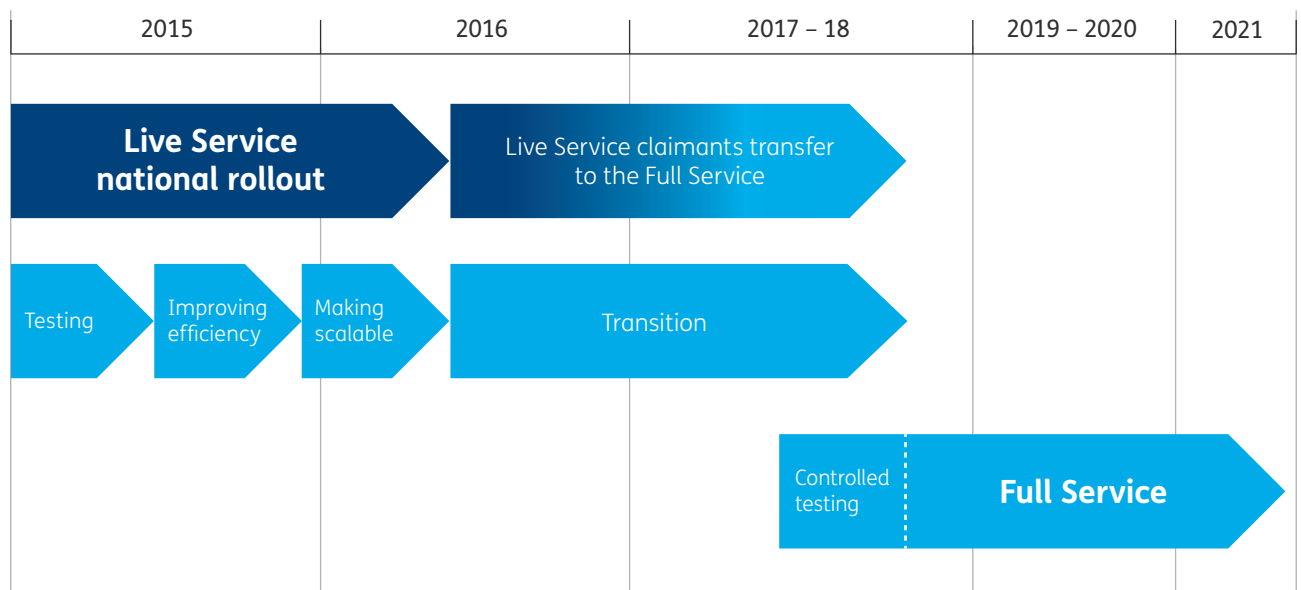
We are on track with a single plan for rolling out and expanding Universal Credit, continually improving the service and delivering the programme at reduced investment costs.

The plan to deliver Universal Credit is transformational, and assured by the Major Projects Authority.

Building on the successful delivery to date, we have now developed detailed plans to take Universal Credit through to its completion. This follows recent assurance from the Major Projects Authority, and aligns with Office for Budget Responsibility assumptions. The outline business case is approved by Her Majesty’s Treasury.

The Public Accounts Committee has made it clear that DWP has “now put Universal Credit on a sounder footing”. All those who have reviewed the programme have reported increased confidence in its delivery.

We have a single plan to safely deliver the full Universal Credit service



Better for claimants

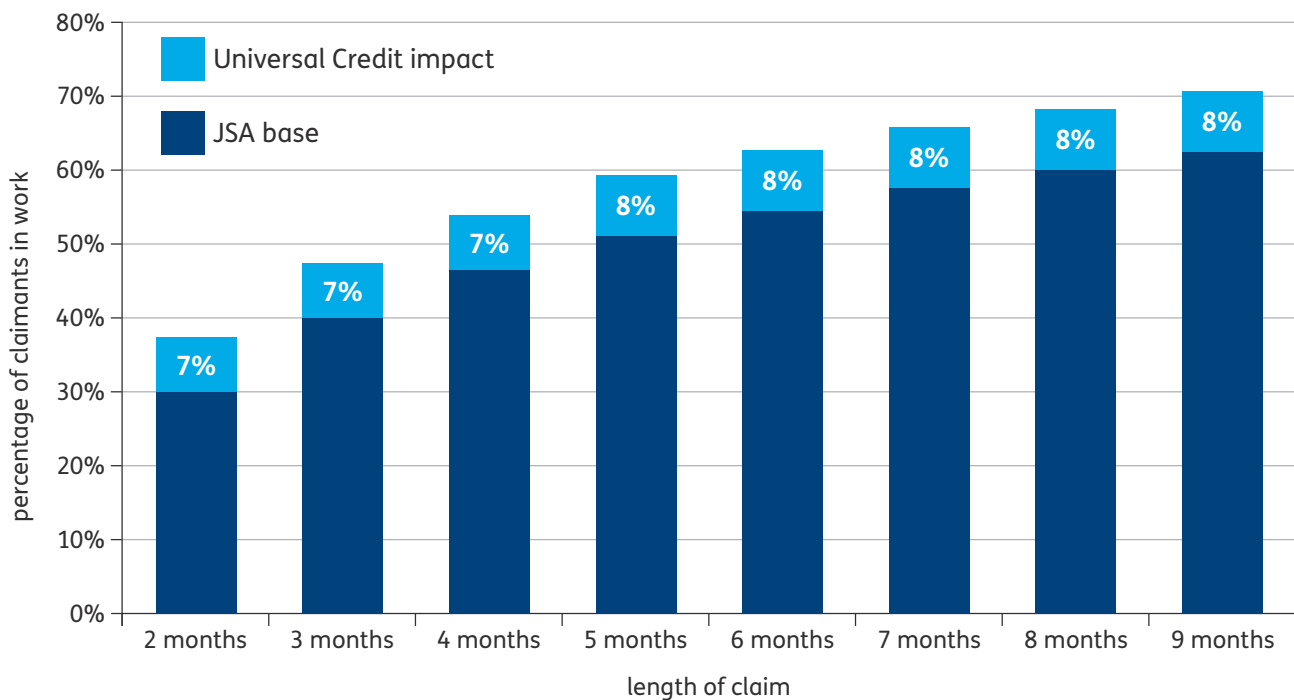
Under Universal Credit people are working more and are better off in work.

In [Universal Credit at Work](#)¹ (spring 2015) we reported that Universal Credit was starting to deliver better financial and work outcomes for claimants. Initial evaluation showed that claimants felt encouraged and incentivised to take more responsibility for job searching.

We now have more evidence that the trend is being sustained, and that Universal Credit is making a real difference in getting people closer to the labour market and so improving their chances of finding a job. The independently reviewed [research](#)² has found that:

- Universal Credit claimants are eight percentage points more likely to have been employed in the first nine months of their claim – 71% for Universal Credit versus 63% for Jobseeker’s Allowance. This holds for different cohorts, genders and age groups.
- Universal Credit claimants work, on average, 12 days more than Jobseeker’s Allowance claimants in the first nine months of their claim.
- Universal Credit claimants are, on average, earning more.

Universal Credit claimants are eight percentage points more likely to have been employed in the first nine months of their claim



1 www.gov.uk/government/publications/universal-credit-at-work

2 www.gov.uk/government/publications/universal-credit-estimating-the-early-labour-market-impacts-updated-analysis

Jobseeker's Allowance perversely led people to restrict the hours they work to avoid losing their benefits. Universal Credit changes this, inspiring people to increase their hours and become financially independent. We can now see that this is happening, as an [evaluation](#)³ of Universal Credit claimants working less than 30 hours a week shows that:

- 86% were trying to work more hours, compared to 38% under Jobseeker's Allowance.
- 77% were trying to earn more, compared to 51% under Jobseeker's Allowance.

Universal Jobmatch, launched in 2012, has revolutionised the way people look for jobs.

Gone are the old 'job boards' in jobcentres. Instead there is a personalised digital search system with experts on hand to support jobseekers. Universal Jobmatch is an online service accessible 24 hours a day, and it has rapidly become the most [visited](#)⁴ service on GOV.UK, with over 56 million unique views over the last year.

Universal Jobmatch has transformed the way work coaches support and communicate with jobseekers by:

- Empowering jobseekers to take more responsibility for their job search.
- Helping work coaches provide tailored support to help jobseekers move into work.

Kirsty, Universal Credit claimant, Lancashire



Kirsty, Lancashire

Universal Credit gave single mum Kirsty the opportunity to get back into the industry she trained in. It has also been a great stepping stone, as her boss has since offered her a full-time position.

Kirsty says: *"It has been great as the boys can go to breakfast and after-school club and I use the childcare support I get from Universal Credit to pay for it. If I didn't have that support I wouldn't have been able to take the job."*

"It felt so good to have gone out and worked for my money and be able to keep it. When I was on Jobseeker's Allowance there was no incentive for me to earn more and therefore no push for me to find a proper job. I am much happier on Universal Credit."

³ www.gov.uk/government/publications/universal-credit-research-with-single-claimants-including-those-with-housing-costs

⁴ <https://gds.blog.gov.uk/2015/11/20/2-billion-and-counting>

Better for employers

Universal Credit is different in that it creates a flexible workforce that helps employers grow their businesses.

Under Universal Credit, claimants' payments gradually reduce as their take-home pay increases, rather than being cut off completely after a certain number of hours, as with Jobseeker's Allowance. This makes people more willing to take on extra shifts and be flexible about the hours they work. This doesn't just encourage them to earn more: it also helps employers adapt their workforce to their business needs.

Employers tell us that they are already using the flexibility afforded by Universal Credit to create more jobs and increase the hours offered to employees. When the service is fully rolled out the improved flexibility in the labour market will give Great Britain a new competitive edge against other major economies.

Helping employees progress in work.

Earnings progression is one of the core objectives of Universal Credit. Once people are in work, it helps them increase their earnings, prepare for more work in the future, and ultimately become financially independent. This approach is unique across the world and is central to the policy intent underpinning Universal Credit.

We are currently testing the best ways to support claimants' progression in work. In [Universal Credit at Work](#)⁵ (October 2014) we announced plans to test approaches where work coaches will build on the current offering and help claimants make progress once in work. There are three key elements:

- Providing work coach support to set goals, address barriers and define actions for claimants.
- Setting mandatory requirements to ensure that claimants take reasonable action that should help them earn more.
- Attending work search reviews (at varying frequencies) to have challenging conversations to monitor and drive the progress that claimants are making.

Using earnings declared to HM Revenue and Customs through Real-Time Information (RTI) means we can track claimant earnings without extra burdens on employers.

We have published information for employers on how [Universal Credit can help business](#)⁶.

5 www.gov.uk/government/publications/universal-credit-at-work

6 www.gov.uk/guidance/universal-credit-how-it-can-help-your-business

Improving careers for low-paid workers.

As well as jobcentre-led support we are testing ways to help employers drive earnings progression among low-paid workers. In June 2015 we launched a joint competition with the [UK Commission](#)⁷ to trial new approaches. This focused on retail and hospitality; sectors with large numbers of low-paid workers, high staff turnover and limited progression. Projects had to show two clear success measures:

- The outcomes for low-paid staff – including longer stays in work and improved earnings.
- The outcomes for business – including increased productivity and bottom-line profits, greater retention of their workforce, increased staff satisfaction and loyalty, and reductions in overall recruitment costs.

The trials are providing good coverage of approaches with single employers, consortiums, and collaborations between large organisations and small and medium-sized enterprises. The level of partnership in these projects is groundbreaking. They have progressed well, and we are gathering rich insight into the models being tested.

East Midlands Airport⁸



Howard Ebison,
East Midlands Airport

Universal Credit helps East Midlands Airport meet its need for seasonal staff.

Customer Service Manager Howard Ebison says: *“The jobcentre fully understands the peaks and troughs of our business. They know how we have a sudden need to recruit lots of people and this understanding of how we work makes them an ideal business partner.”*

“Universal Credit means we have a broader range of people applying for vacancies, which is great for business. If it means more people get into the workplace then we as employers have the opportunity to select our staff from a greater pool. That puts us in a great place.”

⁷ www.gov.uk/government/news/government-boost-to-help-low-paid-workers-progress-in-their-careers

⁸ www.youtube.com/watch?v=4QnOH6hE7DY

Better service: working with partners

Universal Credit provides local tailored support and partnerships that transform our service.

- The local government sector, comprising all 380 local authorities, the three main local government associations and the devolved administrations of Scotland and Wales, has played a crucial role in shaping and delivering Universal Credit.
- Through Universal Support we are working directly with local authorities and housing associations to deliver joined-up services, sometimes from the same location, for claimants who need additional support with managing the move to Universal Credit.

Supporting people who need more help.

- We deliver personal budgeting support in partnership with local authorities and the Money Advice Service. This assists claimants who need help managing their money and paying their bills on time as they move to Universal Credit. Advice is available online, by phone and face-to-face.
- We are investing £240 million with our partners over the next six years to ensure claimants progress from welfare dependency to financial and digital independence.
- We are developing a trusted partner role for social landlords, reflecting their crucial position in early identification of budgeting support needs and the potential demand for alternative payment arrangements.

Oxford City Council



Damon Venning,
Oxford City Council

Damon Venning, rents manager at Oxford City Council, says:

“We helped tenants in Oxford prepare for Universal Credit by making direct payments normal practice. The most important thing we learned was to provide support early on. This included arranging home visits to provide face-to-face support to people we had previously assessed as being vulnerable.”

“We also work closely with Jobcentre Plus, and some of our tenants are referred to employment support, such as training courses or work experience, to help get them ready for work.”

“The most important outcome was that our tenants were ready for Universal Credit when it came to Oxford in April.”

Better service: testing and learning

With Universal Credit we're constantly evaluating how well each aspect of the programme is performing – and how we can improve further.

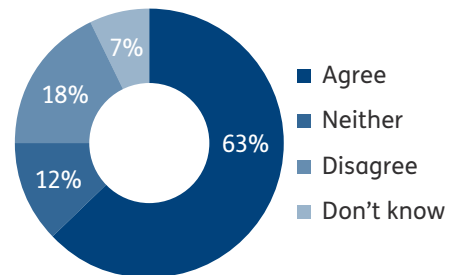
At each stage of the rollout of Universal Credit, the department has tested new concepts and run trials to discover what works. By carefully evaluating these new processes, we can use this insight to inform decisions on Universal Credit's development, design and delivery.

Our approach to learning and refinement is continuing to improve the overall claimant experience:

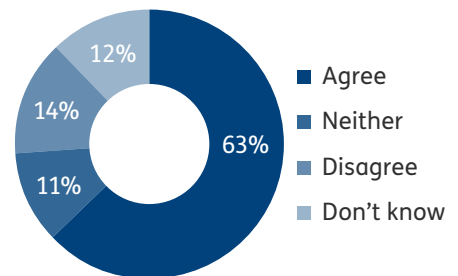
- Recent [research](#)⁹ found that claimants' experience of Universal Credit is mostly positive, with them finding the process straightforward and easier to understand.
- 90% of claimants said the tasks from their claimant commitment would give them a better chance of finding work.
- Claimants who had previously claimed Jobseeker's Allowance think Universal Credit provides better financial incentives to work, better rewards small amounts of work, and makes it easier to understand what is required in order to receive Universal Credit.

The positive experience of most claimants is also matched by DWP staff. Work coaches prefer the Universal Credit regime to the previous system, and staff delivering Universal Credit in jobcentres and service centres tell us Universal Credit is simpler and easier to administer. Work coaches are also finding that they have more positive and supportive relationships with their claimants.

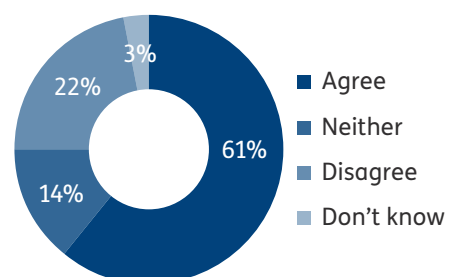
A better financial incentive to work



A better reward for small amounts of work



Easier to understand what is required in return for payments



Base: all Universal Credit claimants in wave one of the research who had claimed Jobseeker's Allowance in the past two years

9 www.gov.uk/government/publications/universal-credit-research-with-single-claimants-including-those-with-housing-costs



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www.gov.uk/dwp