



Universal Credit Pathfinder Evaluation

Background and methods

Universal Credit (UC) is a new simpler, single monthly payment for people who are looking for work or on a low income. It aims to help claimants and their families to become more independent and to simplify the benefits system by bringing together a range of working-age benefits into a single payment.

UC is being introduced gradually, and was initially introduced from April 2013 in certain areas of the North West of England, known as Pathfinder sites. Initial eligibility criteria for UC focused on single, unemployed, non-home-owning claimants without any children.

The evaluation of UC delivery in the North West Pathfinder included:

- A three-wave longitudinal telephone survey of 901 UC claimants in Pathfinder areas, conducted as early as possible in the claim, three months after the claim and six months after the claim.
- Two comparator surveys of Jobseeker's Allowance (JSA) claimants to facilitate comparisons with the existing benefits system.
- Qualitative research with 40 early UC claimants in two Pathfinder areas.

The Pathfinder evaluation was commissioned as part of the Department for Work and Pensions' (DWP's) commitment to evaluate the implementation of UC.

The report was authored by members of the DWP Universal Credit Evaluation Team, using findings from qualitative research with claimants commissioned from ICF International (formerly ICF-GHK) and claimant survey data commissioned from IFF.

The Pathfinder Evaluation aimed to examine UC as delivered in the Pathfinder to assess what was working well, what needed to improve and to collect early evidence on whether policy intent was being met (rather than a complete assessment of outcomes from UC or its impact).

Its overarching objective was to provide timely and operationally relevant evidence to support the continual improvement of Pathfinder and the further roll out of UC, and as such it was carried out during the very early stages of UC delivery. Consequently, the report should be read as an account of that early experience of UC.

DWP has continued to refine and improve UC delivery since then, informed by learning from the evaluation and other sources. Future evaluations will explore how UC continues to perform and evolve as its scale and scope expands.

Claimant experience

The online claim process for UC was well used (with over 90 per cent claiming online), generally straightforward and working well.

A large majority of claimants were positive about their initial UC interview and the ongoing review process, in terms of the explanations they received and the advice and support they were offered. UC claimants who had previously claimed JSA generally compared UC favourably to JSA.

Many claimants thought that all of the actions they accepted as part of their Claimant Commitment (CC) would increase their chances of finding work (53 per cent), took account of their personal circumstances (47 per cent), were achievable (59 per cent), and would be checked on by the Jobcentre (78 per cent).

The majority of responses were very positive for each of these questions, and a substantial proportion of claimants felt that at least some of the actions would achieve these outcomes. Across the survey waves only a small proportion of people thought that none of the actions would achieve these outcomes.

UC claimants recalled reporting more changes of circumstance than JSA claimants, and by wave 3 of the survey were much more likely to report them to Jobcentre Plus than JSA claimants were.

Job search

Of those still claiming UC at waves 2 and 3 of the survey, around half said they were finding it easy to complete 35 hours job search, with just under a third saying they were finding it difficult.

The main reasons for finding it difficult included a perceived lack of suitable jobs in the area, a lack of access to the internet at home, and applying for jobs online reducing the time they needed to spend on job search.

Some claimants interviewed in depth found producing evidence of their job search straightforward; others felt more clarity around how to provide evidence and the required level of detail would be helpful.

Understanding the job search requirement and other aspects of the conditionality requirements is an important part of UC. The vast majority (96 per cent) of claimants recalled discussing with their adviser the conditions that would affect their UC payment.

Survey evidence also suggests that UC claimants were more likely than those on JSA to think the benefits system was effective at encouraging people into work.

Budgeting and monthly payments

The vast majority of UC survey respondents reported being paid monthly (95 per cent by wave 3 of the survey).

Around three-quarters of UC claimants were confident in their ability to budget the monthly payment. Very few reported seeking help or advice to manage their money.

A large majority of UC and JSA survey respondents reported that they were keeping up with bills and commitments, and the proportion reporting this increased over time. Although UC claimants appeared to be less likely than JSA claimants to keep up well with bills and commitments initially, this gap reduced considerably over time.

Where claimants did report requiring extra funds to cover their budgeting needs, UC claimants were more likely than JSA claimants to draw on support from family and friends. They were also able to draw on the support specifically offered under UC for those needing an advanced payment to cover the transition to monthly benefit payments.

Given the eligibility criterion applied under UC Pathfinder, there were very few claimants with housing costs.

Of those few, the vast majority of UC renters reported no arrears. For those few respondents who did report falling behind on their rent, survey results suggest rent arrears reduced over time. By wave 3 of the survey, the proportion reporting rent arrears for UC was a little higher than JSA: at 12 per cent compared to 7 per cent for similar JSA claimants.

This pattern, showing a fall over time, mirrors that seen under the Direct Payment Demonstration which was set up to prepare the ground for the introduction of UC. As a result of this evidence, DWP has put in place arrangements to deliver money management advice to claimants and alternative payment arrangements should claimants begin to accrue rent arrears.

Understanding of Universal Credit

The vast majority of UC claimants reported being clear about what they needed to do to receive UC, and in what circumstances their benefit may be stopped.

However, although some of the messages around being better off in work are being recognised, at this early stage these are less well understood than the requirement to look for work.

For example, over 40 per cent of UC claimants surveyed did not know that people on low incomes can still receive UC no matter how many hours they are working, and the in depth research found understanding of how work would impact on UC payment was limited.

Attitudes to work and job search behaviour

At wave 3 of the survey, UC claimants (81 per cent) were more likely than JSA claimants (74 per cent) to think that the benefits system is effective at encouraging people back to work, and UC claimants were increasingly more likely

to have a positive outlook on the availability of jobs in their area than those on JSA. UC claimants were less pessimistic than JSA claimants that they could get a job within three months and this relationship was sustained over the period.

Encouraging claimants to look more intensively for work is an important element of UC. There was a consistent and statistically significant difference in the hours UC claimants reported spending searching for work: nearly twice as many hours as JSA. At wave 1, UC claimants applied for more jobs, though there appeared to be little difference by wave 3.

Moving into work

DWP analysts are reviewing a wide range of evidence to understand labour market outcomes under UC, with the claimant survey being one part of that analysis. The claimant survey found that 69 per cent of UC claimants had a job at some point between making their claim and their wave 3 survey interview, compared to 65 per cent of JSA claimants. This early evidence is encouraging.

A more detailed programme of impact analysis is now underway to provide a robust picture of how UC compares to JSA in terms of employment outcomes and earnings. The analytical approach underlying this work has been peer reviewed by researchers at the Institute for Fiscal Studies¹.

¹ Evaluating the Impact of Universal Credit on the Labour Market in Live Service and the North West Expansion, DWP ad hoc research report no. 7, July 2014, www.gov.uk/government/uploads/system/uploads/attachment_data/file/334312/evaluating-impact-universal-credit-labour-market-live-service-north-west.pdf

Learning from the evaluation

The evaluation aimed to learn lessons to feed in directly to improvements to UC operations on the ground. The learning from Pathfinder is also being used to inform design of the end-state digital UC service, which is developing the systems and processes for delivering UC in the future.

Action planning has taken place regularly to ensure that learning points are captured and improvements made in response. Examples of actions taken in response to the evaluation findings include:

- Improving understanding of payments and financial incentives by developing staff understanding of and access to payment information, and trialling an 'In Work Calculator' to give information to claimants about how finding work would impact on UC payments.
- Redesigned processes to ensure that claimants understand that they may be able to continue to claim UC after moving into work and reduce the number of claimants who do not get in touch with DWP after obtaining work.

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The full report of these research findings is published by the Department for Work and Pensions (ISBN 978 1 78425 364 6. Research Report 886. October 2014).

You can download the full report free from: <https://www.gov.uk/government/organisations/department-for-work-pensions/about/research#research-publications>

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