

# Perceptions of welfare reform and Universal Credit

By Monique Rotik and Luke Perry

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

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

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

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

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

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

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

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

The main challenges for the information and communication strategy were:

- there was general suspicion of the Government's motives for introducing Universal Credit, and about whether the change would make people genuinely better off – particularly in the current environment where significant concerns exist about the availability of jobs;
- people did not sufficiently understand how the system would be designed to ensure people are better off in work, and they consequently tended to question this;

- certain groups are likely to be more challenging targets, either because they did not perceive the reforms as relevant to them (e.g. part-time and self-employed workers) or due to high resistance (e.g. some long-term unemployed people);
- there is potential for the name 'Universal Credit' to cause confusion if not clearly explained;
- people have a tendency to see the similarities with the current obligations and sanctions regime; the differences may need to be presented more strongly to encourage the desired behaviour change.

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

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You can download the full report free from: <http://research.dwp.gov.uk/asd/asd5/rrs-index.asp>

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Kate Callow, Commercial Support and Knowledge Management Team, Upper Ground Floor, Steel City House, West Street, Sheffield S1 2GQ. Email: [Kate.Callow1@dwp.gsi.gov.uk](mailto:Kate.Callow1@dwp.gsi.gov.uk).