

SOCIAL SECURITY ADVISORY COMMITTEE

Social Security Advisory Committee
Occasional Paper No. 10

**The implementation of Universal Credit and the
support needs of claimants: a study by the Social
Security Advisory Committee**

May 2013

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Executive summary and recommendations

Background

The Government is in the process of delivering the most far-reaching reform of the UK's social security system for 65 years. The introduction of Universal Credit (UC), which will bring together a number of income related benefits within a single dynamic benefit for people of working age, is at the heart of that reform and will transform the way in which benefit claims and payments are made.

This large scale reform will affect millions of people, therefore it is reasonable to expect that a number of claimants will experience certain risks or vulnerabilities at some point during their claim to UC. The Social Security Advisory Committee (SSAC) has previously highlighted the concerns of a wide range of stakeholders about potential impacts on claimants as they transition to UC, and the importance of ensuring that appropriate support mechanisms are in place to address risk and vulnerability.

The Department for Work and Pensions (DWP), in recognition of those potential risks and vulnerabilities, has started to put in place a range of support for claimants with particular needs via the Local Support Services Framework (LSSF). The Committee welcomes this work. However, against the backdrop of large-scale change and ongoing stakeholder concern, the Committee has conducted its own complementary study to provide further perspective on the potential risks that are specific to this new approach to the delivery of welfare benefits. The Committee has also considered how these risks can best be managed so that claimants are able to access and sustain a claim to UC.

This study is intended to inform the preparations for the phased implementation of UC from April 2013.

Defining risk and vulnerability within Universal Credit

To gain a fuller understanding of the support needed to ensure that claimants benefit from the new system, the SSAC developed an approach that recognises the complex and dynamic nature of risk within UC. The following risk factors were identified:

- individual characteristics, such as a low level of literacy;
- current or past circumstances, such as homelessness or experiencing domestic violence;
- relationships to others, such as having a support network in place;
- external factors, for example the prevailing economic conditions.

Risk factors may be cumulative or work in combination, and may change over time as resilience develops. Claimants may also respond to risk in different ways, and this too may vary over time.

The design of UC may also create risk if the changes introduced are not understood or claimants' needs are not adequately identified and supported. The key risks identified relate to one or more of the following elements of UC:

- *Online claims: Digital by Design:* The majority of claimants now have access to the internet, but a significant number of claimants may not currently have access at home, the necessary online skills, or confidence to manage a UC claim. While many will be able to overcome these challenges in time, this may not be a realistic ambition for all claimants.
- *Claimant Commitment:* The Claimant Commitment introduces a new set of requirements for claimants, and is closely linked to a more robust conditionality regime. If the Claimant Commitment does not adequately reflect the circumstances of each claimant - or is not fully understood - there is a risk that the more vulnerable will fail to meet the requirements and face a sanction. This will have consequences for the whole household.
- *Monthly payment:* The payment of benefit direct to claimants who are not used to monthly budgeting could be a challenge for some households, increasing the risk of rent arrears and failing to cover other housing costs.
- *Real Time Information (RTI):* There is a potential risk that claimants fail to understand the income which is not in scope for RTI and which needs to be declared separately. This may lead to a sanction.
- *Self-employed claimants:* The monthly reporting requirements for those with income from self-employment, coupled with the Minimum Income Floor, creates a risk that self-employment will become a less manageable or appealing option.
- *Passported benefits:* The intention, in the short-term at least, to replicate existing arrangements for passporting will preserve the current 'cliff edges' when claimants move into work or increase their income. In addition to creating a vulnerability for the claimant, this approach has the potential to undermine the principles underpinning welfare reform.

Providing the support needed by UC claimants

The Committee welcomes the Department's LSSF as a valuable first step in recognising the importance of delivering holistic joined-up services. Set in the context of the LSSF, the Committee has examined the types of support which claimants may require under UC in order to help address and mitigate the identified risks. The key findings are that:

- Claimants are likely to have changing support requirements, potentially highlighting the need to regularly reassess needs.
- Claimants may have contact with a variety of organisations providing multiple opportunities to assess their support needs. Stakeholder

organisations have highlighted the opportunity, subject to data protection considerations, to share information on the needs of claimants in order to provide a better service for them.

- It will be challenging to identify all support needs, and there is a risk that some may remain hidden.

In particular, the Committee identified that the following types of support are likely to be required during the transition to UC:

- *Personal budgeting support*: this should focus primarily on informing people about the changes to their benefits under UC and the implications these have for the way in which households will need to budget, whilst also raising awareness of specific tools that can support them. In particular, there is a concern among stakeholders that households may get into rent arrears as a result of using the housing element of UC to cover shortfalls, and that claimants should be clearly signposted to support should they suffer an income crisis.
- *Clear and accessible communication*: the intelligibility of communications, especially for those with low levels of English literacy is a concern for some stakeholders. In order for all claimants to be able to benefit from the opportunities within UC, stakeholders believe that claimants need to clearly understand it and the new requirements it places on them.
- *Accessible support*: the accessibility of any element of UC support, for example the location and availability of services including welfare advice and computer access, is a key concern for stakeholders.
- *Independent support and advice*: Stakeholders emphasised the importance of welfare benefits advice and welfare legal services being made available from sources that claimants trust. The Committee is mindful that the reduction in the provision of Legal Aid may potentially have an impact on the availability of legal support at a time when demand is likely to rise.
- *Support for long-term need*: Stakeholders expressed uncertainty about how well some claimants will cope in the longer-term unless support and advice are readily available, particularly within a context of low economic growth and extensive changes in social security provision.

The Committee is clear that the way in which this support will be delivered is also important. For example, it will be important to understand how far the LSSF is seeking to commission new services to cover anticipated support needs, and how much it will increase the capacity of existing provision and expertise. There is also an opportunity to reflect on whether basic guidance and advice services need to be delivered locally, or whether independent welfare advice to help claimants understand the new benefit system could potentially be delivered more efficiently and uniformly via a national service. This would arguably provide a more consistent service and prevent a large

number of similar local systems being established which may be more costly and less open to quality control.

Conclusions and recommendations

The Committee is grateful to the various organisations and individuals who have contributed to this study and helped to shape the recommendations which are set out below. The recommendations are intended to be constructive and complementary to the significant amount of work that is already being undertaken by the Department and others.

Communications

- (i) The Committee has previously expressed its concern to the Department's Permanent Secretary about the quality of customer communications, and believes that this is an issue that needs to be addressed urgently. It therefore recommends that the Department gives higher priority to ensuring that actions required to strengthen its customer communications are identified and taken forward. The Department's plans for addressing this issue should be published ahead of the roll-out of UC in October 2013.

The Committee will also look more closely at this issue in the coming months and will make further, specific, observations and recommendations during the summer.

Expectations of claimants: the Claimant Commitment

- (ii) The development of a Claimant Commitment should always include identification of, and discussion about, any specific characteristics and circumstances that may put the claimant at risk (domestic abuse, drug or alcohol dependence, for example) or enhance vulnerability. As of October 2013, the standard template for Claimant Commitment agreements should include a mandatory section for completion which supports this process. Personal Advisors should always signpost claimants to appropriate sources of support and advice.
- (iii) It is important to recognise that the conditionality regime that currently applies to jobseekers may not be appropriate to in-work claimants, and conditions will need to be tailored to reflect the circumstances of specific individuals and families. The Department should publish clear guidance on this issue ahead of October 2013.

Identification of risks and vulnerabilities

- (iv) The Committee recommends that the Department should specify, and publish by October 2013, methods (selecting from the menu below) for assessing risk and vulnerability at each stage of the UC process:
 - the information given about UC
 - a simple trigger question on the UC claim form

- discussion with the Personal Advisor
- a specific question in a UC Claimant Commitment
- a simple question on the monthly assessment
- a reminder on the UC award notification
- routine discussion at any follow-up interviews and reviews
- discussions before implementing a sanction
- interviews with work programme providers

Claimants with specific ongoing and fluctuating risks and vulnerabilities

- (v) The Committee recommends that the Department should design, oversee and monitor the implementation of an effective training programme for its own staff and delivery partners who are in contact with UC claimants to ensure that they have a sufficient understanding of, and capability to manage, the complex and dynamic nature of risk and vulnerability within UC.

The training modules, which should be available by October 2013, should aim to ensure that the advice provided is of high quality and consistent in all cases, and that the assessment of the implications of individual risk factors is undertaken with care to ensure a personalised and relevant response can be given and that individual support needs are considered and addressed.

Provision of support to claimants

- (vi) The Committee regards the LSSF as providing a valuable framework within which support can be provided and is of the view that it represents a good starting point. However, ahead of the October roll-out of UC, this needs to be translated into a more specific set of appropriately resourced arrangements which give consideration to:
- the extent to which support services should be offered locally, and the merits of developing an integrated national and local network of support to avoid duplication of effort and promote a holistic approach;
 - an integrated support services framework involving national and local providers and central government departments which can ensure that support services are joined-up and a variety of claimants' needs are met efficiently and effectively.

Partnership working

- (vii) The Committee recognises that welfare reforms are placing additional requirements on local authorities and a range of welfare and advice agencies, both in terms of implementation and operation. It therefore recommends that an initial assessment of the cumulative impact on local authorities and advice agencies and their resources should be produced by October 2013 and, thereafter, kept under regular review

to ensure that steps are taken to address any capacity issues that arise.

- (viii) The Committee urges the Government to continue to work in partnership with other agencies and providers of support to ensure that, by October 2013:
- helplines are accessible without charge (including from mobiles) and that support for the online claims process is available beyond normal office hours (this is particularly important if claims cannot be saved part way through the process);
 - information about the support available can be obtained at a range of outlets and in a variety of languages; and
 - support services are in place to encourage self-sufficiency and independence.

Sharing information

- (ix) Personal Advisors, programme providers and support agencies should agree ways of sharing information about specific risks and vulnerabilities, with the claimant's permission, and ensuring that data protection and confidentiality protocols are in place by October 2013. In doing so, the risk of fraud and exploitation must also be carefully considered.

Passporting

- (x) The Committee recommends that DWP, other government departments, devolved administrations and utility companies continue to work together to find innovative ways to reform and simplify the existing system of passporting and avoid creating unnecessary risks for claimants when such benefits are withdrawn. The Committee would welcome regular progress reports and be willing to continue to provide input on design.

Evaluation

- (xi) The Committee recommends that the evaluation of UC examines all aspects of the process and looks specifically at the extent to which risk factors and vulnerabilities are identified, the support that is offered, and the extent to which claimants' needs are being met. Additionally evaluation should examine what kind of support and advice are effective and identify and promote examples of good practice.

The Government should take account of the wider impacts of welfare reform when establishing mechanisms to identify the needs of UC claimants, and to ensure that a holistic approach to the provision of advice and support is taken nationally and locally.

While accepting that evaluation will be an evolving and continuing process, the Committee recommends that DWP should put arrangements in place to produce and publish, at regular intervals (every six months initially), an independent assessment of the lessons that have been learned from the pathfinder and subsequent roll-out of UC, and how the Department has responded to them.

The Department should ensure that the evaluation process includes the impact of taking different approaches to UC and other welfare reform initiatives by the devolved administrations.

Chapter 1 Setting the context for the study

The introduction of Universal Credit

1.1 The introduction of Universal Credit (UC) during 2013 is at the heart of the most extensive change in the social security system for 65 years.¹ UC brings together a number of income-related benefits within a single, integrated benefit for people of working age who are out of work or in low-paid employment. It consists of a basic personal amount with additional elements for housing, children, disability, and caring responsibilities. UC will replace most of the benefits and tax credits that currently provide means-tested support, with the exception of Council Tax Benefit.

1.2 This radical change is one of a number of far-reaching reforms in the benefit system which are being implemented from April 2013. These include the capping of household benefit payments, the introduction of the Personal Independence Payment, and the implementation of new benefit rates. These reforms provide an important and critical context for an examination of the potential risks and vulnerabilities when UC is rolled out later this year. Indeed, the nature and extent of the wider reforms are such that they themselves are likely to create new risks and vulnerabilities for UC claimants over and above those inherent in the transition to UC. This paper, however, focuses specifically on a consideration of the support needs of claimants relating to the implementation of UC rather than on the potential impacts of the wider social security changes that are taking place around its delivery.

1.3 In July 2010, the Coalition Government laid out its ambitions to simplify the benefits system, end welfare dependency and improve incentives to work.² Responses to the Green Paper indicated broad agreement about the need for fundamental reform of the current complex system of welfare benefits and support for the principles underpinning the proposal for a single, dynamic benefit that would support people in and out of work, but concerns were raised, *inter alia*, about how the most vulnerable claimants would be protected.³

1.4 The Government subsequently expressed its commitment to make the welfare system fairer, more transparent, and more affordable, whilst continuing to support the most vulnerable in society.⁴ The Social Security Advisory Committee's (SSAC) response to the White Paper⁵ acknowledged the positive opportunities afforded by simplification of the benefits system and the emphasis on making work pay, and has subsequently undertaken two major consultations relating to the introduction of Universal Credit.

¹ National Assistance Act (1948) <http://www.legislation.gov.uk/ukpga/Geo6/11-12/29/contents>.

² Department for Work and Pensions (2010) *21st Century Welfare*, Cm 7913.

³ Department for Work and Pensions (2010) *Consultation Responses to 21st Century Welfare*, Cm 7971.

⁴ Department for Work and Pensions (2010) *Universal Credit: welfare that works*, Cm 7957.

⁵ <http://ssac.independent.gov.uk/pdf/universal-credit.pdf>.

1.5 First, in May 2011 the SSAC was commissioned by the Minister for Welfare Reform, Lord Freud, to undertake an independent review of passported benefits and to provide advice on possible approaches to the provision of these benefits under UC;⁶ and, second, in summer 2012, the SSAC was invited by the Department for Work and Pensions (DWP) to scrutinise the UC and related draft regulations.⁷ A wide range of stakeholders (over 400 in total) responded to these consultations, enabling the Committee to provide advice and recommendations which took account of many different perspectives.

1.6 The key principles underpinning UC - simplification and making work pay - were widely supported during both of the reviews undertaken by the SSAC, and these reports acknowledged the need to develop a benefit system that would be relevant and suitable for the vast majority of the people who need to access it and would stand the test of time. Nevertheless, a number of concerns were raised about the potential negative impacts on claimants, with emphasis placed on the importance of ensuring that appropriate support is available for those who might be especially vulnerable. The Committee drew attention in its reports to the importance of understanding and mitigating any unintended consequences of the reforms and of ensuring that appropriate support mechanisms are in place to address risk and vulnerability.

1.7 The Work and Pensions Select Committee has also raised concerns about how vulnerable claimants might be supported, particularly during the transition to UC.⁸

We recognise that the new Universal Credit system is likely to be accessible to the majority of claimants, but we have serious concerns about how more vulnerable people will cope with the changes, especially the online claims system and the proposed single monthly payment. Some claimants will not be able to make an online claim and others may struggle to adapt to monthly payments.

The measures the Government plans to put in place to help these claimants may be difficult to access and too slow in identifying who these people are, with the risk that they will fall into debt and hardship before extra support can be provided.

Dame Anne Begg MP
Chair, Work and Pensions Select Committee

⁶ Department for Work and Pensions (2010) *Universal Credit: the impact on passported benefits*, Cm 8332

⁷ Department for Work and Pensions (2012) *The Draft Universal Credit Regulations 2013; The Benefit Cap (Housing Benefit) Regulations 2012 (S.I. 2012 No. 2994); The draft Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013*, The Stationery Office, Crown Copyright.

⁸ Work and Pensions Select Committee (2012) *Universal Credit Implementation: meeting the needs of vulnerable claimants*, Parliamentary Copyright 2012

1.8 It is reasonable to expect that during a period when large-scale changes are taking place in the social security system there will be heightened risks for claimants, both during the transition phases and potentially in the longer term. These need to be identified and addressed. As UC is rolled out as part of a much broader package of reforms in the delivery of welfare support in 2013, the cumulative impacts on, and consequences for, vulnerable claimants also need to be identified and evaluated as quickly as possible. While this paper does not attempt to address these wider impacts, as many concerns have been raised about how vulnerable claimants will be protected and supported when UC is introduced, the SSAC has undertaken a relatively brief and focused study to enhance the understanding of risk and vulnerability relating specifically to the implementation of UC and to consider the ways in which UC claimants might be appropriately supported. This paper presents the conclusions from the study.

The focus of this paper

1.9 The implementation of a single working-age benefit, while presenting many opportunities, also presents considerable challenges, and Ministers have indicated that they want to introduce the change to UC slowly and carefully over a four year period to 2017. This offers a critically important opportunity to learn from early experiences and refine an understanding of the aspects of UC which present the most challenges for claimants. It is expected that when the transition to UC is complete, there will be some eight million claimants covering a diversity of circumstances, needs, vulnerabilities and risk factors. The Department is putting in place a range of support, which we discuss in Chapter 4, to help claimants through the transition to UC. Nonetheless, not all claimants will find the new system simple to understand or easy to access and, in the Committee's view, it is essential that those people with specific needs are identified, the challenges they face are fully understood, appropriate support is made available, and claimants' ability to benefit from the shift to a radically new approach is not compromised or undermined.

1.10 The aim of this study has been to explore the potential range of risk factors and vulnerabilities faced by the UC claimant population and consider the extent to which these are being taken into account, in order that all claimants:

- are able to make a claim successfully;
- are able to sustain and manage their claim and understand the UC awarded to them;
- understand the expectations placed on them and the requirements within their Claimant Commitment; and
- understand conditionality and the consequences for failing to meet work search and any other requirements contained in their Claimant Commitment.

1.11 The objective of the study is to offer evidence-based and constructive advice to Ministers about ways in which the needs of UC claimants, in particular those who might be vulnerable in some way or another while applying for and receiving UC, might be addressed.

1.12 At the beginning of the study, the Committee set out a number of questions to be explored, refining them as the work progressed, and these are shown in the box below. Committee members reflected carefully on whether the term ‘vulnerable’ was the most helpful way to consider claimants’ needs. While reference to ‘vulnerable’ claimants is commonly used to draw attention to those with specific characteristics, such as being homeless or having a mental health condition, it is also limiting in its reach and has the potential to label whole groups of people with specific characteristics whose support needs may be highly variable. The Committee was keen not to restrict the exploration of vulnerability to specific categories of claimants but to recognise risk in a broader sense as it might apply to all kinds of claimants at one time or another. This wider focus enabled the Committee to consider different kinds of needs and appropriate support mechanisms in a more holistic way, while bearing in mind the policy intent underpinning UC.

1.13 In addressing these questions the Committee recognised that the introduction of UC may offer new opportunities for claimants that would lessen the risks they might otherwise experience in accessing the benefit system and that the provision of appropriate support could be key to enabling this. The Committee also acknowledged that a programme of work is ongoing within the Department to address the needs of ‘vulnerable claimants’, drawing on a large body of research with benefit claimants in the current system. Rather than duplicate this effort, the SSAC study has intentionally focused specifically on a consideration of what is new within UC – attempting to understand the risks associated with the aspects which represent a wholly new approach to the delivery of welfare benefits to the working-age population. This includes:

- Online claims: digital by design
- The Claimant Commitment
- Monthly assessment and payment
- Real Time Information
- Reporting of self-employment earnings and the Minimum Income Floor (MIF)
- Changes to passported benefits

Study Questions

1. How can risk and vulnerability be understood and defined?
2. What are the potential risks and vulnerabilities faced by UC claimants?
 - Are some claimants more vulnerable/at risk than others?
 - What are the characteristics and circumstances which lead to being vulnerable when accessing or interfacing with the benefit system?
3. How will UC ensure that the policy intent can be promoted for claimants who may be at risk or vulnerable in some way?
4. What are the elements within UC which may provide difficulties for claimants?
 - How do vulnerabilities/risk factors impact on claimants' abilities to manage the UC claims and payments processes and their own finances?
 - Are there vulnerabilities which can lead to claimants being at higher risk within the new conditionality and sanctions regime?
5. What safeguards and supports are needed to address different kinds of risk and vulnerability?
 - Are they currently provided for?
 - How will they be provided and to what extent will they be in place by October 2013?
 - Who will provide safeguards and supports?
 - What are the new vulnerabilities that the DWP needs to take into account, given the current extent of planned safeguards?
6. How might vulnerability and risk factors be identified during the claims process in order to ensure that claimants receive appropriate support?
7. Are there any further mechanisms that might reduce the risks for claimants and enable them to take advantage of the opportunities the DWP believes are embedded within UC and participate fully in the new UC regime?

1.14 The changes, which constitute a new approach, were highlighted in the SSAC consultations and the SSAC Stakeholder Seminar in November 2012 as those which offer considerable opportunities for many claimants but which may prove difficult for some to manage without support. In this way, the study was designed to add value by taking a more holistic approach to understanding how claimants might respond to a very different approach in the provision of social security benefits overall.

Understanding the wider context of welfare reform

1.15 Throughout the study, the Committee has been mindful of the extensive changes which are being implemented across the welfare reform agenda in advance of the introduction of UC later in 2013. In particular, significant changes include:

- the introduction of Housing Benefit payments based on the size of property considered necessary for each household;
- the abolition of Council Tax Benefit and elements of the Social Fund, with alternative schemes being developed by local authorities and the Scottish and Welsh Governments to meet local need;
- the ending of Job Grant payments;
- the implementation of new benefit rates, with some working-age benefits being increased by one per cent rather than the rate of inflation;
- the introduction of a Benefit Cap which will limit household benefit payments, including Housing Benefit, to £26,000 per year;
- the introduction of new conditionality and sanctions regimes, including increased penalties for benefit fraud;
- the introduction of Personal Independence Payment (PIP), which will replace Disability Living Allowance (DLA) for people aged 16-64;
- the reform of child maintenance; and
- the introduction of new rules on how people can appeal against (initially PIP and UC) benefit decisions.

1.16 Moreover an existing area of potential vulnerability for those with Tax Credit awards arises from the substantial levels of debt resulting from past overpayments. In aggregate, there is an outstanding stock of Tax Credit debt amounting to some £6 billion. For many of those with continuing awards debt is recovered via deductions from their ongoing entitlements. Unless a decision were to be taken to write off these debts, which seems unlikely, the deduction will become a feature of the new social security system as Tax Credits are rolled into UC payments during the transition. This could reinforce other risks and vulnerabilities that many low wage in-work claimants face within UC and

other associated reforms. Moreover, the level of overpayment debt may rise in the transition period as a result of a commitment by HMRC to increase compliance activity in order to meet targets relating to error and fraud agreed with HM Treasury.⁹

1.17 The Committee recognises that these changes and the legacy of the recovery of Tax Credit overpayments will have far-reaching implications for a large number of people. Moreover, many of the new policies remain controversial, particularly because many existing claimants will see a reduction in their benefit income as a consequence. These changes will already be impacting on claimants before UC is implemented beyond the initial pathfinder areas. While it is not possible to quantify the impacts of these other changes at this stage, during the Committee's consideration of the risks and vulnerabilities associated with the introduction of UC it has been acutely aware of the wider context of social security reform and the cumulative impacts on claimants. While this study is deliberately restricted to a consideration of risks and vulnerabilities within UC and to offering recommendations that can inform the way in which these might be ameliorated, it is important to remember that they form part of a much bigger agenda, and that vulnerabilities and risks may be increased as a result. Furthermore, any change of this magnitude inevitably causes additional anxiety and concern, particularly amongst those who are most likely to be affected. Our conclusions and recommendations reflect this reality.

The approach to the study

1.18 The study has drawn on a range of information, outlined in the box below.

Data Sources

Information has been obtained from:

- a review of the consultation responses received by SSAC in summer 2012
- discussions at the SSAC Stakeholder Seminar in 2012
- reviews of parliamentary debates relating to welfare reform
- evidence given to the Work and Pensions Select Committee
- research evidence relating to risk and vulnerability within social security systems

⁹ National Audit Officer (2013) *Tackling tax credit error and fraud*, The Stationery Office, Crown Copyright 2013 <http://www.nao.org.uk/report/tackling-tax-credits-error-and-fraud/>

- interviews with key stakeholders
- focus group discussions with stakeholders
- discussions with DWP officials
- discussions with SSAC members

1.19 Because this study is intended to inform the preparations for the implementation of UC during 2013, a limited number of additional interviews and focus group discussions have been undertaken, primarily to extend and/or clarify the information gleaned from the desk-based reviews and to ensure that the available data were up-to-date. The Committee is grateful to those organisations and individuals (listed at Annex 2) who responded positively to our request for information.

The structure of this report

1.20 The findings and recommendations from this brief and focused study are presented in the following four chapters. Chapter Two examines what is meant by risk and vulnerability and draws largely on a literature review and the Committee's own deliberations. Chapter Three records the key changes within UC and considers how these might impact on claimants. Chapter Four examines the support needs of claimants and how these might be met, and Chapter Five sets out the conclusions from the study and puts forward a number of recommendations and guiding principles (see Annex 1) for consideration by Ministers, DWP officials, local authorities and other organisations involved in the delivery of welfare support.

Chapter 2 Defining risk and vulnerability within Universal Credit

Introduction

2.1 The concepts of risk and vulnerability are important in the fields of social security (and more widely for social protection) and their operational implications for the development and delivery of UC are especially significant. However, the SSAC notes that the meaning and coverage of the terms *vulnerability* and *risk* vary according to the context within which they are used.

2.2 The academic and research literature on the UK's social security system does not address risk and vulnerability directly; this may be said to contrast, on the one hand, with studies of continental European systems where the principle of social insurance in relation to specified risk is central and on the other, with development studies, where ideas around risk and vulnerability are key to policy analysis. The Committee therefore wishes to be clear about the use made of these terms in this report. This chapter explores the Committee's understanding and application of these terms, informed by the literature and complemented by discussion with SSAC stakeholders.

2.3 In seeking to draw a line between risk and vulnerability, the former may be said to be the probability of an adverse event occurring. Furthermore, risk may be divided into 'existential risks' on the one hand where the probability is relatively high and predictable (being young, being old, being ill) and 'social risks' where the probability is lower and somewhat less predictable (being unemployed, being made redundant, having an occupational disease, being a lone parent, becoming homeless and so on).

2.4 In recent years particular attention has focussed on 'new' social risks associated with labour market change (such as increased flexibility and the growth in female employment), demographic and family change (increased numbers of very old people, relationship breakdown and lone parenthood), migration, addictions and dependencies and educational attainment. Clearly there is overlap between these categories but they provide a framework for identifying those likely to be at risk when claiming UC.

2.5 The Committee recognises that during the transition to UC the interaction between risk and vulnerability is not without consequences for claimants and households. While the Department has guaranteed transitional protection to ensure that there are no cash losers at the point of transition providing claimant circumstances remain unchanged,¹⁰ changes in circumstances, however, can introduce the potential for risk and vulnerability to interact.

¹⁰ Tarr, A & Finn, D (2012) *Implementing Universal Credit*, Joseph Rowntree Foundation.

2.6 In such conditions, there can be a significant negative impact on the claimant and the household, particularly if benefit income falls. This in turn can increase the propensity for debt and other unintended social consequences. At this point in time it is impossible to know just how many UC claimants might experience such an outcome, although previous research¹¹ relating to changes in Income Support, for example, suggested that relatively few former claimants had not experienced a change in circumstances during the first six months of a claim.

Vulnerability

2.7 The term *vulnerable* is often associated with those who need an additional level of assistance or support. This is reflected in guidance for staff at Jobcentre Plus, which describes vulnerable claimants as being “*those who have difficulty in coping with the demands of [DWP] processes when they need to access a service. As a result, they are unlikely to be able to use normal access channels and are likely to benefit from face to face support*”.¹²

2.8 The Work and Pensions Select Committee report *Universal Credit implementation: meeting the needs of vulnerable claimants*¹³ included the recommendation that the DWP should “*publish a clear definition of “vulnerable” groups within Universal Credit, for whom it will not be appropriate to include housing costs in their benefit payment*”. The Department responded that it is “*not...seeking to define “vulnerability” for the purposes of administering Universal Credit. Any attempt to do so would risk some people with complex needs falling outside of the prescribed definitions and then not receiving help that they may genuinely need*”.¹⁴

2.9 While sharing the views of the Select Committee about the importance of understanding the impacts of UC on those who might be considered to be the most vulnerable, the Committee argues for an inclusive and empirical definition that will provide clarity and operational utility in the administration of the benefit. In the Committee’s view, an alternative perspective may be found in an approach that seeks to determine the probability and severity of claimant exposure to a series of risk factors.¹⁵ To some extent everybody is potentially vulnerable, and their vulnerability can change over time dependent on the nature and severity of the risks to which they are exposed. Focussing on the specific risks faced by claimants within UC rather than claimant vulnerability *per se* moves attention away from a focus on pre-defined categories or groups.

¹¹ Sainsbury R., Hutton S. & Ditch J. (1996) *Changing Lives and the Role of Income Support*, DSS Research Report No 65

¹² Department for Work and Pensions (unpublished) *Jobcentre Plus staff guidance on vulnerability*. Shared by permission of DWP.

¹³ Work and Pensions Select Committee (2012) *op.cit.*

¹⁴ *Ibid.*

¹⁵ Such an approach is informed by work commissioned by the World Bank’s Social Protection Unit. We are careful to note the very different policy environments within which such studies are undertaken but nevertheless feel that the approach has merit. See, for example, a number of studies published by the World Bank on vulnerability and risk management undertaken by Stefan Dercon, Jeffrey Alwang and Robert Holzmann amongst others.

Claimant risk

2.10 The Committee's initial premise was that *risk* is the likelihood that for some claimants UC will not deliver its key aims of providing simplicity and encouraging work. However, discussions with stakeholders and a review of existing research drew attention to significant additional risks that claimants may experience, such as poverty or debt – in other words, UC may cause or increase the probability of adverse events occurring for some claimants.

2.11 The Committee is aware, however, of the need to note two qualifications: first, with a significant potential for impact on claimants, there are system specific delivery risks associated with the implementation of UC – including the functionality of the IT system and the availability of appropriately resourced local advice and other support services; second, other significant and extensive changes to social security policy are being implemented in parallel to the roll-out of UC. Whereas these changes are formally separate they may impact on individual claimants or households in ways that interact and with unintended consequences.

Risk factors

2.12 Stakeholders described risk factors that could apply to a wide variety of claimants, not just those usually considered to be vulnerable, reaffirming the Committee's view that every UC claimant might be considered to be at-risk to some degree, with the number of risk factors they experience determining the overall level of risk that they are exposed to.

2.13 The risk factors that have been drawn to the Committee's attention during stakeholder interviews have taken a variety of forms and occur for a variety of reasons. For example, they can be due to the claimant's personal characteristics, their current or past circumstances, their relationships to others, or to external factors such as prevailing economic conditions. Examples of these factors are set out in the box below.

2.14 Some risk factors - such as losing a job - were described as adverse events in their own right, but they can also be understood in terms of the risk they pose to additional adverse events occurring, such as getting into debt or being unable to pay the rent.

Examples of risk factors for claimants within Universal Credit

Individual characteristics including, but not limited to, having:

- A mental health condition
- A physical impairment
- A sensory impairment
- A learning disability
- A cognitive impairment
- A substance dependency
- A low level of literacy
- Difficulty in communicating
- Limited or no understanding of English

Circumstances, including but not limited to:

- Homelessness
- Living in supported housing or temporary accommodation
- Being released from prison or discharged from hospital
- Living in an isolated or rural location
- Experiencing a bereavement
- Being made redundant
- Experiencing domestic violence or threats of it
- Being a victim of crime
- Having children from a previous relationship or stepchildren
- Being 'financially precarious' i.e. having no savings, no reserves to deal with unexpected items of expenditure
- Becoming ill or having an accident

Existing relationships, including but not limited to:

- Having little or no family, or other, support network
- Being dependent on support from family members, friends, social care or other services
- Having a caring commitment
- Being socially isolated

External factors, including but not limited to:

- Lacking local support services
- Lacking access to the internet and online services
- Experiencing poor economic conditions
- Experiencing changes to the benefit system

2.15 The Committee has not attempted to quantify the numbers of UC claimants who exhibit different kinds of risk factors, primarily because it would be extremely difficult to do so accurately in the absence of a single source of data that considers multiple risk factors comprehensively. Nevertheless, it is possible to derive some indications of the numbers of claimants with specific characteristics who will be coming into the UC system over the next few years. In particular, the Committee notes that:

- research has found that approximately 270,000 problem drug users were receiving working-age benefits;¹⁶
- some 160,000 benefit recipients were severely dependent drinkers;¹⁷
- of the 1.2 million JSA claims open on 1 December 2010 in England and Wales, 33 per cent had been made by offenders;¹⁸
- in 2012, around 53,450 households in England were accepted as homeless by local authorities;¹⁹
- in 2012, a total of 49 per cent of people with disabilities were in employment in contrast to 78 per cent of people without disabilities;²⁰
- individuals living in families with a disabled person tend to receive a greater proportion of their income from benefits;²¹ and
- 2.3 million people with a mental health condition were receiving benefits or out of work.²²

2.16 During the next four years existing claimants will gradually transfer onto UC. Moreover, between April 2013 and March 2016, current recipients aged 16-64 receiving DLA will be re-assessed for the new PIP. By May 2018 around 2.1 million people of working age were forecast to be in receipt of DLA. This will be reduced to under 1.6 million as a result of the introduction of PIP.

¹⁶ Hay, G. and Bauld, L. (2008) *Population estimates of problematic drug users in England who access DWP benefits: a feasibility study*. DWP Working Paper No. 46

¹⁷ Hay, G. and Bauld, L. (2010) *Population estimates of alcohol misusers who access DWP benefits*. DWP Working Paper.No. 94

¹⁸ Ministry of Justice (2011) *Offending, employment and benefits – emerging findings from the data linkage project*, 24 November 2011

¹⁹ Communities and Local Government (2013) *Statutory Homelessness: October to December Quarter 2012* England.

²⁰ Labour Force Survey, Quarter Two, 2012, GB, working age men aged 16-64 and women aged 16-59

²¹ Department for Work and Pensions (2012) *Family Resources Survey United Kingdom, 2010/11* http://research.dwp.gov.uk/asd/frs/2010_11/frs_2010_11_report.pdf

²² HM Government (2009) *Work, Recovery and Inclusion*, <http://www.dwp.gov.uk/docs/work-choice-work-recovery-inclusion.pdf>

Characteristics of risk factors

2.17 Risk factors can be cumulative and work in combination - the impact of exposure to a singular risk factor such as a drop in income will be increased when combined with exposure to a previous or second risk factor such as being in debt. It can also be demonstrated that risks can be clustered, accrete and amplify the probability of a recurrent or new risk in the future.²³

2.18 Risk factors are not necessarily permanent features - for example a drop in income due to losing a job may only be temporary. Furthermore, some risk factors - such as debt - fluctuate in their nature, and therefore their impact fluctuates also. As risk factors change over time, the way a claimant responds to risk will also vary over time - what may be a temporary risk factor for a claimant at one point in their life may become permanent at another. For example the loss of a job may be temporary if the individual is relatively young, but is far more likely to lead to permanent unemployment if it occurs when a person is over 55.

2.19 Finally, not all individuals will respond to risk in the same way - an individual's resilience to risk can help to explain why people who experience similar risks behave differently and why claimants with the same risk factors may need different levels of support. Differing levels of resilience to risk may be linked to the claimant's attitudes or behaviours in response to risk – possibly informed by the impact of past experience or their own perceptions of the level of risk they face.

Summary: understanding support needs within Universal Credit

2.20 The term 'vulnerability' can be exclusive in its nature and a focus on 'vulnerable groups' carries the danger of promoting a narrow definition of who will need support within UC.

2.21 Therefore, to gain a fuller understanding of the support necessary to ensure claimants can engage with the new benefit structure, an approach is required that recognises the complex and dynamic nature of risk within UC. This is discussed in Chapter Three.

2.22 The Committee has taken a broad view of risks and vulnerabilities. While there are clearly claimants who experience personal characteristics that increase their risk factors, there is a potential for many claimants to be at risk when UC is introduced. By its very nature it marks a radically new approach to the provision of benefits both to those who are out of work and those on low incomes. Moreover, it is but one part of a raft of extensive changes taking place in the social security system from 2013. Understanding these risks and vulnerabilities is essential to the appropriate provision of support services.

²³ Hoogeveen, J., Tesliuc, E., Vakis, R. with Dercon, S. (2004) *A Guide to the Analysis of Risk, Vulnerability and Vulnerable Groups*, The World Bank

Chapter 3 Key changes within Universal Credit

Introduction

3.1 This chapter focuses on the key changes heralded by the introduction of a single working age benefit via UC. While the Committee understands the design intent of each new aspect of the benefit system and recognises the potential to deliver an improved, simpler and more efficient benefit within the social security system as a whole, the focus here is on the need to understand the potential risks for some if not all UC claimants.

3.2 As discussed in Chapter Two, risk is understood as the probability of an adverse event happening to claimants resulting from the changes brought about by UC. The likelihood of experiencing such risk is dependent on the claimant's situation, characteristics or behaviours. Within this context, the extent of vulnerability of a claimant would be understood as the severity of impact occasioned by exposure to the risks outlined in this chapter.

3.3 The UC features being discussed here are:

- (i) Online claims: digital by design
- (ii) The Claimant Commitment
- (iii) Monthly assessment and payment
- (iv) Real Time Information
- (v) Reporting of self-employment earnings and the Minimum Income Floor
- (vi) Changes to passported benefits

3.4 Each feature is explored in turn, describing the key changes and the potential benefits they are designed to achieve, and offering an assessment of where there may be risk for claimants.

3.5 This consideration of potential claimant risk within UC is based on discussions with stakeholders, secondary research and a review of responses submitted to the Committee's 2012 consultation on UC regulations. The discussions have focused on the risks that might be anticipated, although until UC has been fully implemented it is impossible to know the extent to which these risks will transpire, or comment with accuracy on the numbers of claimants who may be exposed to the risks described. However, by reviewing UC across the claimant experience the intention is to highlight where claimant risk may lie, to assist in its mitigation, and thereby enable the opportunities within UC to be available to all claimants.

Online claims: digital by design

3.6 Unlike the current system of claiming various benefits via handwritten forms, telephone communication, face-to-face discussion or online, claims for UC will normally be made through the internet and the Government expects that the majority of subsequent contacts between recipients and the delivery

agency will also be conducted online. For people making UC claims, notifying changes or checking their payments and Claimant Commitment requirements, the digital channel will be the primary contact route.

3.7 The Government is committed “to providing better, more transparent and efficient services that allow individuals greater control and influence over their interactions with government”.²⁴ Enabling recipients to access services online is part of this agenda and digital channels will become the default option for the delivery of Government services. It is expected that this will help to ensure that essential services are easier to access and cheaper to provide.

3.8 While there are many claimants for whom a digital system will be relatively straightforward to operate, our consultations have identified a number of potential risks, outlined below.

Online access

3.9 A recent survey of benefits and Tax Credit claimants found that 78 per cent use the internet, and most of whom (90 per cent) access it from their own home. These claimants may well benefit from the ability to make and manage their UC claim online but, for a sizeable number of claimants, this is not yet the case.²⁵ Furthermore, 36 per cent of claimants in the survey said they would not be willing to make an application for benefits or Tax Credits online. The most common reasons given were that they did not know how to use the internet, did not have the necessary skills, or would be worried about making a mistake. Just under half of the claimants in the study said they would need help to make a claim online. A report from the National Audit Office (NAO) has also highlighted a number of reasons why people do not use the internet: two thirds of respondents said it was due to lack of interest; thirteen per cent indicated that they did not have the necessary equipment; six per cent had concerns about whether they will be able to understand or use it; five per cent did not know how to access it; and three per cent expressed concerns about the cost of the connection.²⁶

3.10 For those claimants who are reliant on public places or on other people for internet access in order to make and manage a claim, access may be a particular challenge. This will be a particular issue for those living in rural or isolated locations, in temporary and supported housing, and for those not able to access facilities during normal office opening hours. Stakeholders argue that public internet access points must be ready and able to cope with demand and be accessible in order to allow people to both make and manage a UC claim online. Additionally, UC claims will involve the provision of a large amount of sensitive personal and financial information. This could increase the risk of fraud or exploitation of those claimants making a claim either in a public place or on a computer which others have access to.

²⁴ Department for Work and Pensions (2012) *Delivering Universal Credit: a better deal for everyone*, p38 <http://www.dwp.gov.uk/docs/universal-credit-chapter4.pdf>

²⁵ Department for Work and Pensions (2012) *Work and the welfare system: a survey of benefits and tax credits recipients*, DWP Research Report 800, p66.

²⁶ National Audit Office (2013) *Digital Britain 2: Putting users at the heart of government's digital service*, The Stationery Office, London.

Online Literacy

3.11 Although nearly four out of five claimants now have online access,²⁷ a lower proportion of households currently carry out financial transactions online. The NAO have suggested that only 37 per cent of people are happy to provide personal details on government websites.²⁸ The NAO report also found that seven per cent of current internet users could complete only a few tasks online without assistance; and a further four per cent could not complete any tasks online without assistance. This indicates that a sizeable number of claimants may not currently have the online skills or confidence to manage a UC claim, and while many may be able to learn these skills, others may find it much more difficult.

3.12 On 4 April 2013 the Department announced the Digital Deal, a cross-government challenge fund initiative aimed at encouraging social housing tenants to get online or improve their skills. Social landlords will bid for funding to run innovative projects for their tenants. The DWP and Department for Communities and Local Government (DCLG) are contributing £400,000, match-funded by social landlords to £800,000.²⁹ This is clearly designed to tackle some of the concerns raised by stakeholders.

Communication difficulties

3.13 Many claimants will be able to access their claim online and will welcome the opportunity to do so. However navigating what could be a complicated online claims process may prove a challenge for some if the language used is not clear or easy to understand or if the information is not available in a range of languages or formats. For example, the design of the supporting system needs to reflect the needs of those who experience difficulties with communication, such as those whose first language is not English, those with low English literacy or difficulties in comprehension, and also recognise the need to support relevant software in order that the online process is fully accessible to claimants with a visual impairment. Many claimants may need additional support to understand the information they are required to provide and successfully submit a claim. This may be particularly challenging for many claimants: the Committee understands from the DWP that, initially at least, it will not be possible to complete a claim in several sessions as there will not be a 'save' facility once the online claim process is underway. Unless a save facility is built into the design, more claimants may need to make a claim via the telephone than would otherwise be the case.

Alternatives to online claiming

3.14 While some claimants may require alternative communication methods for the length of their UC claim, for others their ability to manage a claim online will vary and, as such, they may wish to alternate between online or

²⁷ Department for Work and Pensions (2012) *Work and the welfare system*. op cit.

²⁸ National Audit Office (2013) op cit..

²⁹ Department for Work and Pensions (2013) 'Strike a Digital Deal to help people get online' realised' – press release, 4 April 2013 <http://www.dwp.gov.uk/newsroom/press-releases/2013/apr-2013/dwp045-13.shtml>

paper/telephone based claims management. It will be important to ensure that the necessary capability exists to allow the smooth transition between communication methods, with easy access to a consolidated history of communication, both for the claimant and DWP staff dealing with the claim. It is important to ensure people understand the various communication options available to them throughout their claim. Moreover, if a claimant wishes to appeal a decision it is likely that this will require paper rather than online communication.

3.15 The Committee has long taken an interest in the use of telephony in the social security system³⁰ and made a strong case for the provision of 0800 numbers for claimants, or for ensuring that telephone operators offer to call claimants back if they are not calling on an 0800 number or are calling on a mobile phone. It is very important that the telephone claim facility for UC can be made via an 0800 number, which should be free both to landline and mobile phone users, to avoid claimants having to make costly calls.

The Claimant Commitment

3.16 All UC claimants will be required to agree a personalised Claimant Commitment setting out the actions that they will take to prepare or look for work, or progress in work to the point where they are no longer in need of UC. For the first time, the requirements placed on claimants will be recorded in a document designed to clarify what people are expected to do in return for receiving benefits and support, as well as the consequences for them if they fail to comply with these requirements. If a claimant refuses to accept their Claimant Commitment or fails to meet the requirements recorded within it they will not be entitled to UC or will be subject to a sanction, and as UC is a household benefit, any claim from a partner in the household will also be affected. There is a risk, therefore, that a household will be penalised if one of the claimants refuses to accept a Claimant Commitment. This is a significant change: an individual commitment carries household consequences. The Claimant Commitment is inextricably linked to the new conditionality regime within the welfare reforms being rolled out.

3.17 Currently, Tax Credit claimants who are in paid employment for more than 16 hours per week are not subject to work-related requirements. Under UC those in-work claimants who are working relatively few hours are likely to be subject to requirements to increase their hours or earnings as set out in their Claimant Commitment, and may be subject to a sanction if they do not meet these. The four conditionality groups within UC are outlined in the box below.

³⁰ *Telephony in DWP and HMRC: Call costs and equality of customer access – SSAC's 2007 recommendations revisited (2009)*
<http://ssac.independent.gov.uk/pdf/occasional/SSAC-telephony-paper.pdf> and *Telephony in DWP and its agencies: Call costs and equality of customer access (2007)*
http://ssac.independent.gov.uk/pdf/occasional/SSAC_paper_on_call_costs_paper_3.pdf

Conditionality Groups

Each adult in a household in receipt of Universal Credit will fall into a conditionality group with requirements set according to their capability and circumstances. The four groups are:

- No work related requirements - this will apply if a claimant is disabled or has a serious health condition or disability which prevents them from working or preparing for work, or is a lone parent or lead carer in a couple with a child under the age of one, or if the recipient has substantial and regular caring responsibilities for a severely disabled person.
- Work-focused interview requirements only - this type of conditionality will apply to a benefit claimant who is a lone parent or a lead carer with a child over the age of one but under five years old. They can only be required to attend periodic interviews to plan for their return to work;
- Work preparation requirements - this will apply to claimants who have a limited capability for work at the present time. They will be expected to take reasonable steps to prepare for work and can also be required to attend work-focused interviews.
- All work-related requirements - if a claimant does not fall into any of the other groups they will fall into this one. Claimants in this group will normally be expected to meet requirements to look and be available for work. Any other work-related requirement can also be imposed.

Initially, all claimants will fall into the all work-related requirements group unless exemptions apply which mean that they have no conditionality requirements, or they fall into the work-focused Interview or work preparation groups.

3.18 The Government believes that there should be a stronger set of conditions placed upon the receipt of benefits – including clear and sustained work-related obligations. It is expected that the requirements imposed and the support available to claimants will be flexible and claimant-focused, and that Personal Advisers will use discretion in setting what a claimant must do, responding to an individual's personal capability and circumstances.³¹ The Government continues to believe that financial support should remain unconditional for those who cannot be expected to look or prepare for work.³² For those expected to seek work, the length and impact of the potential sanction without there being compliance with requirements could increase as any hardship payments become loans rather than grants.

³¹ Department for Work and Pensions (2012) Universal Credit Policy Design Specification – internal document, unpublished. Shared by kind permission of DWP.

³² *Ibid.*

3.19 The SSAC Occasional Paper No 9,³³ which reviewed the evidence relating to conditionality and sanctions highlighted the apparent lack of knowledge amongst claimants about the current sanctions processes and the consequences of failing to comply with conditionality. Moreover, research indicated that claimants do not always know they have been sanctioned and, even if they do know about a sanction they may not know how to reverse it.

3.20 Further, there is evidence which challenges the benefits of conditionality and sanctioning for claimants, showing that while sanctions undoubtedly reduce benefit claims and increase the off-flows from benefits, the long-term effects, measured in terms of earnings, job quality and broader social impacts such as criminal activity, are generally less positive.³⁴ As the SSAC previously stated in its review of conditionality, it is this conflicting evidence about conditionality and the impacts of sanctions that points to the importance of careful, robust evaluation of any new conditionality requirements and the need for flexibility to modify regimes that are shown to have negative impacts and/or not to have all the positive impacts they are designed to achieve.³⁵

3.21 It is essential therefore that when claimants agree to a Claimant Commitment, they are capable of understanding the expectations placed upon them as well as the potential implications of not keeping to their work-related requirements. Some claimants, such as those with a mental health condition, sensory impairment, learning disability or chaotic lifestyle may present themselves as able to sign up to and agree a Claimant Commitment but they may not be able to perform the activities they have agreed to, nor have awareness of the implications of this. This is a particular risk to those whose vulnerability is not apparent or declared and is therefore unidentified, particularly if they do not have additional support whilst making the agreement. Additionally, some claimants may have difficulties with written English and find the written Claimant Commitment difficult to understand.

Blind and partially sighted people often tell RNIB they receive information from Jobcentre Plus and other bodies in formats they cannot read...there are a variety of good reasons why disabled adults might fail to comply with the claimant commitment, not least the provision of inaccessible information or the failure on the part of Jobcentre Plus or other relevant agencies to make reasonable adjustments.

Royal National Institute of Blind People

³³ Social Security Advisory Committee (2012) *Universal Credit and Conditionality, Occasional Paper No 9* <http://ssac.independent.gov.uk/pdf/universal-credit-and-conditionality.pdf>

³⁴ Griggs, J. and Evans, M. (2010) *Sanctions within conditional benefit systems: a review of evidence*, JRF <http://www.jrf.org.uk/sites/files/jrf/conditional-benefit-systems-full.pdf>

³⁵ Social Security Advisory Committee (2012) *Universal Credit and Conditionality, SSAC Occasional Paper No. 9*. op cit.

3.22 Stakeholders have also expressed concern that conditionality groups do not necessarily allow for proportionality and flexibility which takes full account of the particular circumstances of the claimant. For example, a parent of a disabled child may be exempt from conditionality if they receive the carer's element of UC. However, under current rules, only one adult per disabled child will qualify for this element and the second parent would not be automatically exempt from conditionality even if they were also providing full-time care.

3.23 Furthermore, in-work claimants who currently receive Tax Credits need to be aware of the increased requirements placed on them under UC. Evidence gathered by Policy Exchange highlights that applying the same conditionality regime to in-work claimants that currently applies to jobseekers will be inappropriate and may, in fact, be counterproductive. With this in mind, the Department will need to ensure that conditions can be varied appropriately to reflect the circumstances of specific individuals and families.³⁶

Monthly assessment and payment

3.24 Currently, benefits are paid at different time periods: Jobseeker's Allowance, Employment Support Allowance, contributory benefits and Income Support are all paid fortnightly in arrears; and tax credits can be paid either weekly or every four weeks in arrears.

3.25 UC will be paid on a calendar monthly basis in a single payment per household. The UC payment will normally be paid in full into one bank account per household (rather than each partner receiving their own benefit, as is often the case at present). The DWP expects to make the vast majority of UC payments into a nominated bank account using the BACS system.

3.26 Entitlement to UC therefore will be calculated on a monthly basis. The assessment period will run from the effective date of the claim, and each subsequent assessment period will begin on the same date of the month.

3.27 Additionally, under UC, claimants living in social housing who are entitled to Housing Benefit will receive these payments directly, rather than them being paid to the landlord, as is currently the case.

3.28 The Department's intention is that the change to monthly payments will reflect the world of work: the DWP has reported that 75 per cent of all employees receive wages monthly, including 51 per cent of those earning less than £10,000 a year³⁷ although others have pointed out that low earners are more likely to be paid weekly. By paying UC in this manner the Department's intention is that claimants will be encouraged to take personal responsibility for their finances and to budget on a monthly basis to reflect how they might be paid in work. For example, monthly direct debits for household bills are

³⁶ Garaud, P. & Oakley, M. (2013) *Slow Progress: Improving progression in the UK labour market*, Policy Exchange, London, p39.

³⁷ Department for Work and Pensions (2012) *Universal Credit Policy Design Specification* – internal document, unpublished. Shared with permission of the DWP.

often cheaper than more frequent billing options. Assessing UC on a monthly basis is also intended to ensure that the Government receives at least one update of earnings information for each working-age member of a household per month, with the aim of making sure that the benefit calculation is an accurate reflection of the current entitlement of the household.³⁸ There are a number of perceived risks with this approach however.

I don't think many claimants are currently thinking monthly in relation to budgeting - many budget day-to-day. They're good at budgeting but not necessarily in a way that matches with monthly payment of benefits. It's not about getting people to manage their finances better, but to manage differently.

Stakeholder interview (Academic)

The challenge is: can a claimant take a large lump of money, make it last and pay their rent?

Stakeholder interview (Expert Policy Adviser)

3.29 Evidence from the Department's Direct Payment Demonstration Projects³⁹ suggests that many claimants on low incomes are not poor budgeters, but they tend to budget on a weekly or fortnightly basis. The challenge in the transition to UC is therefore not necessarily about claimants having to learn budgeting skills, but for many households it will be about them having to change the way they manage their finances. Low-income households may prefer to budget over shorter time periods and may prefer not to use automated payment methods, such as direct debits and standing orders. Receiving UC monthly may require more advanced budgeting skills, putting some of the money aside for use later in the month, for example. This may be particularly challenging for claimants who are financially inexperienced, already have debts, or have unpredictable spending patterns.

3.30 Claimants will need to make arrangements to pay their rent and other bills regularly from a single monthly payment. Therefore they must understand what their UC payment covers and how long it is expected to last. Within the wider context of welfare reform claimants may have experienced a number of changes to both their benefit entitlement and the amount they receive, so the introduction of UC introduces yet more change. There is a risk that they may not always understand how much they are receiving and what it is expected to cover over the period of a month.

³⁸ Ibid.

³⁹ Department for Work and Pensions (2012) *Direct Payments Demonstration Projects: Findings from a baseline survey of tenants in five project areas in England and Wales*, DWP Research Report 822

Transferring responsibility to pay ... housing costs is a risk that will increase the homelessness in this country because – when faced with no food, utility arrears or debt collectors at the door – the people we work with will choose those over housing costs because they are being pressured.

Bolton Young Persons Housing Scheme

3.31 One stakeholder stated that many claimants may currently rely on their ability to differentiate between their benefit streams in order to help them with budgeting. An initial UC award letter will explain the different elements of UC a household is receiving and the reasons why, and it will be important to make this information available on an ongoing basis in order to avoid the possibility that some households may struggle with monthly payments if the total payment is not divided into separate categories or 'pots'

3.32 Transitional budgeting advance payments are designed to help households get used to monthly payments, but those taking an advance will enter UC with a debt that needs to be repaid. This will lower the amount of the monthly payment they will receive for a set period of time. Additionally, some stakeholders are anticipating that a large number of households may request split, advance or emergency payments during the transition.

3.33 Although the Department's Alternative Payment Arrangements⁴⁰ process will allow claimants to request more frequent payments or the direct payment of housing benefit to their landlord, the range of claimants who require these facilities may be greater than anticipated. It is clear that those with learning disabilities, severe mental health conditions or struggling with addiction may have particular difficulties with monthly budgeting, but those with less easily identifiable vulnerabilities or risk factors may also require alternatives. For example, claimants in transition regarding living arrangements, those subject to financial exploitation and those with fluctuating mental health conditions may be at additional risk as a result of receiving a single monthly payment.

Bank accounts

3.34 One monthly payment will give households the opportunity to set up monthly payment of bills via direct debit and allow them to escape the 'poverty premium' experienced by those who have to pay for utilities more frequently, at a higher cost. However, to take advantage of this opportunity claimants must be capable of opening a bank account and managing direct debits and standing orders.

3.35 Ninety-three per cent of households had access to a current account in 2010/11, as did eighty-nine per cent of households with at least one disabled adult under pension age, and eighty-five per cent of single parent

⁴⁰ Department for Work and Pensions (2013) *Universal Credit: Guidance on personal budgeting support* <http://www.dwp.gov.uk/docs/personal-budgeting-support-guidance.pdf>

households.⁴¹ Claimants without a bank account or who are cash orientated may need to make a substantial shift in their behaviour and attitudes towards money. Also, having a current account is not without risk for those with low incomes or who have difficulty managing their finances - bank charges related to becoming overdrawn or failed direct debits may put claimants at increased risk of poverty. Additionally, stakeholders queried whether bank accounts would be available for claimants with a poor or limited credit history.

3.36 As UC is calculated on the basis of a household's situation on the day of assessment, rather than over the whole month, this may make budgeting more difficult for claimants who experience changes of circumstances during a month. Claimants may be unsure about how their changing circumstances impact on the UC awarded, making it difficult to balance their requirements and resources. An example given by one stakeholder was of a household with a disabled child returning from residential accommodation. If the child is not present in the household on the day of assessment there may be uncertainty about their inclusion in the UC award for that month.

Single household payment

3.37 Stakeholders are concerned that if only one claimant in a household is to receive all of the UC payment, the control of finances will increasingly lie with one person. Evidence suggests that women are more likely than men to ensure money goes towards the costs of bringing up children.⁴² Therefore if there is a "purse to wallet" transfer of money as a result of the introduction of UC then there may be a risk in some cases of a reduction in the benefit used to provide for the children in the household.

Payment of benefit into one account doesn't necessarily sit well with the individual responsibilities under the Claimant Commitment.

Stakeholder interview (Academic)

3.38 For claimants at risk of domestic violence or financial exploitation, a single payment per household could cause additional risk. While split payments will be available in these circumstances, this is largely dependent on this risk being reported or identified. It is important, therefore, that a level of screening and identification is available throughout the UC process.

3.39 When a claimant ends a relationship or the household composition changes, it will be important that a new claim is made quickly and that adjustments can be made to avoid hardship. The Committee understands that this kind of change in circumstance presents a considerable problem within the tax credit system at present.

⁴¹ Department for Work and Pensions (2012) *Family Resources Survey United Kingdom, 2010/11* http://research.dwp.gov.uk/asd/frs/2010_11/frs_2010_11_report.pdf

⁴² Goode, J., Callender, C. and Lister, R. (1998) *Purse or Wallet? Gender Inequalities and Income Distribution within Families on Benefits*, Policy Studies Institute

Payment of the housing benefit component

3.40 As previously noted, the Department's Alternative Payment Arrangements will allow housing costs to be directly paid to a landlord where there are clear claimant risk factors such as substance misuse or a learning disability, which may hinder the claimant from taking personal responsibility for paying the rent regularly and avoiding eviction. It is extremely important that the UC process is able to identify those who need alternative arrangements to be made, to reduce the risk of rent arrears, and subsequent homelessness, for those unable to manage their housing costs.

3.41 Beyond the immediate risk faced by some claimants, the change in the payment of housing costs may also introduce a risk of arrears and debt for claimants who experience difficulty with budgeting. However, this risk may not be apparent at the point of claim. For example, if a household is in a financially precarious situation and has no reserve funds to meet unexpected costs, such as a cooker or refrigerator breaking down, they may choose to use their UC money to meet such costs rather than pay their rent. The arrears may continue and build over a period of time.

3.42 Such decisions about how to spend money may not be due to a lack of budgeting skills, but rather because choices have to be made about what is perceived by the claimant to be the greatest immediate need. If landlords are perceived as being lenient about collecting arrears then claimants may choose to meet unexpected costs by going into arrears with their rent rather than looking for other ways to access funds. This risk may be as much related to the attitudes of a claimant towards finance and budgeting as it is to personal characteristics or household circumstances.

Real Time Information (RTI)

3.43 Universal Credit payments will be calculated monthly by using information about claimants' employment earnings taken from data feeds from HMRC's new Real Time Information (RTI) system, which is being introduced to administer Pay As You Earn (PAYE) taxation.

3.44 Using RTI allows the Department to calculate the net UC payment due by applying the appropriate taper to the claimant's gross payment. This means that those recipients who receive earnings through PAYE will not need to inform the Department for payment purposes if the amount of their earnings changes. Nevertheless, there may be transitional risks as the claimant will need to know which employers are within RTI and for which periods submissions are being made, and not all earnings from employment will be captured by the RTI system at the start of UC.

3.45 Claimants with a number of different income streams - for example those with multiple jobs and/or elements of self-employed income - will need to be aware that some of their earnings may not be covered by RTI and will therefore need to be self-reported. Without clear communication on who is in and out of scope for RTI and the reporting requirements, in-work claimants

may not understand the income they need to declare and may be at increased risk of receiving a sanction.

3.46 Additionally, if there is an issue or error in income reporting, such as an employer not sending a report on time or providing incorrect data, this will impact on the payment of a claimant's benefit. There will be a number of organisations involved in assembling a claimant's RTI – their employer, HMRC and the DWP. When an issue with RTI arises, if there is not a clear understanding of who a claimant must inform to rectify the situation there is a risk that their benefit may not be paid.

Whatever the capabilities of RTI on roll out of UC, it needs to be explained and claimants need to know what is expected of them in terms of reporting. If people don't realise they need to declare their income then they may be at risk of sanctioning.

There are two different government departments involved with RTI [DWP and HMRC] as well as a claimant's employer. So if something goes wrong with the RTI and it impacts on their benefits, is it clear who the claimant needs to contact and whose responsibility it is to put things right?

Stakeholder interview (Tax Adviser)

Reporting of self-employment earnings and the Minimum Income Floor (MIF)

3.47 The Department has estimated there will be 600,000 households on UC with one or more members whose main employment is self-employment. As income from self employment will not be reported via RTI, claimants with income from self-employment will be required to self-report this income each month using an 'income in/cash out' approach as prescribed in the regulations. This requirement is different from the approach used for reporting to both HMRC and local authorities, and there is therefore a risk of confusion and duplication of effort if these reporting systems are not aligned.

3.48 A Minimum Income Floor (MIF) is to be introduced which will be an assumed level of income for the self-employed based on the earnings a claimant with similar circumstances is expected to achieve. The self-employed claimant's UC award will be calculated using this minimum assumed income if the claimant's 'calculated UC profit' from self-employment is below this level. Self-employed claimants subject to the MIF will not be subject to work search or availability requirements.

3.49 Monthly reporting allows UC to be adjusted on a monthly basis, more regularly than the current working tax system, which will ensure that some claimants, where their income from self-employment falls, will not have to wait several months for an increase in their UC benefit payment. The simplified 'cash income' basis is designed to make it possible for claimants to report

monthly without employing an accountant. While it is intended to help claimants to keep simple records, giving them a stronger hold on their business finances, there is a risk that the change may lead to adjustments to normal business behaviour in order to avoid the pitfalls of having an assumed income deriving from the MIF.

3.50 In the current system, people can report no or very low income from their business activity and be supported by Tax Credits without being required to improve their business performance or to take up other employment. The Government think it right that, once people are in work, they should generally become more financially independent and less reliant on benefits. The MIF is the main mechanism for achieving that objective. The Government recognised that the MIF might affect new business start-ups adversely and the SSAC welcomed the change in legislation to ensure that the MIF would not apply in the first year of trading. It will be important to monitor whether this grace period is sufficient, particularly in more deprived areas of the UK, to generate incomes in excess of the MIF.

3.51 Flexibility is needed to allow self-employed claimants to account for deficits in one month to be carried forward, so as to reflect the economic realities of business. The SSAC has welcomed the fact that the Department is looking into the possibility of claimants carrying forward such losses from one month to the next. Without this provision there is a risk that the reporting requirements may result in claimants not declaring all self-employed income or inaccurately reporting themselves as being unemployed.

3.52 Many claimants, such as those with health conditions or caring commitments, use self-employment as a route back into employment. The Committee's analysis of Labour Force Survey data indicates that disabled people who are in work are slightly more likely to be self-employed than non-disabled people in work.⁴³ This may be because self-employment provides the flexibility they require both to work and to manage their condition. As the monthly reporting requirements are expected to be intensive, this may make self-employment a less manageable option for some claimants.

3.53 Additionally the MIF may act as a barrier to some claimants using self-employment as a gateway back into employment. The Department's own recent research has suggested that some current self-employed tax credit claimants may go back into unemployment as a result of the MIF.⁴⁴ This aspect must be monitored closely.

Changes to passported benefits

3.54 Claimants who are currently entitled to out-of-work means-tested benefits or tax credits can also be eligible for a wide range of other support, known as 'passported benefits', which currently include eligibility for free school meals and free prescriptions. The SSAC undertook a review of the

⁴³ Office for National Statistics (2012) *Labour Force Survey*.

⁴⁴ Department for Work and Pensions (2013) *Self-employment, tax credits and the move to Universal Credit*, DWP Research Report 829.

impact of UC on passported benefits in 2012 and made a number of recommendations about the importance of simplifying the current complex system of determining eligibility and of eliminating cliff-edges when claimants move into work and lose entitlement.⁴⁵

3.55 Although passported benefits are not currently included in the calculation of the core UC payment, the Committee understands that the Department is keen to arrive at an agreed approach with other government departments and devolved administrations so that the provision of passported benefits complements the dual Universal Credit objectives of simplification and making work pay.

3.56 A key aim of UC reform is simplification: reducing current complexities to the provision of benefits. It will be important that the continuation of passported benefits does not undermine this policy intent by introducing further complexity in establishing eligibility under UC. Furthermore, if UC is to meet the policy intent of making work pay, then it will be critical that entitlement to passported benefits does not simply end at a certain income point, thereby creating a cliff edge for claimants. The Government has stated that where possible it will work to avoid scenarios where all passported benefits are withdrawn at the same time in order to avoid perpetuating a series of cliff-edges. As the SSAC's report on passported benefits⁴⁶ has previously highlighted, passported benefits provide vital support to people on low incomes but they are currently extremely complex and are not always understood.

3.57 The UC earnings disregard for households will, in many circumstances, incentivise claimants to move into paid employment as they will not experience the sudden loss of benefits caused by the cliff edges currently in the system. However, under current arrangements those receiving passported benefits may not gain this advantage - the cessation of such additional benefits when entering work will preserve the cliff edges and greatly reduce the additional financial benefits of working.

3.58 Monthly real time updating of earnings (RTI) may potentially move claimants with fluctuating monthly earnings in and out of eligibility for passported benefits. To avoid this, each department or devolved administration would need to set their own periods of run-on to prevent monthly moves in and out of eligibility for claimants whose earnings on an annual basis would ordinarily ensure that they retain their entitlement.

Summary

3.59 The reforms brought by the introduction of UC have the potential to bring opportunities for many claimants, but also increased risk if those changes are not understood or claimants' needs are not adequately identified

⁴⁵ Department for Work and Pensions (2012) *Universal Credit: the impact on passported benefits. Report by the Social Security Advisory Committee and response by the Secretary of State for Work and Pensions* <http://www.dwp.gov.uk/docs/ssac-rev-of-pass-bens.pdf>.

⁴⁶ Ibid.

and supported. The key risks identified during this study are summarised below:

Digital by Design: The majority of claimants now have access to the internet, but many claimants may not currently have access at home, the necessary online skills, or confidence to manage a UC claim, and while many may be able to learn these skills, this may not be a realistic ambition for all claimants.

Claimant Commitment: The Claimant Commitment introduces a new set of requirements for claimants, and is closely linked to a tougher conditionality regime. If the Claimant Commitment does not adequately reflect the circumstances of each claimant or is not fully understood then there is a risk that the more vulnerable may find themselves unable to meet the requirements and face a sanction, which will impact on the whole household.

Monthly payment: There are concerns about how some claimants will cope with budgeting their UC income on a monthly basis. The payment of benefit to cover housing costs directly to claimants is likely to be a challenge for many households, increasing the risk of rent arrears.

Real Time Information: If claimants do not understand the income which is not in scope for RTI and which needs to be declared they may be at increased risk of receiving a sanction.

Self-employed claimants: Stakeholders are concerned about the intensive monthly reporting requirements for those with income from self-employment. Coupled with the Minimum Income Floor there is a risk that self-employment will become a less manageable and appealing option.

Passported benefits: If the current system of passporting is maintained, the cessation of such additional benefits at certain income levels will preserve the current cliff edges and greatly reduce the additional benefits associated with UC for many households.

3.60 These risks are not simply confined to particular 'vulnerable' groups of claimants but may be experienced by any claimant who is not engaged with or able to understand or meet the new requirements and expectations of UC. While for some claimants this may be an issue only during the initial period as they adapt to a new benefit, others will need longer-term support. In the next chapter we consider claimants' support needs.

Chapter 4 Providing the support needed by Universal Credit claimants

Introduction

4.1 Having explored with stakeholders the areas where there may be additional risk to claimants under UC, the Committee examined the support which may be required to mitigate risk and ensure that UC is able to meet its objectives and deliver an effective and efficient benefit for all claimants.

4.2 This chapter looks at how claimants' risk and support needs may be identified, the types of support which claimants may require under UC, and how this support could be delivered. The Committee has been mindful of the work being undertaken in the Department to develop a *Local Support Services Framework* (LSSF)⁴⁷ and *Guidance on personal budgeting support*.⁴⁸

The Local Support Services Framework (LSSF)

4.3 The Department published the LSSF in March 2013 to provide a structure for planning *'holistic and integrated localised claimant support for people who need extra help to make or maintain a claim for UC'*.⁴⁹ The current version of the framework is intended to provide a foundation for the DWP and local authorities to start to plan services during the implementation of UC, which is expected to begin in October 2013, and during the staged roll-out of UC across Great Britain.

4.4 The Committee understands that the Government's long-term ambition is for a more open delivery model which it hopes will involve a much wider community of local providers. Meanwhile local authorities, as the Department's key partners, are being invited to take a lead in supporting claimants. The focus on the framework is on not labelling certain groups of claimants but on understanding specific needs. Nonetheless, the framework lists a number of circumstances which may render claimants vulnerable in some way. During the next few months, collaborative working will define the outcomes expected for each of the local support services, how they will be measured and the level of payment for each outcome.

Identification of claimant support needs

4.5 The Department has indicated to the SSAC that the delivery of claimant support as outlined in the LSSF will be based on an assessment of a claimant's identified *needs* rather than on their perceived risk or vulnerabilities.

⁴⁷ Department for Work and Pensions (2013) *Universal Credit Local Support Services Framework* <http://www.dwp.gov.uk/docs/uc-local-service-support-framework.pdf>.

⁴⁸ Department for Work and Pensions (2013) *Universal Credit: Guidance on personal budgeting support* <http://www.dwp.gov.uk/docs/personal-budgeting-support-guidance.pdf>.

⁴⁹ Department for Work and Pensions (2013) *Universal Credit Local Support Services Framework*. op.cit p7.

4.6 Furthermore, the Department's guidance on personal budgeting support lists a number of risk factors within two tiers (indicated in the box below). The guidance states that: "*When considering alternative payment arrangements, Tier 1 and Tier 2 factors should be used to help to decide if these arrangements are appropriate to an individual. All cases must be assessed on an individual basis and information will need to be gathered with sensitivity and in a non-judgemental way. It will be important to gain confidence and build trust and rapport with individuals, listening to their needs, probing and questioning to identify the issues.*"⁵⁰ This reflects current staff guidance from Jobcentre Plus which recognises that "*vulnerability is not a static state associated with a particular circumstance or situation and that it can only be determined as part of a measured assessment*".⁵¹

Personal Budgeting Support High Level Design (Pathfinder)⁵²

Tier One factors: *Highly likely / probable need for alternative payment arrangements*

- Drug / alcohol and / or other addiction problems e.g. gambling
- Learning difficulties including problems with literacy and/or numeracy
- Severe / multiple debt problems
- In Temporary and / or Supported accommodation
- Homeless
- Domestic violence / abuse
- Mental Health Condition
- Currently in rent arrears / threat of eviction / repossession
- Claimant is young either a 16/17 year old and / or a care leaver
- Families with multiple and complex needs

Tier Two factors: *Less likely / possible need for alternative payment arrangements*

- No bank account
- Third party deductions in place (e.g. for fines, utility arrears etc)
- Claimant is a Refugee / asylum seeker
- History of rent arrears
- Previously homeless and / or in supported accommodation
- Other disability (e.g. physical disability, sensory impairment etc)
- Claimant has just left prison
- Claimant has just left hospital
- Recently bereaved
- Language skills (e.g. English not spoken as the 'first language')
- Ex-Service personnel
- NEETs - Not in Education, Employment or Training

⁵⁰ Department for Work and Pensions (2013) *Universal Credit: Guidance on personal budgeting support*. Op.cit

⁵¹ Department for Work and Pensions (unpublished) *Jobcentre Plus staff guidance on vulnerability*. Shared with permission of the DWP.

⁵² Department for Work and Pensions (2013) *Guidance on Personal Budgeting Support*. Op.cit. p6.

4.7 Feedback from stakeholders has underlined the importance of focussing on claimant needs rather than characteristics, indicating that while claimant characteristics - such as those set out under the Tier One and Two factors - are helpful in identifying those who may have particular support needs, agreeing the support that is required should be carried out on an individual basis, taking into account the often complex circumstances of each individual.

4.8 Some stakeholders felt that there may be a risk that lists of individual claimant characteristics may be relied on too heavily when support needs are considered. If such lists are used without being accompanied by a thorough needs assessment they may lead to inappropriate or insufficient support measures being put in place. A recent analysis of the effectiveness of the implementation of the *Accessing Jobcentre Plus Customer Service (AJCS)* highlights this risk, raising concern over the consistency of interpretation and application of Jobcentre Plus guidance on identifying vulnerable claimants.⁵³

Where in the UC claimant process can support needs be identified?

4.9 The Committee's findings indicate that claimant risk and vulnerability are not constants and that a claimant's support needs may also fluctuate. Stakeholders have discussed the changing support requirements of the claimants with whom they come into contact, potentially highlighting a need to regularly reassess needs.

4.10 The Department's guidance on personal budgeting support⁵⁴ contains a high-level service design (see flowchart below) which suggests that the need for budgeting support will be identified when the Claimant Commitment is agreed at the outset of a UC claim. The guidance also states that the need for alternative payment arrangements can be considered at *any* point during the UC claim, adding that any support arrangements put in place should also be subject to periodic review to check their continued suitability.⁵⁵ Nevertheless, some stakeholders recognised the potential of a single monthly UC payment to increase the financial independence of claimants, and suggested that any alternative arrangements put in place should be reviewed regularly to ensure that claimants are not unnecessarily excluded from the opportunities within UC if their circumstances have changed.

4.11 Annex B of the LSSF (*"Potential role of Local Support Services across the claimant journey"*)⁵⁶ indicates the contact points during a UC claim at which support could be *delivered* to claimants, particularly focussing on helping claimants understand how to submit and manage their UC claim. However as support needs are dynamic, consideration could also be given to

⁵³ Stafford, B., Roberts, S., and Duffy, D. (2012). Delivering Employment Services to Vulnerable Customers: A Case Study of the UK's Employment Service. *Social Policy and Society*, 11, pp 495 - 506

⁵⁴ Department for Work and Pensions (2013) *Universal Credit: Guidance on personal budgeting support*. Op.cit p5.

⁵⁵ Ibid. p3.

⁵⁶ Department for Work and Pensions (2013) *Universal Credit Local Support Services Framework*. Op.cit. pp22-23.

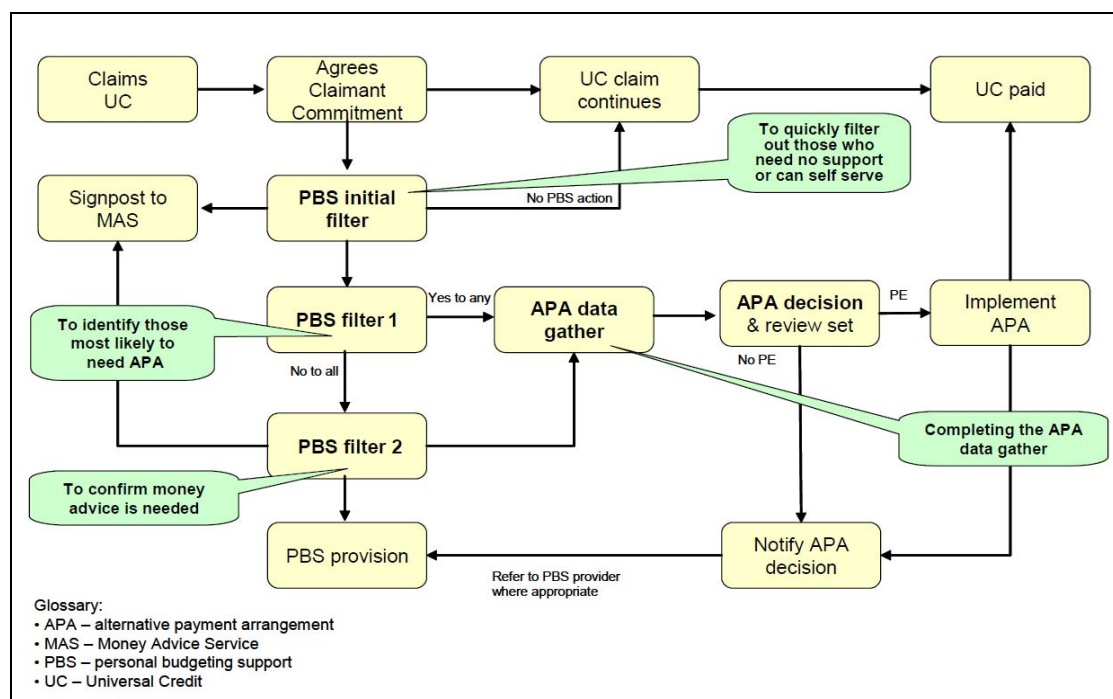
using these regular contact points to allow for the continued identification and assessment of a claimant's support needs, as well as for sign-posting and delivering appropriate support.

Shared responsibility for identifying support needs

4.12 Claimants may have contact with a variety of organisations during their UC claim providing multiple opportunities to assess their support needs. This could include support provided by Jobcentre Plus, Work Programme providers or other local partners directly related to their UC claim.

4.13 Many claimants - particularly those who already have recognised needs at the start of a UC claim - will also be receiving broader interventions and support - for example from social workers, carers, supported housing providers or probation officers. The DWP guidance on personal budgeting support recognises this and states that *“details from a third party i.e. the claimants’ representative, their caseworker and / or their landlord can be used to inform a decision on personal budgeting support.”*⁵⁷

Factors to consider for alternative payment arrangements⁵⁸



⁵⁷ Department for Work and Pensions (2013) *Universal Credit: Guidance on personal budgeting support*. Op.cit. p3.

⁵⁸ Ibid. p6.

4.14 Stakeholders also stated the need to be clear about who can provide information to the Department. They pointed out that, in many cases, external support providers are best placed to identify the risks, vulnerabilities and support needs of claimants. One support provider went so far as to suggest that they should have a duty to share information with the Department on the needs of their claimants. A study of the roll-out of the Local Housing Allowance,⁵⁹ for example, found that there were over-burdensome evidence requirements on applicants to demonstrate that they were 'vulnerable' and, in practice, only those with specific diagnoses or circumstances were accepted as being vulnerable. Sharing information as well as facilitating the provision of evidence by claimants is essential if support needs are to be identified proactively.

4.15 Other stakeholders, however, expressed some concerns about the practical implications of information sharing. One supported housing provider stated that for information-sharing to work on a local level they would need to be provided with named contacts from within the DWP with whom they could develop positive working relationships and the trust needed to share confidential claimant information.

4.16 Concerns were also expressed to the Committee about the data protection implications of sharing claimant information. While legislation exists to allow the sharing of information with Jobcentre Plus on benefit claims, not all stakeholders were aware of this or of the implications for their organisations. This is an area that should be clarified in order that claimants' needs are fully understood and that the support provided is consistent and complementary to other help that they may be receiving from a range of agencies.

Hidden support needs

4.17 The identification of a claimant's support needs is to a large degree dependent either on those needs or the related risks being declared by the claimant or apparent to others. A common observation by a number of stakeholders was that where there is a clearly identifiable and severe support need (such as those with risk factors listed under Tier One) they were relatively comfortable that the claimant would receive an element of support with their UC claim. However, stakeholders identified a range of support needs that are not always easy to identify but which have implications for a claimant's ability to manage the UC process, for example literacy, cognitive impairment, or confidence in using online services.

4.18 Within this context, stakeholders referred to the challenges of identifying claimants experiencing, or under threat of domestic violence. In the UK, more than one in four women have experienced domestic abuse since

⁵⁹ Hartfree, Y., et al (2010) *Tenants' and Advisers' Early Experiences of the Local Housing Allowance National Rollout*. DWP Research Report no 688.

the age of 16.⁶⁰ The British Crime Survey also estimated that there were 392,000 incidents of domestic violence in 2010. However, it is well known that people experiencing domestic violence may not report it for a variety of reasons and particularly if they are in the presence of the perpetrator. If domestic violence is not disclosed, it can remain hidden as it is not always apparent to others. Given the potential risk related to introducing a single household payment in this situation, the stakeholders felt that particular care would need to be taken to avoid escalating any abuse. It is important therefore to ensure that appropriate disclosure is encouraged so that support can be identified. Stakeholders have argued that claimants should be given sensitive confidential and repeated opportunities to be able to disclose the risks they face.

All forms of domestic violence - psychological, economic, emotional and physical - come from the abuser's desire for power and control over other family members or intimate partners.

Women's Aid website

4.19 As highlighted in Chapter Three, stakeholders identified what could be termed as an 'incremental risk' of mounting rent arrears and debt related to the direct payment of housing benefit to claimants, particularly those in households without savings or in financially precarious situations. Although having a previous history of debt or rent arrears may be an additional indicator of this risk, stakeholders felt that it may be difficult to spot which households are most likely to struggle, since managing debt may be as much related to a claimant's spending behaviour and attitudes to finance as to a previous history of arrears.

4.20 An analysis for the World Bank of risk and vulnerable groups suggested that governments across the globe can have a tendency to focus on larger risks to populations, ignoring the smaller, frequent risks - such as the incremental risk described above - which may prove to be the more harmful as their impacts build over time.⁶¹

4.21 Furthermore, the analysis of AJCS, referred to previously, also found that the ways of identifying characteristics of vulnerability used by Jobcentre Plus may miss people with hidden vulnerabilities (for example, people who appear able to use internet and telephony services, but may nonetheless require support).⁶² This underscores the importance of using multiple opportunities to undertake needs assessments and reviews, in dialogue both with claimants and - where possible - their other support services, to increase

⁶⁰ Home Office (2011) Crime in England and Wales 2010/11 2nd Edition
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/116417/hosb1011.pdf

⁶¹ Hoogeveen, et al (2004). Op.cit.

⁶² Stafford, et al (2012). Op.cit. pp 495 - 506

the likelihood of identifying hidden needs and correctly assessing the support required.

People don't just need support because they have a specific risk, but because it's tough and they need practical support and advice.

Stakeholder interview (Third Sector Director)

What kind of support is needed during the transition to UC?

4.22 This study drew on the expertise of stakeholders to discuss the particular types of support they anticipate that claimants might require *during the transition* to UC. Stakeholders were of the view that, because of the complexity and dynamic nature of claimant need and the wider radical changes within the social security system as a whole, support is best decided at a local level in co-operation with the claimant. Stakeholders also recognised that, before UC is implemented, it is difficult to predict just how claimant needs will manifest themselves and how their needs can be provided for. Nonetheless, a number of key principles were identified regarding the types of support they believe will be important to enable claimants to manage UC during the transition period. These are discussed in turn below.

Personal budgeting support

4.23 The major concern of many stakeholders is the challenge for households in adapting to a single monthly payment of UC. When reflecting on the Department's guidance on personal budgeting support, they felt that any support should not just focus on teaching households how to budget, but how to budget in a different way. As DWP research on the Direct Payment Demonstration Projects indicated, people on low wages generally have good budgeting skills,⁶³ suggesting that many will not require basic support on how to budget. Rather, stakeholders suggested that budgeting support should focus primarily on informing people about the changes to their benefits under UC and the implications these have for the way in which households will need to budget, whilst also raising awareness of specific tools that can support them as well as the potential opportunities in adapting to a changed regime.

4.24 Stakeholders also discussed the support that may be needed to prevent households from getting into arrears with their rent. Support should focus on helping claimants manage the temptation to use the housing element in UC to cover either shortfalls in income or emergencies. As previously discussed, it may well be difficult to identify this risk. One suggestion is that any support available, such as that provided by Credit Unions, should be clearly sign-posted and claimants made aware of the financial support

⁶³ Department for Work and Pensions (2012) *Direct Payments Demonstration Projects: Findings from a baseline survey of tenants in five project areas in England and Wales*, DWP Research Report 822

available to them should they suffer an income crisis. Some stakeholders also felt that there should be an onus on social landlords to provide support to claimants to ensure rent is paid on time and that arrears do not accrue.

The payment of Universal Credit on a calendar monthly cycle in arrears is designed to mimic the payment cycle of those in work...while Link supports the policy intention, we have concerns that many of our tenants will lack the necessary skills to manage this without support and further financial capability education. The consequences of getting it wrong will have an impact on the tenants' ability to sustain their tenancies and ensure their rent is paid.

Link Group Ltd

...the extent of 'vulnerability' among social housing tenants is likely to be far greater than is currently being assumed. In this context, vulnerability should be defined in terms of a lack of life skills and capacity to manage financial affairs effectively...we believe that this probably applies to the majority of our 11,500 clients receiving housing support, most of whom are likely to remain vulnerable in the medium term as a result of complex issues such as mental illness, substance abuse, learning disabilities etc.

Riverside Group

Clear and accessible communication

4.25 The need for clarity and accessibility of the Department's communications were repeatedly mentioned as key principles by stakeholders. A primary concern relates to the intelligibility of communications with claimants, especially those with low levels of English literacy. It was also felt that if communications about UC are unclear or confusing, this generates a level of risk or vulnerability for claimants that was not previously present and which may leave some at increased risk of claims being unsuccessful or a sanction being imposed.

4.26 In order for all claimants to be able to benefit from the opportunities within UC stakeholders believe that claimants need to clearly understand it and the new requirements it places on them. This principle includes general communication on the implementation and features of UC, for example information available on the gov.uk website, as well as specific communications with claimants on their entitlements, awards and their Claimant Commitment.

Many of the claimants we come into contact with, often with mental health conditions, put letters from the Department straight into the bin, they're frightened to open them. You need multiple channels of communication to get to everyone.

Stakeholder interview (Welfare Adviser)

4.27 The Committee recognises that communicating the multiple and sometimes complex changes being introduced across the social security system in general and within UC in an accessible manner constitutes a challenge, but it is one that needs to be mastered. Stakeholders highlighted the necessity for multiple channels of communication to be used to extend reach, and the importance of ensuring that the 'reading age' of communications should be checked for accessibility to those with low literacy. One stakeholder suggested that the Easy Read communication format for people with learning disabilities should be available for UC communications as standard.

Accessible support

4.28 The accessibility of any UC support is a key concern for stakeholders. Accessibility covers the location and availability of services, such as welfare advice and computer access, and also the clarity and the ability to understand what services are available.

4.29 Stakeholders are keen that consideration is given to making sure that phone lines used as alternative channels or triage carry no or as low cost as possible, including calls made from mobiles. Claimants should not be faced with additional costs as a result of using non-standard claims processes. Additionally, it is felt important to ensure any scripts and high level design processes around alternative claims channels should primarily serve to assist those who cannot access online services rather than seek to push people into digital claims before they are ready to manage them.

4.30 For those claimants who have to access their claim online from a public location, public internet access points must be accessible, available beyond office hours, and able to cope with increased demand.

People with needs around literacy or who find it difficult to use computers will need assistance to make digital claims. This assistance should be easy to access...there must be alternatives in place as well as robust mechanisms for identifying those who need them.

St Mungo's

The fact that in 2010 almost a third of Welsh adults did not regularly use the internet highlights the potential scale of the challenge. Support will need to be provided to help digitally excluded users switch to online claiming... trusted intermediaries – many of which are from the third sector, will need to be involved...

Welsh Government

...a comprehensive support package must be put in place to improve the computer and financial literacy of claimants.

Gingerbread

Independent support and advice

4.31 A number of stakeholders have stated the importance of welfare benefits advice and that advice being made available from sources that claimants trust. They believe that claimants value highly independent advice, particularly in the context of wider welfare reform and the transition to UC where claimants may experience anxiety and uncertainty about their entitlement and about their UC award. Stakeholders anticipate an increased need for independent welfare advice, at least in the short term, as people get used to UC and to other radical changes in the social security system.

4.32 Ensuring the provision of welfare legal services - as distinct from welfare advice - is also regarded as highly important. The Committee is well aware that the reduction in the provision of Legal Aid may potentially have an impact on the availability of this support at the same time as demand increases.

4.33 As a result of welfare benefits advice and debt having been removed from the scope of legal aid funding as of 1 April 2013, in addition to cuts in local authority funding to voluntary sector advice agencies, there have been a number of reports of reductions being made in the services being provided by welfare benefits advice agencies such as Citizens' Advice and Law Centres. Reports suggest that Citizens' Advice Bureaux in some areas are reducing the numbers of welfare benefits officers.⁶⁴ London Advice Watch has reported that there are significant gaps in the provision of social welfare law advice in London, for example, particularly in areas outside the city centre.⁶⁵ Considerable concerns have been expressed, therefore, that vital support and social welfare law advice services will be cut further because of a lack of funding and that some Law Centres will face the threat of closure at a time

⁶⁴ http://www.northwichguardian.co.uk/news/10357821.Citizens_Advice_plea_for_patience_as_cuts_hit_home/; and

http://www.theboltonnews.co.uk/news/local/10280276.CAB_chief_axed_in_budget_cuts/?ref=nt

⁶⁵ <http://www.lag.org.uk/files/93986/FileName/LondonSWLReportFinal.pdf%20target=blank>

when demand for their services is already increasing as a result of the changes in benefits.

Enabling self-sufficiency

4.34 The LSSF states that the “*ultimate aim of those providing services under the framework will be the creation of a “single claimant journey” from dependency to self sufficiency and work readiness*”.⁶⁶

4.35 Generally stakeholders have endorsed the principles of self-sufficiency or independence as an important aim of UC support. Even for those claimants most often recognised as needing support, such as those with learning disabilities for example, a general principle which emerged from discussions with stakeholders was that support should give people as much independence as they are able to manage.

4.36 Some stakeholders were not clear, however, about what self-sufficiency will actually mean in practice within the context of the LSSF. Stakeholders asked whether it necessarily means moving people to a point of self-sufficiency where they do not need support for their claim. As they pointed out, many claimants are likely to require time-limited support in the short-term, perhaps only during the introduction of UC but, others may need ongoing support to enable them to manage a UC claim over time. While self-sufficiency may be an important aim, it is not necessarily realistic for every claimant and other support needs may take precedence.

Support for long-term need

4.37 While many of the concerns raised by stakeholders were focussed on how claimants and households would adapt to UC during transition, many also expressed uncertainty about how well some claimants will cope in the longer-term unless support and advice are readily available, particularly within a context of low economic growth and extensive changes in social security provision. Many felt that with respect to household budgeting, risks related to debt and arrears may not become apparent in the short term, and continuing support may be required to prevent households falling into debt in the longer-term.

4.38 In this regard, the warning by the World Bank that the longer-term cost of unsupported risk may be higher than the short term cost of fluctuations in people’s welfare⁶⁷ is highly pertinent. It underlines the critical importance of not limiting the focus of support to the short-term but having a strategy that provides support for as long as it is needed.

⁶⁶ Department for Work and Pensions (2013) *Universal Credit Local Support Services Framework*. Op.cit. p11

⁶⁷ Hoogeveen, *et al* (2004) *op cit*

The delivery of support

4.39 In addition to discussing the *type* of support that claimants would require under UC, stakeholders also expressed views to the Committee as to how this support should be delivered as well as what they perceive to be the opportunities and barriers to achieving this.

Drawing on existing support services

4.40 Stakeholders have questioned how far the LSSF is seeking to commission new services to cover anticipated support needs and how much it will seek to increase the capacity of existing provision and expertise. Charities and support services have reported that they are already spending additional time dealing with benefit claims due to the extensive changes currently taking place and indicated that they anticipate a need for this support to be expanded much further as UC is rolled out.

4.41 One provider of treatment for people needing help to tackle substance misuse stated that they are already putting considerable time and effort in supporting their staff and service users to understand and meet the challenges posed by the transition to UC. As such, they believe they are well placed to provide additional support via the LSSF, subject to having sufficient capacity and expertise to deliver the services required. The Committee believes that this may well be the case for many other providers.

4.42 Some support services, including a supported housing provider for example, have stated that while they do not necessarily consider providing welfare advice and guidance as an official or funded part of their role, they nevertheless provide these informally. One provider pointed out that because providing support is not their core competency their staff are not always appropriately skilled or incentivised to provide advice, although they do offer variable levels of support, depending on the skills of individual support workers. Providers believe that the LSSF potentially offers the opportunity to fund and formalise this role, improving the service they offer to their clients and thereby extending the coverage of UC advice and guidance.

Locally based support

4.43 In August 2012, the Minister for Welfare Reform, Lord Freud announced the establishment of twelve Local Authority led pilots to explore how local expertise can support local residents to make the transition to UC,⁶⁸ with further pilot projects due to be developed after 2015 to establish the longer term role for councils in supporting UC claimants.⁶⁹ In a speech given by Lord Freud to the Local Government Association at the launch of the LSSF

⁶⁸ <http://www.dwp.gov.uk/newsroom/press-releases/2012/aug-2012/dwp095-12.shtml>

⁶⁹ <http://www.dwp.gov.uk/local-authority-staff/universal-credit-information/universal-credit-updates/>

on 8 March 2013, he referred to early success stories emerging from the initial pilots.⁷⁰ The Committee looks forward to receiving a full update on the findings from these pilots and on the extent to which they are able to provide appropriate support to UC claimants, in due course.

4.44 While recognising that personalised support for people with complex needs may be best delivered at a local level, it has been suggested by some stakeholders that not all basic guidance and advice services need to be delivered locally. Independent welfare advice to help claimants understand the new benefit system could potentially be delivered more efficiently and uniformly via a national service. This would have the advantage of providing a consistency of service and ensure that high quality support is offered to claimants as well as preventing a large number of similar local systems being set up which may be more costly and less amenable to quality control.

There's a tension between localism and minimum standards of delivery. Some local authorities will develop better services, others won't. You don't need a crystal ball to see there will be variability in local delivery, and without minimum standards this could be very controversial.

Stakeholder interview (Academic)

Holistic, joined-up support services

4.45 Generally, stakeholders have welcomed the opportunity brought through the LSSF to develop local delivery partnerships, and are looking forward to further development of this framework. The LSSF aims to support the transition to UC through working with local support providers, many of whom deliver a range of services beyond UC and who will therefore be accountable to a number of funders. One service provider stated that a holistic approach to service delivery is only achievable if a service provider's other funders are also involved.

4.46 For example, a Work Programme secondary (Tier Two) contractor stated that its customers are likely to be receiving support from a number of other agencies. These are likely to be Tier One providers, tenancy sustainment teams, treatment providers and probation services. There is a concern amongst providers that currently this presents a risk of duplicating effort and also of confusing the clarity about which agency has primary responsibility to ensure the claimant's compliance with the new requirements. A support services framework could present a timely opportunity to clarify these responsibilities, but it would need to be broadened to involve other government departments and funding agencies.

Staged migration on to UC

⁷⁰ <http://www.dwp.gov.uk/newsroom/ministers-speeches/2013/08-03-13.shtml>

4.47 The Department has indicated to the SSAC that a carefully phased roll-out of UC, starting with the Pathfinder, will allow it to test core processes by initially accepting claims only from more straightforward cases. Together with projects such as the Direct Payment Demonstrations and the Local Authority led pilots, it is anticipated that this will enable the Department to learn from experience and make adaptations before extending Universal Credit to more complex claimant groups. Stakeholders have indicated that they are looking forward to seeing further details of these plans so they can gain a better understanding of how the migration will impact on the services they provide. The Committee would welcome the opportunity to participate in the consideration of the early lessons learned.

4.48 The Committee is also aware of a number of different approaches being taken to important aspects of UC and other support in devolved administrations. Scotland, Wales and Northern Ireland are all taking a more centralised approach to the successor to the Social Fund with variations in the individual approaches. Moreover, in Northern Ireland there is a commitment to routinely pay Housing Credit to landlords rather than tenants; and to both make split payments between couples and to pay fortnightly rather than monthly payments of UC more readily than in Great Britain. Further, while digital options will be open to claimants in Northern Ireland, the initial approach to claiming will be through telephony. These alternative approaches provide an important opportunity for the Department to compare variations with a view to seeing what does and does not work effectively.

Summary

4.49 Discussions with stakeholders during interviews and focus groups revealed a strong belief in the need for clear guidance and communications for *all* claimants during the transition to UC, coupled with individualised support services for those claimants and households with more complex needs. The capability of the UC process to identify support needs is essential, and the fluctuating nature of vulnerability underlines the importance of taking multiple opportunities to assess claimant support needs at all stages.

4.50 The indications are that the necessary expertise already exists to deliver support for claimants during the transition, although within the context of wider changes in welfare reform and slow economic growth stakeholders are of the view that resources are likely to be stretched. The LSSF has been welcomed as a useful first step in both setting out how additional needs will be resourced and in recognising the importance of delivering holistic joined-up services. Stakeholders and the Committee are keen to learn more about how this will work in practice.

Chapter 5 Conclusions and recommendations

Introduction

5.1 Before setting out our conclusions of this study, the Committee acknowledges the significant amount of work that is being undertaken in DWP and elsewhere to prepare for the introduction of UC and this study was designed to be complementary to the efforts already being made. The recommendations, and underpinning guiding principles which can be found at Annex One, are designed to be practical and inclusive and to promote the overall objectives of welfare reform. The Committee did not set out to find definitive solutions to the challenges which are inherent in the implementation of such radical reforms but has attempted to highlight a number of ways forward. The Committee is of the strong view that the learning from the UC pathfinder must provide much-needed evidence to shape future options.

5.2 The conclusions that follow fall into three main categories:

- those which the Committee regards as relevant to all claimants at all stages of their engagement with UC;
- those which are specific to supporting claimants where individual risks and vulnerabilities have been identified; and
- those which relate to the provision of support.

Ensuring that all claimants understand and can engage with Universal Credit

Communications

5.3 The coverage, content and clarity of communications about UC have been a consistent theme throughout the study and our previous consultations. A primary concern identified by the Committee and by a range of stakeholders relates to the lack of clarity and unnecessary levels of complexity of communications being issued to claimants of all backgrounds. While UC is designed to simplify the benefits system, explaining the change to potential and existing benefit claimants has proved to be extremely challenging, heightening the levels of risk for claimants who simply do not understand UC. Recent media coverage of the welfare reforms has highlighted a lack of understanding amongst the general public about what UC is, who it applies to and how the benefit is calculated. This lack of understanding can in itself promote anxiety and distress amongst benefit claimants, thereby increasing vulnerabilities.

5.4 In the Committee's view, good communication is central to the success of UC and the Department should ensure that robust mechanisms are in place to address:

- the need for clarity and consistency in all communications, both from DWP and HMRC, about UC;
- the need for multiple channels of communication – written (including Easy Read wherever possible), electronic, oral – which give consistent, clear information in all kinds of formats to claimants and to those providing support services; and
- the importance of flexibility for claimants in completing online applications and the ability to seek information via different channels of communication (telephone, paper-based and so on).

5.5 It is also important to note that UC claimants may be dealing with a number of other agencies with respect to their welfare benefits, most notably, local authorities and HMRC. The Communities and Local Government Select Committee in its recent report, underlined the important contribution local authorities will make in planning and targeting local welfare provision.⁷¹ Therefore DWP should continue to work closely with the Department of Communities and Local Government to ensure that all communications to claimants are clear and consistent irrespective of who is delivering them. Additionally, it will be important to ensure that:

- any specific local communication needs are identified and addressed; and that
- local communities are able to contribute to the development of good communication tools that meet a range of national and local needs.

Recommendation One:

The Committee has previously expressed its concern to the Department's Permanent Secretary about the quality of customer communications, and believes that this is an issue that needs to be addressed urgently. It therefore recommends that the Department gives higher priority to ensuring that actions required to strengthen its customer communications are identified and taken forward. The Department's plans for addressing this issue should be published ahead of the roll-out of Universal Credit in October 2013.

The Committee will also look more closely at this issue in the coming months and will make further, specific, observations and recommendations during the summer.

⁷¹Communities and Local Government Committee (2013) *Implementation of Welfare Reform by local authorities*, Parliamentary Copyright 2013

Expectations of claimants – the Claimant Commitment

5.6 Closely linked to the need for good communication with claimants relating to UC are the concerns expressed by a range of stakeholders about the expectations placed on claimants. There is a risk that, if claimants do not understand the conditionality regime, they could be sanctioned for failing to meet the requirements of their Claimant Commitment. Indeed, the SSAC's paper on conditionality under UC⁷² found that claimants do not always know they have been sanctioned and, even if they do know about a sanction they may not know how to reverse it.

5.7 It is therefore essential that a dialogue between the claimant and Jobcentre advisor about the link between conditionality and sanctions is embedded as a key step at the start of every claim to UC and that subsequent communications about the Claimant Commitment are clear and unambiguous. Conditions within the Claimant Commitment must always be achievable and demonstrable, tailored to each claimant's circumstances and abilities, having identified and taken into account specific vulnerabilities and risk factors.

5.8 This will be particularly important given that UC is a household benefit, paid to one member of the household, while each benefit claimant in the household has to agree and abide by their personal Claimant Commitment. Failure to meet the requirements by one member of the household can result in the loss of UC. There are risks associated with this new regime if there is a lack of understanding about what is required, the significance of each Claimant Commitment and the sanctions that can be incurred.

5.9 The Committee would also argue that identification of claimant risks and vulnerabilities cannot be a one-off exercise at the start of a UC claim, but must be an ongoing process throughout the claim. The development of a Claimant Commitment provides an important opportunity for specific risks and vulnerabilities to be disclosed, identified and discussed with a Personal Advisor. Where risks and vulnerabilities are identified, advisors should signpost claimants to appropriate sources of support and advice - having first ensured that the providers have the necessary resource and capacity to deal with the referrals.

Recommendation Two:

The development of a Claimant Commitment should always include identification of, and discussion about, any specific characteristics and circumstances that may put the claimant at risk (domestic abuse, drug or alcohol dependence, for example) or enhance vulnerability. As of October 2013, the standard template for Claimant Commitment agreements should include a mandatory section for completion which supports this process. Personal Advisors should always signpost claimants to appropriate sources of support and advice.

⁷² Social Security Advisory Committee (2012) *Universal Credit and Conditionality*, *op.cit.*

Recommendation Three:

It is important to recognise that the conditionality regime that currently applies to jobseekers may not be appropriate to in-work claimants, and conditions will need to be tailored to reflect the circumstances of specific individuals and families. The Department should publish clear guidance on this issue ahead of October 2013.

Identification of risks and vulnerabilities

5.10 Having concluded that the identification of specific risks and vulnerabilities must be a continuous process and that all claimants may encounter events or circumstances at some time or another that enhance their vulnerability, the Committee has concluded that mechanisms must be in place at all stages within UC claims and payments processes to encourage claimants to identify the difficulties they might face in managing the system and its requirements.

Recommendation Four:

The Committee recommends that the Department should specify, and publish by October 2013, methods (selecting from the menu below) for assessing risk and vulnerability at each stage of the UC process:

- the information given about UC
- a simple trigger question on the UC claim form
- discussion with the Personal Advisor
- a specific question in a UC Claimant Commitment
- a simple question on the monthly assessment
- a reminder on the UC award notification
- routine discussion at any follow-up interviews and reviews
- discussions before implementing a sanction
- interviews with work programme providers

5.11 Not all UC claimants will disclose or self-report specific vulnerabilities, such as a cognitive impairment or mental health problem, therefore information about how to obtain support for a range of difficulties needs to be readily available to all claimants. Although it has been traditional to identify vulnerability via the categorisation of specific groups of claimants, the Committee urges the DWP to recognise that all claimants may be vulnerable at one time or another and may benefit from specific support to assist with the UC process. Information about support services and how they can be accessed should be readily available for all claimants and in a variety of formats. Such information should be made routinely accessible to all

claimants, irrespective of whether risk factors and specific vulnerabilities have been identified.

Claimants with specific ongoing and fluctuating risks and vulnerabilities

5.12 Although the Committee has argued against restricting the understanding of vulnerability to the identification of claimant characteristics which trigger special consideration, it is important to acknowledge that some characteristics and circumstances are likely to enhance the risks for many of these claimants. Stakeholders have been particularly concerned about the ability of claimants who experience mental illness, drug and other dependencies, homelessness, domestic violence and abuse, and a range of disabilities, to manage the new elements within UC. These risk factors were identified in Chapter Two.

5.13 The ways in which these risk factors - which may or may not be permanent and often change over time - impact on individual claimants vary. Some claimants with personal characteristics which pose risk factors will be able to manage the UC system, others may need some limited or occasional support, while some may require long-term support. Assessing a variety of needs is essential to the provision of the right support at the right time and the Committee recognises that staff training might be required to achieve this.

5.14 Similarly, certain life events such as family ill health, death in the family, and specific circumstances, such as being in debt, might heighten a claimant's vulnerability at certain times.

5.15 The personal characteristics, life events and individual circumstances that render a claimant potentially more vulnerable need to be identified, assessed and their implications understood and taken into account during the UC process, but labelling of entire groups of claimants and generalised responses should be avoided.

5.16 When a claimant indicates that they experience certain characteristics or circumstances which may make them vulnerable, such as a mental health problem, homelessness, debt, and disability or impairment of some kind, the implications of these characteristics should always be considered and referrals made to appropriate support services for assistance in managing the UC process.

Recommendation Five:

The Committee recommends that the Department should design, oversee and monitor the implementation of an effective training programme for its own staff and delivery partners who are in contact with UC claimants to ensure that they have a sufficient understanding of, and capability to manage, the complex and dynamic nature of risk and vulnerability within UC.

The training modules, which should be available by October 2013, should aim to ensure that the advice provided is of high quality and consistent in all cases, and that the assessment of the implications of individual risk factors is undertaken with care to ensure a personalised and relevant response can be given and that individual support needs are considered and addressed.

The provision of support to claimants

5.17 The Government has made clear that support will be available for vulnerable claimants when UC is introduced. It has also indicated that the intention of the LSSF is to deliver support based on an assessment of a claimant's identified needs rather than their perceived risks or vulnerabilities. The Committee welcomes this approach which recognises that vulnerability is not a static state determined by specific characteristics or circumstances. The focus will be on an assessment of need, not risk. This study confirms the importance of focusing on assessing needs at regular points in the claimant journey.

Recommendation Six:

The Committee regards the LSSF as providing a valuable framework within which support can be provided and is of the view that it represents a good starting point. However, ahead of the October roll-out of UC, this needs to be translated into a more specific set of appropriately resourced arrangements which give consideration to:

- the extent to which support services should be offered locally, and the merits of developing an integrated national and local network of support to avoid duplication of effort and promote a holistic approach;
- an integrated support services framework involving national and local providers and central government departments which can ensure that support services are joined-up and a variety of claimants' needs are met efficiently and effectively.

Partnership working

5.18 Although the Government has indicated that support will be provided for those who need it, the questions as to who should provide the support and how it should be delivered have remained open. The view expressed by many stakeholders is that support is best provided at the local level. It is clear that this will require clear recognition of the important role played by local authorities and other organisations in the delivery of social security benefits and broader welfare reform.

5.19 The extent to which existing support services will be able to meet the need for support related to UC is a matter of some concern for some stakeholders. It would appear that many services in the statutory and voluntary sectors are seeing an increase in demand for support as a result of the wider changes in welfare provision. While there may not be a need for new services, the SSAC study suggests that overall staffing capacity and capability may need to be strengthened. The LSSF clearly offers an important opportunity to support local agencies to prepare for the introduction of UC.

5.20 Local authorities, local providers of welfare programmes and advice agencies will require resources to ensure that they are able to meet the demand for additional help, advice and support during the transition to UC. It will also be important to ensure that the expectations of local providers are clearly stated.

Recommendation Seven:

The Committee recognises that welfare reforms are placing additional requirements on local authorities and a range of welfare and advice agencies, both in terms of implementation and operation. It therefore recommends that an initial assessment of the cumulative impact on local authorities and advice agencies and their resources should be produced by October 2013 and, thereafter, kept under regular review to ensure that steps are taken to address any capacity issues that arise.

5.21 If support is to be effective it needs to be readily available. This would include provision of budgeting or financial advice, help in making a claim or setting up a bank account. Stakeholders have recognised that the provision of targeted support could help claimants acquire new skills and become self-sufficient and manage the UC process without continuing support.

Recommendation Eight:

The Committee urges the Government to continue to work in partnership with other agencies and providers of support to ensure that, by October 2013:

- helplines are accessible without charge (including from mobiles) and that support for the online claims process is available beyond normal office hours (this is particularly important if claims cannot be saved part way through the process);
- information about the support available can be obtained at a range of outlets and in a variety of languages; and
- support services are in place to encourage self-sufficiency and independence.

Sharing information

5.22 The Committee acknowledges the valuable contribution that local authorities and other agencies make in planning and targeting welfare support and urges continued close interdepartmental working at central government level in order to assist local authorities to take local decisions in a well-informed way. It will be particularly important to ensure there is good information flow between central government and local authorities.

Recommendation Nine:

Personal Advisors, programme providers and support agencies should agree ways of sharing information about specific risks and vulnerabilities, with the claimant's permission, and ensuring that data protection and confidentiality protocols are in place by October 2013. In doing so, the risk of fraud and exploitation must also be carefully considered.

Passporting

5.23 The Committee's report about passported benefits⁷³ described a number of options for the ways in which these benefits might be dealt with under UC. It also pointed to the risks associated with seeking to replicate the current complex arrangements for accessing and delivering passported benefits. The Committee at that time recognised the considerable challenges in reforming and simplifying passporting, primarily because these benefits are provided by a range of government departments and have been designed over a number of years to meet a range of diverse policy objectives. While the Committee understands that some progress has been made to simplify and rationalise the current system of passporting, the intention, at least in the short-term, to replicate existing arrangements for some of these benefits could present risks for claimants if cliff-edges occur when they move into work or increase their income and access to highly valued additional benefits (for example free school meals and prescriptions) is withdrawn. Not only could this create an element of vulnerability but it could also undermine the principles (simplification and making work pay) underpinning welfare reform.

⁷³ Department for Work and Pensions (2012) *Universal Credit: the impact on passported benefits. Report by the Social Security Advisory Committee and response by the Secretary of State for Work and Pensions*. Op.cit.

Recommendation Ten:

The Committee recommends that DWP, other government departments, devolved administrations and utility companies continue to work together to find innovative ways to reform and simplify the existing system of passporting and avoid creating unnecessary risks for claimants when such benefits are withdrawn. The Committee would welcome regular progress reports and be willing to continue to provide input on design.

Evaluation

5.24 In addition to the steps that the Committee believes should be taken to address the support needs of UC claimants, the study has drawn attention to the enormity of the changes in the welfare system from 2013 onwards and re-emphasised the critical importance of in-depth evaluation of these changes so that modifications can be made at all levels to ensure that UC is fulfilling the objectives of reform and that claimants can benefit from a new and simplified approach.

5.25 The Committee has taken a particular interest in the detailed evaluation that is planned. In its report on the UC and related regulations⁷⁴ the Committee endorsed the need for robust and comprehensive evaluation of all aspects of UC and it reiterates that endorsement here. The phased introduction of the UC pathfinder and the phased roll-out of UC provide an extremely important opportunity to learn from careful, robust evaluation. There would be particular value in reflecting on whether there are lessons to be learned from Northern Ireland in due course when the different approach they have adopted to the way that Universal Credit will be administered in Northern Ireland is implemented.⁷⁵

5.26 Throughout this study, the SSAC has been aware of the wider reform agenda and the concerns expressed by some stakeholders about the cumulative impacts of changes on 'vulnerable' claimants. The Committee has noted the potential for early experiences of the changes to benefits to exacerbate the risks for claimants when UC is introduced. In ensuring that the support needs of UC claimants are addressed, the study points to the need to understand these within the context of the wider reforms currently taking place.

⁷⁴DWP (2012) *op. cit.*

⁷⁵ The housing cost element of Universal Credit can be paid direct to landlords rather than to the claimant; payment of Universal Credit can be split between two parties in a household; and payment of Universal Credit can be paid twice in each month.

Recommendation Eleven:

The Committee recommends that the evaluation of UC examines all aspects of the process and looks specifically at the extent to which risk factors and vulnerabilities are identified, the support that is offered, and the extent to which claimants' needs are being met. Additionally evaluation should examine what kind of support and advice are effective and identify and promote examples of good practice.

The Government should take account of the wider impacts of welfare reform when establishing mechanisms to identify the needs of UC claimants, and to ensure that a holistic approach to the provision of advice and support is taken nationally and locally.

While accepting that evaluation will be an evolving and continuing process, the Committee recommends that DWP should put arrangements in place to produce and publish, at regular intervals (every six months initially), an independent assessment of the lessons that have been learned from the pathfinder and subsequent roll-out of UC, and how the Department has responded to them.

The Department should ensure that the evaluation process includes the impact of taking different approaches to UC and other welfare reform initiatives by the devolved administrations.

5.27 The implementation of UC provides both opportunities and challenges. There is widespread support amongst stakeholders and the Committee for the principles underpinning the reforms and the potential advantages of a single, integrated working-age benefit. The Committee believes that careful monitoring of the changes is essential, that it is vitally important that the changes are communicated clearly, and that all the agencies at national and local levels work together in a coherent, holistic way to support claimants at all stages of their UC claim. The SSAC acknowledges the important work being undertaken to put appropriate support in place and looks forward to continued engagement with the DWP and others during preparations for UC implementation.

Annex One Guiding principles

Chapter 5 highlighted the Committee's main recommendations from the study. Also embedded within that chapter are a number of guiding principles which the Department may wish to consider. These are set out below for ease of reference.

Communications

- (i) The DWP should ensure that robust mechanisms are in place to address:
 - the need for clarity and consistency in all communications about UC;
 - the need for multiple channels of communication – written (including Easy Read wherever possible), electronic, oral – which give consistent, clear information in all kinds of formats to claimants and to those providing support services; and
 - the importance of flexibility for claimants in completing online applications and the ability to seek information via different channels of communication (telephone, paper-based and so on).
- (ii) The DWP, should continue to work closely with the Department of Communities and Local Government to ensure that:
 - all communications to claimants are consistent, irrespective of who is delivering them;
 - any specific local communication needs are identified and addressed; and
 - local communities are able to contribute to the development of good communication tools that meet a range of national and local needs.

Expectations of Claimants – the Claimant Commitment

- (iii) A dialogue between the claimant and Jobcentre advisor about the link between conditionality and sanctions is embedded as a key step at the start of every claimant's journey through UC and subsequent communications about the Claimant Commitment are clear and unambiguous.
- (iv) Conditions within the Claimant Commitment must always be achievable and demonstrable, tailored to each claimant's circumstances and abilities, having identified and taken into account specific vulnerabilities and risk factors.

Identification of risks and vulnerabilities

- (v) Although it has been traditional to identify vulnerability via the categorisation of specific groups of claimants, the Committee urges DWP to recognise that all claimants may be vulnerable at one time or another and may benefit from specific support to assist with the UC process. Information about support services and how they can be accessed should be readily available for all claimants and in a variety of formats.

Claimants with specific ongoing and fluctuating risks and vulnerabilities

- (vi) When a claimant indicates that they experience circumstances which may make them vulnerable, such as addiction, homelessness, debt, and disability or impairment of some kind, the implications of these characteristics should always be considered and referrals made to appropriate support services for assistance in managing the UC process.

Partnership working

- (vii) The Government should continue to work in partnership with other agencies and providers of support to ensure that:
- information about the support available can be obtained at a range of outlets and in a variety of languages; and
 - support services should encourage self-sufficiency and independence wherever possible.

Sharing information

- (viii) The Committee acknowledges the valuable contribution that local authorities and other agencies make in planning and targeting welfare support and urges continued close interdepartmental working at central government level in order to assist local authorities to take local decisions in a well-informed way. It will be particularly important to ensure there is a good information flow between central government and local authorities.

Annex Two List of respondents

In addition to those individuals and organisations who submitted responses to the SSAC's 2012 consultation on Universal Credit, the Committee's thanks and gratitude also go to the following organisations for giving their time to be consulted during the course of this study:

A4E
Advice NI
Anchor
Contact a Family
Council of Mortgage Lenders
Department for Work and Pensions
Drugscope
Employment Related Services Association
Equality 2025
Federation of Small Businesses
Gingerbread
Her Majesty's Revenue and Customs
Inclusion
Institute for Housing, Urban & Real Estate Research
Law Centres Network
Local Government Association
Low Incomes Tax Reform Group
Nacro
National Housing Federation
Papworth Trust
Prince's Trust
St Mungo's
Trades Union Congress
UK Women's Budget Group
University of Bristol
University of Portsmouth
Women's Aid

Annex Three

Membership of the Social Security Advisory Committee

Paul Gray (Chair)
Les Allamby
John Andrews
Simon Bartley
Adele Baumgardt
John Ditch
Keith Faulkner
Pamela Fitzpatrick
Colin Godbold
Chris Goulden
Matthew Oakley
Nicola Smith
Janet Walker
Diana Whitworth

Secretariat

Denise Whitehead (Secretary)
Chris Gunning (Social Research Policy Adviser on vulnerability project)⁷⁶
Martin Farmer (Social Research Policy Adviser: on communications project)⁷⁷
Paul Mackrell (Assistant Secretary)
Matthew Moon (Assistant Secretary)
Dean Walton (Assistant Secretary)

⁷⁶ From 16 January to 12 April 2013

⁷⁷ From 23 April 2013