

The implementation of Universal Credit and the support needs of claimants

A study by the Social Security Advisory Committee
Occasional Paper No. 10

May 2013

Summary

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.