

SOCIAL SECURITY
ADVISORY COMMITTEE

Universal Credit: priorities for action

Executive Summary

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Executive Summary

1. Introduction

The Department's programme of rolling-out Universal Credit gradually is beginning to pick up pace. Claims being taken are also moving from the relatively straightforward to the less so, in line with DWP's 'test and learn' approach. A number of reports both from this Committee, and from other bodies, have sought to highlight outstanding concerns with Universal Credit. We believe it is time to take stock of issues that do not seem to have been fully resolved but which are becoming more urgent as the rollout expands to more complex cases. We aim to offer the Government constructive advice in the tackling of them.

2. Passported benefits

It is over three years since SSAC produced a command paper on passported benefits. In it we stressed the need for a cross-Government strategy involving other providers of secondary benefits to provide a co-ordinated system of passporting which combines reasonable simplicity with the avoidance of sharp cliff edges and maintenance of the principle of ensuring that work always pays. The Government accepted the recommendation about the need for initiating and leading a joined-up approach but, to date, we have seen little evidence that this has translated into concrete action.

3. In-work issues

UK benefits for the unemployed have never been unconditional. However the importance of the concept of conditionality has grown over the years and penalties for non-compliance have increased in severity. Precisely what will be required of in-work UC claimants remains unclear. The legislative framework is in place, but the detailed approach the Department wishes to take will be set out in guidance. The substance and spirit of that guidance, if not in its final form, needs to be made public as a matter of some urgency. We would welcome having an input into the published version.

As the numbers and categories of benefit sanctions being imposed has risen, so the Committee calls upon the Department to subject the current sanction regime to a robust process of evaluation. Rigorous evidence as to its effectiveness is needed. Alongside that the Committee would encourage also exploring the use of more incentives-based approaches to encouraging compliance.

The position of the second earner has not received the attention that has been given to the main earner. It is at this point that the stated aims of incentivising work becomes less sharp, and a clear distinction emerges between incentivising work for the benefit of an otherwise workless household and incentivising a second earner to take up some form of work. We believe this needs further examination.

4. Self-employment

Self-employment remains one of the most testing challenges for UC. Whereas employees in larger organisations linked to the PAYE system are expected to benefit from a simple and automated administrative process, the monthly reporting requirements for the self-employed are likely to be onerous and challenging for many claimants. We welcome the acceptance of our proposal for an expert panel on self-employment to be convened and encourage the Department to make maximum use of this approach to resolve outstanding issues affecting the self-employed.

We also stress the importance of certain members of DWP staff being given specific training to enable them to offer dedicated support to the self-employed.

5. Tax Credits

The task of migrating existing tax credits claimants on to Universal Credit, converting an annual based system of reconciliation to a monthly one, recouping large amounts of overpayments from a relatively high proportion of claimants and communicating these changes effectively is formidable. We draw attention to the scale of the challenge ahead.

6. Vulnerability

The Committee re-emphasises the importance of the DWP ensuring that staff are trained to understand, recognise and manage the nature of risks for claimants within Universal Credit, and to support claimants experiencing vulnerability as a result. Particular areas for focus are supporting those at the risk of exclusion and hardship through the operation of monthly payments. Priority needs to be given to ensuring the consistency and effectiveness of the Universal Support delivered locally partnership model.

7. Childcare

The funding and availability of childcare have been long-standing issues, and they need to be satisfactorily resolved if the aims of Universal Credit are to be achieved. Claimants will also need to be given coordinated guidance so that they are able to make information choices about whether to obtain childcare support through entitlement to Universal Credit or to opt for the tax-free childcare scheme.

8. Housing costs

The Department's aim to give Universal Credit tenants responsibility for their rent by including their housing costs in with their monthly payment is an area of concern for both landlords and claimants alike. We believe this policy needs close monitoring to ensure that arrears are kept in check and landlords are not discouraged from offering accommodation to benefit claimants.

The under-occupancy rules need to be kept under review in respect of such groups as those who have been recently bereaved or where a disabled child is a member of the household.

9. Conclusion and recommendations

We conclude by recommending that DWP publish a revised timetable setting out the main outstanding issues in Universal Credit and a detailed plan for addressing them.

We recommend –

- concerted joint action involving other Government Departments, local authorities and service providers in co-ordinating a plan of action on the passporting of benefits;
- the development of the work of the specialist working group to provide advice and direction as to how the self-employed can best be served under Universal Credit;
- a more transparent approach on in-work conditionality that adopts the 'lightness of touch' approach already mentioned by the Department;
- an urgent review of the operation of the sanctions regime ensuring that existing rules are thoroughly evaluated and greater testing with incentives rather than penalties is explored;
- a review of the treatment of second earnings and the effect upon work incentives;

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- a genuinely responsive and transparent approach to the results of evaluation as they begin to filter through;
- careful consideration of the challenges involved in the migration of tax credits into Universal Credit; and
- a continued commitment to address the risks to which some claimants will be subject as a result of –
 - the length of time before the first full payment of Universal Credit is normally made;
 - monthly payments of benefit;
 - payment of rental housing costs to claimants in the first instance;
 - having alternative options for childcare support; and
 - the development of USdl.