

SOCIAL SECURITY

ADVISORY COMMITTEE

The future of working age contributory benefits for those not in paid work

**A study by the Social Security Advisory Committee:
Occasional Paper No. 26**

July 2022

About this report

This project was conducted as part of the Social Security Advisory Committee's independent work programme, under which the Committee investigates pertinent issues relating to the operation of the benefits system.

As ever, we are grateful to our extensive stakeholder community for their engagement with this project and, in particular, to the individuals who have shared their direct and personal experiences of the benefits examined in this report. We are also grateful for the assistance of our secretariat, and to operational staff, policy officials and Research Librarians from the Department for Work and Pensions who provided factual information. We also thank staff at the Department for Communities (Northern Ireland) and G4S for their help with our evidence gathering.

The views expressed and recommendations presented in the report are solely those of the Committee.

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Chair's foreword

Contributory benefits for working age families have historically played a significant role within the social security system. However, as a policy area they have been neglected for some time. The contributory principle has diminished in importance as the role of other working age benefits has increased, for example with the expansion of means-tested support for families with children, renters, and in-work support.

The introduction of Universal Credit offered an opportunity for a root and branch reform. Either by removing entirely the contributory principle from out-of-work support for working-age individuals, relying solely on means-tested support; or through the integration of contributory support into Universal Credit, so that an enhanced offer would be made to those meeting certain contributory criteria.

However, that opportunity was not seized, and neither path of action was followed. This means that New Style Jobseeker's Allowance and New Style Employment and Support Allowance exist in a largely unreformed guise alongside Universal Credit. But the debate about contributory benefits and their principle has not gone away. If anything, the impact of the COVID-19 pandemic has highlighted the vital role that some form of income protection can play for those who do not fall within the bounds of means-tested support.

For as long as contributory out-of-work benefits remain part of the social security system, there is a compelling case that the quality of administration and support provided should be at least comparable to that provided by Universal Credit, especially in terms of access to job support. While there was a pragmatic argument for accepting these differences as Universal Credit is rolled out, the argument to retain such disparities, as part of a longer-term design, is less persuasive. We therefore urge the Secretary of State to consider committing to longer-term alignment of the experience of those on New Style benefits with Universal Credit claimants as part of the Government's programme of social security reform.

There is a range of options for achieving greater alignment, from operational level change that would deliver access to Universal Credit technology and unifying work coaches for those on dual claims, through to delivery on the same platform and full integration of working-age benefits.

While the decision about the role of the contributory principle is one for the Government, it is appropriate that Ministers clearly articulate the role that they want this historically-important component of working-age social security to play in the 21st century. We appreciate that such reforms can take time and are not the most immediate development priorities. However, we would welcome commitment to make early discrete operational changes, with a clear statement of longer-term intent to provide claimants and wider stakeholders with a clear direction of travel.



Dr Stephen Brien

Executive summary

For the past decade, the Department for Work and Pensions (DWP) has focussed on introducing Universal Credit nationwide, as it moves claimants of six individual working age means-tested benefits onto one. This has been a huge challenge, amounting to the largest single change to the UK's working age benefits system since Beveridge.

It is perhaps understandable then that the two contributory working-age benefits for those unable to work – New Style Jobseeker's Allowance (NS JSA) and New Style Employment and Support Allowance (NS ESA) – have received considerably less attention over this period. However, this also represents the most recent phase of a long running trend. Successive Governments have allowed these benefits to wither away quietly rather than develop a considered strategy for what used to be the most substantial element of the UK benefits system. This is explicitly referenced in the 2010 Universal Credit White Paper *Welfare That Works*, which states:¹

“Governments have wrestled with what to do with the contributory principle for working-age benefits ever since the Beveridge system was introduced.”

Then, when referring to what it describes as piecemeal reforms that limited the role of contributory working age benefits for those unable to work, it continues:

“These proposals are consistent with that direction of travel and recognise the fact that we need to allocate limited resources where they will have the best effect.”

More people claim – and Government spends more on - means-tested benefits than contributory benefits. There has been relatively little attention given to contributory benefits such as New Style ESA and New Style JSA. Yet the experience of the COVID-19 pandemic and the resulting lockdowns highlighted the importance of New Style JSA in particular as the number of new claims more than doubled in the space of just three months.²

In an earlier piece of work we did with the Institute for Government, we looked at some of the long-term issues that COVID-19, and the associated lockdowns, raised for social security policy.³ One of the things that our report, [Jobs and Benefits: the COVID-19 challenge](#), highlighted was the extent to which the reward from having paid into the system via National Insurance contributions had reduced over the past eight decades. The report concluded saying *“Finally, we would note that the recommendations here to strengthen contributory benefits are modest. There is a case, which we would urge the government carefully to consider, for going appreciably further – without necessarily*

¹ [Department for Work and Pensions, *Universal Credit: welfare that works*, November 2010](#)

² [DWP Autumn Budget 2021](#)

³ [Social Security Advisory Committee, *Jobs and Benefits: the COVID-19 challenge* March 2022](#)

moving wholesale to the earnings-related systems that are common in Western Europe and Scandinavia.”

Following on from the Committee’s earlier study, our latest research provides a more detailed analysis of the two current contributory benefits for working age people who are not in paid work, and makes recommendations to the Government where improvements can be made.

How we approached this

Our research looked at published statistics and literature, and we spoke to expert stakeholders at two roundtable discussions. The data used in the findings mainly result from a series of interviews with staff from the DWP in Great Britain and the Department for Communities (DfC) in Northern Ireland, as well as claimants from across England, Scotland, Wales and Northern Ireland. We also undertook a small-scale survey of claimants.

Our report provides a history of contributory benefits from 1945 to the current day. We explain how, after changes introduced by various governments (of different political parties), we have moved from a mainly contributory benefits system with a means-tested safety net, to one that is mainly means-tested with a much smaller contributory element.

This has often occurred in response to changing challenges. For example, the rising cost of rent led to the introduction of targeted support for housing costs. Increased means-testing has also occurred as a response to other changing factors, such as increased worklessness and the rise in numbers of single parent households.

Perhaps the most pertinent example of this with regards to contributory benefits is the considerably increased complexity in disability and incapacity benefit, with means-tested support also playing an increasing role, reflecting a growing recognition of the additional costs of long-term disability and sickness.

The move towards greater means-testing concluded with the introduction of Universal Credit. This was intended to reduce complexity within the social security system by combining six means-tested working-age benefits and remove all contributory benefits from the unemployment benefit system. In practice some contributory out-of-work benefits were kept by the creation of New Style JSA and ESA.

These have however, shrunk in importance and visibility as Departmental energy has, understandably, been focussed on successfully rolling out Universal Credit. This history of contributory benefits is the focus of Chapter 2 of this report.

This paper also illustrates the context and policy thinking from the time that New Style benefits were introduced, up to today. The Universal Credit White Paper

acknowledges the difficulty faced by successive governments in creating a long-term strategy for contributory benefits. It concedes that New Style benefits are the latest incarnation in a policy trend of shrinking contributory benefits scale and importance within the benefit landscape.⁴

The decline of the contributory principle in unemployment benefit has, in recent decades, taken place alongside a fall in public support for the amount of public money spent on benefit, with this reaching a low point in the early 2010s.⁵ In more recent years however, this trend has begun to reverse, with public support for such spending returning to levels last seen in the early 1990s.

Around the point of lowest public support for welfare spending, which coincided with the publication of the Universal Credit White Paper,⁶ a renewed appreciation for the notion of contribution emerged among some scholars. In 2012 Bell and Gaffney argued that enhancing the contribution principle could improve public attitudes to welfare by diminishing the “*something for nothing*” perception provoked by means-testing.⁷

In the past decade several think tanks and research bodies have suggested possible structures for a re-invigorated contributory unemployment benefit system. The think tanks Policy Exchange⁸ and Centre for Social⁹ Justice have suggested variations of privately administered insurance against job loss. The Resolution Foundation, on the other hand, proposes a publicly provided and funded benefit that provides much greater levels of income replacement for a limited period, more similar to models used in Scandinavia.¹⁰

The recent context and current policy thinking around contributory benefits for those not in paid work is the subject of Chapter 3.

In Chapter 4, we set out how New Style JSA and New Style ESA operate in practice. Here we identify some aspects potentially in need of reconsideration. First, how contributions made over two recent financial years are measured. Second, the means-tests of New Style ESA and New Style JSA against receipt of some private pension income which are in need of review in an era of “pension freedoms” for those with defined contribution pensions. Third, the National Insurance credits awarded to those in receipt of a New Style benefit and how these differ from those awarded to some in receipt of Universal Credit.

⁴ [Department for Work and Pensions, *Universal Credit: welfare that works*, November 2010](#)

⁵ [Nat Cen, *British Social Attitudes 32*, 2015](#)

⁶ [Department for Work and Pensions, *Universal Credit: welfare that works*, November 2010](#)

⁷ [Bell, K and Gaffney D, *Making a contribution: social security for the future* Trade Union Congress, May 2012](#)

⁸ [Hughes S, Miscampbell G, *Welfare Manifesto*, Policy Exchange, 2016](#)

⁹ [Centre for Social Justice, *Reforming Contributory Benefits, Round Table Report*, July 2016](#)

¹⁰ [Brewer H, Handscomb K and Krishan S, *In need of support? Lessons from the COVID-19 crisis for our social security system*, Resolution Foundation, April 2021](#)

Our report seeks to develop an understanding of how New Style JSA and New Style ESA currently operate in practice and therefore where they are currently performing well and where the system needs to be improved.

The findings and recommendations from our research seek to answer the following questions:

- How DWP distinguishes between those who have paid into the system and those on means-tested support?
- What is the typical journey onto the New Style benefits, and can more be done to promote / enable take-up?
- Is the National Insurance contributions requirement to qualify appropriate or are some individuals unfairly excluded?
- How do New Style benefits work in conjunction with Universal Credit and what is the interplay between them?
- What is the claimant experience of starting, receiving and ending a claim for New Style benefits?

Our Findings

Elements that have been working well

We found many examples of contributory benefits working well in terms of being administered effectively with a good service being provided to claimants. Those who had claimed an unemployment benefit before often stated that the service provided for their current claim was far better. One claimant of New Style ESA told us:

“I think the service is far better now, the Jobcentre staff were really respectful and professional compared to when I claimed decades ago. When claiming income support in the past, I was as treated like a bit of dirt.”

Of the DWP and DfC staff we spoke to, a respectful and often compassionate attitude towards claimants was the norm. Most of the claimants we spoke to were aware of the time limit for the benefit that they were receiving, and those in receipt of JSA were highly motivated to return to work prior to that point and generally confident that they would do so.

Areas for Improvement

Our study has identified a number of areas where the quality of service provided to those receiving these contributory benefits falls short of what should be delivered and where the service is not administered as efficiently as it could be.

New Style is analogue

We found that the largely non-digital nature of the two New Style benefits does not make full use of websites, emails, texts and other technology to make it easier for people. It still relies a lot on paper. This potentially means that more limited and less effective services are offered to claimants of New Style benefits; and inefficiencies and poor services arising from the inability of the systems to interact with Universal Credit.

Organisational focus on Universal Credit

There has been a focus on Universal Credit, which has contributed to a lack of investment in the New Style systems. Universal Credit has been the priority at all levels within the DWP. Within DWP there is a consensus that Universal Credit has been the priority, from director through to administrative level.

Understanding outside of area of immediate expertise

Pre-COVID, DfC had a member of staff who greeted those entering the Jobcentre. This person would identify the customer's requirements and direct them to the right place. Staff said the knowledge of the first member of staff to interact with a prospective claimant was important in ensuring a smooth journey onto the benefit. At the time this research was conducted, this post did not exist, and staff were concerned that this would lead to less straightforward customer experiences. We found examples of staff signposting customers to a helpline, for fear of providing advice that might be inaccurate. One person we spoke to described this in terms of removing culpability for providing incorrect information. It is clear that all too often there was a risk that out of work people who were potentially entitled to JSA or ESA were not told they could claim it.

Utility of work-based support offer

Claimants of both New Style JSA and New Style ESA sometimes found the support to help them return to paid work was ineffective. For New Style JSA claimants this could mean poor or non-existent targeting of support. For New Style ESA claimants, generally very little was expected with regards to work-related activity requirements, indeed there was understandably a much lower level of appetite for work. However, for some, there was a genuine desire to move into paid work within the confines of their condition. Some in this group, felt that they were being discouraged from doing the types of work open to them.

Work coach perception of JSA claimants

The lack of support felt by some claimants could be in part explained by the work coach perception of the customer. Across Great Britain and Northern Ireland, work

coaches perceived New Style JSA claimants as being keen to move into paid work, requiring relatively little input from them. At times this appeared to lead to a more hands-off approach with New Style JSA claimants, with a view that these claimants did not need the support, and were actively uninterested in it. One exception within the group of New Style JSA claimants were older people within a few years of the state pension age, particularly in Northern Ireland. Here staff reported there could be a sense of entitlement to support without a requirement to engage with any work search requirements.

Work coach perception of ESA claimants

For New Style ESA claimants the picture was quite different. Staff tended to view such claimants with much compassion, and they were much more likely to express a lenient attitude towards claimant commitments (for those in the work-related activity group). The focus here tended to be on making payment. However, as noted above, our research suggests this might have disadvantaged some New Style ESA claimants who did wish to find work. Very few references were made to any potential benefit to New Style ESA claimants from finding appropriate work by staff interviewed as part of this research.

Variation in practice

During our discussions with staff from different operational sites, we found evidence of a large variation in the practices between Jobcentres. It seems possible – perhaps even likely – that these will have led to some claimants receiving a consistently better service throughout their time on the benefit than others. As most of the variation in practice evidenced in this report occurred in validating work search activity, New Style JSA claimants appear to be disproportionately affected. However, that is not to say ESA claimants are not affected, and as noted earlier, ESA claimants as a population may be more vulnerable to negative unintended consequences in practice.

Contribution requirements

There is a potential deficiency in the way contributions requirements are measured to determine eligibility for New Style benefit. These are supposed to reflect whether contributions have been recently made, yet because of the design of how these are measured, for someone who became unemployed in December 2021 their work and contribution history for the previous 21 months is discounted (as the assessment would be based on their activity in 2018-19 and 2019-20). This also underpins concerns that those with certain employment types can have claims turned down due to seasonal work patterns. Though we recognise contribution requirements can be relaxed in some cases e.g., where one has been in receipt of Carer's Allowance in the previous tax year, this does not address the issue around seasonal work patterns. This also opens questions around the fairness of a contribution system that

prioritises a specific two-year window of contribution. If an individual has an unbroken record for 30 years, followed by two years where fewer contributions were made, should they then be excluded from claiming these contributory benefits?

Recommendations

Recommendation 1

That the Government sets out a clear articulation of what it wants the two New Style benefits to provide and the extent to which those deemed to have paid into the system should be able to access support on a preferential basis to those qualifying for means-tested support.

Having set out its strategy for these benefits they should also be renamed to reflect their role better, as the name “New Style” will not convey that to claimants. For example, their legal names, contributory ESA and contribution-based JSA, could instead be used.

Recommendation 2

We recommend the long-run goal of New Style policy should be to integrate both New Style JSA and New Style ESA into Universal Credit.

Recommendation 3

All claims for Universal Credit should be automatically assessed for entitlement to New Style JSA / New Style ESA.

Recommendation 4

For dual claimants of both UC and NS benefit, the Universal Credit system should measure – and then adjust automatically in response to changes in – receipt of New Style benefits.

Recommendation 5

New Style payments should be automatic, requiring the work coach to intervene to reduce or stop payment if a claimant breaches their agreement.

Recommendation 6

New Style JSA should be assessed and paid monthly, the same as Universal Credit.

Recommendation 7

New Style JSA claimants should automatically receive National Insurance credits when they reach the time limit for benefit payment.

Recommendation 8

Review the National Insurance credits awarded to claimants of Universal Credit and to claimants of New Style benefits with a view to crediting both in the same way.

Recommendation 9

Contributory requirements to qualify for New Style benefits should be reviewed and reassessed.

Recommendation 10

The means-tests against some private pension income in New Style ESA and New Style JSA should be reviewed in the light of “pensions freedoms” with a view to removing them.

Recommendation 11

Ensure a professional level of customer service and support that considers the claimant’s situation in an accurate/consistent/prompt way.

Recommendation 12

Those on New Style benefits should be entitled by default to access all of the employment programmes available to those on Universal Credit.

Recommendation 13

When a claimant moves from New Style to Universal Credit they should, by default, keep the same work coach unless it is explicitly decided that a change could be beneficial.

Recommendation 14

Provide appropriate and tailored employment support for JSA and ESA claimants following initial assessment of needs.

Recommendation 15

The Department should adopt a Universal Credit style of journal for New Style claimants.

Chapter 1: Introduction

New Style Employment and Support Allowance (NS ESA) and New Style Jobseeker's Allowance (NS JSA) are out-of-work working-age benefits that sit alongside Universal Credit. They are distinct from Universal Credit in that, generally, they are not means-tested. In very broad terms eligibility for New Style benefit is dependent upon being out of paid work, and having made sufficient National Insurance contributions in the relevant two financial years prior to the point at which the claim is made. Unlike Universal Credit, eligibility for New Style benefits is not dependent on the level of household savings, or the earnings of a partner.

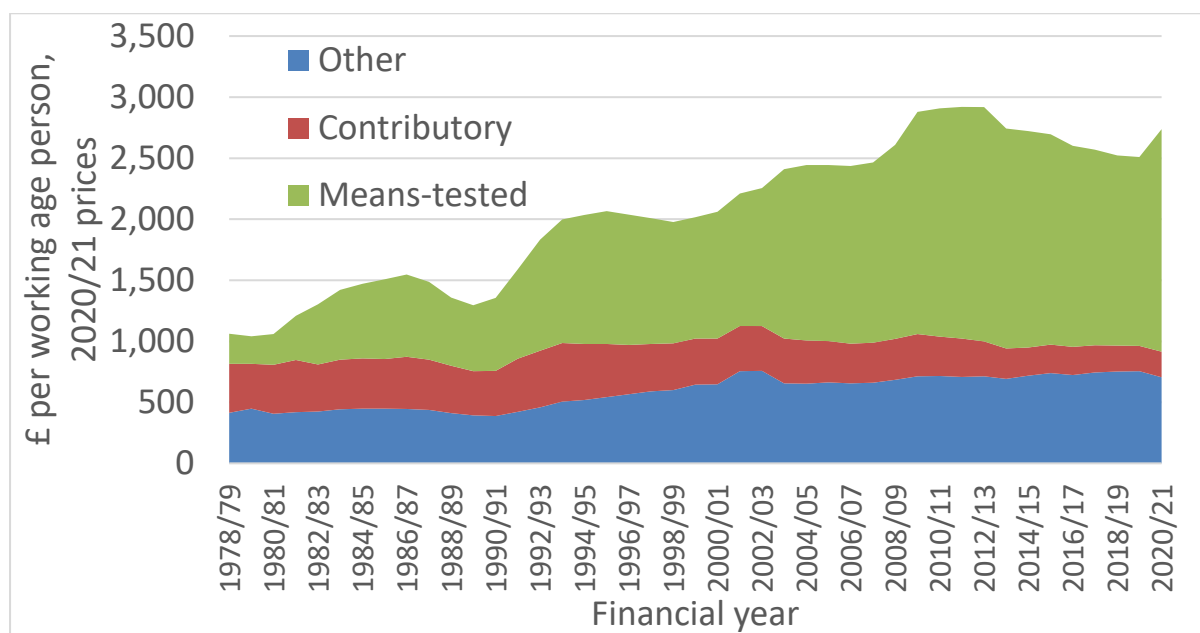
Over the longer-term the trend has clearly been for these contributory benefits to be made less generous in an attempt to restrain the overall working-age benefits bill. As we stated in a report carried out jointly with the Institute for Government and published last year:

“...for those of working-age, the reward for paying what used to be known as ‘the stamp’ – i.e. National Insurance Contributions (NICs) – has shrunk over the years as the social security system has become more means-tested and more conditional. Indeed, one contributor at the webinar suggested that there is a view in DWP, particularly since the arrival of Universal Credit, that the contributory benefits are an irritating anachronism that should be dispensed with. Given their small size, there is a case for that. But there is also a case the other way. There remain some advantages for claimants of contribution-based JSA. Unlike Universal Credit, it is an individual benefit, not a household one, so a partner’s income does not affect entitlement – and there are no savings rules. That means it can help significantly reduce the fall in household income where a partner is still in paid work.”¹¹

The relative decline of the importance of contributory working age benefits is shown in Figure 1. In 1978-79, for every £1 the then Government spent on means-tested benefits £1.63 was spent on working age contributory benefits. By the eve of the pandemic this relationship had more than flipped: in 2019-20 for every £1 spent on contributory benefits £8.74 was spent on means-tested benefits.

¹¹ [Social Security Advisory Committee, *Jobs and Benefits: the COVID-19 challenge* March 2022](#)

Figure 1. Spending per person on working age benefits, 1978–79 to 2019–20

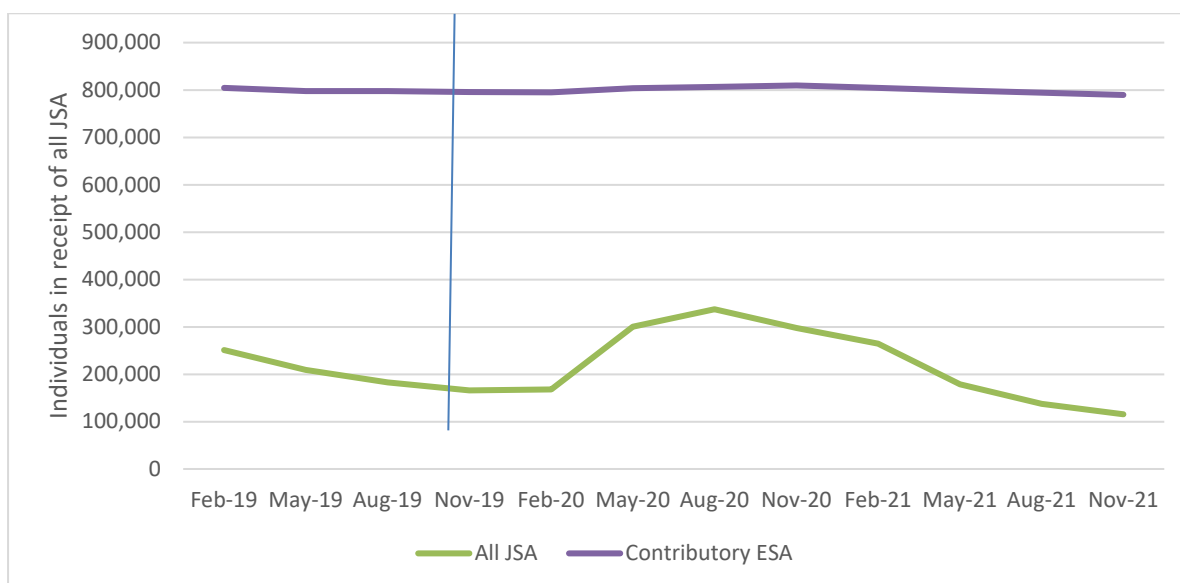


Source: Hoynes, H., Joyce, R. and Waters, T. (forthcoming). "The transfer system", in *IFS Deaton Review: Inequalities in the 21st Century*.

Despite this reduction in generosity, contributory benefits became relevant during the COVID-19 pandemic in a way that they had not been for decades, with some households turning to the benefits system for the first time ever. As shown in Figure 2, the volume of people accessing JSA more than doubled at the start of the pandemic before returning to pre-pandemic levels in August 2021. Given that new claims to income-based JSA stopped from February 2019 onwards (with these individuals instead claiming Universal Credit), this increase was entirely driven by claims to New Style JSA.

A similar pattern was not seen for contributory ESA claims, which appear to have been unaffected by the pandemic. It is not entirely clear why this was the case, although it could suggest those who became unemployed due to the pandemic generally did not qualify for ESA. One alternative explanation is that individuals who might otherwise have moved onto ESA instead moved onto JSA, as it does not require a health assessment, and work search requirements usually required for JSA were eased during lockdown, removing a barrier for those whose health meant they were unable to engage in work search activities.

Figure 2. Caseload for all JSA, and contributory ESA



Note and source to Figure: caseloads calculated using stat Xplore data from February 2019 Monthly caseload data onwards. Contribution based ESA group uses legacy contribution-based ESA and New Style ESA data. All JSA group uses legacy income based JSA and New Style JSA data.

As shown in Table 1 below, the combined Great Britain caseload for individuals in receipt of New Style benefits for the financial year 2020/21 were around 13% of the total households in receipt of Universal Credit. The caseload in Northern Ireland is very different. Although we only have a snapshot for Northern Ireland, we can see that the caseload for New Style ESA is almost equal to that of the Universal Credit household caseload. This is a long running trend, rather than an effect of the pandemic.

Table 1. Numbers claiming New Style benefits and Universal Credit

Benefit Type	Great Britain caseload (2020/21)	Northern Ireland caseload (November 2021)
New Style JSA	156,000	9,000
New Style ESA	384,000	110,000
Total New Style JSA and ESA (individuals)	540,000	119,000
Universal Credit (households)	4,052,000	117,000
Universal Credit (individuals)	4,846,000 (estimate)	133,000

Note on source of Table 1: data for GB from DWP Autumn forecast 2021 and Stat-Xplore. Data for Northern Ireland from DfC benefit statistics Summary November 2021. Individuals in receipt of UC for GB estimate calculated taking monthly household and individual claimant outturn data for 2020/21 from Stat-Xplore, calculating the difference between these, and applying to Autumn forecast figures for 2020/21 household outturn. All data rounded to nearest thousand.¹²

Given the increased importance of New Style JSA in the pandemic, we considered it timely to examine how well the two New Style benefits are delivering to claimants. The importance of this is highlighted by findings from The Heath Foundation at the University of Salford, which estimates 0.7% (around 290,000 individuals) of the UK working age population had unsuccessfully attempted to claim either Universal Credit, New Style JSA or New Style ESA between March 2020 and August 2020.¹³ It observes that 20% of claims failed as they were never completed or were retracted as the claim was no longer required. Removing these from the equation, 90% (around 140,000 individuals) of remaining claims failed because household earnings or savings were too high. However, this would only preclude an individual from claiming Universal Credit, not New Style benefits. Crucially, the study estimates that of those rejected from Universal Credit due to partner earnings or savings being too high, just under two thirds – i.e., a majority – did not consider applying for New Style ESA or JSA, for which they might have been eligible. These findings could imply a failure in signposting claimants towards appropriate support.

Alongside the increased importance of New Style JSA in the pandemic, it is also the case that Universal Credit – which provides means-tested support to working age households – is now fully rolled out to all new claims across the United Kingdom. The factors led us to conclude that a review of the two New Style benefits, their purpose in the 21st Century labour market and the efficacy with which they are operating, particularly in conjunction with Universal Credit, was overdue.

Our study therefore seeks, at least in part, to redress this – and will hopefully lead to others, both inside and outside government, putting greater thought into the role these New Style benefits could – and should – play and what improvements ought to be made. In particular, we consider the following research questions:

1. Does the DWP distinguish between those who have “paid into” the system and those on means-tested support in the way it delivers and thinks about insurance and means-tested benefits? If it does not then should it recognise a distinction, and if so, how? For example, does the support provided by / requirements imposed by work coaches differ for those on Universal Credit, and if so, are these supports appropriately set?

¹² [Department for Communities, NI Benefits Statistics Summary, November 2021](#)

¹² [Department for Work and Pensions, Benefit expenditure and caseloads, November 2021](#)

¹³ [Baumber Geiger B, Scullion L, Summers K, Martin P, Lawler C, Edmiston D, Gibbons A, Ingold J, Karagiannaki E, Robertshaw D and De Vries R, At the Edge of The Safety net: Unsuccessful benefits claims at the start of the Covid-19 Pandemic, The Health Foundation, October 2020](#)

2. How do individuals end up on New Style JSA and New Style ESA and should more be done to promote and enable take-up among those who are entitled (for example those applying for Universal Credit and being turned down on the basis of their financial assets or their partner's earnings) and, if so, what?
3. Are the National Insurance contribution requirements to qualify appropriate or are some individuals excluded for reasons that may be considered inappropriate? For example, as noted by the Taylor Review, the self-employed are not able to move onto New Style JSA.¹⁴
4. To what extent do individuals tend to flow from New Style benefits onto Universal Credit (perhaps having been timed out on these benefits or due to moving into low paying work) and does this process work well?
5. What is the claimant experience of the process of starting, receiving and ending a claim for New Style benefits?

Across all areas of examination, we consider whether the system is performing as well as it could be and whether any aspects of it might be improved either for claimants or indeed for those administering the system.

Evidence for this report is predominantly based on qualitative evidence collected through eight semi-structured interviews and 12 focus groups, through which we spoke to 19 claimants of one of the New Style benefits and 29 operational staff from the Department for Work and Pensions (DWP), Department for Communities (DfC) and G4S. The report also draws evidence from 16 respondents to a small-scale claimant survey, quantitative data analysis using various published statistics and evidence from two roundtable discussions – the first with non-government organisations that seek to support claimants and a second with think tanks and others with experience in social security policy design and administration.

Chapters 2 and 3 of this report look at the history of contributory benefits designed to support those who have moved out of paid work in the UK, how we have moved to the current predominantly means-tested system and evidence on what the current system is trying to achieve. Chapters 4 and 5 look at how the current system is designed to work, and whether it is currently working well. Chapter 6 identifies the need for a long-term strategy for New Style benefits and provides recommendations for how to improve the current system.

¹⁴ [Department for Business, Energy and Industrial Strategy, Taylor M, Good Work: the Taylor review of modern working practice, July 2017](#)

Chapter 2: How did we get here?

Prior to the introduction of Universal Credit in 2013, contribution-based JSA and contributory ESA sat alongside their means-tested counterparts within the same policy framework, simply known as JSA and ESA. The means-tested elements of JSA and ESA were gradually subsumed into Universal Credit from 2013 onwards. The contributory elements remained separate and were newly branded as New Style benefits.

Since 2013, New Style benefits have taken a backseat as the policy focus of the DWP has – for understandable reasons – been on the nationwide roll-out of Universal Credit for new claimants. Caseloads of claimants on Universal Credit vastly outstrip those on New Style benefits, as does the overall amount spent on support through the two systems.¹⁵ This focus is also true in terms of monitoring and evaluation activity. However, there has been a renewed interest in the contributory principle as a potential means to restore confidence in an often publicly maligned benefits system.¹⁶

This landscape has also changed somewhat. First, Universal Credit is now fully rolled out for all new claimants across the UK. Second, following the onset of the COVID-19 pandemic and the first UK-wide economic lockdown, caseloads of New Style JSA increased dramatically in the space of a few weeks. Though caseloads have now fallen below pre-pandemic levels, the experience of COVID-19 highlights the role that a system of support targeted at those not covered by means-tested support can provide. Given these factors it seems timely to consider how effective these benefits are, how easy or otherwise it is to claim them, how well they are operating alongside Universal Credit across the UK, and how they can be made fit for a post-pandemic future.

A brief history of contributory out-of-work benefits

Contributory Unemployment Benefit (UB) and contributory Sickness Benefit (SB) were a cornerstone of the 1942 Beveridge Report, from which the current benefits system descends.¹⁷ Indeed, contributory UB and SB funded by National Insurance are the origin of our current working age benefit system. Beveridge envisaged the design of these benefits should be based on six principles:

1. **Flat rate of subsistence benefit:** a set rate of benefit, irrespective of the amount of earnings which have been interrupted by unemployment, disability, or retirement.

¹⁵ [Department for Work and Pensions, *Benefit expenditure and caseloads, November 2021*](#)

¹⁶ [O'Leary D, *Something for something: restoring a contributory principle to the welfare state, Demos, June 2013*](#)

¹⁷ [Beveridge W, *Social Insurance and allied services, HMSO, 1942*](#)

2. **Single flat rate of contribution:** all, regardless of wealth or risk to employment, pay the contributions at the same rate for the same security.
3. **Unification of administrative responsibility:** social security offices set up in each locality to make administration simple, efficient, and economic.
4. **Adequacy (of the benefit):** benefit payments will provide the minimum income needed for subsistence in all normal cases.
5. **Comprehensiveness:** in respect of both those covered and their needs.
6. **Classification:** Insurance must consider the different ways of life of different sections of the community. The term classification refers to the adjustments made in insurance to the differing circumstances of those in different classes. Examples of classes are: employed earners, one beyond the age of earning, one below the age of earning or unpaid workers such as a person with caring responsibility.

This system of support would be triggered by a break in employment, and payment would be based directly on having made contributions previously, meaning there would be no extra burden on the taxpayer.

For those who did not qualify for either SB or UB due to a deficient National Insurance contribution record, National Assistance was introduced, replacing the existing poor laws. This provided assistance grants to those who could satisfy the local authority they were “*without resource*”. The legislation focussed in part on those with disabilities, formalising requirements of care expected from care homes and providing local authorities with the power to enact these.¹⁸

Under the system introduced in 1948, the primary benefits were national insurance based, with means-tested National Assistance playing a subsidiary role, protecting those who had not made sufficient National Insurance contributions or whose needs exceeded its limits. This was a popular policy at the time.¹⁹

The system put in place diverged from Beveridge’s original conception in many ways, and there has been further divergence from his blueprint over the subsequent 80 years. Several incremental factors have therefore led to the current position, whereby the contributory element of unemployment benefit makes up a small part of the current system:

- Rising costs from growth in private sector rents and increasing recognition of disability.
- Polarisation of the employment market, making some people more at risk than others.²⁰
- Changing social attitudes constraining political will.

¹⁸ [National Assistance Act 1948, 1948, C.29](#)

¹⁹ [Mulheirn I and Masters J, *Beveridge re-booted: Social Security for a networked age Social Market Foundation, Social market Foundation, 2013*](#)

²⁰ [Taylor-Gooby P, *New risks and Social Change, September 2004*](#)

- Rising numbers of single parents.²¹
- The rise of dual working families – and in-work poverty – and the decline of the single breadwinner household.
- The move from full employment in the 1960s and 1970s to large-scale unemployment in the 1980s.

The current system is targeted and means-tested, rather than universal and contribution-based. The policy changes that have led to this position are too numerous to go into in detail here. However, it is worth emphasising that this is not the result of a wholesale overhaul of the benefits system by a single government. Rather the move away from Beveridge's original insurance principles commenced as soon as his ideas began to be operationalised, with a move to means-testing accelerating from the 1980s through to the 2010s. As stated in our recent joint report with the Institute for Government, a key driver of reforms has been attempts to restrain the overall working-age benefits bill, which has risen as a share of national income over successive decades since at least the late 1970s as the costs of living for lower-income households (due to many of the reasons set out in the bullets above) have risen.

Unemployment Benefit

The idea that individuals would make provision beyond that offered by UB was built into Beveridge's original concept but, from the start, payments were set below subsistence level somewhat undermining this objective. Further erosion of the insurance principle occurred as the flat rate of contribution was lifted, meaning higher earners paid more without being entitled to larger payments were they to lose their jobs (unlike the policies developed in many other Western European and Scandinavian countries where often out-of-work payments are, for a period, higher for those who had made larger contributions).

Simultaneously, the contributory principle was eroded with the introduction of means-testing under National Assistance, reducing the return from having paid into the system. National Assistance, was originally intended to be substantially less attractive than UB.²² However, Supplementary Benefit, which superseded National Assistance, was uprated more regularly than contributory benefits. This meant not only that the value of means-tested benefits held up better over time, but at times those in receipt of contributory benefits also qualified for a top-up from the equivalent means-tested support, diminishing the distinction between these types of support.²³ As successive governments expanded or restricted the benefit system, one constant

²¹ [Berthoud R, *Work-rich and Work-poor: three decades of change*, Joseph Rowntree Foundation, March 2007](#)

²² [Beveridge W, *Social Insurance and allied services*, HMSO, 1942](#)

²³ [Mulheim I and Masters J, *Beveridge re-booted: Social Security for a networked age* Social Market Foundation, Social Market Foundation, 2013](#)

was a relatively greater role for means-testing and a relatively diminished one for the contribution element.

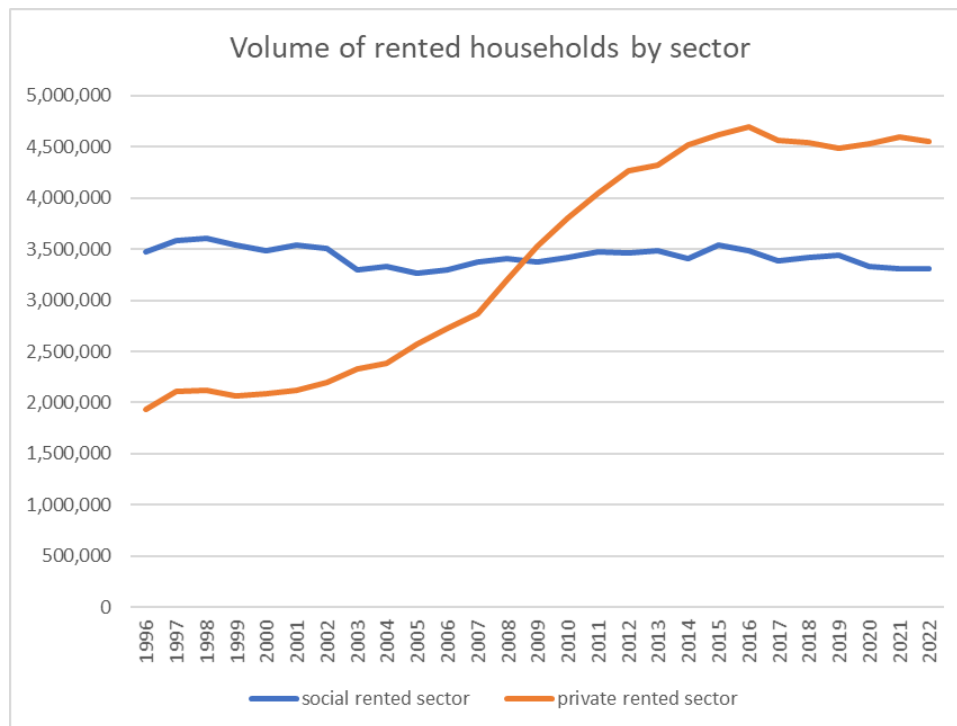
The shrinking importance of a distinct contributory unemployment benefit culminated with the introduction of JSA in 1996, which combined means-tested Income Support and contributory UB. This was in part driven by a commitment to reduce complexity within the benefits system, but it also shows that policy makers accepted that the overlap between these two forms of support was a permanent structural feature of social security.

The introduction of a means-tested housing element became necessary, as the original contributory UB intentionally discounted housing costs.²⁴ Beveridge referred to this as “*the problem of rent*”, preferring a system that maintained a flat rate of contribution and payment to one that varied by region depending on cost of rent.²⁵ In the decades following his report, housing has become more expensive. This was partly driven by growth in the private rented sector (where rents are typically higher) relative to the social rented sector (when rents are often lower), and the widening differences in rents and house prices across the UK. Figure 3 shows that whereas the number of homes rented socially has been roughly flat over the last 25 years the number of homes privately rented has more than doubled. As a result, while as recently as 1999 there were 70% more homes rented socially than privately just 15 years later there were 30% more home rented privately than socially. Government changes to housing policy meant that the cost of housing has also risen in the social rented sector. Housing associations began taking on private loans to facilitate greater building capacity, with the extra cost passed onto renters resulting in an increasing Housing Benefit bill.

²⁴ [Lund B, Greener I and Powell M, *The Beveridge report 80 years on: ‘Squalor’ and housing – ‘A true goliath’*, *Social Policy and Administration*, Vol 56, Issue 2, August 2011](#)

²⁵ [Beveridge W, *Social Insurance and allied services*, HMSO, 1942](#)

Figure 3. Changes in housing tenure type over time

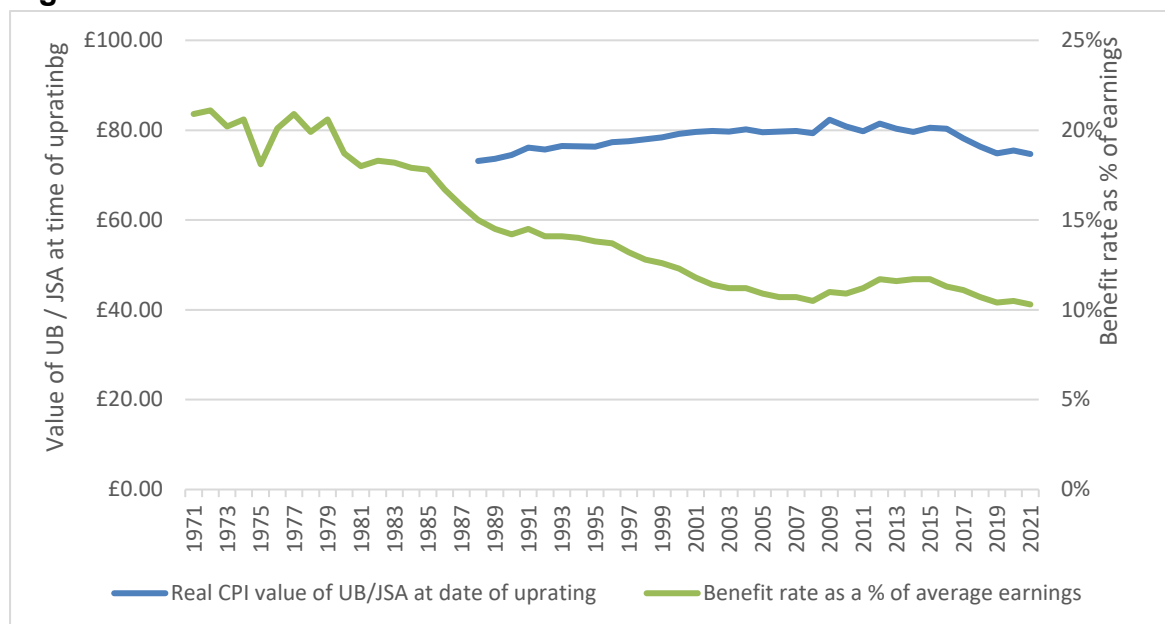


Source: [Households by housing tenure and combined economic activity status of household members: Table D - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/householdsbyhousingtenureandcombinedeconomicactivitystatusofhouseholdmembers/2022)

Consider this in the context of a labour market that has been polarising dramatically since the start of the 1980s. High earners contribute the most to this system, receive a lower level of income replacement and face a lower risk from immediate loss of earnings. This is in contrast to lower earners for whom low paying work is coupled with a social security system which is highly targeted at the poorest and provides relatively little financial support for those who sit outside the targeting criteria (compared internationally against other OECD countries).

Over time, as shown in Figure 4, we can see that JSA has become less generous as a proportion of earnings and over the second half of the 2010s failed to keep up with growth in prices (as measured by the Consumer Price Index).

Figure 4. Rate of JSA over time



Source: [Abstract of DWP benefit rate statistics 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/abstract-of-dwp-benefit-rate-statistics-2021)

Disability and Sickness Benefit

Sickness Benefit (SB) follows a similar trajectory to UB, with greater targeting followed by an expansion of the means-tested offer starting in the 1960s. SB was introduced in 1948, representing the first earnings-replacement out-of-work disability benefit. In line with UB, SB was a contributions-based rate benefit thereby providing relatively greater insurance (in terms of income replacement) for low earners. Unlike UB, which was (initially) limited to 12 months, SB was not time-limited and therefore did not distinguish between those who were short-term sick and those with a long-term illness. As with UB, this had a weakened association with the contributory principle than that exemplified in Bismarckian models.²⁶

Disability benefits began to diverge from the contributory principle significantly in the 1970s. This was driven by a recognition that the existing disability benefit regime did not meet the needs of many who relied on it. Invalidity Benefit (IVB) replaced SB for those who remained off work for longer than six months. This was a contributory benefit and was more generous than SB. It was originally set at the same rate as UB, but by the end of the 1970s payments were 20% higher.

1983 saw the introduction of Statutory Sick Pay (SSP), which introduced a legal requirement that employers administer the first eight weeks of sick pay (rather than the Government). This was financed by a reduction in employer National Insurance contributions for the period for which SSP was paid to an employee. Crucially this removed one of the primary interactions between working people and the social

²⁶ [Burchardt T, *The Evolution of Disability Benefits in the UK: Re-weighting the basket*, Centre for Analysis of Social Exclusion, June 1999](#)

security system, as rather than receiving a return on their contributions when sick, people were paid by their employers. The period was extended to 28 weeks in 1986. While there were some changes in 1991 and 1994 the scheme has been left largely untouched since then and is in need of a comprehensive review, not least given its perceived failings during the pandemic.

The reforms of the 1970s and 1980s increased the complexity of the disability benefits system whilst widening the parameters of those eligible for support. This, and the changing labour market through the 1980s, resulted in the number of people relying on disability benefits increasing by the 1990s.²⁷ The next iteration of disability benefit sought to address these challenges. In 1995, IVB and SB were replaced with Incapacity Benefit (IB). This saw further tightening of the eligibility criteria, with eligibility capped at state pension age and a tighter personal capability assessment. As with JSA, the contributory element was further eroded when a partial means-tested element was introduced, and the contributory requirement raised.²⁸

Employment and Support Allowance (ESA) was introduced in 2008. It replaced IB, as well as Severe Disablement Allowance and Income Support where these benefits were awarded on the grounds of incapacity. ESA is both a contributory and/or income-related allowance aimed to support those whose ability to work is affected by a disability or health condition. It introduced the Work Capability Assessment, an assessment process to determine whether claimants are entitled to ESA. Through this process, a claimant is categorised into one of three groups:

- 1) fit for work
- 2) the Work-Related Activity Group
- 3) the Support Group

Those deemed capable of work are not eligible for ESA. ESA claimants in the Work-Related Activity Group (WRAG) are found to have a limited capability for work but are capable of doing suitable work-related activity, meaning they are required to comply with conditionality. Those in the Support Group are those deemed to have both limited capability for work and limited capability for work-related activity.

²⁷ [Department for Work and Pensions, *Raising expectations and increasing support: reforming welfare for the future*, Cm 7506, December 2008](#)

²⁸ [House of Commons Library research paper 99/19, Brazier A, Greener K, Jarvis T, Roll J and Wilson W, *Welfare Reform and Pensions Bill, bill no 44, session 1998-99, February 1999*](#)

Table 2. History of contributory out-of-work disability benefits

Duration of incapacity to work				
	1-8 weeks	9-28 weeks	29-52 weeks	More than 1 year
1948-1971	Sickness Benefit			
1971-1982	Sickness Benefit		Invalidity Benefit (IVB)	
1983-1985	Statutory Sick Pay	Sickness Benefit		
1986-1995	Statutory Sick Pay/Sickness Benefit			
1995-2008	Statutory Sick Pay/Incapacity Benefit short term lower rate		Incapacity Benefit short-term higher rate	Incapacity Benefit long-term rate
2008-2013	Statutory Sick Pay/Employment and Support Allowance		Employment and Support Allowance Support Group / WRAG ^a	Employment and Support Allowance Support Group / income-based Employment and Support Allowance Support Group / WRAG
2013-2013	Statutory Sick Pay / New Style Employment and Support Allowance / Legacy Employment and Support Allowance		Legacy Employment Support Allowance Support Group / WRAG / New Style Employment and Support Allowance support group / WRAG	Legacy Employment and Support Allowance support group and WRAG / New Style Employment and Support Allowance support group
2021-	Statutory Sick Pay / New Style Employment and Support Allowance		New Style Employment and Support Allowance support group and WRAG	New Style Employment and Support Allowance support group

^a WRAG refers to work-related activity group, this group is expected to complete some work-related tasks such as attending some courses and meetings with work coaches.

Universal Credit as the single means-tested benefit

In 2010, the coalition government announced the most radical reform to the working age benefits system since Beveridge: the introduction of Universal Credit. This subsumed six means-tested working age benefits into one and therefore formed the core of our current working age social security system.

Though arguments for a Universal Credit style of benefit stretch back long before the coalition government of 2010, the Centre for Social Justice's 2009 report *Dynamic Benefits* is considered to be the genesis of the system we have today.²⁹ In short, the report posits that (among many other things) the benefits system had become too complex and convoluted as successive governments had incrementally amended

²⁹ [Stephen Brien, *Dynamic benefits: towards welfare that works*, Centre for Social Justice, 2009](#)

legislation to try and deliver the policy objectives of the day. This has led to the original insurance principles on which the system was ultimately founded, uneasily stitched to now much larger targeted and means-tested elements. This is clearly visible in legacy JSA and ESA but also through spending on Housing Benefit and in-work tax credits, that were by now much bigger programmes (in terms of expenditure and number of claimants) than the contributory out of work benefits.

Dynamic Benefits argued that in the interest of a simplified and rationalised benefit system, the distinction between contributory and means-tested benefits should be removed.³⁰ The new benefits system would therefore be entirely targeted, either through means-testing or another form of eligibility tests (e.g., capability for work assessment). Crucially, an individual would not have their access to support based on their contribution record and employment status alone.

The DWP's White Paper – and the reforms that were subsequently implemented – instead maintained a contributory element within the working age social security system. The two contributory working age benefits were essentially left to the operate alongside Universal Credit. This was in sharp contrast to the concept of Universal Credit originally put forward in *Dynamic Benefits*. That vision of a purely means-tested working age social security system did not come to pass.

³⁰ Rationalised in the sense that there is a single principle guiding the system, rather than both means-tested and contributory based principles.

Chapter 3: The purpose and principles of contributory benefits

This chapter will address three aspects of the contributory system:

- the policy intent for the new style contributory benefits, why they were retained and the current role they play;
- the policy discourse on the contributory principle; and
- public attitudes to benefits and reciprocity.

The original policy intent of New Style contributory benefits

DWP's 2010 White Paper *Universal Credit: welfare that works* provides an explanation of the need to continue to have contributory benefits at the point that Universal Credit would be introduced:³¹

“Governments have wrestled with what to do with the contributory principle for working-age benefits ever since the Beveridge system was introduced. Piecemeal reforms have followed, such as the abolition of earnings-related supplements in the 1980s, restricting the period of entitlement to unemployment benefits in the 1990s and means testing Incapacity Benefit from 2001 in respect of income from occupational pensions. These proposals are consistent with that direction of travel and recognise the fact that we need to allocate limited resources where they will have the best effect.

Under the new system, contributory benefits would retain an insurance element, but in most circumstances would only be paid for a fixed period, only to facilitate a transition back to work.

Contributory Jobseeker's Allowance will continue in its current form but with the same earnings rules (such as disregards and tapered withdrawal) as Universal Credit, as well as sharing the payment mechanisms and modernised administrative systems. This will ensure a seamless service for people who are entitled to both contributory Jobseeker's Allowance and Universal Credit.

Contributory Employment and Support Allowance will also continue, with administration and earnings rules aligned with Universal Credit. However, for those in the assessment phase and those assessed as being in the Work-Related Activity Group their contributory Employment and Support Allowance will now be time-limited to a maximum of one year. After this time, qualifying

³¹ [Department for Work and Pensions, *Universal Credit: welfare that works*, November 2010](#)

recipients may be able to receive Universal Credit instead. We also intend to simplify the support for people aged under 25 who have been unable to pay the normal amount of National Insurance contributions as a result of their disability or health condition.”

It acknowledges that the element of contributions to the benefits system have been decreasing over time and that this would not be reversed – these changes are “*consistent with that direction of travel*”. Despite that, explicit reference is made to the desire to maintain the principle of insurance as put forward in the original Beveridge reports. The White Paper also suggests that maintaining a contributory element allows for mechanisms such as rights towards state pensions to continue to accrue. The explanation of why either of these objectives could not be achieved within the Universal Credit framework is opaque. One explanation may have been that it was simpler to have a single benefit guided by a single principle of entitlement, i.e., by separating benefits that are means-tested from those that are insurance based. An alternative potential explanation could be concerns around the cost of benefit export to claimants who since moving out of paid work had moved to other European Union countries.

We wrote to the Department asking for the policy intent behind New Style ESA and New Style JSA. In its response the Department set out the direction of travel since the introduction of JSA in 1994 and ESA in 2008.³² A particular feature that the Department highlighted is that, as New Style JSA claimants’ awards are unaffected by capital or the income of their partner, they are able to access employment support from Jobcentres. Following the completion of the nationwide roll-out of Universal Credit, and the experiences of the pandemic, it is a good time for the Government to formulate and set out a long-run strategy for the role that it wants these working age out-of-work contributory benefits to play.

Contemporary views on the role of the contributory principle

Attitudes towards the social security system have fluctuated in the past three decades. The late 1980s through to the early 2010s saw a long-standing decline in support for the social security system in the UK. This is exemplified in findings from the British Social Attitudes survey, which shows that the level of agreement with spending more on welfare benefits for the poor fell from 61% in 1989 to 27% in 2009.³³ However, this trend started to reverse from the mid 2010s, and in recent years support for welfare spending has increased markedly.

Around the time that the Universal Credit White Paper was published, a renewed appreciation for the notion of contribution emerged. This saw a revival of the

³² Exchange of correspondence between SSAC Chair and the Minister for Welfare Delivery is held at annex D.

³³ [Nat Cen, British Social Attitudes 32, 2015](#)

principle of contribution as an antidote to the public loss of confidence in the working age social security system. Bell and Gaffney, in their 2012 report *Making a Contribution*, argue this is achieved by replenishing the equitable nature of the working age support.³⁴ Simply, those who have contributed more, receive more when having to rely on the benefits system. They argue that negative public attitudes towards working age social security and those who use it were in part driven by the perception of a “*something for nothing*” system, where those who had contributed over many years received very little when the need arose.³⁵

Hughes and Miscampbell take a similar stance in their paper *Welfare Manifesto*, published by Policy Exchange.³⁶ To address the “*something for nothing*” concern they propose a system that re-centres the insurance principle, as opposed to the ‘pay as you go’ tax on earnings that National Insurance contributions have become. They proposed that this should be administered privately and underwritten by government, with every worker in the UK contributing a small proportion of their weekly earnings into both a nationwide unemployment insurance scheme and a nationwide pot, the cost of which would be offset by a reduction in National Insurance contributions. The individual would then be entitled to three months of unemployment benefit from the insurance scheme. After three months they would move onto the nationwide pot, or Universal Credit.

Another proponent of a private scheme is the Centre for Social Justice. In *Reforming Contributory Benefits* (2016), the authors argue that the contributory principle is becoming redundant. They assert that this is occurring as a result of:

- the decreasing value of contributory benefits;
- the tenuous relationship to amount contributed to and that received from the benefit.

They also highlight the additional complication New Style benefits present to Universal Credit, which was designed to be simple. Therefore instead, the Centre for Social Justice advocates for a low premium insurance scheme for employees with auto enrolment by their employers. So, unlike the Hughes and Miscampbell proposal, it would not be compulsory; rather it would be strongly encouraged by the State. Aimed at those with over £16,000 in savings (precluding them from receiving Universal Credit) and administered by private sector, this would pay out at £900 per month (at 2016 rates). This would be in payment for one year before moving onto state benefits (if eligible).

³⁴ [Bell, K and Gaffney D, *Making a contribution: social security for the future* Trade Union Congress, May 2012](#)

³⁵ [O’Leary D, *Something for something: restoring a contributory principle to the welfare state*, Demos, June 2013](#)

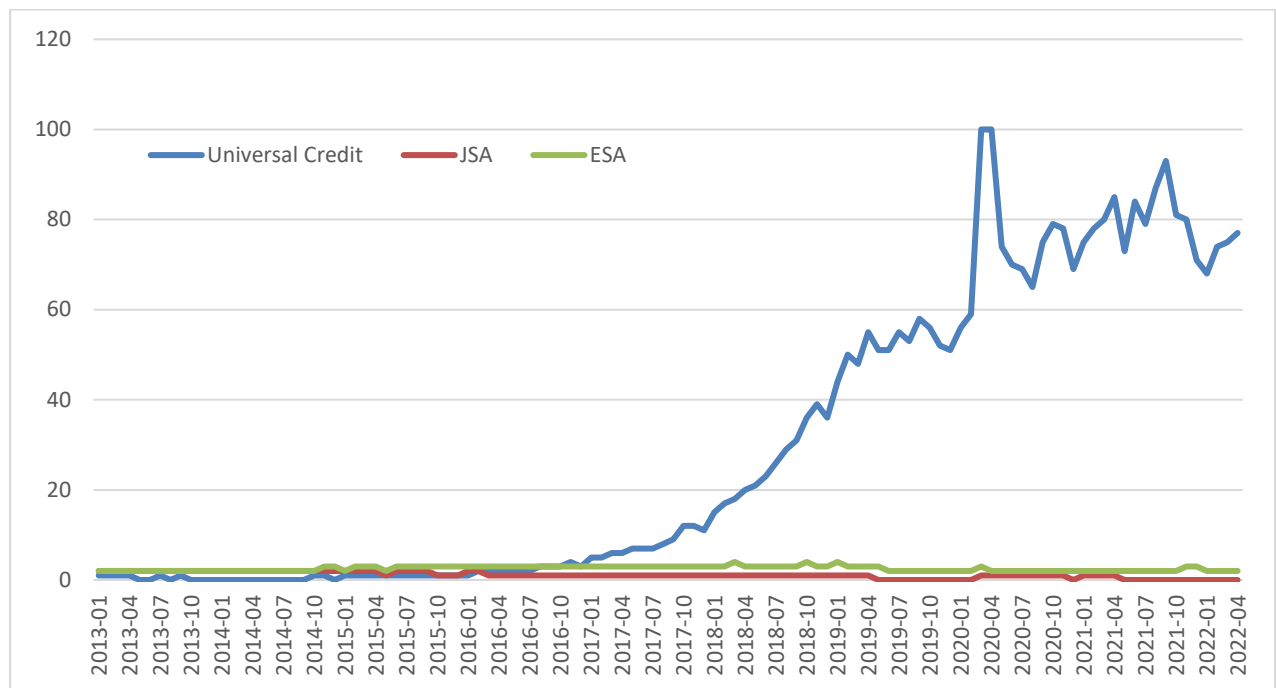
³⁶ [Hughes S, Miscampbell G, *Welfare Manifesto*, Policy Exchange, 2016](#)

The Resolution Foundation, writing in the post pandemic landscape, propose a publicly administered and publicly funded system with much greater earnings replacement, moving away from the flat rate system.³⁷ In contrast to the Centre for Social Justice and Policy Exchange papers, they suggest achieving this greater earnings replacement by significantly increasing the benefit amount available through contributory JSA and ESA. They argue that in the past too much emphasis has been placed on work incentives, ignoring wider economic and social benefits of greater earnings replacement.

Public perception

In practice, contribution-based benefits under the guise of New Style benefits have, if anything, become less visible under Universal Credit, which has dominated much of the discussion around working age social security in the UK. This is demonstrated in Figure 5, which shows Google searches for Universal Credit, New Style JSA and New Style ESA over the past five years (with searchers for Universal Credit clearly spiking with the onset of the first lockdown in March 2020).

Figure 5. Google searches for “Universal Credit” “JSA” and “ESA”



Source: Google trends

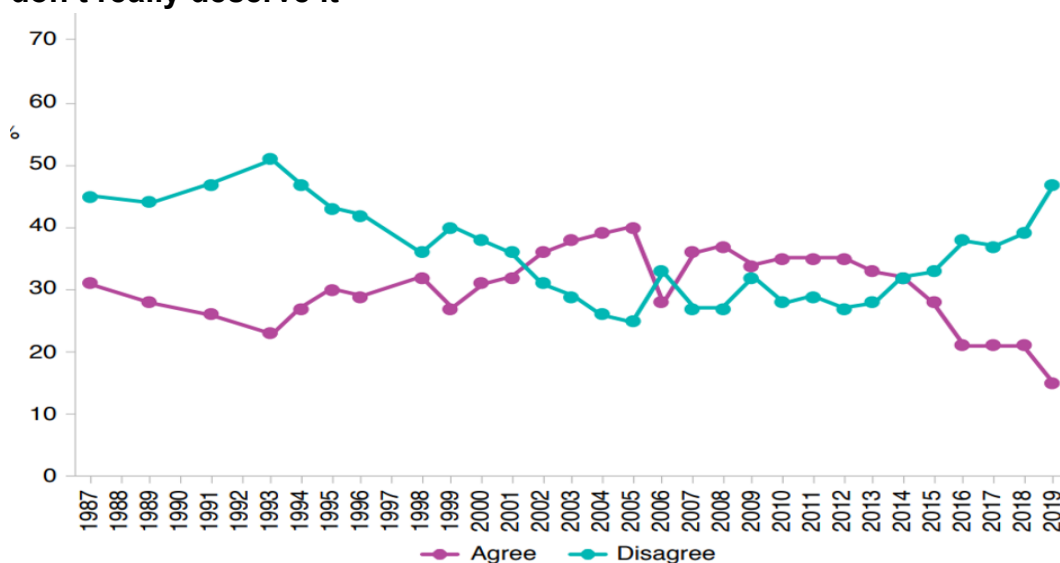
(<https://trends.google.com/trends/explore?date=all&geo=GB&q=universal%20credit,JSA,ESA>).

Public attitudes towards the benefits system saw a marked change from the late 1980s to the early 2010s, moving from largely positive to broadly negative (see figure 6). As discussed in Chapter two, this is in a context of an erosion of the

³⁷ [I Brewer H, Handscomb K and Krishan S, *In need of support? Lessons from the Covid-19 crisis for our social security system*, Resolution Foundation, April 2021](#)

contributory element of the out of work contributory benefits, polarising labour markets and an expanding private rental sector. At the point at which Universal Credit and New Style benefits were being developed, attitudes to those claiming social security were at historic lows. Having been less prevalent as part of public discourse during the period of the Labour government, unemployment benefits were making headlines during the coalition government, predominantly as part of its programme of reducing public spending.

Figure 6. Responses to the question “Many people who receive social security don’t really deserve it”



Source: [British Social Attitude Survey](#)

Following Bell and Gaffney’s line of reasoning, and given the current primacy of Universal Credit, public perception of welfare might have been expected to have slipped further. Yet in the latter half of the 2010s, as shown in Figure 6, public attitudes towards working age working age social security have begun to become more favourable. Around half of people in the UK disagree with the statement “*Many people who receive social security don’t really deserve it*”, the highest rate since the early 1990s. We also see the lowest rate of people agreeing with this statement since 1987. The British Social Attitudes Survey also reveals that 60% of people in England agree the Government should provide a decent standard of living for the unemployed, with this figure rising to 65% in Scotland.³⁸ In Northern Ireland, according to data from NI Life and Times survey (May 2022) more than 80% of those surveyed believe that social security should enable the recipient(s) to live with dignity.³⁹ Moreover with the onset of the COVID-19 pandemic in early 2020 and the subsequent lockdowns resulting in large contractions within the employment market, it seems likely that attitudes towards unemployment benefit will continue to soften.

³⁸ [Nat Cen, British Social Attitudes 38, 2021](#)

³⁹ [Bunyan S, Simpson M, Horgan G and Gray A M, The Other Division in Northern Ireland: Public Attitudes to poverty, economic hardship and social security, ARK, Research Update No 146, May 2022](#)

Chapter 4: How New Style benefits work

New Style benefits are intended to ensure at least a subsistence level of earnings protection for workers, predominantly employees, who find themselves temporarily unemployed. At its core, New Style benefits are an insurance-based system, therefore an individual must have paid-in, in order to get out. In spirit, its purpose is to provide a stop-gap to allow the worker to either recover from illness or find new employment – although where the worker is deemed to have limited capability for work or work-related activity due to illness or disability, support can be extended indefinitely.

Eligibility

New Style benefits are out-of-work benefits for working age people who have a (relatively) recent work history, and require that sufficient Class 1/Class 2 National Insurance contributions have been paid or credited in the two financial years preceding the claim.⁴⁰ New Style benefits are payable only to claimants who are unemployed, or working fewer than 16 hours a week and earning less than £152 a week; who have not made a previous successful claim in the preceding six months. For New Style JSA claimants who are working, awards are reduced pound for pound against earnings in excess of £5 per week. There is provision that allows New Style ESA claimant to take a break from ESA to try paid work, then return to the benefit, providing the break is no more than 12 weeks and the claim was not closed because the claimant was found fit to work. In this instance the claimant does not need to be re-assessed to receive ESA when returning to the benefit.

New Style ESA and JSA cannot be claimed at the same time, as they are intended to fulfil the same policy function for different groups, thus – sensibly – qualifying for New Style ESA disqualifies an individual from claiming New Style JSA and vice versa.

New Style JSA and ESA can be claimed alongside Universal Credit, as the qualifying criteria differ. However, if claiming New Style alongside Universal Credit as a dual claim, the net value of the Universal Credit award is offset pound for pound. For example, if an unemployed renter receives Universal Credit and New Style JSA, the effect is as if the personal element of Universal Credit is set to zero, but the housing element of Universal Credit is unaffected.

The eligibility criteria for New Style benefits and Universal Credit are summarised below.

⁴⁰ Sufficient Class 2 credits are also valid.

Table 3. Eligibility criteria for New Style JSA, ESA and Universal Credit

Benefit Type	New Style JSA	New Style ESA	Universal Credit
Employment status	Must be unemployed or working less than 16 hours per week	Must be unemployed or: <ul style="list-style-type: none"> • working less than 16 hours per week • earning less than £143 per week in supported permitted work • must not be entitled to SSP 	Can be in or out of work
National Insurance contributions	Must have sufficient Class 1 or special Class 2 contributions	Must have sufficient Class 1 or special Class 2 contributions	NA
Assessment period for National Insurance contributions	2 to 3 tax years prior to year of claim	2 to 3 tax years prior to year of claim	NA
Age	Must be between 16 and state pension age	Must be between 16 and state pension age	Must be between 18 and state pension age (some exceptions for those aged 16-17)
Savings	N/A	N/A	£16,000 or under
Household Earnings	N/A	N/A	HH earning up to £335 before taper rate of 55p in each £
Availability to work	Must be available to work	Does not need to be available for work	Must be available to work unless: <ul style="list-style-type: none"> ○ Ill / Disabled ○ Main carer ○ In work earning over minimum wage / self employed

Illness or disability status	Must not have illness or disability that stops you from working	Must have disability or illness that stops you from working	Can receive extra benefit component if ill or disabled
Currently in full time education?	Must not be in full time education	Can be in full time education if: <ul style="list-style-type: none"> • Already in the support group • Have sufficient National Insurance contributions in preceding two years 	Can be in full time education in certain circumstances
Country of Residency	Must be resident in the UK	Must be resident in the UK	Must be resident in the UK
Required period between separate claims	6 months	6 months (unless trying work for up to 12 weeks before returning to benefit)	N/A
Time limiting	6 months	1 year (365 days) for those not in the support group	N/A

Benefit rates

Benefit rates for New Style ESA and New Style JSA are for single individuals, and currently harmonised with the equivalent means-tested elements of Universal Credit, as shown in Table 4. This appears to be the level at which subsistence is set in the UK context, although when setting the rates of benefit there is no explicit reference to any measure of adequacy: for example, that provided by the Joseph Rowntree Foundation.⁴¹

⁴¹ [Davis A, Hirsch D, Padley M, Shepherd C, A minimum Income Standard for the United Kingdom in 2021, Joseph Rowntree Foundation, July 2021](#)

Table 4. Rates of New Style JSA, ESA and Universal Credit for a single individual

Weekly £ April 2022	New Style ESA			New Style JSA	Universal Credit equivalent JSA	Universal Credit equivalent Income-related ESA		
	Assessment rate	Work-related activity group	Support group			Assessment rate	Work-related activity group	Support group
Under 25	61.05	77.00	117.60	61.05	61.05	61.05	77.00	117.60
Over 25	77.00	77.00	117.60	77.00	77.00	77.00	77.00	117.60 ⁴²

However, if we look at couple claims, we can see that JSA is more generous than Universal Credit, as shown in Table 5. This is because for a couple where both receive New Style JSA the amounts paid are twice that of a single individual receiving that benefit, whereas that is not the case in Universal Credit.

Table 5. Rates of New Style JSA and Universal Credit for a couple

Benefit Type (weekly award £)	New Style JSA	Universal Credit
Both Under 25	122.10	96.21
One under 25 one over 25	138.50	121.32
Both Over 25	154.00	121.32

International Comparison

Comparing internationally, we see that for a period, the UK has a relatively low level of average income replacement, particularly for those with an uninterrupted contribution history. Table 6 shows benefit replacement rates in the UK against the Organisation for Economic Co-operation and Development (OECD) average. A key difference here being that UK benefits, including New Style, pay out a flat rate of benefit regardless of previous earnings. If we look at the average replacement rate across the OECD other systems often – for a period – pay a level of benefit that

⁴² For claims made on or after 3 April 2017.

varies positively with the claimant's previous earnings and therefore provide greater insurance against job loss.

Table 6. Replacement rates for different family types for workers on average earnings, 2018

	UK	OECD Average without contributory benefits	OECD Average with contributory benefits
Single, no children	0.13	0.20	0.55
Single, 2 children	0.35	0.40	0.66
Couple, no children	0.20	0.31	0.57
Couple, 2 children	0.41	0.47	0.66

Source: [IFS Green Budget 2020 - Institute For Fiscal Studies - IFS](#)

This table is based on a family with one worker paid average earnings. 'UK' refers to those in receipt of either New Style benefit or the unemployment element of UC (which are set at the same rate). 'With contributory benefits' shows replacement rates for a worker, aged 40 and having worked uninterrupted since age 19, receiving unemployment benefit. 'Without contributory benefit' refers to those who do not have access to contributory benefit. All figures relate to the second month of unemployment and ignore housing benefits. It assumes two children aged four and six years old. The average is measured across 36 OECD countries (Turkey is excluded due to a lack of data). Replacement rate measures out-of-work income as a share of in-work income.

Divergence between New Style and Universal Credit

There are two final points of note where New Style benefits and Universal Credit are not harmonised. First of these is regularity of payment. For New Style claimants, payment is made every two weeks, whereas payment for Universal Credit is, by default, once a month. The second is the type of National Insurance Credits afforded individuals in receipt of the benefit. New Style claimants receive Class 1 National Insurance Credits.⁴³ Those in receipt of Universal Credit receive Class 3 National insurance credits.⁴⁴

A further difference is that New Style benefit income is subject to income tax, whereas Universal Credit is not. This will matter for those individuals who are in receipt of New Style benefit income in part of the tax year and have a higher income,

⁴³ [New Style Jobseeker's Allowance - GOV.UK \(www.gov.uk\)](#)

⁴⁴ [National Insurance credits: Eligibility - GOV.UK \(www.gov.uk\)](#)

for example from earnings, at a different point in the year. For these individuals the receipt of New Style benefit income will affect their income tax position.

One final difference between the two New Style benefits and Universal Credit is the seven-day waiting period between becoming unemployed/having limited capability for work in New Style benefits, whereas a claim for Universal Credit can, since February 2018, be made immediately.

Means-testing

As stated earlier New Style benefits do not take into account the level of household savings, or the earnings of a partner. Yet New Style benefits are, in some cases, means-tested against an individual's income. This applies in two cases:

1. A claimant's earnings may impact the amount of New Style JSA the claimant receives. Beyond the earnings disregard (£5 p.w. per single, £10 p.w. for couple / joint award), New Style JSA is tapered pound for pound with personal earnings. If a New Style JSA claimant (even if working fewer than 16 hours per week) earns more than their award of New Style JSA plus the appropriate earnings disregard, they will not be paid any New Style JSA. For those on New Style ESA earnings of less than £140 per week are disregarded (but still have to be reported) and claimants are not allowed to earn more than this or work for 16 hours or more per week under the permitted work rules.
2. A further means-test also applies: an individual's income from a private pension or an occupational pension can affect an award of New Style benefits (but not the private pension of a partner). For New Style ESA claimants their NS benefit is reduced by 50p for every £1 of income from a private or occupational pension in excess of £85 per week. So, for example, someone receiving an occupational pension of £100 per week would see their New Style ESA reduced by £7.50 a week (50% of £100 less £85). The threshold of £85 per week has not been updated since it was introduced in 2001. For New Style JSA claimants their NS benefit is reduced by £1 for every £1 of income from a private or occupational pension in excess of £50 per week. The threshold of £50 per week has not been updated since 1996.

Work search and sanctions

There are certain circumstances in which an individual can do limited work and claim New Style benefits. New Style JSA claimants can work up to 16 hours per week, but must devote most of their time to finding full time work. New Style ESA claimants can also do up to 16 hours per week of work, and can work more hours than this if the work is either voluntary, supervised by someone who organises work for disabled people or part of a treatment programme under supervision. New Style ESA claimants are not permitted to earn over £143 per week. This differs from Universal Credit claimants, who have no limit on the hours they can work but have their benefit

reduced by 55p for every pound earned, referred to as the earnings taper. Some claimants, such as those with a disability or children, have a work allowance that protects earnings from the taper up to a set amount. This is £573 per month for those not in receipt of Housing Benefit and £344 per month for those in receipt of housing costs benefit.⁴⁵

Work search activities within New Style are harmonised with their Universal Credit equivalent. When claiming New Style benefits, the individual is generally expected to complete certain work-related activities. As with Universal Credit claimants, the exception to this are those found to have limited capability to work and work-related activity, under New Style this group is placed in the ESA Support Group. New Style ESA claimants and Universal Credit claimants placed in the Work-Related Activity Group (or UC equivalent) are required to complete an interview with a work coach to ascertain their past work history and steps that could help lead to future employment.⁴⁶ The claimant will then be expected to meet with the work coach on a regular basis to discuss their progress. Depending on the outcome of this interview, the New Style ESA claimant might be expected to take part in sessions to help with:

- basic maths
- confidence building
- CV writing
- managing a disability or condition⁴⁷

Claimants of New Style JSA have a Claimant Commitment similar to that of people in receipt of Universal Credit. The Commitment is agreed between the work coach and the claimant in their first meeting. This determines the amount of work search activity required, which may vary depending on individual circumstance. It can also stipulate the type of work search activity required, for example uploading a CV to a particular site.

For both New Style ESA and New Style JSA, if work-related activities are not met the individual is liable to be sanctioned.

Until November 2021, New Style claimants were not sanctioned if they did not uphold their Claimant Commitments.⁴⁸ This was a divergence from the Universal Credit regime with which the requirements placed on New Style claimants are otherwise harmonised. As of November 2021, sanctions have been included for New Style claimants. Sanctions for New Style do not perfectly mirror those of Universal Credit, with the level of - and reasons for - sanctions differing slightly between New Style ESA, New Style JSA and Universal Credit.⁴⁹

⁴⁵ <https://www.gov.uk/universal-credit/how-your-earnings-affect-your-payments>

⁴⁶ <https://www.gov.uk/health-conditions-disability-universal-credit>

⁴⁷ [Check what you have to do in the ESA work-related activity group - Citizens Advice](#)

⁴⁸ Commitment from claimant that should be upheld, failure to uphold commitments can result in a benefit sanction

⁴⁹ See annex A for details

Chapter 5: How does it work in practice?

Elements of the system that are working well

It is important to state that in researching this report, the Committee has found numerous instances of the New Style systems working well. We spoke to individuals for whom the process of moving through the claimant journey, for both New Style JSA and New Style ESA, was for the most part smooth and functional. This is to say, for the cases we reviewed, when the system performs well a good service is provided to the claimants relying on it.

Amongst some of the positive aspects of the process we heard about, a recurring theme was that there had been an improvement in the service offered compared to past interactions that claimants recalled having with the Department.

“I think the service is far better now, the Jobcentre staff were really respectful and professional compared to when I claimed decades ago. When claiming income support in the past, I was treated like a bit of dirt.”

Claimant of New Style ESA (England)

As illustrated above, this was often attributed to an improvement in the perceived interaction between claimants and the Department. Claimants generally reported that they were treated respectfully and compassionately by DWP staff, although this was not a uniform experience.

A respectful attitude towards claimants was also evidenced in the discussions with DWP operational staff. New Style JSA claimants tended to be viewed positively, as a “good group to work with” (DWP work coach from the South of England). New Style ESA claimants tended to be viewed with compassion, though we found evidence this was sometimes manifested in a willingness to forego the usual contact / work-related activity requirements of those in the WRAG. This is not necessarily unambiguously positive and, as we discuss later in the report, it may lead to individuals in receipt of New Style ESA missing out on desired support back into employment.

Anecdotally, DWP staff reported that the vast majority of those in receipt of New Style JSA to whom they spoke were well motivated to return to paid work and indeed left the benefit to go into paid work before reaching the six-month time limit. Equally, all the JSA claimants we spoke to came across as highly motivated to re-enter the labour market. One claimant reported having been made aware of the six-month limit at the start of their claim, stating:

"I am very much hoping to have another job by then".

Claimant of New Style JSA (Wales)

Most of the claimants we spoke to were aware of the of the six-month time limit, having been forewarned in good time. There were, however, exceptions to this rule, which will be discussed later in the report.

The picture with ESA was more complex, however, some felt strongly that they wanted to be back in work as soon as was possible. With one claimant telling us that they wanted to re-join the labour market part-time, and had been encouraged to do so by her doctor, but had not received support from the Department to find appropriate work.

New Style is 'analogue'

We found that the largely analogue nature of New Style means that the system does not work as well as it should.⁵⁰ Two interacting difficulties appear to follow from this: more limited and potentially less effective services are offered to New Style claimants; and inefficiencies and poor services arising from the inability of the systems to interact with Universal Credit.

Symptoms of this are expressed as incorrect payments, inaccurate and contradictory correspondence from the Department and greater, unnecessary demands being placed on claimants. All of which affect the claimant to a greater or lesser extent depending on their circumstances. In the worst cases this risks, and in some cases will have, a significant detrimental impact on the claimant.

Limited and ineffective service offered to New Style claimants

For New Style JSA claimants, this was expressed mainly as a frustration with the inefficiencies inherent within the system. They tended to comment on being unable to communicate directly with their work coach, having to rely on a generic email address and physical meetings for communication. In some cases, this feeling was exacerbated as claimants reported that the regular physical visits to the Jobcentre required of them felt little more than box-ticking exercises. While they accepted the need for their work search activities to be checked, they reported that these meetings could last little more than two minutes and were being used only to check work search history, something claimants felt could be achieved with just as much accuracy by email. Many New Style JSA claimants felt it would be useful to have something equivalent to the Universal Credit journal.

⁵⁰ In this context, analogue refers to the non-integrated manual processes for communication within New Style, compared to the integrated digital system of communication present in Universal Credit.

“...no support whatsoever. It’s frustrating, feels the Jobcentre aren’t supporting me to get a job, just come in to tick a box and sign off payments. I want actual support.”

Claimant of New Style JSA (England)

Claimants also felt the system for reminding them of appointments needed modernisation.

“They should send an SMS to remind you about appointments, a piece of card in the 21st century seems wrong”

Claimant of New Style JSA (England)

Poor correspondence also resulted in issues with payments. We spoke to two claimants in Wales who had received payments late because the Jobcentre did not call them at a pre-arranged time and date. In both circumstances it was only after several days of trying to get through to the Jobcentre that the claimants were able to complete their arranged meetings. Subsequent benefit payments were late. While it is understandable (though not optimal) that appointments will occasionally be missed, it is unacceptable that the claimant receives a late payment resulting from the Department’s mistake.

“I’ve had no communication from the Jobcentre, even when they’ve arranged to call me. I can’t just pick up the phone when they decide to call, because I’m having interviews and stuff”

Claimant of New Style ESA (Wales)

This links to wider issues around payment of New Style, which relies on a work coach physically signing off that a claimant has completed their work search. If the work coach does not do this, then no payment is made. This presents clear potential for basic human error resulting in missed payments for claimants – and for a group of claimants that, overall, were very engaged with work-search activities. This was something that DWP staff told us was likely to happen on occasion, although no first-hand experiences were reported.

Finally, work coaches in both GB and Northern Ireland reported that it was not uncommon to receive applications for New Style benefit from the other jurisdictions, i.e., DWP receives applications from individuals living in Northern Ireland and DfC receives applications from individuals living in Great Britain. The fact that benefit administrators in England reported to us that they had seen this (and not just those in Northern Ireland) demonstrates that it is likely to be a relatively common

occurrence. In this event, a letter is sent to the potential claimant informing them that they have made a claim in error and, in Northern Ireland at least, there is also an attempt to contact the claimant to tell them that a fresh claim needs to be made. We also heard that such claims would then tend to be backdated, with a claim to the wrong jurisdiction sensibly being deemed a valid mistake.

Inefficiencies and poor service arising from inability of systems to interact with Universal Credit

In addition to poor efficiency in communication between departments delivering the same benefit, communication between separate (but linked) benefits within a single department is also problematic. In particular, communication between the systems supporting New Style and Universal Credit benefits.

The potential problems associated with this can occur at various points throughout the claimant journey. At the start, there is potential loss of signposting from Universal Credit to New Style (or vice versa, though most likely in this direction) as those applying for one benefit are not automatically assessed for their eligibility of the other. Signposting is left to the discretion of DWP staff. This is problematic as the lack of visibility for New Style benefits within the benefit landscape was a recurring theme in this research, as was DWP staff's perceived lack of understanding of the benefits system outside their immediate area of expertise (which we will discuss in more detail later in this chapter). Indeed, the Committee found several instances evidencing this in our research.

"They need to communicate more, I went for Universal Credit interview in July, no one told me about [New Style] JSA, had to speak to a colleague who had been made redundant before I found out about it in October. Did not get it back dated."

Claimant of New Style JSA (England)

Of the eight respondents to our survey who were either currently claiming or had previously claimed, none reported having been referred to the benefit by DWP. The most common responses were that of family members and support groups such as Citizens Advice. Clearly this a small number of individuals and we cannot generalise based upon this, however it is in line with research from Salford University, discussed in Chapter 1, which suggests that potentially 140,000 individuals missed out on New Style support at the start of the COVID-19 pandemic.

There is also the issue of poor communication. If a prospective claimant does know about both New Style and Universal Credit and decides, quite reasonably, to make a claim to both in tandem, they are required to provide the same information to the Department twice. To the well-informed claimant this is onerous and inefficient. To the claimant who has less experience of interacting with the Department and is potentially unclear about the benefits they are applying for, this could easily be

confusing. This is particularly the case if a prospective claimant receives contradictory correspondence from Universal Credit and New Style. The most concerning example of this noted in this research was contradictory requirements for Work Capability Assessments (WCAs).

We received evidence from a claimant with a mental health condition who had been required to send in medical evidence digitally for a Universal Credit claim. They had then received written correspondence from the Department instructing them to come into the Jobcentre to provide the same information again in person. This was at a time of heightened anxiety around travel during the COVID-19 pandemic. In this instance, on arriving at the Jobcentre, staff informed the claimant they had already seen the medical evidence and that no further action was necessary. To the claimant it was not clear why they were being asked to supply the same information twice. The claimant told us that their anxiety was exacerbated by the perceived tone of the written correspondence which had triggered anxiety and panic attacks. The claimant eventually had to correspond with the Department through a third party to resolve the issue.

"Why do they [Universal Credit and ESA] not talk to each other about sick notes? You have to send one to each, why do they not share the information? I don't understand that"

Claimant of New Style ESA (England)

We are aware that the Department has since implemented a digital sick note service for New Style ESA claimants which is a welcome positive step, though a claimant of both UC and NS ESA still required to send their sick note to both systems.

We also heard of cases where individuals had received conflicting WCA results between Universal Credit and New Style.

Even for claimants without significant exacerbating factors present, conflicting or contradictory correspondence can still make the process difficult. We spoke to numerous claimants of both New Style JSA and New Style ESA who reported some form of miscommunication resulting from information blockage between Universal Credit and New Style. Beyond the impact on claimants, this is also costly and inefficient for the Department as it can result in incorrect payment.

We were told about two specific examples of incorrect payment occurring due to poor communication between Universal Credit and New Style during our research:

- First, claimants informing their Universal Credit work coaches that they have moved into low paid work, but their New Style JSA continues to be paid, resulting in an over payment that subsequently needs to be clawed back.
- Second, a New Style JSA claim ending due to the six-month time limit, but Universal Credit payments continue to assume the payment is being made and

therefore the Universal Credit award does not adjust upwards as it should. This continued for a second month despite the claimant having already contacted the Department to inform them the New Style JSA entitlement had come to an end and that this had not been accounted for in the first month's payment.

Organisational focus on Universal Credit

It seems clear that the deficiencies in the New Style system are, at least in part, due to the focus on rolling out Universal Credit over the past decade, with a consequent neglect of New Style benefits. Within DWP there is a consensus that Universal Credit has been the priority, from director through to administrative level.

Among the work coaches we spoke to, there was a feeling this had resulted in a perceived lack of opportunity or support for New Style claimants. Perhaps the clearest example was that New Style JSA claimants were unable to take part in the Kickstart scheme.

"It sometimes feels as if contributory claimants are forgotten. All messaging is Universal Credit. New Style claimants have paid in, but they are not spotlighted. We have some really good New Style claimants who don't get opportunities like Kick-Start".

DWP Work Coach (Wales)

This lack of investment was not only evident in employment support, but it was also notable that, of the New Style administrators and work coaches we spoke to, many had been in their roles (or similar roles) for a long period of time. They appeared to be very knowledgeable about their specific benefit area, but repeatedly expressed concern about the level of understanding outside of those who worked directly with New Style.

"There is a lot less knowledge of New Style benefits than Universal Credit in Jobcentres these days, work coach training is lacking in New Style benefit area."

DWP operational staff (England)

This was perceived to have worsened since the start of the COVID-19 pandemic.

“Things on the New Style side have become worse since COVID. There are fewer staff working in this area and there’s a large back log. The service is worse.”

DWP operational staff (Scotland)

Lack of investment in training was seen as promoting and exacerbating some of the issues that arise from the poor communication between benefits. For example:

- incorrect and inefficient signposting
- loss of benefit entitlement due to delayed application
- incorrect information provided to claimants

Not only is focus on Universal Credit an apparent cause of some of the difficulties with staffing, discussions with senior officials suggest it may also account for the lack of investment in New Style systems, resulting in its current analogue form.

Understanding outside of area of immediate expertise

Following on from concerns relating to the standard of training for new staff, there was also a clear theme relating to the general level of expertise outside of their immediate area of responsibility.

Staff from DfC in Northern Ireland noted the loss of the “greeter” function within the Jobcentre during a period of remote working as a consequence of the COVID-19 pandemic. The greeter operated as a first port of call for those first entering the Jobcentre office. This individual would diagnose the customer’s requirements and send them in the right direction. Staff suggested the knowledge of the first member of staff to interact with a prospective claimant was critical in ensuring a smooth transition onto the benefit. There was concern that without this broader level of expertise claimant journeys could be significantly adversely impacted.

Of those we spoke to as part of this research, there appeared among staff in Northern Ireland to be a greater cultural tendency to try and help claimants understand their wider benefit entitlement. There also appeared to have been a greater tendency for Northern Ireland staff to have a more varied work background. Staff also talked about a well-used benefit helpline in Northern Ireland to which staff could signpost potential claimants. Strikingly, this was described as removing culpability for incorrect information dissemination by one individual.

Utility of work-based support offer

Claimants of both New Style JSA and New Style ESA sometimes found the work-based support to be lacking. For New Style JSA claimants this manifested as poor or

non-existent support targeting, with claimants being urged to take support inappropriate for them without appropriate support available.

“They need to tailor support better; they just send everyone on everything and it’s completely useless for some people.”

New Style JSA claimant (England)

How claimants perceived the work support offer tended to differ based on their skills and experience, though not necessarily their proximity to the labour market. For example, for some individuals who were relatively used to short periods of unemployment or who changed jobs frequently, support on offer such as updating CVs or interview preparation felt unnecessary. Professionals who had been working in more technical industries felt it might be useful to have a broader discussion about possible career changes, but found such support was not on offer.

At the other end of the spectrum, for some claimants who had been in one job for a very long period of time, more basic work search support was considered useful. However, some in this group reported support was not forthcoming.

“They should ask people what they need help with, they should tailor support. Coaching, practice interviews, tailoring CV to suit the job.”

Claimant of New Style JSA England

Though the claimants we spoke to did not explicitly state this, it seems plausible that issues around work search support could be exacerbated when individuals move from a New Style benefit to Universal Credit as this leads to a change in work coach and having to form a new relationship.

For New Style ESA claimants, generally very little was expected with regards to work-related activity, indeed there was understandably a much lower level of appetite for work. However, for some, there was a genuine desire to move into paid work within the confines of their condition. For this group, there was a feeling that they were being tacitly discouraged from doing the types of work open to them. With the support of their doctor, one claimant had a clear desire to do some work from home, a medium of work of which there has been a proliferation during the COVID-19 pandemic. However, they stated they had no support or advice from the Department in trying to achieve this.

Variation in Practice

During our discussions with staff from different operational sites, we found evidence of a large variation in the practices between Jobcentres. It is important to highlight the period within which our fieldwork took place: from September 2021 to February 2022 – a period in which the UK experienced various degrees of COVID-19 restrictions. Social distancing restrictions were of varying severity over this period with differences between England, Scotland, Wales, and Northern Ireland. This ranged from restrictions on the number of people allowed in buildings in England, to advice not to mix with individuals from other households in Northern Ireland. It is therefore impossible to separate this finding from the context of COVID-19, and it is highly likely that a lot of this results from that. However, it is possible that at least some of the variation pre-dates the pandemic, and nonetheless it is important to draw attention to this element of the benefits service throughout this period.

Variation in practice occurred within the same region, though of course in part different sizes of Jobcentres might have had varying capacities to remain open during different phases of the pandemic. This variation clearly impacted the service offered to claimants. The clearest example of this was variation in requirements for claimants physically attend Jobcentres. This was prohibited in Northern Ireland throughout the period of our research. Across Great Britain some Jobcentres required that claimants attend physically, whereas others restricted interactions to remote communication. It certainly appears that some claimants would have a substantially different experience of receiving the benefit in areas with a centre well-resourced enough to accommodate claimants.

Additional to this, we found evidence of differing practices around communication and support of the claimant. Staff in some Jobcentres were simply approving payment without contacting claimants at all, in others staff briefly contacted claimants to confirm verbally some work search had taken place before approving payment (on more than one occasion a claimant reported having to go in physically to achieve this). In some instances, there was evidence of a more in-depth discussion between staff and claimant, actively encouraging work search activity.

It seems possible that given the variation in practices there is high potential for some claimants receiving a consistently better service throughout their time on the benefit. As most of the variation in practice evidenced in this report occurred in validating work search activity, New Style JSA claimants appear to be disproportionately affected. However, that is not to say ESA claimants are not affected, and as noted earlier, ESA claimants as a population may be more vulnerable to negative unintended consequences in practice.

Work coach perception of claimant

Across Great Britain and Northern Ireland, work coaches perceived New Style JSA claimants as well motivated to move into paid work, requiring relatively little input from work coaches. New Style JSA claimants were viewed as close to the labour market, well connected and well skilled.

“New Style claimants tend to have more up to date work history compared to Universal Credit, therefore the task of finding and transitioning into work is easier.”

DWP staff (Scotland)

At times this appeared to manifest in a more hands-off approach with New Style JSA claimants, with a prevailing sense that these claimants not only did not need the support but were actively uninterested in it.

“They are self-sufficient and often don’t want help to begin with.”

DWP staff (Wales)

One group who conspicuously bucked this trend within the New Style JSA cohort were older claimants within a few years of the state pension age, particularly in Northern Ireland. Here staff reported there could be a prevailing sense of entitlement to support.

“Some people think because they’ve been working 25 years they don’t think they have to do work search requirements. They’re just getting their contribution back and shouldn’t have to look for work.” “[They say] Just getting my own money back.”

DfC staff (Northern Ireland)

This appears to be a reaction to the contributory principle of New Style, where an individual who has a significant contributions record feels entitled to compensation towards the end of their working life. Staff felt this group had much less motivation to search and move into paid work.

“You sometimes tend to pick that up at the very first interview. Sometimes they’d be actively telling you [they don’t intend to complete work search activities] and you have to remind them that they’re required to and then they’re expected to search for work.”

DfC staff (Northern Ireland)

For New Style ESA claimants the picture was quite different. Staff tended to view such claimants with much compassion and were much more likely to express a lenient attitude towards Claimant Commitments (for those in the Work-Related Activity Group). The focus here tended to be on making payment. However, our research suggests this might be to the detriment of some New Style ESA claimants who want to find work. Very few references were made to any potential benefit to New Style ESA claimants from finding appropriate work by staff interviewed as part of this research.

Contribution requirements

What follows is a brief overview of the contribution requirements associated with New Style.

Broadly, to qualify claimants must have:

- had six months of actual paid work (above the Lower Earnings Level, (LEL), set at £123 per week in 2022–23) in at least one of the two previous financial years; and
- paid, or have Class 1 or Class 2 credits, for a certain amount (50xLEL) of contributions in both of the relevant two financial years

However, consideration of how this was tested was less defined. Although the contributory conditions are often described as a test of ‘recent’ contributions, in reality the most recent qualifying contribution period is the tax year before the calendar year in which the claim is made. So, someone who became unemployed in December 2021 will have been entitled to New Style JSA if they meet the contribution conditions in the 2018/19 and 2019/20 tax years – their work and contribution history in the intervening 21 months does not count. But if they wait until January 2022 before claiming their entitlement would depend on their contributions in 2019/20 and 2021/22.

This underpins some of the concerns of those who drew attention to cases or groups of people who were liable to have their claims turned down because of the nature of their work.

“People working in certain roles which are full-time but they just miss the requirement due to the way their work is structured e.g., teaching assistants in summer, who are then caught out”

DfC staff (Northern Ireland)

This suggests a deficiency in how the current system accounts for work in the period preceding a claim.

Other people drew attention to the potential inequities in contributions only being taken from the previous two financial years of earnings. If an individual has been in continuous paid work for 30 years, but has a broken work record for the two years prior to a claim, is it right that they should have their claim rejected given the significant contributions they have paid previously? In the same vein, some challenged whether limiting a claim to six months for those who have long work histories was equitable.

“Some people who’ve worked for 30 years but only get six months, it feels unfair”

DfC staff (Northern Ireland)

A further point on the National Insurance contribution requirements was raised around the limited access provided to those who are - or who have been - self-employed. Those who are self-employed are less likely to pay Class 1 contributions, meaning they are not eligible for New Style JSA.

Chapter 6: Recommendations

What is the purpose of Contribution based benefits?

Our primary recommendation is that DWP should formulate a comprehensive strategy for the two New Style benefits.

In the course of producing this report, we found it difficult to locate a defined policy rationale for New Style benefits. The 2010 White Paper [Universal Credit: Welfare that Works](#) refers to a commitment that maintains the direction of travel of previous policy reforms over successive governments. This appears to be referring to continued relative expansion of means-tested benefits, whilst maintaining an element of contributions-based support for a limited time. This does not however, provide a definitive articulation of policy intent for New Style benefits; and the attention of successive government ministers over several years appear – for understandable reasons – to have been focussed on the roll out of Universal Credit. Discussions with senior policy officials suggest there has been a sustained lack of both action and direction for New Style benefits, resulting in today’s contribution-based policy landscape.

The current direction of travel appears to be to allow contributory benefits to continue to wither away, potentially at some point culminating in abolition. This would see the UK foster the system initially put forward by the Centre for Social Justice in *Dynamic Benefits: Towards welfare that works*, the paper that first proposed Universal Credit. This resulted in a purely means-tested support system, with payments targeted at ‘those most in need’, or those with the lowest level of wealth and income.

There would be a case for this direction of travel. But, as discussed in earlier chapters – and in our previous report with the Institute for Government *Jobs and Benefits: the COVID-19 challenge* – there is also a case for retention of, and even for expansion of, contributory benefits.⁵¹ There we suggested:

- strengthening working-age contributory benefit to provide a stronger buffer against drops in earnings; and
- providing time limited additional generosity as is the case for many other OECD countries, allowing families to retain spending power.

They can be justified on the basis that it is right that entitlements are greater for those who have paid into a system – or deemed to have contributed in some other way. A case for a socially provided insurance system can also be made on grounds that private markets for insurance against job loss and disability might not function

⁵¹ [Social Security Advisory Committee, Jobs and Benefits: the COVID-19 challenge March 2022](#)

well.⁵² Resolution Foundation suggest expanding the parameters and increasing the rates of the current New Style system as the solution.

As noted in Table 3, a much more comprehensive system of insurance exists in much of Western Europe and Scandinavia. The mechanism for achieving this varies by country, the Scandinavian model tends towards state funded insurance support, while Germany, relies on compulsory private insurance. What these systems have in common is providing far greater levels of time limited income replacement than New Style benefits, with a 50% average income replacement rate across the OECD, compared to 13% in the UK.⁵³

Of the New Style claimants we spoke to, most supported a separate system for those who have paid in. This was often couched in terms of receiving some support, as none is currently available through Universal Credit, rather than being opposed to receiving Universal Credit. That is to say, while New Style claimants generally supported New Style benefits, they were not necessarily opposed to receiving support through Universal Credit. One person did suggest this might add an additional level of complexity to the claiming process, however our view is that complexity would be greatly reduced in a system that combined the Universal Credit and New Style systems.

Recommendation 1

That the Government sets out a clear articulation of what it wants the two New Style benefits to provide and the extent to which those deemed to have paid into the system should be able to access support on a preferential basis to those qualifying for means-tested support.

Having set out its strategy for these benefits they should also be renamed to reflect their role better, as the name “New Style” will not convey that to claimants. For example, their legal names, contributory ESA and contribution-based JSA, could instead be used.

The long-term vision for contributory benefits

Our further recommendations are predicated on the retention of something similar in generosity to the current system and are focussed on improving how it operates. These could still apply were a system of very different generosity to emerge.

⁵² [Handscomb R, *Safe harbour? Six key welfare policy decisions to navigate this winter*, Resolution Foundation, September 2020](#)

⁵³ This refers to a single person with no child. See Table 3 for details

Recommendation 2

We recommend the long-run goal of New Style policy should be to integrate both New Style JSA and New Style ESA into Universal Credit.

This could take the form of a Universal Credit amount that is payable to those meeting contributory rules which is not subject to the standard means-test or asset-test. This would ensure greater numbers of individuals received the benefit income – and the National Insurance credits – to which they are entitled. This seems crucial given the underclaim figures discussed earlier in the report (around 140,000 individuals in the first few months of the COVID-19 pandemic). It would also eliminate many of the problems that arise from the New Style benefits systems not working well with Universal Credit systems. It would improve both the administration of the system and the experience of many claimants.

We appreciate that proposals for full integration would take some time to develop, plan and to deliver. But by setting this as the long-term strategy it would allow future policy and operational decisions to be made in the certainty of that direction of travel, making full integration easier to achieve. Our subsequent recommendations are made with this ultimate destination in mind. But even if – for whatever reason – the long-run goal is not to roll New Style benefits into Universal Credit, the following changes are needed to ensure that the system as a whole can work as effectively as possible both from the point of view of the DWP and the DfC and for the claimants that it is supporting. Below we set out in more detail some of these benefits.

Improved communication between benefits

Integrating Universal Credit and New Style benefit into a single system would, at a stroke, address many of the issues arising from poor interaction between the individual systems. The findings from our research suggest poor communication between the systems is a key systemic weakness, and can result in an:

- under claim (with those unsuccessfully applying for Universal Credit not being assessed for their entitlement for New Style benefits);
- over / under payment (for example Universal Credit does not automatically adjust when New Style JSA payments end);
- poor Department to claimant communication (for example those claiming both Universal Credit and New Style ESA being asked for fit notes by both systems);
- conflicting decisions regarding claimant benefit (for example in instances of conflicting results from fitness to work tests).

Any combination of these experienced by a claimant at best result in experience of a poor service and at worse risk seriously affecting the well-being of claimants or prospective claimants. They also add unnecessarily to the cost of administering the system.

A further recent example has been with the challenge in applying sanctions to those in receipt of New Style JSA and Universal Credit in a way that is consistent with the way that those receiving only one of those benefits can be sanctioned.⁵⁴

Access to improved elements of the Universal Credit system

Beyond the benefit of intra, rather than inter, system communicating, combining New Style and Universal Credit also automatically provides the benefits of the Universal Credit system to New Style claimants. Foremost among these is the superior digital elements of Universal Credit, which our evidence shows would be of particular benefit to many claimants of New Style JSA. This provides simple communication with the work coaches through the Universal Credit journal, a single point in which to view all aspects of your benefit, and enhanced access to work search support.

Reductions in underclaims

Related to the above, by bringing all benefit into a single space, claimants could more easily receive all of the benefits to which they are entitled. Essentially those who applied for Universal Credit but whose family income or assets were too high to qualify for a means-tested award would – if they met the contributory criteria – automatically receive contributory support without having to make a separate claim. This reduces the need for accurate signposting (and the subsequent knock-on for Departmental resource and training) and reduces the burden on prospective claimants, by creating a single point at which people seek unemployment benefit.

Flexibility for policy makers

Uniting New Style and Universal Credit could also be useful to policy makers, by providing greater flexibility. For example, currently New Style ESA is means-tested against an individual's private pension income (but not, for example, against their other income, unless they breach permitted work rules, or the income of their partner). The greater amount of information within the Universal Credit system (for example on household composition, housing costs, family income and assets) would allow them to be taken into account when determining awards of contributory benefits were that deemed to be desirable.

⁵⁴ See <https://www.gov.uk/government/publications/the-jobseekers-allowance-and-employment-and-support-allowance-amendment-regulations-2021>

Cost

Of course, a move to transition New Style benefit into Universal Credit would require a large degree of digital and human resource, which incurs financial investment. However, intervention of any scale would equally incur cost, for example updating the systems on which New Style operates would require a sizeable financial commitment.

Universal Credit branding

There may also be a challenge around the branding of Universal Credit. We heard from some claimants and work coaches that some people are hesitant to claim Universal Credit as it perceived as more invasive, with greater propensity for sanctions and more difficult to claim. This is a broader challenge for Universal Credit, rather than a particular difficulty resulting from combining Universal Credit and New Style. Further, evidence from this research suggests the increased visibility of Universal Credit (Figure 5) and the reduced underclaim due to poor signposting (discussed above) may in any case outweigh claim hesitance resulting from Universal Credit branding.

Immediate priorities for New Style benefits

Given the challenges set out above, and whilst still wanting to move towards a united system for Universal Credit and New Style, this report recommends that short and medium-term reforms that seek to make this transition to a united system easier should be given priority.

Payments

Recommendation 3

All claims for Universal Credit should be automatically assessed for entitlement to New Style JSA / New Style ESA.

Currently, prospective claimants of Universal Credit are not fully assessed for their eligibility to New Style benefit as standard. Given the findings from Salford University discussed earlier in the report, we suspect this results in a high level of underclaim of both benefit payment and National Insurance credits. We therefore recommend all claims for Universal Credit should be automatically assessed for entitlement to New Style JSA / New Style ESA. The Committee concedes this recommendation would entail a significant resource from DWP and DfC. However, in a context where combining Universal Credit and New Style is on the horizon, this is part of a

necessary upskilling of the Universal Credit workforce. This is a first step to integrating the systems and ensures that all those who apply for Universal Credit end up receiving the cash benefits and the National Insurance credits to which they are entitled.

Recommendation 4

For dual claimants of both UC and NS benefit, the Universal Credit system should measure – and then adjust automatically in response to changes in – receipt of New Style benefits.

It is odd that Universal Credit can measure individual earnings from any employer in the United Kingdom but be unable to measure receipt of other benefits that are paid by DWP or DfC. The Universal Credit system should measure – and then adjust automatically in response to changes in – receipt of New Style benefits. Currently dual claimants need to inform both their Universal Credit and their New Style work coach of any changes and for these changes to be correctly recorded. Efficient communication between systems could greatly improve service offered to claimants, reduce incidents of under / over claim and improve the ongoing efficiency with which the system is administered. This could be achieved straightforwardly if New Style payments were recorded in Real Time Information (RTI).

Recommendation 5

New Style payments should be automatic, requiring the work coach to intervene to reduce or stop payment if a claimant breaches their agreement.

Currently work coaches have to sign off every New Style payment, with the default that the payment is not made unless it has been authorised. Public funds must be safeguarded. But given that most claimants, in most periods, are deemed to be complying with the requirements made of them the default should be changed so there is a presumption of compliance. We therefore recommend New Style payments are made automatically, requiring the work coach to intervene to stop payment if a claimant breaches their agreement. The current default leaves the system vulnerable to human error and unnecessarily adds to the administrative burden. Moving to a system of automatic payment also brings New Style in line with Universal Credit.

Recommendation 6

New Style JSA should be assessed and paid monthly, the same as Universal Credit.

The research findings for this report suggest monthly payment is suitable for New Style JSA claimants, many of whom would be used to receiving earnings each month and relatively well-placed to manage their finances over this period. We recommend moving New Style JSA to a monthly payment period, aligning with Universal Credit. The evidence regarding New Style ESA is more mixed, and we believe that a move to monthly payment may prove more challenging for some claimants. We recommend that the Department works with New Style ESA claimants to design a system that works for them, following the principles set out in our 2020 report on how to best involve disabled people when designing policies that affect them.⁵⁵

Recommendation 7

New Style JSA claimants should automatically receive National Insurance credits when they reach the time limit for benefit payment.

Currently claimants of New Style JSA who reach the six-month time limit are required to make a fresh claim if they wish to continue to receive the National Insurance credits to which they are entitled. This may result in a significant underclaim of credits to which people are entitled. It is also striking that, in New Style ESA, claimants who reach the 12-month time limit do not have to make a fresh claim to continue to receive National Insurance credits while they continue to meet entitlement conditions. We recommend this is harmonised, with claimants of New Style JSA automatically placed in receipt of National Insurance credits when they reach the time limit for benefit payment.

⁵⁵ [Social Security Advisory Committee, *How DWP involves disabled when developing or evaluating programmes that affect them*, Occasional Paper No 25, December 2020](#)

Contribution requirements

Recommendation 8

Review the National Insurance credits awarded to claimants of Universal Credit and to claimants of New Style benefits with a view to crediting both in the same way.

Currently New Style claimants receive class 1 credits, whereas Universal Credit claimants receive less generous class 3 credits. It is not clear to us that any advantages of this difference outweigh the costs. Having different credits increases complexity in the system, making it more difficult for policy makers, operational staff administering the system and claimants to understand fully. We recommend that this is reviewed with consideration given to either extending class 1 credits to Universal Credit claimants or only making class 3 credits to claimants of New Style benefits.

Recommendation 9

Contributory requirements to qualify for New Style benefits should be reviewed and reassessed.

Should someone be precluded from receiving New Style support if they have a 30 years of unbroken contribution record, followed by two years of intermittent contribution, as is currently the case? This raises questions around just how insurance based our current system is, as it does not particularly relate to the amount of contribution made, rather how recently those contributions have been made. We suggest that while it is right that those who have a reasonable degree of recent contributory should be able to qualify, those who have not made contributions in recent periods but who have an extended period of earlier contributions should also be able to qualify.

We also suggest a review of how recent contributions are assessed. The current practice uses the period from the two financial years up to March in the previous calendar year to assess contributions. It is therefore not actually a test of recent contributions. It also creates the undesirable feature that eligibility for New Style benefits can depend on whether an individual makes a claim in December or January. For example, if an individual were to claim in December 2021, the period used to assess the contributions requirement would be the two financial years preceding March 2020. If the same claimant were to make a claim the following month in January 2022, the period used to assess the contributions requirement would be the two financial years preceding March 2021. Integration with Universal

Credit would open-up the possibility of using monthly RTI information and – for example – assessing contributions made in each of the most recent 24 months. A review of the contribution criteria should consider whether RTI could be used in this way in the more immediate term.

In addition to raising questions around the spirit of the system, a more immediate concern is the potential of tacit discrimination necessitated by the current qualification criteria. For example, since receipt of child benefit qualifies for class 3 rather than class 1 National Insurance credits women are disproportionately likely to have a break in their contribution record as they take the majority of unpaid caring responsibilities within households. People with a disability or sickness may also be more susceptible to have a broken contributions record and therefore miss out on support.

Finally, the current system for qualification does not account of the changing landscape of the labour market. Far more people are now classed as self-employed, particularly at the lower end of the labour market, with the rise in the so-called gig-economy. The current qualification requirements assume a workforce that is predominantly employer based, which may have been true of the period Beveridge introduced National Insurance, but is now out of date. It is currently very difficult for the self-employed to qualify for New Style support.

Means-testing

Recommendation 10

The means-tests against some private pension income in New Style ESA and New Style JSA should be reviewed in the light of “pensions freedoms” with a view to removing them.

Currently New Style benefits are means-tested against an individual’s private pension income. The rationale for means-testing a contributory benefit against unearned income is not clear. There is also a lack of clarity about why, if there is to be a means-test, it should operate in this way and, unlike other means-tests in operation, ignore an individual’s income from other sources or the income of their partner. In New Style ESA the means-tested applies to private pension income above £85 per week, a threshold that has not been updated since it was introduced in 2001, whereas in New Style JSA the threshold is £50 per week with this threshold not having been updated since 1996. In addition, means-testing against pension income sits oddly in a world where the vast majority of the pensions of private sector workers are of a defined contribution nature, the funds from which can now be flexibly drawn through retirement with no requirement to annuitise. Therefore, we

recommend that the means-tests in New Style ESA and New Style JSA against an individual's pension income should both be reviewed, and consideration given to removing them.

Claimant Experience

Recommendation 11

Ensure a professional level of customer service and support that considers the claimant's situation in an accurate/consistent/prompt way.

Some examples shared with us by both claimants and operational staff from DWP and DfC indicate that standards are not as high as they should be. We recommend that both Departments ensure that when they fail to respond to claimants as intended, for example if a Claimant Commitment meeting is missed due to official error, that this does not penalise the claimant. We found evidence of claimants receiving delayed benefit payment due to official error, where work coaches did not call to complete Claimant Commitment checks at the allotted time and date. Other improvements should be sought including the potential introduction of a dedicated phone line with a call back option. We are pleased that both Departments have recently implemented a digital system for claimants to send their sick notes. The Committee hopes that appropriate action is taken to ensure work coaches are aware, and promote take up of this service.

A personalised approach is particularly important for disabled people and those living with health conditions, for whom adjustments are often required if they are to have a smooth experience and effective, appropriate outcome. Reasonable adjustments are legally required.

Job-search support

Recommendation 12

Those on New Style benefits should be entitled by default to access all of the employment programmes available to those on Universal Credit.

We found examples where New Style claimants were precluded from certain employment programmes available to those on Universal Credit, with a recent high-profile example being Kick Start. Though it could be argued that the target demographic of the Kick Start programme is not well aligned to New Style claimants, it is not clear why New Style claimants should be automatically excluded. This also

resulted in a sense of inequity in some of the New Style JSA claimants we spoke to, exacerbating a general feeling that they were being provided a less effective service than those on Universal Credit. Opening up all employment support schemes to New Style claimants would harmonise policy between Universal Credit and New Style benefits. It also increases the perception of equity between claimants, ensuring that New Style claimants receive at least as good a service package as those on Universal Credit, unless it is explicitly decided that a scheme should only be targeted at particular groups of claimants for well-evidenced reasons.

Recommendation 13

When a claimant moves from New Style to Universal Credit they should, by default, keep the same work coach unless it is explicitly decided that a change could be beneficial.

This would reduce the burden on both the claimant and work coach, promote good working relationships between them, and ensure consistent support. It would also reduce the risk of miscommunication and loss of claim due to human error.

Recommendation 14

Provide appropriate and tailored employment support for JSA and ESA claimants following initial assessment of needs.

A very high proportion of the claimants that we spoke to felt that they were not considered as an individual by the Department. Symptoms of this manifested in numerous ways, resulting in varying degrees of harm to the claimant. Common amongst almost all of the claimants we spoke to (who were engaging with work search or work-related activity), was a feeling that the employment support offer was deficient and ill-suited to individual need. For New Style JSA claimants this was most often a feeling that support offered was generalised and unhelpful. Some New Style ESA claimants we spoke to felt they were capable of, and would benefit from, certain types of limited work activity. Indeed, such an approach had been encouraged by their doctor, but felt they were not supported by the Department in trying to achieve this. Providing appropriate and tailored employment support for New Style claimants would provide a better service and increasing likelihood of serious engagement from claimants. For ESA claimants this should also include appropriate and tailored health support following their initial assessment. This will help reduce the risk of unnecessary negative effects on claimant wellbeing and increasing the opportunity for eventual return to work.

Recommendation 15

The Department should adopt a Universal Credit style of journal for New Style claimants.

This would enable easy communication between the claimant and work coach, and move towards a harmonised system between New Style benefits and Universal Credit. Such a change would be welcomed by many of the New Style JSA claimants that we spoke to and ensure the time spent in fortnightly meetings with their work coach could be used more productively.

Conclusion

To conclude, it is understandable that in the past decade, energy has been focussed on rolling out Universal Credit effectively across the United Kingdom. However, this has resulted in a further period in which there has been a lack of focus on the two contributory working age benefits for those not in paid work, both in terms of policy development and operational improvements. Though New Style benefits can, and in many cases do, provide a good service to those in receipt of them, the system is fundamentally not providing as good a service to claimants – or being administered as efficiently – as it could be due to its largely analogue nature. Going forwards the government should set out a coherent long-run strategy for the role that it wants these benefits to play as part of the social security system. A sensible long-run aspiration would be to bring them into Universal Credit which, at a stroke, would help tackle the issues we have uncovered where the separate systems do not work well together. In the interim period the recommendations we have made would, if implemented well, improve the quality of service provided to many claimants and the efficiency with which the system is administered.

Summary of New Style benefits

New Style Employment and Support Allowance

Introduction

Employment and Support Allowance (ESA) was introduced in 2008 to replace Incapacity Benefit (IB), Severe Disablement Allowance (SDA) and Income Support (IS) where paid on the grounds of incapacity. It is a single benefit paid to claimants who satisfy basic conditions such as having limited capability for work (LCW). Claimants also have to meet the non-means-tested contributory conditions (or youth conditions which were removed in May 2012), and/or the income-related conditions.

ESA claimants are referred for a work capability assessment (WCA) which looks at how the claimant's health condition or disability affects their ability to undertake certain physical and mental tasks, to ascertain whether they have LCW. If the claimant has LCW they are also assessed to see if they have or can be treated as having limited capability for work-related activity (LCWRA). Claimants who have LCW are required to undertake suitable work-related activity designed to help them prepare for work once they no longer have LCW, but claimants who also have LCWRA are not required to undertake work-related activity but can do so if they wish.

ESA is paid at different rates depending on whether a person is awaiting assessment, if it is determined that they have LCW, and if it is determined they also have LCWRA. Formerly a claimant who had LCW only was also paid an extra work-related activity component (WRAC), but this was removed in April 2017 for new claims.

From 1 May 2012 entitlement to contributory ESA for claimants who did not have LCWRA was limited to 365 days. The ability to claim contributory ESA under the youth conditions was also removed from that date.

The Welfare Reform Act 2012 introduced Universal Credit (UC) which replaces six means-tested benefits (known as 'legacy' benefits), including the income-related element of ESA. ESA therefore became a contributory benefit known as 'new style' ESA (NS ESA). The introduction of UC and replacement of legacy benefits has been gradual based on new claims from people living in specified postcodes who were not precluded from claiming UC, so that claims for and awards of legacy benefits could continue to be made, but since 27 January 2021 it has only been possible to make a new or repeat claim for New Style ESA. If a claimant needs a means-tested benefit instead of or as well as New Style ESA they must claim Universal Credit. Where both benefits are claimed for all or part of the same period, this is known as a 'dual claim'. Awards of ESA made under the legislation before the amendments made by the Welfare Reform Act 2012 (known as legacy or old style ESA) continue until they end (where either the claimant fails to meet a condition of entitlement, or there is a material change in their circumstances which means they must claim UC, or their award is migrated to UC).

In dual claims the LCW and LCWRA criteria in ESA and UC are identical, apart from some minor differences in the “treated as having LCW/LCWRA” criteria. The work-related activity (or requirements) are also the same.

Where a claim for New Style ESA is made, whether in itself or in a dual claim, any entitlement the claimant may have to legacy benefits is normally terminated from the date of the claim. This also applies where the person claims Universal Credit or new Style JSA. The legacy benefits are income-related Employment and Support Allowance, Housing Benefit (HB), IS, income-based JSA, Child Tax Credit and Working Tax Credit. If the New Style ESA claimant requires help previously met by the legacy benefits, they must claim Universal Credit instead. There is an exception where the claimant is entitled to HB for temporary or supported accommodation, a need not presently met by UC.

The law which governs New Style ESA is the [Employment and Support Allowance Regulations 2013](#). In a dual claim there are also aspects of the [Universal Credit Regulations 2013](#) in play.

Basic Features

- New Style ESA provides a non-means-tested benefit for those whose ability to work is limited because of illness or disability – who have LCW and/or LCWRA.
- There are two ‘phases’ of entitlement – the Assessment Phase and the Main Phase.
- The Assessment Phase: Covers the first 13 weeks of entitlement (or until the WCA has been carried out, whichever is later). During this period the claimant must provide fit notes from their GP or healthcare professional, and will be assessed to see whether they continue to be entitled to the benefit, and at what level. During this period, they are paid at the same rate as one would receive for New Style JSA – so there are different amounts for under 25s and those 25 and over. The rate of payment in 2022/2023 is £61.05 per week for those under 25, and £7.00 for those 25 and over. New Style ESA payments are usually made fortnightly in arrears.
- The Main Phase: Once the claimant is assessed as having LCW they will be paid a basic allowance (which is at the same rate as the 25 and over rate paid in the assessment phase, currently £77.00, regardless of age). The claimant will get an extra component if they meet the criteria to be in the ‘Support Group’, currently £40.60 per week.
- The Support Group: To access the extra support component one must also have ‘limited capability for work-related activity’ (LCWRA). People in the Support Group do not have to take part in work-related activity as a condition of the benefit but can do so on a voluntary basis if they wish. The benefit cap does not apply to people in the Support Group.

- The Work-Related Activity Group: Those in the Work-Related Activity Group (WRAG) are required to take part in suitable work-related activity as a condition of the benefit. It used to be the case that this group was paid an extra component – the ‘work-related activity component’ (WRAC), however this component was withdrawn in April 2017 for new claims. Only claimants who have remained on ESA since before this withdrawal date continue to be paid the WRAC – currently £30.60 per week.
- Payments are reduced if the claimant receives pension payments such as from occupational pension or health insurance schemes, and councillor’s allowance. If the pension is over £85 a week, then the New Style ESA is reduced by half of the pension payment left after disregarding the first £85. If councillor’s allowance is £152 or more per week, then anything over that figure is deducted from the New Style ESA award pound for pound.
- No benefit is payable for the first 7 days of entitlement (called ‘waiting days’).
- New Style ESA is paid for up to 365 days (unlike New Style JSA which is limited to 182 days), including any time spent in both the Assessment Phase and Main Phase. However, any time spent in the Support Group is not included in the 365 days (so effectively there is no time limit as long as they remain in the Support Group). If someone began in the Support Group and then improved sufficiently to be placed in the WRAG then the Assessment Phase does not count towards the 365 days.
- Where an award has expired due to 365 days having elapsed, someone can only requalify if either (i) there is a 12-week break since the expiry of the last award, and the claimant satisfies the contribution conditions for different tax years, or (ii) the claimant now meets the Support Group criteria, having previously only satisfied the WRAG criteria.
- Periods of entitlement can link if they are not more than 12 weeks apart. Where periods do link there are no waiting days served. The contribution condition tax years used are the same as those used for the original claim.
- New Style ESA is taxable income.

Basic Conditions of Entitlement

A claimant is entitled to ESA if they meet **all** of the following conditions:

- are aged 16 or over
- have not reached pensionable age
- are in Great Britain (except for certain temporary absences abroad)
- are not entitled to Jobseeker’s Allowance, nor Statutory Sick Pay (SSP) or their entitlement to SSP has ended
- are not working on the day they make a claim

A person can work for fewer than 16 hours a week (on average), as long as the earnings are less than 16 x national minimum wage (currently £152 a week). There are a number of exceptions based on job roles.

- have LCW

i.e. - have an illness, health condition or disability which limits their ability to work – this applies regardless of their normal employment status, i.e. whether they are normally employed, self-employed or unemployed.

When making a new claim a person is generally 'treated as' having LCW on the basis of a fit note. Whether or not somebody has ongoing LCW is determined by a work capability assessment which considers whether they meet the LCW criteria; these ascertain whether or not a claimant is capable of certain tasks (called 'activities') reliably and repeatedly, covering both physical and mental functions. For example, one of the activities measures 'Manual Dexterity'. The decision maker chooses the most apt descriptor amongst the list provided for Manual Dexterity – these include "Cannot pick up a £1 coin or equivalent with either hand", and "Cannot single handedly use a suitable keyboard or mouse". Each descriptor attracts a certain number of points – the more severe the limitation the more points awarded – from 15 points down to 0. There are seventeen activities measured, covering physical, mental and cognitive impairments. If when the points from the seventeen activities are aggregated they reach a total of 15 points or more the person is found to have LCW. See appendix 2 for the full list of LCW activities and descriptors.

A claimant can be 'treated as' having LCW without being assessed against the functional criteria, where they are an in-patient in a hospital or similar institution, where they are awaiting/undergoing/recovering from treatment for cancer (by way of chemotherapy or radiotherapy), or receive regular haemodialysis, plasmapheresis or total parenteral nutrition, are reasonably suspected of having an infectious disease (under specified enactments); 6 weeks prior to expected birth and 14 days after, or if receiving maternity allowance 11 weeks prior to expected birth. Furthermore, if a claimant has been assessed not to have met the functional threshold for LCW, and none of the 'treat as LCW' provisions apply, it is a requirement that they are assessed to see if there would be a substantial risk to the mental or physical health of any person if they were found not to have LCW. If it is determined that such a risk exists, then they will be found to have LCW.

In order to ascertain if the claimant is in the Support Group a similar test is applied. There are sixteen activities, such as Manual Dexterity, many of which mirror those in the LCW test. Instead of a range of descriptors for each activity there is just one. For Manual Dexterity this descriptor is "Cannot press a button (such as telephone keypad) with either hand or cannot turn the pages of a book with either hand". If you satisfy any one of these descriptors and are put in the support group (i.e. you have LCWRA). See appendix 2 for the Support Group LCWRA list of activities and descriptors.

A claimant can be 'treated as' having LCWRA without being assessed against the functional criteria, if they are terminally ill (where death is expected within 12 months), where they are awaiting/undergoing/recovering from treatment for cancer

(by way of chemo or radiotherapy), are pregnant and work may be harmful. Furthermore, if a claimant has been assessed not to have met the functional threshold for LCW, and none of the 'treat as LCW' provisions apply, it is a requirement that they are assessed to see if there would be a substantial risk to the mental or physical health of any person if they were found not to have LCWRA. If it is determined that such a risk exists, then they will be found to have LCWRA.

- have accepted the Claimant Commitment

A Claimant Commitment is a record of a claimant's responsibilities in relation to an award of ESA. In order to receive ESA without a reduction the claimant is expected to carry out what is required of them as recorded on their Claimant Commitment.

Failure to meet work-related requirements could result in sanctions if that failure does not have 'good reason' for it. (NB - there are no such work-related requirements in the Support Group). That could mean receiving reduced or no payment of ESA for a period of time – that amount of time depends on how long it takes the claimant to comply with the requirement. Individual sanctions can last from 7 days up to 14 or 28 days; however, sanctions run consecutively not concurrently.

The Contribution Conditions of Entitlement

Normally, to be entitled to contributory/NS ESA, a claimant has to satisfy two conditions:

- to have worked and paid enough National Insurance (NI) contributions in one of the two tax years prior to claiming NS ESA for at least 26 weeks; and
- to have either paid, or been credited with, enough NI contributions in both of the two tax years prior to claiming NS ESA that is at least 50 times the minimum threshold.
- They also have to meet the basic conditions of entitlement for ESA.

The difference between NS JSA and NS ESA is for NS ESA Class 2 credits are also counted – therefore those who were self-employed during the periods in question can qualify if they've paid or been credited with sufficient NI contributions.

The contribution conditions are waived for New Style ESA if the claimant was previously entitled to New Style ESA and it only ended as the 365-day limit was reached, but the claimant continued to have LCW, and on the new claim they are found to have LCWRA.

Disqualification:

The claimant can be disqualified (i.e. lose payability, but not underlying entitlement), for up to 6 weeks (on the discretion of the decision maker) where they are not in hardship and they:

- Have LCW due to misconduct; or
- Have failed without good cause to accept medical treatment recommended by a doctor for you which could overcome the LCW; or
- Have failed without good cause to stop engaging in behaviour that could retard recovery;

- Are absent from home without telling DWP without good cause.

Interaction with Universal Credit – Key Features of Dual Claims

- A dual claim is where there are claims to both New Style ESA and Universal Credit.
- In a dual award the New Style ESA award continues to be paid fortnightly, and the Universal Credit award is paid monthly, through a different computer system.
- A New Style ESA claim can only be made for an individual whereas in a dual claim the UC claim can also be made as a couple (a joint claim).
- A New Style ESA claim (as a non-means-tested benefit) does not involve partner's earnings, but in a dual claim the partner's income is factored into the Universal Credit decision and calculation. Likewise, a New Style ESA claim does not consider savings, whereas in a dual claim if a claimant (or joint claimants) have savings and capital above £16k they cannot be entitled to UC.
- The monies from the New Style ESA award are treated as 'unearned income' in the UC calculation. As unearned income is deducted from the amount of any UC award, that means that for every pound of New Style ESA awarded, the UC is reduced by the same.
- New Style ESA does count as taxable income whereas UC does not.
- In a dual claim the UC Claimant Commitment takes priority (although there is a Claimant Commitment agreed to in both). This means that any sanctions are applied to the UC claim rather than to the New Style ESA claim. If a sanction is applied the New Style ESA monies continue to be paid at the same rate whilst it is the UC that is reduced. As there are no sanctions currently applied in New Style ESA it means that effectively the sanctions regime only becomes applicable in a dual claim.

Ongoing Award

- The claimant will be monitored to ensure that they are meeting the terms of the claimant commitment, and still meet the conditions of entitlement. The frequency of such monitoring is dependent on the individual concerned. The Claimant Commitment should be reviewed and revised where appropriate.
- Material changes of circumstances must be reported.

End of Award

- Where the claimant no longer meets the conditions of entitlement the award will end (unless this was a temporary circumstance which the Department did not discover until the claimant once again met the conditions, in which case a closed period supersession will apply). Work coaches will channel the claimant to Universal Credit if appropriate, or they will be referred to Gov.uk for other benefit information
- Where the claimant in the WRAG has used their 365 days of ESA period then the award will end. However, the claimant may be able to claim 'credits-only' on the basis of unemployment at that point in order to receive class 1 or 2

National Insurance credits (but no monies), as long as they are not a Universal Credit recipient.

- The claimant must wait 12 weeks before they can reclaim to New Style ESA, unless the claimant's condition has worsened such that they now meet the Support Group criteria.

New Style Jobseeker's Allowance

Introduction

Jobseeker's Allowance (JSA) was introduced in 1996 to replace Unemployment Benefit (UB) and Income Support (IS) for people required to be available for employment. It was a single benefit paid to claimants who satisfied basic conditions such as availability for employment. Claimants also had to meet the non-means-tested contribution-based conditions, and/or the means-tested income-based conditions.

The Welfare Reform Act 2012 introduced Universal Credit (Universal Credit) which replaced six means-tested benefits (known as 'legacy' benefits), including the income-based element of JSA. JSA therefore became a non-means-tested contribution-based benefit, known as 'new style' JSA (New Style JSA). The introduction of Universal Credit and replacement of legacy benefits has been gradual based on new claims from people living in specified postcodes who were not precluded from claiming Universal Credit, so that claims for and awards of legacy benefits could continue to be made, but since 27.1.21 it has only been possible to make a new or repeat claim for New Style JSA. If a claimant needs a means-tested benefit instead of or as well as New Style JSA they must claim Universal Credit. Where both benefits are claimed for all or part of the same period, this is known as a 'dual claim'. Awards of JSA made under the legislation before the amendments made by the Welfare Reform Act 2012 (known as legacy or old style JSA) continue until they end (where either the claimant fails to meet a condition of entitlement, or their award is migrated to Universal Credit).

Where a claim for New Style JSA is made, whether in itself or in a dual claim, any entitlement the claimant may have to legacy benefits is normally terminated from the date of the claim. This also applies where the person claims Universal Credit or new style ESA. The legacy benefits are income-related Employment and Support Allowance, Housing Benefit (HB), IS, income-based JSA, Child Tax Credit and Working Tax Credit. If the New Style JSA claimant requires help previously met by the legacy benefits, they must claim Universal Credit instead. There is an exception where the claimant is entitled to HB for temporary or supported accommodation, a need not presently met by Universal Credit.

The law which governs New Style JSA is the [Jobseekers Act 1995](#), as amended by the [Welfare Reform Act 2012](#), and the [Jobseeker's Allowance Regulations 2013](#). In a dual claim there are also aspects of the [Universal Credit Regulations 2013](#) in play.

Basic Features

- New Style JSA provides a non-means-tested benefit for those seeking work.

- The rate of payment in 2021/2022 is £59.20 per week for those under 25, and £74.70 for those 25 and over. Payments are usually made fortnightly.
- These amounts are reduced if one has earnings (a jobseeker can still have earnings if they work for 16 hours or fewer a week). The first £5 is disregarded (and in certain prescribed circumstances it can be £20), but after that the amount is reduced on a pound for pound basis. Similarly, if one receives pension payments the first £50 is disregarded, then there is a pound for pound reduction of the benefit amount.
- A 'job seeking period' is the period in which the claimant meets the entitlement conditions (regardless of whether the payment is nil due to earnings or pension payments, or due to sanctions). The maximum length of a job seeking period is 182 days (which can be completed in one unbroken spell, or in a series of smaller, linked spells. As long as fewer than 12 weeks separate periods they will link).
- A new job seeking period can begin only when there is a fresh tax year with which to decide whether the contribution conditions have been met. For example, if the tax years ending in April 2019 and April 2020 were previously used to establish New Style JSA entitlement, a new job seeking period can only begin once the claimant has the April 2021 tax year to rely upon.
- No benefit is payable for the first 7 days of entitlement in any job seeking period (called 'waiting days'), so in linked periods there are no waiting days (unless the claimant did not use all the waiting days in a previous linking period, in which case the remainder of the days are applied). An advance payment can be made where there is serious risk to the health and safety of the claimant, their partner or children.
- New Style JSA allows one to receive Class 1 National Insurance Credits (even if the amount paid is reduced to zero due to earnings and pension payments). However, when sanctioned there is no credit awarded.
- Claims can be backdated by up to three months if particular circumstances apply.
- New Style JSA is taxable income. An amount equal to the rate of age related JSA is taxed. The tax is not deducted while JSA is being paid, but reduces any refund a claimant may otherwise receive through PAYE on returning to work. Any such refunds are paid at the end of the tax year.

Basic Conditions of Entitlement

A claimant is entitled to JSA if they meet **all** the below conditions:

- they have accepted a Claimant Commitment

A claimant commitment is a record of a claimant's responsibilities in relation to an award of JSA (which may include attending interviews with the Department, taking part in actions that will increase their chances of paid work, such as training,

searching out paid work or better paid work, and being willing and able to take up paid work, or better paid work).

Failure to meet work-related requirements could result in sanctions if that failure does not have 'good reason' for it. That could mean receiving reduced or no payment of JSA for a period of time – that amount of time is determined by the type of task for which the failure occurs and whether there is a repeat failure. Low-level sanctions can be for as few as 7 days, medium-level sanctions up to 91 days, and higher-level sanctions can last as long as 182 days.

In a dual claim the commitment and sanctions regime is done through the Universal Credit award, rather than the New Style JSA. Therefore, the Universal Credit amount is reduced rather than the New Style JSA amount, which remains paid at the same level. There is also a difference in available sanctions with Universal Credit – in Universal Credit there is also a 'lowest-level' sanction (which applies only to foster carers who fail the work-related interview commitment).

Although there are legal provisions to allow sanctions to take place in New Style JSA cases, it appears there is an operational impediment to this. The computer system, JSAPS, used to pay the New Style JSA does not allow sanctions to be imposed. This means that since 2013 that there has been NO sanctions imposed in New Style JSA cases.

- they are not in remunerative work

Remunerative work is work for which payment is made, or which is done in expectation of payment and in which the claimant is engaged for 16 or more than hours a week or 16 or more hours a week on average where the hours of work fluctuate.

- they are not involved in a Trade Dispute

Claimants are not entitled to JSA for any week in which they are not employed because of a stoppage of work caused by a Trade Dispute at their place of work or where they withdraw their labour to help further a Trade Dispute.

- they do not have Limited Capability for Work

A claimant who has limited capability for work (which is determined under ESA law) would not be entitled to JSA. However, a JSA award can continue for 2 short periods of sickness (less than 2 weeks), and one extended period of sickness (up to 13 weeks) per job seeking period (or per 12 months if the job seeking period extends beyond a year through linking periods). During the COVID-19 period a JSA award would continue where someone had COVID, were isolating, or were caring for a child who was isolating.

- they are not in relevant education

One must be a qualifying young person age 16 to 19 to be in relevant education. Relevant education means a full-time course of advanced education. Also, if one is in a traineeship, and aged 16-25, one cannot be entitled to JSA.

- they are in Great Britain (except for certain temporary absences abroad)
- they are under pension age
- they satisfy the contribution conditions (see below).

The Contribution Conditions of Entitlement

A claimant must satisfy **all** the contribution conditions:

- they must satisfy the First Contribution condition

in respect of any one of the last two complete tax years before the beginning of the relevant benefit year (the year in which the current job seeking period began) the claimant must have had relevant earnings on which the Class 1 contributions have been **paid or treated as paid** of at least 26 times the 'lower earnings limit' (LEL) for that tax year:

The benefit year begins the first Sunday in January to the Saturday prior to that date in the next calendar year. For example, the job seeking period begins on 10 February 2021. The relevant benefit year begins in January 2021. Therefore, the two complete tax years are those ending in April 2020, and April 2019.

The 'relevant earnings' are the total amount of earnings at the level of LEL - any earnings in excess of LEL are ignored. This is therefore a measure of longevity – they must have earned above the LEL for 26 weeks in one of the tax years. The lower earnings limit for 2021/2022 is £120 per week. For example, a supply teacher earns £500 per week, but for only 20 weeks in the year. The monies earned above the LEL are ignored - as they have not earned the LEL for 26 weeks they fail this condition.

Note that the claimant must have *paid* their contributions – they cannot have them credited. The intention is to retain a link with the labour market and therefore the first contribution condition cannot be satisfied by credited contributions only.

'Treated as paid' - Employees are treated as having paid contributions if they earn at least the LEL even if they earn less than the primary threshold at which National Insurance contributions are actually taken (currently that stands at £184 per week).

Class 1 national insurance contributions are those paid by employed earners, office holders (or their employers). Class 2 contributions are paid by self-employed earners – therefore the self-employed are not entitled to this benefit (with the exception of Share Fishermen who are included in the benefit by paying special Class 2 contributions) unless they have the relevant Class 1 contributions from previous employment.

- they must satisfy the Second Contribution condition

in respect of each of the last two complete tax years before the beginning of the relevant benefit year the claimant must have **paid, have treated as paid, or have been credited with** Class 1 contributions, the earnings factor of which must be at least 50 times the LEL

This includes *credited* class 1 contributions, not just paid contributions. A National Insurance credit counts as £120 per week for the purpose of calculating whether the 50 x LEL is met.

The earnings (upon which class 1 credits were paid, or treated as paid, or credited) must total £6000 (50 x £120) in each year.

All earnings below the Upper Earnings Threshold (£967 per week) count. In this contribution condition it does not matter that earnings are below the level at which National Insurance contributions are normally paid (the Primary Threshold level, at £184 per week) – any employed earnings at all are treated as paid.

A claimant could satisfy the second contribution condition by earning just below the threshold of the Upper Earnings Threshold for only 6 weeks in each of the years (though they would have to have had paid earnings at the LEL level for 26 weeks in one of the years to satisfy the first contribution condition).

A claimant could satisfy the second contribution condition on National Insurance credits alone if they had 50 weeks of them in each year, but would therefore fail the first condition by not having *paid* contributions for 26 weeks in one of the years.

- they must not have earnings higher than the prescribed amount

Claimants are not entitled to New Style JSA for any week that they have earnings that are higher than the prescribed amount. Whilst this is not strictly a contribution condition it is listed in the law as one (s2(1)(c), Jobseeker's Act 1995).

The prescribed amount of the claimant's earnings is calculated by using the formula (A + D) - £0.01 where:

1. A is the age-related amount (i.e. either the under 25 or over 25 rate of JSA) **and**
2. D is any earnings disregard appropriate to the claimant

For example, a person aged 30 has an age-related amount of £74.70 per week. They have some earnings and these attract a £5 disregard. Therefore, the prescribed amount is £74.70, plus £5, minus £0.01 = £79.69.

Because the contribution conditions rely on the previous two complete tax years before the relevant benefit year, the timing of the claim to New Style JSA can be important. If the claim is delayed so that a different two complete tax years are used that could lead to a claim being disallowed, or awarded, whereas if the claim was not delayed the outcomes would be the opposite. For example, if a claim was made on 15 December 2020, then the benefit year is that running from the first week in January 2020 to the first week in January 2021 and the tax years would be those

ending in April 2018 and April 2019. However, if the claim is delayed to 15 January 2021, then the relevant benefit year becomes that running from the first week in January 2021 to the first week in January 2022, and then the tax years would be those ending in April 2019 and April 2020.

If a claimant decides to wait to claim New Style JSA they can in the meantime make a 'credits only' claim. The application is just to receive the National Insurance class 1 credits and not to receive any actual payments of benefit. Most of the basic conditions of entitlement must still be met (e.g. no Claimant Commitment is required). A claimant in this situation is called a 'non-claimant' by the DWP.

If any of the basic or contribution conditions are not met then the claim is disallowed, or if already in payment the award is disallowed. However, if there was a temporary change (e.g. the person earns more than the prescribed amount in a week, but then a week later they revert to their normal level of earnings which are below the prescribed amount) which occurred before the Department had the chance to make the disallowance decision then there would instead be a 'closed-period supersession' – i.e. no payment is made for the period in which entitlement is not met, but the claimant does not have to reclaim.

Interaction with Universal Credit – key features of dual claims

- A dual claim is where there are claims to both New Style JSA and Universal Credit.
- In a dual award the New Style JSA award continues to be paid fortnightly, and the Universal Credit award is paid monthly, through a different computer system.
- An New Style JSA claim can only be made for an individual whereas in a dual claim the Universal Credit claim can also be made as a couple (a joint claim).
- An New Style JSA claim (as a non-means-tested benefit) does not involve partner's earnings, but in a dual claim the partner's income is factored into the Universal Credit decision and calculation. Likewise, an New Style JSA claim does not consider savings, whereas in a dual claim If a claimant (or joint claimants) have savings and capital above £16k they cannot be entitled to Universal Credit.
- The monies from the New Style JSA award are classed as 'unearned income' in the Universal Credit calculation. As unearned income is deducted from the amount of any Universal Credit award, that means that for every pound of New Style JSA awarded, the Universal Credit is reduced by the same.
- New Style JSA does count as taxable income whereas Universal Credit does not.
- In a dual claim the Claimant Commitment is to the Universal Credit terms, not the New Style JSA terms (although there is Claimant Commitment agreed to in both). This means that the sanctions are applied to the Universal Credit claim rather than to the New Style JSA claim. If a sanction is applied the New Style JSA monies continue to be paid at the same rate whilst it is the Universal Credit that is reduced. As there are no sanctions currently applied in New Style JSA it means that effectively the sanctions regime only becomes applicable in a dual claim.

Award Ends

1. An award of New Style JSA ends because the basic or contribution conditions are no longer met, or because the 182-day limit of the job-seeking period is reached.

2. If the reason for the award ending is that they have reached the 182-day limit they can make a 'credits-only' claim, in order to receive class 1 National Insurance credits (in DWP terms they are a 'non claimant'). That can only happen if they are not a Universal Credit recipient, and if they later claim Universal Credit then the 'credits-only' claim ends.
3. In a dual claim when the New Style JSA stops the class 1 National Insurance credits end, and the claimant receives class 3 National Insurance credits for the continuing Universal Credit claim.

Making a Claim

- Where a jobseeker applies for New Style JSA they initially apply online on Gov.uk, or by phone if they are unable to do an online application. [Gov.uk](https://www.gov.uk) explains the main conditions of entitlement (and also explains that a Universal Credit claim can also be made). The applicant provides basic personal details and also provides a recent work history (6 months). A confirmatory text and email, where applicable, are sent to jobseeker as claim processing takes place.
- The claim is received by G4S (third party provider) who retrieve the claim from the online system, or take the new claim over the phone, and send to the Service Centre (SC) for processing. This is usually done within 24 hours of receipt of claim.
- The processor will verify the claimants's identity and consider backdating before the application is then processed up to a given point (pre award status) to determine entitlement.
- If there is no underlying entitlement (e.g. insufficient National Insurance contributions paid) the claim is processed through to completion and closed. The customer then receives a letter confirming they are not entitled.
- If there is underlying entitlement, the claim is partially processed but paused **before** the award is finalised / subsequent payment is released. If it is towards the end of a benefit year then claimants *must* be told that the date of the claim could make an impact in so far as it relates to which tax years are taken into account in the contribution conditions. They can then decide to proceed or hold their claim until the next benefit year. If they hold off their claim, then in the meantime they can apply for a 'credits only' claim (this does not apply if they are a Universal Credit recipient) where they receive class 1 National Insurance credits only, but receive no monies. Claiming 'Credits Only' involves a separate claim form and is operated clerically within the SC network.
- The claim is referred back to G4S for a Claimant Commitment (CC) appointment to be booked. These initial actions taken by the service centre are usually done within 3 days of receiving the claim details.
- Where the customer has provided a mobile number, the G4S agent will book the next available appointment and send an SMS confirming the time and date. The SMS will also say that the claim cannot be paid until they attend and given a phone number to call if they are unable to attend.
- If there is only a landline number, the G4S agent will call the customer and book an appointment with them over the phone. If no contact number has been provided, a letter is sent to the customer advising them to contact the agent. G4S usually book appointments by the end of the next working day.
- The work coach interview will usually occur within 3 days of the appointment being booked.

- At that interview it will be confirmed whether the claimant wishes to claim just New Style JSA, or both New Style JSA and Universal Credit. They should be informed about the advantages and differences between the benefits – however the choice must be the claimants. (If a jobseeker had applied for Universal Credit only, and at the interview it appears that they could possibly be entitled to New Style JSA based on their work history, they will be advised to go to Gov.uk and apply if they meet the criteria).
- The CC is agreed at the end of the interview, after the claimant has had the opportunity to fully explain their situation, and having considered what is reasonable and achievable in the claimant's individual circumstances. Failure to agree a Claimant Commitment disallows the claim. If the claimant is already a Universal Credit recipient, then there will already be a Claimant Commitment in place for Universal Credit, however they would still have to agree another one for New Style JSA.
- The work coach sends an email to the SC to advise that the Claimant Commitment has been agreed. An entitlement decision is then made by the SC agent and notification sent in writing. Initial payment (usually a part payment) is made within 7 days of a successful interview. The work coach sends confirmation to the SC that a CC has been agreed (or not as the case may be) and that the claim can be fully processed. The processing action is taken by the SC within 24 hours, which will release any payments if due and send a notification to the customer. The customer is told by the WC that if they are due any money this will be released within 7 days.

Ongoing Award

- The claimant will be monitored to ensure that they are meeting the terms of the claimant commitment, and still meet the conditions of entitlement. The frequency of such monitoring is dependent on the individual concerned. The Claimant Commitment should be reviewed and revised where appropriate.
- 'Signing Evidence' must be input into JSA computer system every fortnight, regardless of the frequency of interaction between the claimant and work coach.
- Material changes of circumstances must be reported.

End of Award

- Where the claimant no longer meets the conditions of entitlement the award will end (unless this was a temporary circumstance which the Department did not discover until the claimant once again met the conditions, in which case a closed period supersession will apply). Work coaches will channel the claimant to Universal Credit if appropriate, or they will be referred to Gov.uk for other benefit information
- Where the claimant has used their 182 days of job-seeking period then the award will end. However, the claimant may be able to claim 'credits-only' on the basis of unemployment at that point in order to receive class 1 National Insurance credits (but no monies), as long as they are not a Universal Credit recipient.
- The claimant must wait 12 weeks before they can reclaim to New Style JSA.

Appendix 1

Historic Rates of Contributory ESA & Comparison (including both Assessment Phase rates, WRAC Component and Support Component)

YEAR	ASSM PHASE U25 (AND % RISE)	ASSM PHASE 25 AND OVER (AND % RISE)	SUPPORT COMP (AND % RISE)	WRAC COMP (AND % RISE)	RPI RISE* (%) (IN CALENDAR YEAR)
2022/2023	61.05 (+3.13)	77 (+3.08)	40.60 (+2.28)	30.60 (+3.03)	
2021/2022	59.20 (+0.51)	74.70 (+0.47)	39.40 (+0.5)	29.70 (+0.51)	4.1
2020/2021	58.90 (+1.73)	74.35 (+1.71)	39.20 (+1.69)	29.55 (+1.72)	1.5
2019/2020	57.90 (+0)	73.10 (+0)	38.55 (+2.39)	29.05 (+0)	2.6
2018/2019	57.90 (+0)	73.10 (+0)	37.65 (+3.01)	29.05 (+0)	3.3
2017/2018	57.90 (+0)	73.10 (+0)	36.55 (+0.97)	29.05 (+0)	3.6
2016/2017	57.90 (+0)	73.10 (+0)	36.20 (+0)	29.05 (+0)	1.8
2015/2016	57.90 (+0.96)	73.10 (+0.97)	36.20 (+1.26)	29.05 (+1.04)	1
2014/2015	57.35 (+0.97)	72.40 (+0.97)	35.75 (+2.73)	28.75 (+1.05)	2.4
2013/2014	56.80 (+0.98)	71.70 (+0.99)	34.80 (+2.2)	28.45 (+1.07)	3
2012/2013	56.25 (+5.24)	71.00 (+5.18)	34.05 (+5.26)	28.15 (+5.23)	3.2
2011/2012	53.45 (+3.09)	67.50 (+3.13)	32.35 (+3.03)	26.75 (+3.08)	5.2
2010/2011	51.85 (+1.77)	65.45 (+1.78)	31.40 (+1.78)	25.95 (+1.76)	4.6
2009/2010	50.95 (+6.26)	64.30 (+6.28)	30.85 (+6.38)	25.50 (+6.25)	-0.5
2008/2009	47.95	60.50	29	24	4

Historic Rates of Contributory JSA & comparison

YEAR	UNDER 25 (AND % RISE)	25 AND OVER (AND % RISE)	UNIVERSAL CREDIT U25 STANDARD ALLOWANCE INCREASE (%)	RPI RISE (%)* (IN CALENDAR YEAR)
2022/2023	61.05 (+3.13)	77 (+3.08)	3.1	
2021/2022	59.20 (+0.51)	74.70 (+0.47)	0.37	4.1
2020/2021	58.90 (+1.73)	74.35 (+1.71)	36.12	1.5
2019/2020	57.90 (+0)	73.10 (+0)	0	2.6
2018/2019	57.90 (+0)	73.10 (+0)	0	3.3
2017/2018	57.90 (+0)	73.10 (+0)	0	3.6
2016/2017	57.90 (+0)	73.10 (+0)	1	1.8
2015/2016	57.90 (+0.96)	73.10 (+0.97)	1	1
2014/2015	57.35 (+0.97)	72.40 (+0.97)		2.4
2013/2014	56.80 (+0.98)	71.70 (+0.99)		3
2012/2013	56.25 (+5.24)	71.00 (+5.18)		3.2
2011/2012	53.45 (+3.09)	67.50 (+3.13)		5.2
2010/2011	51.85 (+1.77)	65.45 (+1.78)		4.6
2009/2010	50.95 (+6.26)	64.30 (+6.28)		-0.5
2008/2009	47.95	60.50		4

*Source for RPI Rates [RPI All Items: Percentage change over 12 months: Jan 1987=100 - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/employment-and-labour-markets/employment-and-unemployment/rates-of-unemployment)

Historic rates of weekly Lower Earnings Limit (LEL)

YEAR	LEL (£)
2022/2023	123
2021/2022	120
2020/2021	120
2019/2020	118
2018/2019	116
2017/2018	113
2016/2017	112
2015/2016	112
2014/2015	111
2013/2014	109
2012/2013	107
2011/2012	102
2010/2011	97
2009/2010	95
2008/2009	90

Appendix 2

The Limited Capability for Work Test

To satisfy the test one must score 15 points in aggregate across all the descriptors (whether they be in Part 1 or Part 2):

PART 1 Physical Disabilities

Activity	Descriptors & Points
1. Mobilising unaided by another person with or without a walking stick, manual wheelchair or other aid if such aid is normally or could reasonably be worn or used.	<p>1(a) Cannot, unaided by another person, either: (i) mobilise more than 50 metres on level ground without stopping in order to avoid significant discomfort or exhaustion; or (ii) repeatedly mobilise 50 metres within a reasonable timescale because of significant discomfort or exhaustion. (15 points)</p> <p>(b) Cannot, unaided by another person, mount or descend two steps even with the support of a handrail. (9 points)</p> <p>(c) Cannot, unaided by another person, either: (i) mobilise more than 100 metres on level ground without stopping in order to avoid significant discomfort or exhaustion; or (ii) repeatedly mobilise 100 metres within a reasonable timescale because of significant discomfort or exhaustion. (9 points)</p> <p>(d) Cannot, unaided by another person, either: (i) mobilise more than 200 metres on level ground without stopping in order to avoid significant discomfort or exhaustion; or (ii) repeatedly mobilise 200 metres within a reasonable timescale because of significant discomfort or exhaustion. (6 points)</p> <p>(e) None of the above applies. (0 points)</p>
2. Standing and sitting.	<p>2(a) Cannot move between one seated position and another seated position which are located next to one another without receiving physical assistance from another person. (15 points)</p> <p>(b) Cannot, for the majority of the time, remain at a work station: (i) standing unassisted by another person (even if free to move around); (ii) sitting (even in an adjustable chair); or (iii) a combination of paragraphs (i) and (ii),</p>

	<p>for more than 30 minutes, before needing to move away in order to avoid significant discomfort or exhaustion. (9 points)</p> <p>(c) Cannot, for the majority of the time, remain at a work station:</p> <p>(i) standing unassisted by another person (even if free to move around);</p> <p>(ii) sitting (even in an adjustable chair); or</p> <p>(iii) a combination of paragraphs (i) and (ii), for more than an hour before needing to move away in order to avoid significant discomfort or exhaustion. (6 points)</p> <p>(d) None of the above applies. (0 points)</p>
3. Reaching.	<p>3(a) Cannot raise either arm as if to put something in the top pocket of a coat or jacket. (15 points)</p> <p>(b) Cannot raise either arm to top of head as if to put on a hat. (9 points)</p> <p>(c) Cannot raise either arm above head height as if to reach for something. (6 points)</p> <p>(d) None of the above applies. (0 points)</p>
4. Picking up and moving or transferring by the use of the upper body and arms.	<p>4(a) Cannot pick up and move a 0.5 litre carton full of liquid. (15 points)</p> <p>(b) Cannot pick up and move a one litre carton full of liquid. (9 points)</p> <p>(c) Cannot transfer a light but bulky object such as an empty cardboard box. (6 points)</p> <p>(d) None of the above applies. (0 points)</p>
5. Manual dexterity.	<p>5(a) Cannot press a button (such as a telephone keypad) with either hand or cannot turn the pages of a book with either hand. (15 points)</p> <p>(b) Cannot pick up a £1 coin or equivalent with either hand. (15 points)</p> <p>(c) Cannot use a pen or pencil to make a meaningful mark with either hand. (9 points)</p> <p>(d) Cannot single-handedly use a suitable keyboard or mouse. (9 points)</p> <p>(e) None of the above applies. (0 points)</p>
6. Making self understood through speaking, writing, typing, or other means which are normally or could reasonably be used, unaided by another person.	<p>6(a) Cannot convey a simple message, such as the presence of a hazard. (15 points)</p> <p>(b) Has significant difficulty conveying a simple message to strangers. (15 points)</p> <p>(c) Has some difficulty conveying a simple message to strangers. (6 points)</p> <p>(d) None of the above applies. (0 points)</p>
7. Understanding communication by: (i) verbal means (such as hearing or lip reading) alone;(ii) non-verbal means	<p>7(a) Cannot understand a simple message, such as the location location of a fire escape, due to sensory impairment. (15 points)</p> <p>b) Has significant difficulty understanding a simple message from a stranger due to sensory impairment. (15 points)</p>

<p>(such as reading 16 point print or Braille) alone; or (iii) a combination of sub-paragraphs (i) and (ii), using any aid that is normally or could reasonably be used, unaided by another person.</p>	<p>(c) Has some difficulty understanding a simple message from a stranger due to sensory impairment. (6 points) (d) None of the above applies. (0 points)</p>
<p>8. Navigation and maintaining safety using a guide dog or other aid if either or both are normally used or could reasonably be used.</p>	<p>8(a) Unable to navigate around familiar surroundings, without being accompanied by another person, due to sensory impairment. (15 points) (b) Cannot safely complete a potentially hazardous task such as crossing the road, without being accompanied by another person, due to sensory impairment. (15 points) (c) Unable to navigate around unfamiliar surroundings, without being accompanied by another person, due to sensory impairment. (9 points) (d) None of the above applies. (0 points)</p>
<p>9. Absence or loss of control whilst conscious leading to extensive evacuation of the bowel and/or bladder, other than enuresis (bed-wetting), despite the wearing or use of any aids or adaptations which are normally or could reasonably be worn or used.</p>	<p>9(a) At least once a month experiences: (i) loss of control leading to extensive evacuation of the bowel and/or voiding of the bladder; or (ii) substantial leakage of the contents of a collecting device, sufficient to require cleaning and a change in clothing. (15 points) (b) The majority of the time is at risk of loss of control leading to extensive evacuation of the bowel and/or voiding of the bladder, sufficient to require cleaning and a change in clothing, if not able to reach a toilet quickly. (6 points) (c) Neither of the above applies. (0 points)</p>
<p>10. Consciousness during waking moments.</p>	<p>10(a) At least once a week, has an involuntary episode of lost or altered consciousness resulting in significantly disrupted awareness or concentration. (15 points) (b) At least once a month, has an involuntary episode of lost or altered consciousness resulting in significantly disrupted awareness or concentration. (6 points) (c) Neither of the above applies. (0 points)</p>

PART 2 Mental, cognitive and intellectual function assessment

Activity	Descriptors and points
11. Learning tasks.	<p>11(a) Cannot learn how to complete a simple task, such as setting an alarm clock. (15 points)</p> <p>(b) Cannot learn anything beyond a simple task, such as setting an alarm clock. (9 points)</p> <p>(c) Cannot learn anything beyond a moderately complex task, such as the steps involved in operating a washing machine to clean clothes. (6 points)</p> <p>(d) None of the above applies (0 points)</p>
12. Awareness of everyday hazards (such as boiling water or sharp objects).	<p>12(a) Reduced awareness of everyday hazards leads to a significant risk of:</p> <p>(i) injury to self or others; or</p> <p>(ii) damage to property or possessions, such that the claimant requires supervision for the majority of the time to maintain safety. (15 points)</p> <p>(b) Reduced awareness of everyday hazards leads to a significant risk of:</p> <p>(i) injury to self or others; or</p> <p>(ii) damage to property or possessions, such that the claimant frequently requires supervision to maintain safety. (9 points)</p> <p>(c) Reduced awareness of everyday hazards leads to a significant risk of:</p> <p>(i) injury to self or others; or</p> <p>(ii) damage to property or possessions, such that the claimant occasionally requires supervision to maintain safety. (6 points)</p> <p>(d) None of the above applies. (0 points)</p>
13. Initiating and completing personal action (which means planning, organisation, problem solving, prioritising or switching tasks).	<p>13(a) Cannot, due to impaired mental function, reliably initiate or complete at least two sequential personal actions. (15 points)</p> <p>(b) Cannot, due to impaired mental function, reliably initiate or complete at least two sequential personal actions for the majority of the time. (9 points)</p> <p>(c) Frequently cannot, due to impaired mental function, reliably initiate or complete at least two sequential personal actions. (6 points)</p> <p>(d) None of the above applies. (0 points)</p>
14. Coping with change.	<p>14(a) Cannot cope with any change to the extent that day to day life cannot be managed. (15 points)</p> <p>(b) Cannot cope with minor planned change (such as a pre-arranged change to the routine time scheduled for a lunch</p>

	<p>break), to the extent that, overall, day to day life is made significantly more difficult. (9 points)</p> <p>(c) Cannot cope with minor unplanned change (such as the timing of an appointment on the day it is due to occur), to the extent that, overall, day to day life is made significantly more difficult. (6 points)</p> <p>(d) None of the above applies. (0 points)</p>
15. Getting about.	<p>15(a) Cannot get to any place outside the claimant's home with which the claimant is familiar. (15 points)</p> <p>(b) Is unable to get to a specified place with which the claimant is familiar, without being accompanied by another person. (9 points)</p> <p>(c) Is unable to get to a specified place with which the claimant is unfamiliar without being accompanied by another person. (6 points)</p> <p>(d) None of the above applies. (0 points)</p>
16. Coping with social engagement due to cognitive impairment or mental disorder.	<p>16(a) Engagement in social contact is always precluded due to difficulty relating to others or significant distress experienced by the claimant. (15 points)</p> <p>(b) Engagement in social contact with someone unfamiliar to the claimant is always precluded due to difficulty relating to others or significant distress experienced by the claimant. (9 points)</p> <p>(c) Engagement in social contact with someone unfamiliar to the claimant is not possible for the majority of the time due to difficulty relating to others or significant distress experienced by the claimant. (6 points)</p> <p>(d) None of the above applies. (0 points)</p>
17. Appropriateness of behaviour with other people, due to cognitive impairment or mental disorder.	<p>17(a) Has, on a daily basis, uncontrollable episodes of aggressive or disinhibited behaviour that would be unreasonable in any workplace. (15 points)</p> <p>(b) Frequently has uncontrollable episodes of aggressive or disinhibited behaviour that would be unreasonable in any workplace. (15 points)</p> <p>(c) Occasionally has uncontrollable episodes of aggressive or disinhibited behaviour that would be unreasonable in any workplace. (9 points)</p> <p>(d) None of the above applies. (0 points)</p>

The Support Group (LCWRA) Test

To satisfy the test one must satisfy any one of the following descriptors:

1. Mobilising unaided by another person with or without a walking stick, manual wheelchair or other aid if such aid is normally or could reasonably be worn or used.	Cannot either: (a) mobilise more than 50 metres on level ground without stopping in order to avoid significant discomfort or exhaustion; or (b) repeatedly mobilise 50 metres within a reasonable timescale because of significant discomfort or exhaustion.
2. Transferring from one seated position to another	Cannot move between one seated position and another seated position located next to one another without receiving physical assistance from another person
3. Reaching	Cannot raise either arm as if to put something in the top pocket of a coat or jacket.
4. Picking up and moving or transferring by the use of the upper body and arms (excluding standing, sitting, bending or kneeling and all other activities specified in this Schedule).	Cannot pick up and move a 0.5 litre carton full of liquid.
5. Manual dexterity.	Cannot press a button (such as a telephone keypad) with either hand or cannot turn the pages of a book with either hand
6. Making self understood through speaking, writing, typing, or other means which are normally, or could reasonably be, used unaided by another person.	Cannot convey a simple message, such as the presence of a hazard.
7. Understanding communication by: (i) verbal means (such as hearing or lip reading) alone;(ii) non-verbal means (such as reading 16 point print or Braille) alone; or (iii) a combination of sub-paragraphs (i) and (ii), using any aid that is normally, or could reasonably, be used unaided by another person.	Cannot understand a simple message, such as the location of a fire escape, due to sensory impairment
8. Absence or loss of control whilst conscious leading to extensive evacuation of the bowel and/or voiding of the bladder, other than enuresis (bed-wetting), despite	At least once a week experiences: (a) loss of control leading to extensive evacuation of the bowel and/or voiding of the bladder; or

the wearing or use of any aids or adaptations which are normally or could reasonably be worn or used.	(b) substantial leakage of the contents of a collecting device sufficient to require the individual to clean themselves and change clothing.
9. Learning tasks.	Cannot learn how to complete a simple task, such as setting an alarm clock, due to cognitive impairment or mental disorder.
10. Awareness of hazard.	Reduced awareness of everyday hazards, due to cognitive impairment or mental disorder, leads to a significant risk of: (a) injury to self or others; or (b) damage to property or possessions, such that the claimant requires supervision for the majority of the time to maintain safety.
11. Initiating and completing personal action (which means planning, organisation, problem solving, prioritising or switching tasks). ¹¹ Cannot, due to impaired mental function, reliably initiate or complete at least two sequential personal actions	Cannot, due to impaired mental function, reliably initiate or complete at least two sequential personal actions
12. Coping with change.	Cannot cope with any change, due to cognitive impairment or mental disorder, to the extent that day to day life cannot be managed.
13. Coping with social engagement, due to cognitive impairment or mental disorder.	Engagement in social contact is always precluded due to difficulty relating to others or significant distress experienced by the claimant
14. Appropriateness of behaviour with other people, due to cognitive impairment or mental disorder.	Has, on a daily basis, uncontrollable episodes of aggressive or disinhibited behaviour that would be unreasonable in any workplace
15. Conveying food or drink to the mouth.	Cannot convey food or drink to the claimant's own mouth without receiving physical assistance from someone else; (b) Cannot convey food or drink to the claimant's own mouth without repeatedly stopping or experiencing breathlessness or severe discomfort; (c) Cannot convey food or drink to the claimant's own mouth without receiving regular prompting given by someone else in the claimant's presence; or (d) Owing to a severe disorder of mood or behaviour, fails to convey food or drink to the claimant's own mouth without receiving: (i) physical assistance from someone else; or

	(ii) regular prompting given by someone else in the claimant's presence.
16. Chewing or swallowing food or drink.	<p>Cannot chew or swallow food or drink;</p> <p>(b) Cannot chew or swallow food or drink without repeatedly stopping or experiencing breathlessness or severe discomfort;</p> <p>(c) Cannot chew or swallow food or drink without repeatedly receiving regular prompting given by someone else in the claimant's presence; or</p> <p>(d) Owing to a severe disorder of mood or behaviour, fails to:</p> <p>(i) chew or swallow food or drink; or</p> <p>(ii) chew or swallow food or drink without regular prompting given by someone else in the claimant's presence.</p>

Appendix 3

Useful Links

[Gov.UK](#)

[Advice for Decision Makers](#)

[Conditions of Entitlement](#)

[Limited Capability for Work and Limited Capability for Work-Related Activity](#)

[The Claimant Commitment](#)

[Work-Related Requirement Groups](#)

[Work-Related Requirements](#)

[Disqualification](#)

[Award Made Pending Appeal](#)

[Amounts of Allowance and Part-week Payments](#)

[Duration of Award](#)

[Effect of Work](#)

[Employed Earners](#)

[Self-Employed Earners](#)

[Assessment Phase and Support Component](#)

[Sanctions](#)

[Transition](#)

[Advice For Decision Makers \(ADM\)](#)

[Jobseeking Periods, Contribution Conditions, Duration of JSA](#)

[Basic Conditions of Entitlement](#)

[The Claimant Commitment](#)

[JSA Claimant Responsibilities – Work-related requirements](#)

[Trade Disputes](#)

[Amounts Payable and Part-week Payments](#)

[JSA and Employed Earners](#)

[JSA Self-Employed Earners and Share Fishermen](#)

[JSA Sanctions – General Principles](#)

[JSA Higher Level Sanctions](#)

[JSA Medium Level Sanctions](#)

[JSA Low Level Sanctions](#)

[Effects of Transition to Universal Credit](#)

[Government Online Guidance](#)

[Gov.uk Guidance](#)

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DWP Research Librarians: literature review

Summary of results/key findings

Databases consulted were:

DWP Library Catalogue
IDOX
EBSCO Discovery

Key search terms included variants on “new style”, “contributory”, “job seekers allowance (JSA)”, “employment and support allowance (ESA)”, “welfare”, “benefits”, and “social security”. The search was limited to material published since 1995.

The results are categorised below in chronological order with the most recent first. Links have been provided to full text where available via DWP IT systems.

Literature specific to new style (or contributory) JSA and ESA is limited, and mainly focuses on ESA. The literature retrieved is on the impact that welfare reforms (such as the introduction of Universal Credit), will have on pre-existing contributory benefits; which could be utilised more widely within the UK.

Timeline

2007

In “[Reducing dependency, increasing opportunity: options for the future of welfare to work](#)” (DWP, 2007), the case is made “for moving towards a single system of working age benefits, ideally a single benefit, to support the Government’s ambition of work for those who can and support for those who cannot”.

2009

The Centre for Social Justice publish the policy report “[Dynamic benefits: towards welfare that works](#)” outlining the concept of a simplifying social security benefits under a new single benefit, Universal Credit Scheme.

2010

The Coalition government publish a consultation on welfare reform: “[21st Century Welfare](#)” (DWP. Cm 7813, July 2010) outlining the introduction of a new benefits system, Universal Credit, which would “be a new approach to supporting working-age households.”

In October DWP announces the introduction of Universal Credit as a means to “simplify the benefit system and improve work incentives.”

A white paper is published: “[Universal Credit: welfare that works](#)” (DWP. Cm 7957, November 2010) outlining the evidence for change, how Universal Credit will work, how it will affect benefit recipients and its broader impact on the benefit system.

This is followed by an [Impact Assessment](#) and [Equality Impact Assessment](#)

2011

The design and build of Universal Credit begins. The aim is that Universal Credit would start with all new out of work claims from October 2013, all new in-work claims from April 2014 thereafter, all benefit claims would be moved over to Universal Credit by October 2017. Testing would begin in pathfinder areas and new technology used to support the new benefit will be developed by external contractors
Two [Major Projects Authority](#) (MPA) reviews are carried out in 2011.
9th December 2011: [Equality Impact Assessment](#) about Universal Credit introduced under the Welfare Reform Act 2012.

2012

The [Welfare Reform Act](#) is passed.

23rd July Welfare Reform Act 2012: equality impact assessments - A [collection of equality impact assessments](#) relating to Welfare Reform Act 2012.

10th December Universal Credit [Impact Assessment](#) by the DWP

10th December The [Social Security Advisory Committee \(SSAC\)](#) reports on the [draft Universal Credit and related regulations](#).

2013

The Major Projects Review Group review Universal Credit and raise concerns about the programme's progress. The Universal Credit programme is paused and 'reset'. New plans for the project includes a proposal to run a "live service" in the pathfinder areas using the technology developed so far alongside a new digital system ("full service") using technology developed in-house.

The focus is switched from a national roll out to getting the pathfinders to work.

In April 2013 Universal Credit is rolled out to Ashton-under-Lyne jobcentre to test Universal Credit in a live environment. It is the first of four pathfinders with Warrington, Wigan and Oldham jobcentres joining later in the year. It is tested using benefit claims from single, childless, out-of-work claimants who would otherwise be eligible for Jobseeker's Allowance. This is the Live Service.

By December 150 people had been signed up to Universal Credit in the four Live Service pilot areas.

2014

A very limited number of new claims from couples are added to the Live Service. Announcement in November 2014 that the transfer of claimant to Universal Credit would not start until January 2018, the aim is to complete it by the end of 2019.

From 16 June 2014, '[gateway conditions](#)' are introduced. These conditions set out whether or not a person living in a designated live service postcode area is able to make a claim for Universal Credit. If the person met the gateway conditions and lived in a postcode that was accepting Universal Credit claims, they were able to submit a claim.

2015

The roll-out of the live service to jobcentres continues, mainly for single people and for new claims only but with some complex cases gradually added.

Summer Budget announces reductions in the "work allowances" for most Universal Credit claimants, commencing April 2016.

By December 2015, 530 out of the 700 jobcentres are using Live Service, although the number of live cases remained small. Universal Credit full service trials start in Croydon, Southwark and Sutton.

2016

By Spring 2016, 700 jobcentres are on the Live Service for single unemployed people (or people with very low earnings) satisfying the gateway conditions. In May 2016 the DWP began rolling out the [Universal Credit Full Service](#). Full Service would then roll out to 5 jobcentres a month increasing to 50 jobcentres a month from 2017 concluding with the final jobcentres in September 2018.

In November 2016, to encourage incentives to work, the government announced a reduction in the Universal Credit post-tax taper rate, which controls the reduction of Universal Credit as employment income grows, from 65% to 63% of post-tax income.

December 2016 : Claimants can apply for [New Style JSA](#) and [New Style ESA](#) separately to Universal Credit. New Style ESA is a contributory benefit that can be claimed by people who have paid or been credited with enough National Insurance contributions in the 2 full tax years before the year their claiming in. New Style Jobseeker's Allowance (JSA) can be claimed with, or instead of, Universal Credit, depending on a claimants' national insurance record.

2017

Autumn: in response to evidence of problems experienced by people moving onto Universal Credit measures are introduced with the aim of easing claimants transition to Universal Credit. These included abolishing the 7-day "waiting period", increasing the amount of the advance payment people can get at the start of their claim and extending the repayment period for advances, and allowing people moving onto Universal Credit to continue to receive Housing Benefit for two weeks. Universal Credit roll out in Northern Ireland started in September 2017.

2018

Universal Credit Live Service closed to new claims from 1 January 2018. The 2018 Budget increases the Work Allowance – the amount claimants can earn before Universal Credit begins to be withdrawn – by £1,000 a year. Extra transitional support for claimants moving to Universal Credit also announced
April 2018: Universal Credit Full Service rolled out to 258 jobcentres with rollout completion planned for December 2018, when it will be available to the full range of applicants in every jobcentre.

2019

By March all remaining claimants on the Universal Credit Live Service are moved to the online Universal Credit Full Service
A "managed migration" pilot project starts in Harrogate in July 2019 with the aim to gradually move people in receipt of existing benefits over to Universal Credit. The pilot was set up to involve up to 10,000 existing claimants in Harrogate and was due to conclude in July 2020. Transitional protection is put in place to ensure that most

claimants are not worse off as a result of the managed migration from their previous benefits to Universal Credit.

2020

A marked increase in the number of claims for Universal Credit due to the COVID-19 Pandemic. Temporary changes are made to Universal Credit in response. Universal Credit continues to be claimed online but claimants are not expected to attend the jobcentre for the initial interview; claimants are not expected to accept claimant commitments to be entitled to Universal Credit. As a response to the Pandemic, requirements to attend appointments, undertake work preparation, undertake work search and be available for work are temporarily suspended. Conditionality requirements are gradually reintroduced from 1 July 2020.

The April 2020 Budget arrangements included a £20 increase in weekly standard allowance of £20 a week above planned uprating for 1 year to support households during the pandemic; support to the self-employed by temporary suspension of the Minimum Income Floor.

Due to the COVID-19-19 Pandemic, the managed migration pilot is suspended.

2021

Amongst other Budget announcement Universal Credit claimants will continue to get the £20 per week uplift until the end of September. Additionally, Universal Credit advances won't need to be repaid for 24 months from April 2021.

Universal Credit surplus earnings threshold extended. Universal Credit claimants will continue to get the higher surplus earnings threshold of £2,500 until April 2022.

Full roll out of Universal Credit is now set for September 2024.

DWP Research Reports

DWP

Employment and Support Allowance work-related activity group pilots

Jan 2019

<https://www.gov.uk/government/publications/employment-and-support-allowance-work-related-activity-group-pilots>

Findings from pilots to support Employment and Support Allowance (ESA) work-related activity group claimants with 18 to 24 month re-referral periods.

DWP

Employment and Support Allowance trials 2015

Aug 2017

<https://www.gov.uk/government/publications/employment-and-support-allowance-trials-2015>

These reports summarises the evaluations of three trials that formed part of a package of support for Employment and Support Allowance (ESA) claimants launched in spring 2015, namely, Voluntary Early Intervention (VEI), Claimant Commitment (CC) and More Intensive Support (MIS). The additional support aimed to help claimants progress towards the labour market.

DWP

Destinations of jobseekers allowance, IS, ESA leavers 2011

2012

<https://d92022uk.eos-intl.eu/D92022UK/OPAC/Details/Record.aspx?BibCode=15978621>

This report details findings from a study conducted to explore the destinations of a leavers cohort of individuals who ended a claim for Jobseeker's Allowance (JSA), Income Support (IS) and Employment and Support Allowance (ESA).

DWP

Routes onto Employment and Support Allowance

2011

<https://d92022uk.eos-intl.eu/D92022UK/OPAC/Details/Record.aspx?BibCode=6848924>

This report presents findings from a two-wave survey of people who claimed ESA between April and June 2009. It examines the social characteristics of ESA claimants and their employment trajectories over a period of approximately 18 months. The aim of the report is to provide information about who flows onto, and off ESA and the reasons for doing so.

Think tanks and pressure groups

Resolution Foundation

- Karl Handscomb

Safe harbour? Six key welfare policy decisions to navigate this winter

2020

<https://www.resolutionfoundation.org/app/uploads/2020/10/Safe-Harbour-spotlight.pdf>

Explores key issues relating to welfare benefits policy that the UK Government needs to address over the winter months of 2020/21. Explains that unemployment is set to increase substantially as coronavirus (COVID-19) economic support schemes change, making more people dependent on the social security system. Discusses six key decisions that central government has to make concerning welfare benefits: whether to maintain the temporary £20 a week increase in certain benefits; whether to extend the grace period and level of the benefits cap; whether to extend or adapt the minimum income floor; whether to extend the £20 a week increase to other legacy benefits; how to address the nature of contributory benefits; and reconsider the design of the state pension 'triple-lock'.

Child Poverty Action Group in Scotland

Universal Credit full service roll out: what the Early Warning System cases are telling us

2017

https://cpag.org.uk/sites/default/files/CPAG_EWS_Universal_Credit%20full%20service%20May%202017.pdf

Considers what early case evidence tells us about the impact of 'full service' Universal Credit on individuals and families, and looks at how people planning services, as well as policymakers, might be able to take these issues into account to

prevent negative outcomes. Explains that full service Universal Credit will involve the roll-out across the country, and the removal of legacy benefits such as income-based JSA. Provides dates on when full service Universal Credit will be rolled out across local authority areas in Scotland.

Demos

- Duncan O'Leary

Something for something: restoring a contributory principle to the welfare state

2013

http://www.demos.co.uk/files/Something_For_Something_-_DuncanOLeary.pdf

Presents proposals for contributory welfare. Examines public attitudes to welfare. Considers how to increase the contributory element in the welfare system.

Recommends: creating a two-tier system for Job Seekers Allowance, in which those who have strong contribution records would be entitled to more during periods of unemployment; equalising out-of-work benefits for disabled and non-disabled people; and increasing the Personal Independence Payment (PIP), the benefit replacing the Disability Living Allowance. Argues that the proposals would reinforce a sense of reciprocity in the welfare system.

Kate Bell

Poverty, social security and stigma: proud to be poor is not a banner under which many want to march

In: Poverty 144 p10-13 Spring 2013

<https://cpag.org.uk/sites/default/files/CPAG-Povertyarticle-stigma-0213.pdf>

Considers the argument that benefit recipients are seen as less deserving and less entitled to claim than has been the case historically and that, as a result of this perception, they likely to be 'stigmatised' when they do claim, as set out in report 'Benefits stigma in Britain' (Ref. B28696) which identifies this increasing feeling towards claimants. Highlights different levels of claim shame, including personal (one's own feelings), social (the views of others) and institutional (the process of claiming) and finds that survey respondents perceive that such stigma is a common experience. Discusses what has been driving this trend including the broadcasting media, newspaper reports focusing on fraud, claimants' perceived lack of effort to get a job and come off benefits, and the use of such emotive terms as 'skivers' and 'scroungers'. Looks at ways to improve the situation and cites international evidence that shows that universal and contributory benefits are less stigmatising than those that require a means-test, for example tax credits are seen as less stigmatising and argues that such a distinction is likely to be harder to maintain with the introduction of the universal credit (Universal Credit).

Trades Union Congress

- Kate Bell and Declan Gaffney

Making a contribution: social security for the future

Touchstone pamphlet no 12

2012

<https://www.tuc.org.uk/research-analysis/reports/making-contribution-social-security-future>

Addresses concerns about the social security system, arguing that the perceptions of

abuse are mistaken and that revived and enhanced contributory benefits could help re-build support, improve Britain's economic performance, and help address the problems of an ageing society. Focuses on National Insurance contributions and highlights the positive case for the contributory principle. Suggests that raising the perceived value of contributions for the great majority of working people could help reduce the sense that social security is primarily 'for the poor'. Notes that, compared to means-tested benefits, the contributory principle may increase the willingness among the public to pay for social security and decrease the stigma of claiming. Considers options to increase the returns to contributions and argues that a contributory approach could provide invaluable help in managing the trade-off between work and other uses of time such as parental responsibilities, caring and training. Looks at options for earnings or contributions-based top-ups for unemployment benefits and how the coverage of contributions-based benefits could be increased by both changes to contributions rules and improved labour market performance.

Devolved governments

Welsh Government

- Department for Local Government and Communities

Analysing the impact of the UK government's welfare reforms in Wales: stage 3 analysis part 2 - impacts in local authority areas

2014

<https://gov.wales/sites/default/files/publications/2019-03/stage3-part2-full-report.pdf>

Assesses 14 welfare reforms at the local authority level in Wales. Notes that nearly a quarter of the population aged 16-64 in these areas claim working age benefits, which are particularly affected by the changes in the way benefits and tax credits are updated, the time-limiting of contributory Employment and Support Allowance, the introduction of the Personal Independence Payment, and the size criteria in the social rented sector.

Parliament

House of Commons Library

- Elizabeth Parkin, 2015

Employment and Support Allowance: an introduction

Library briefing paper no CBP 07181

<http://researchbriefings.files.parliament.uk/documents/CBP-7181/CBP-7181.pdf>

Sets out the background to Employment and Support Allowance (ESA) and explains the basic conditions of entitlement for both Contributory ESA and Income-related ESA. Covers Work Capability Assessments and the provisions for permitted paid work. Notes that the government has proposed to align ESA rates for those in the Work-Related Activity group with Jobseekers Allowance, while providing new funding for additional support to help claimants return to work; and the Universal Credit will introduce a new conditionality regime requiring claimants to undertake activities tailored to their personal circumstances.

House of Commons Library

- Tim Jarrett, Steven Kennedy, Wendy Wilson

Welfare Reform Bill: reform of disability benefits, Housing Benefit, and other measures - Bill no 154 of session 2010-11

Library Research Paper 11/23

<https://commonslibrary.parliament.uk/research-briefings/rp11-23/>

Looks at provisions in the Welfare Reform Bill, including the replacement of the Disability Living Allowance with the proposed Personal Independence Payment; the restriction of Housing Benefit for social housing tenants who are living in properties deemed too large for their needs; the up-rating of Local Housing Allowance rates by the Consumer Price Index, rather than by reference to rent officer determinations; amendments to the forthcoming statutory child maintenance scheme; time-limiting the payment of contributory Employment and Support Allowance; and capping the total amount of benefit that can be claimed.

Journal articles

L Williams

Fair rewards or just deserts? The present and future of the contributory principle in the UK

In: Benefits: The Journal of Poverty & Social Justice 17(2) 159–169 2009

<https://search.ebscohost.com/login.aspx?direct=true&db=sxi&AN=41876304&site=eds-live>

The UK's post-war benefits system, established following the report of William Beveridge, was based on the contributory principle of benefits being payable in return for contributions made. In 2000 the UK Parliamentary Select Committee on social security reported on the contributory principle. This article surveys reforms affecting the contributory principle that have been undertaken since the Committee's report.

J Clasen & A Koslowski

Unemployment and Income Protection: How do Better-Earning Households Expect to Manage Financially?

In: Journal of Social Policy 42(3) 587–603 2013

<https://search.ebscohost.com/login.aspx?direct=true&db=edb&AN=87775055&site=eds-live> (Contact Library for article.)

Apart from health care and education, it could be argued that working-age households with above-average income in the UK have never relied as much on the welfare state as their counterparts in many other European countries. How then do better-earning households expect to cope financially with the risk of unemployment, and to what extent do they plan ahead for a possible loss of earnings? Based on sixty-one interviews with couples, the article discusses various sources of income protection that these households envisage drawing upon in the event of unemployment.

D Hall

Employment and Support Allowance - what next?

In: Journal of Poverty & Social Justice 19(1) 71–74 2011

<https://search.ebscohost.com/login.aspx?direct=true&db=sxi&AN=58651090&site=eds-live>

The article discusses the changes to the Employment and Support Allowance (ESA) set to start in March 2011. It discusses the telephone call regarding the migration to ESA for claimants of Incapacity Benefit (IB), Severe Disablement Allowance (SDA), and Income Support paid on grounds of incapacity (IS). It also cites the proposed changes to the descriptors to assess limited capability for work-related activity (LCWRA) and limited capability for work (LCW).

Exchange of correspondence between SSAC and DWP regarding policy intent

SOCIAL SECURITY
ADVISORY COMMITTEE

Mims Davies MP, Minister for Employment
Chloe Smith MP, Minister for Disabled People, Health and Work
Department for Work and Pensions
Caxton House
6-12 Tothill Street
London
SW1H 9NA

5 April 2022

Dear Ministers,

New Style Employment and Support Allowance and New Style Jobseeker's Allowance: policy intent

The Social Security Advisory Committee (SSAC) is currently conducting a research project to examine if New Style Jobseeker's Allowance (JSA) and New Style Employment and Support Allowance (ESA) are performing as intended and to make recommendations where improvements can be made.

The Committee is committed to providing evidence-based advice that is relevant and useful to the Secretary of State and her ministerial team. To ensure our recommendations do this effectively, it is important the Committee properly considers the policy intent underpinning these contributory benefits. Ideally, this would include an understanding of for whom they are targeted and what role do they play in the portfolio of benefits provided by DWP – i.e. the rationale for the eligibility criteria, the purpose of the exemptions for capital and partner income, and the conditionality regime.

We have received some useful details from officials which, in particular, explains the thinking behind the direction of recent reforms. However, in its recent response to our report *Jobs and Benefits: the COVID-19 challenge*, the Government states that New Style benefits provide “a safety net for those who have contributed to it”. This seems a somewhat different policy intent to that envisaged originally by Beveridge, who proposed a means-tested safety net and additional support available only for those who had made sufficient contributions.

We would therefore welcome early clarification of the purpose of both New Style JSA and ESA and the underlying context and/or latest thinking that has helped shape the policy intent for these benefits.

I very much appreciate your support in providing the Committee with such clarification, and I would be happy to discuss this further with you if that would be helpful.

A copy of this letter goes to Lady Stedman-Scott, James Wolfe and Angus Gray.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Stephen Brien'. The signature is written in a cursive style with a large 'S' and 'B'.

Dr Stephen Brien
SSAC Chair



Department
for Work &
Pensions

Minister for Welfare Delivery
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Dr Stephen Brien SSAC Chair
Social Security Advisory Committee
Caxton House
Tothill Street
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SW1H 9NA

16th May 2022

Dear Dr Brien,

Regarding your letter dated 5 April 2022 – New Style Employment and Support Allowance and New Style Jobseeker’s Allowance: Policy Intent

Thank you for your letter dated 5 April 2022, in which you seek clarification of the purpose of both New Style ESA and New Style JSA and the underlying context and/or latest thinking that has helped shape the policy intent for these benefits.

In my reply, I will seek to build on the information the committee has previously received and for ease of reference I have addressed JSA and ESA separately.

Jobseeker’s Allowance (JSA)

Jobseeker’s Allowance, JSA, was introduced in 1994, it replaced Unemployment Benefit and Income Support for the unemployed. JSA’s stated aim, as described in the 1994 White Paper, was to:

- create a framework of support within which employment support could give claimants more effective advice and help in their search for work,
- emphasise the responsibilities of the unemployed to take every advantage of the opportunities open to them to return to the world of work, and
- increase understanding among the unemployed about their obligations, with effective and timely sanctions for those who did not take the required steps to meet those obligations.

Changes introduced included:

- The introduction of a jobseeker’s agreement (now known as the claimant commitment in NS JSA and UC) and the introduction of a single claim form for both income-based and contribution-based benefits.

- The period for Unemployment Benefit was halved to 182 days in JSA, however, entitlement to income based JSA could continue indefinitely, otherwise the claimant could be credited with National Insurance contributions. This meant that where a claimant would have received more for their income-based Jobseeker's Allowance, that would be added to the age dependent rate they would receive on contribution-based Jobseeker's Allowance.
- The contribution conditions were kept the same between Unemployment Benefit and Jobseeker's Allowance, although these were subsequently amended in 2010. The income conditions from Income Support were brought into Income-Based Jobseeker's Allowance.
- These changes reflect the attempt to strengthen the labour market support offered to claimants who had recently become unemployed. They also supported the movement of claimants between contributions-based and income-based benefit, carving a smooth transition not requiring additional claims to be made.

New Style Jobseeker's Allowance (NS JSA)

New Style JSA was introduced in 2013 to work alongside UC. It can be claimed on its own or at the same time as UC. New Style JSA largely copied contribution based JSA:

- It has the same contribution conditions.
- The duration of the award is 182 days: and
- Claimants must have a signed claimant commitment, rather than be available, and actively seeking employment as was the case on contribution-based and income-based JSA.

Notable differences between New Style JSA, as a contributory benefit, and Universal Credit, as a means-tested benefit, include:

- New Style claimants receive Class 1 credited contributions for the duration of their claim, compared to Universal Credit (UC) claimants who receive Class 3 credited contributions. If a claimant receives both they receive Class 1 credited contributions.
- New Style claimants' awards are unaffected by either capital, or the income of their partner, compared to UC claimants who must claim as a household, and whose capital is assessed. This allows New Style claimants to receive employment support from Jobcentres even if they possess too much capital, or have an earning partner, either of which could stop them from receiving Universal Credit.

Employment and Support Allowance (ESA)

ESA is an earnings replacement benefit for working-aged people who are unable to work due to a health condition or disability. It was introduced in 2008, to replace previous incapacity benefits (Incapacity Benefit, Severe Disablement Allowance, and Income Support where it was paid on the grounds of incapacity/disability). From its

inception, it was one benefit with two elements: a contributory element and an income-related element. The first of those elements is for claimants who have paid sufficient National Insurance contributions; the second is for those who have low or no other income.

Part of the policy intent underpinning the benefit was to:

- not automatically assume that, because a person has a significant health condition or disability, they are incapable of work;
- support a policy shift that recognised that many disabled people and people with health conditions can and should move towards employment if they are given the appropriate support;
- place a greater emphasis on an assessment of a claimant's functional capabilities and the importance of moving towards employment than previous incapacity benefits.

Changes introduced included:

- The introduction of a new 'Work Capability Assessment (WCA)', the new assessment to establish whether a claimant has limited capability for work; and, if so, whether they also have limited capability for work-related activity;
- An attempt to simplify the claims process and align the rules, where possible, on the contribution-based and income-related stands of the new benefit.

New Style Employment and Support Allowance (NS ESA)

Contributory ESA (rebadged New Style ESA) was introduced in 2013 to work alongside Universal Credit (UC). All the conditions of entitlement between legacy ESA(C) and New Style ESA are the same with these notable differences between new style ESA and Legacy ESA (C):

- NS ESA introduced both a new conditionality (a 'claimant commitment') and sanctions regime as new conditions of entitlement;
- Unlike legacy ESA (C), NS ESA overpayments are recoverable.
- NS ESA can be claimed online (since this function was introduced during the Covid pandemic).



David Rutley MP

Minister for Welfare Delivery

Individuals and organisations who provided evidence

The Committee is grateful for the valuable input from a range of stakeholders during the course of this project, including claimants and staff (both policy and operational) from the Department for Work and Pensions and Department for Communities in Northern Ireland.

We would also like to thank the following individuals and organisations who participated in the Committee's roundtable discussions in December 2021 and January 2022:

Helen Barnard (JRF)

Matt Cole (Advice NI)

Bridget Corr (Law Centre NI)

Karl Handscomb (Resolution Foundation)

Nancy Hatlenboer (Vauxhall Law Centre, Liverpool)

Andy King (Bristol Law Centre)

Stephanie Millar (Citizens Advice Scotland)

Jeremy Moore (former senior civil servant)

Matthew Oakley (WPI Economics)

Daniel Norris (Child Poverty Action Group)

Dr Michael Orton (Senior Research Fellow, University of Warwick)

Anvar Sarygulov (Bright Blue)

Rachel Statham (IPPR)

Gemma Tetlow (Institute for Government)

Nicholas Timmins (Senior Fellow, Institute for Government)

ANNEX F

Questions covered in discussions DWP operational staff

Question
What is your job role?
Could say a bit about what your job entails? Do you work across a range of support e.g. UC, NS ESA, NS JSA etc.
To start off we're going to talk a little bit about the differences between NS JSA/ NS ESA and UC.
How would you describe the difference between UC and NS JSA/ NS ESA? Is there one? <ul style="list-style-type: none"> • How does eligibility differ? • How do the claimants differ if at all? • How about support provided to – and requirements provided of – claimants, do these differ between the UC and NS JSA/NS ESA? If so how? • And what about sanctions, does this differ between the types of support? If so how? • What are some of the specific reasons you might sanction someone in receipt of NS JSA/NS ESA? (see example in notes) • If there is a difference, what is the reason for this? Do you agree with this? • do you think it makes a difference to compliance?
How do you perceive claimant views on the support, requirements and sanctions for NS ESA/NS JSA?
Is there any difference in the way claimants of NS ESA are treated V claimants of NS JSA? <ul style="list-style-type: none"> • Do work search requirements differ? • Do sanctions differ? • Is this the same for ESA claimants pre and post WCA?
One difference between NS JSA/NS ESA and UC is the standard payment frequency: are there reasons why JSA/ESA should not, by default, be paid monthly like UC?
NS JSA/NS ESA are received if you've made NI contributions. What is your understanding of these and do you think they are appropriate? Are there people you think should receive this support who do not?
Ok, now we're going to change focus slightly and talk about how people come onto NS JSA/NS ESA.
In your experience, how often do people move directly out of work and on to JSA/ESA?

In your experience, how often do people move directly from UC or another type of support onto JSA/ESA?
If a Customer is already in receipt of UC, would you check to see if they are also eligible for NS JSA / ESA?
How likely are you to let them know they may also be eligible for NS JSA / ESA?
If you had to guess, what would you say is more common? (moving from work to JSA/ESA or moving from another type of support to JSA/ESA?)
How often do you sign-post people to JSA/ESA?
What circumstances cause you to signpost people to this support? <ul style="list-style-type: none"> • Would you automatically check eligibility for JSA/ESA if an individual applies for UC but fails the means-test? • What other situations might you check to see if a person is eligible for JSA/ESA?
Is there any benefit to receiving JSA/ESA compared to UC? <ul style="list-style-type: none"> • Are there any reasons for someone on UC who might be eligible for JSA/ESA not applying for that?
We're now going to move into the final part of the discussion, thinking about the process of getting people on/off JSA / ESA.
In your experience, how easy is it to set up a JSA/ ESA claim? <ul style="list-style-type: none"> • How does this compare to a UC claim? • How long does it usually take? • Do you think customers find the system easy to navigate? • How do you think claimants find the support provided to them and the requirements placed on them? • What do you think could be improved?
And what about coming off the support. For those on ESA in the WRAG group is it common for claimants to move to the support group as the time limit approaches? Is making an application for this something that is suggested to them?
When ESA WRAG customers come off this support because they have reached the time limit, what is the process you go through to withdraw support? <ul style="list-style-type: none"> • Does this usually work well? • Do you ever have customers who are unaware that they have reached the time limit? • Are claimants signposted towards making a UC claim as the time limit on their ESA WRAG claim approaches?

When customers come off JSA/ESA what is usually the reason?

- They are no longer eligible e.g. they reach the time limit
- They find work
- They remain out of paid work move onto a different type of support, such as UC.

If they do move into low paid work is the possibility of claiming UC at this point signposted to them?

Thinking about the local economy and the characteristics of those on JSA/ESA, are there particularly challenges that they face in moving back into paid work?

That's the end of our questions, is there anything else relating to the area of ESA JSA that anyone would like to add?

Questions covered in discussions with DWP customers

Question
<p>How did you hear about the session today?</p> <ul style="list-style-type: none"> • Did a work coach recommend it? • Did you see it advertised in the Jobcentre? • Did you hear about it in some other way?
<p>And can I check that you are all currently in receipt of either JSA or ESA?</p> <ul style="list-style-type: none"> • If not, have you ever been in receipt of either of these? • When were you last in receipt of one/both of these?
<p>Have you ever been in receipt of any other financial support such as UC? (other support includes IB, DLA, HB, Tax Credits)</p>
<p>Now I'm going to ask a few questions about your circumstances prior to starting on JSA/ESA</p>
<p>How did you become aware that you were eligible for ESA/JSA?</p> <ul style="list-style-type: none"> • Did you speak to a Support Organization e.g. Citizens Advice? • Did you consult a work coach? • Were you already aware of this financial support having received it in the past?
<p>Before receiving ESA/JSA, did you originally apply for different financial support such as UC? (other support include IB, DLA, HB, Tax Credits)</p> <ul style="list-style-type: none"> • If yes, why were you unable to receive UC? E.g. savings, partners' earnings etc. • If yes, was it suggested to you that you might be able to claim JSA/ESA at this point? • If yes, do you understand why you are eligible for JSA/ESA and not UC? What do you think of this?
<p>Have any of you received ESA / JSA prior to this occasion?</p>
<p>If yes, what happened that meant you were no longer receiving ESA/JSA?</p> <ul style="list-style-type: none"> • Did you move into employment? • Did your eligibility for another financial support, such as UC, change? • Did you reach the time limit for claiming this financial support? If so did you then move onto another financial support, into work, or start relying on other means e.g. savings?

<ul style="list-style-type: none"> • Did a work coach suggest that you change to another financial support? If so what reason did they give if any?
<p>Now we're going to change focus slightly and talk about the experience of receiving this financial support.</p>
<p>When you start receiving JSA/ESA on this occasion, how did you start the claim?</p> <ul style="list-style-type: none"> • Did you do it online? • Did you do it over the phone? • Did you do it in person
<p>If you have claimed JSA/ESA before this occasion, was the process for claiming the same?</p> <ul style="list-style-type: none"> • If no, which did you prefer and why?
<p>How difficult / easy was it to receive you first payment from the point of first hearing about ESA/JSA?</p> <ul style="list-style-type: none"> • Was it easy to set up a claim? • Did you have support when you needed? • If you have any accessibility issues, were these taken into account? • If you have any other special requirements to do with mental or physical health, were these taken into account? • Were work coaches helpful? • Were any other DWP staff you interacted with helpful? • Was it easy to understand what you needed to do? • If you have received other financial support, how did the process for receiving JSA/ESA compare?
<p>How long was it from first applying for JSA/ESA to receiving your first payment?</p> <ul style="list-style-type: none"> • Were there any points that took a long time? E.g. finding out if you were eligible, or having to supply evidence of earnings etc. • If you have claimed other financial support, how did the time to receive JSA/ESA compare?
<p>JSA/ESA are paid fortnightly while UC is paid monthly. Would monthly payment of JSA/ESA be better or worse for you?</p>
<p>Once receiving JSA/ESA, were there any difficulties?</p>
<p>What employment and health management support have you received to help you move back to paid work? Did you find it useful?</p>
<p>Did/do you have to fulfil any commitments to continue receiving the financial support?</p>

- E.g. work search commitments?
- If yes, how did you agree these commitments?
- If yes, were these easy to stick to?
- Have you ever lost your JSA/ESA payment because you have been unable to follow these commitments?

If you've received both JSA/ESA and other financial supports that require a work search commitment such as UC, have you found there's a difference in the way they enforce these commitments?

- If yes, what do you think of this

If you have previously reached the time limit for NS JSA or ESA WRAG, how have you found the process of coming off this financial support?

- When you first started receiving NS JSA / ESA WRAG were you made aware that it was a time limited financial support?
- Were you made aware of the approaching time limit in good time?
- Did work coaches assist you in understanding if you were eligible for any other financial support?
-

Finally we're just going to touch on your thoughts about JSA/ESA compared to UC.

Do you understand the difference between UC and JSA/ESA?

- If yes, what are these?

Do you think it makes sense for UC and JSA/ESA to be separate?

- Why do you think this?
-

Do you think it's important to have the option to receive JSA/ESA even if the amount you receive is the same as if you (only) received UC?

In your opinion, are there any benefits to being on ESA/JSA compared to other financial support such as UC? (other support include IB, DLA, HB, Tax Credits)

That is the end of our questions, is there anything else anyone would like to add before we close?

Claimant survey

This questionnaire is part of a research project into New Style Job Seekers Allowance (JSA) and New Style Employment Support Allowance (ESA). The research is being conducted by the Social Security Advisory Committee, a statutory independent advisory body which provides impartial and evidence-based advice to the Secretary of State for Work and Pensions. If you have experience of using New Style JSA or New Style ESA, we want to hear about your experience. This information will help inform our advice and recommendations to the Secretary of State.

1. New style Jobseeker's Allowance and new style Employment Support Allowance are benefits for out of work people who have paid enough National Insurance in the last two years. They can be paid regardless of savings, wealth or income. Have you heard of these benefits?
 - Yes
 - No

3. Have you ever received one of these benefits?
If yes go to Q3.
If no go to Q6.
 - Yes
 - No

4. How did you find out about them?
 - friends / family
 - colleague / ex-colleague
 - work coach or other DWP employee
 - support group or organisation e.g. Citizens Advice (please specify in box)
 - other (please specify below)

Comments:

5. For roughly how long did you receive the benefit?
 - Less than a month
 - 1 to 3 months
 - 4 to 6 months
 - More than 6 months
 - I am still receiving the benefit

6. Why did you stop claiming the benefit?

- Moved into paid work
- I reached the time limit
- I moved onto a different benefit like Universal Credit
- Other reason (please explain below)?

Comments:

7. Have you ever received Universal Credit?

If yes go to Q7.

If no / don't know go to Q10.

- Yes
- No
- I don't know

8. How did you find out about it?

- friends / family
- colleague / ex-colleague
- work coach or other DWP employee
- support group or organisation e.g. Citizens Advice (please specify)
- other (please specify)

Comments:

9. How long did you receive the benefit for?

- Less than a month
- 1 to 3 months
- 4 to 6 months
- More than 6 months (if more than 6 months please specify in box below)
- I am still receiving the benefit

Comments:

10. Why did you stop claiming the benefit?

- moved into paid work
- other reason (please specify)

Comments:

11. In the last five years, have you been out of work and wanted to claim benefits but did not apply because you did not think you were eligible?

If yes go to Q11.

If no go to Q13.

- Yes
- No

12. Why did you think you were not eligible?

- DWP told me I was not eligible
- I checked using an online tool and found I was not eligible (please specify which tool)
- other reason (please specify)

Comments:

13. If DWP told you that you were not eligible, what reasons did they give?

Comments:

14. At the moment Universal Credit and New Style benefits are separate. Do you think it makes sense to keep benefits for those who have worked in the last two years separate from benefits that are means-tested and do not depend on having worked?

- Yes (please say why you think this in the box below)
- No (please say why you think this in the box below)

Comments:

15. Would you be willing for us to contact you to discuss your responses in more detail, or would you like to receive a copy of our final report? If so, please provide the following details in the box below:

Name

Email address

Telephone number

If you would like a copy of the report, but do not wish to take part in any further research related to this project, please write "report only" beneath your contact details

Membership of the Social Security Advisory Committee

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Bruce Calderwood

Matthew Doyle

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Chris Goulden

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Prof. Gráinne McKeever

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Gabriel Ferros (Committee Analyst)

Dale Callum (Secretariat)

Richard Whitaker (Secretariat)

The logo consists of two stacked rectangular boxes. The top box is dark blue with the words 'SOCIAL SECURITY' in white, uppercase, sans-serif font. The bottom box is green with the words 'ADVISORY COMMITTEE' in white, uppercase, sans-serif font.

SOCIAL SECURITY
ADVISORY COMMITTEE

Social Security Advisory Committee
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