# Not Started and Unfinished Claims to UC (UC Hesitancy Research)

Stephen Finlay, Kimberley Rennick and Jamie Roberts

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The date above is the publication date and therefore does not reflect the date when the research was complete.

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# Research aims and methodology

# Research objectives

To better understand the non-claimant population, why they don't claim Universal Credit, the financial and non-financial impact this has on them and understand the issues and barriers that prevent them from claiming. Specifically:

**The background of non-claimants** including their household composition, financial and employment situation, attitudes towards work, digital competency and internet access

**Perceptions of UC and DWP** and reasons for not claiming UC or for dropping out during the claim process
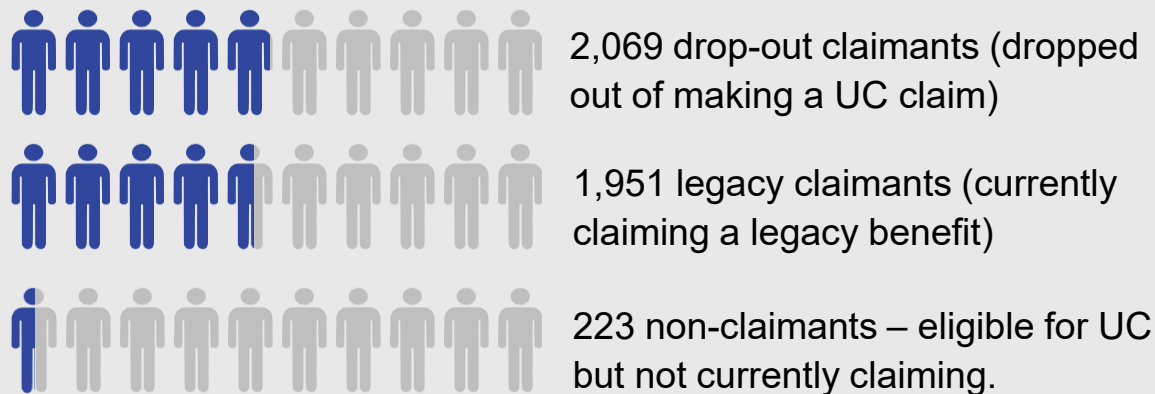
**Support to overcome barriers** to claiming UC as well as wider support needs including **employment and financial support** and organisations/people they'd trust to provide support

# Quantitative Methodology

## An online/telephone survey

• **Total sample of 4,243, comprising:**

👤👤👤👤👤👥👥👥👥👥
2,069 drop-out claimants (dropped out of making a UC claim)

👤👤👤👤👤👥👥👥👥👥
1,951 legacy claimants (currently claiming a legacy benefit)

👤👥👥👥👥👥👥👥👥👥
223 non-claimants – eligible for UC but not currently claiming.

**Fieldwork took place between 4th November and 19th December 2021**

### Sample details:

- The non-claimants sample was sourced from our Ipsos KnowledgePanel-UK (KPUK) - a high-quality random probability online panel

- Screening questions were asked at the beginning of the survey to screen only for people that are eligible for Universal Credit but not claiming

- The non-claimant data has been weighted to the national representation of the KPUK sample

- The legacy and drop-out sample was provided by DWP drawn from administrative data

- The data has been weighted to the DWP profile for the legacy and drop-out groups

Note: Where figures in charts do not add to 100% this is due to rounding of percentages, exclusion of responses (e.g. 'Don't know') or because the question allows more than one response.

# Quantitative Methodology

## Segmentation to inform qualitative strand

**A segmentation analysis of the survey data was conducted** using Latent Class Analysis **to group claimants according to their attitudes and behaviours:**

- The segmentation analysis resulted in six segments:

Segment A : Working and happy
Segment B: Financial strugglers
Segment C: Not working but eager
Segment D: Childcare and care barriers
Segment E: Health and age barriers
Segment F: Complex barriers

Note: Segment A respondents were not interviewed as part of the qualitative research as this segment are working and don't need support so interviewing them was unlikely to add value to the research

# Qualitative Methodology

Depth interviews with third party organisations and survey participants

**Scoping phase**: 5 **depth interviews with 3rd party organisations** involved in supporting people who are likely to be claiming or entitled to UC.

- These organisations have experience in advising claimants about UC and supporting claimants to make a claim

- Interviews were designed to inform the survey design and areas of exploration.

- Fieldwork took place on 13th and 14th October 2022

- **Mainstage qualitative strand: 50 follow-up depth interviews with survey participants who had agreed to recontact.**

- Sample comprised 19 legacy claimants, 17 drop-out claimants, 10 non-claimants and 4 UC claimants who had recently started claiming.

- Fieldwork took place from 24th January to 22nd February 2022

# Third party interviews

# Scoping phase: Third party interviews helped to inform the scope and content of the survey

**Background**

## Interviews were conducted with a range of charities and businesses that worked closely with UC claimants and potential claimants

**Role of organisations**
We spoke to 5 organisations with a range of roles including:
- Helping people who are homeless or at risk of homelessness
- Offering legal advice and provide legal services
- Offering an online benefit calculator
- Supporting families with disabled children

*"We work with people from different ethnicities and usually they have the least knowledge of the benefit system and how to make a claim."*

Homeless charity

**Who the 3rd party organisations work with:**
- Single, young people, ethnic minorities
- Often people who are homeless or in temporary accommodation
- Also, people living in institutions e.g. prison or hospitals
- People with disabilities
- People with complex needs

*"We work with people from a range of backgrounds and every person has a different situation."*

Homeless charity

# Third party organisations felt that UC is complex and inflexible, and they felt people lacked knowledge of UC

**Impressions of UC**

UC is complex, difficult to understand and inflexible

UC is not right for everyone, it depends on individual circumstances

Difficult to apply if people lack digital skills

Lack of transparency in regard to payment amounts and possible deductions

Uncertainty around if people would be better off on UC or legacy benefitsar

*"The main perception of UC is that it is very inflexible and there is a lack of understanding of the system…. A lot of the system is online and automated making it hard for people who are vulnerable and may not have the IT skills needed."*

Homeless charity

*"A lot of people understand the basics but I'm not sure they understand the complexities of UC. It is difficult to navigate especially if you don't have access to a computer."*

Homeless charity

# Third party organisations reported that in their experience the majority of people who are eligible, do apply for UC, because they have no other choice

**Barriers applying to UC**

**However, in their experience, people faced many barriers when applying for UC**

- The complex process of applying for UC especially for refugees (where English may not be there first language)
- Lack of knowledge of UC and who can claim it
- Lack of trust of the benefit system
- Individuals lack of confidence to deal with professionals at DWP

- 5 week wait for the initial payment
- Long call wait times / communication issues

- Concerns about being worse off (specifically legacy claimants)

*"A lot of barriers don't necessarily stop people claiming because they have no other choice but can make it more difficult and make people more likely to stay on current legacy benefits."*
Homeless charity

*"Some find process of making the claim difficult. Some have some concerns they will be worse off on UC, and worried about the wait / delay of payment when moving onto UC. Also there is a lack of trust of the benefit system for some."*
Charity (for families with disabled children)

# Experience and attitudes towards work

# Drop-out, legacy and non-claimants are all fairly equally split between male and female

**Legend:** ■ Drop-out claimants   □ Legacy claimants   ■ Non-claimants

## 53% of drop-out claimants are male

53%   47%
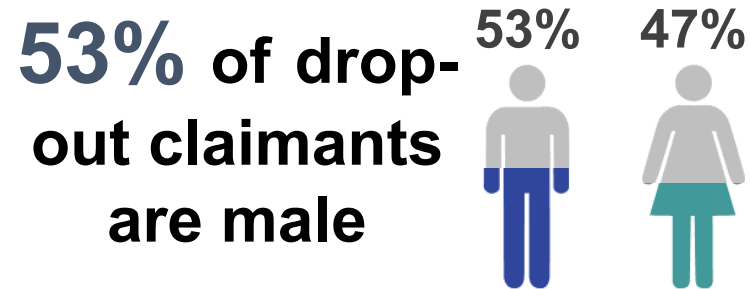
- Women are **more likely** than men to be in work (66% vs. 57%)
- But men are **more likely** than women to be working full-time (69% vs. 47%)
- Women in work are **more likely** than men to have been in their current role more than a year (43% vs. 34%)

## 51% of legacy claimants are female

49%   51%
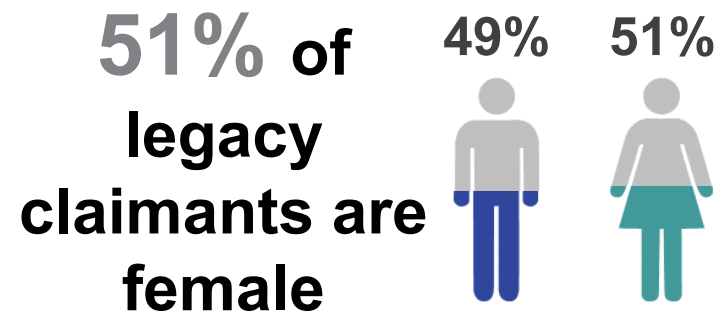
- Men are **more likely** than women to be in work (8% vs. 3%)
- Of those who are looking for work, men are more likely than women to want to work full-time (67% vs. 32%)

## 50% of non-claimants are female

49%   50%
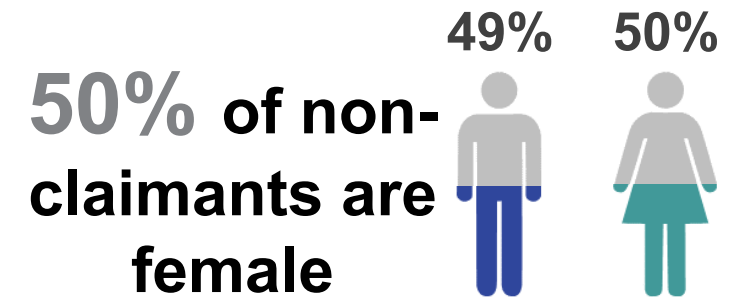
- The majority of non-claimants, both men and women, are in work (88% and 81%)
- Men are **more likely** than women to be working full-time (75% vs. 39%)

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

# Around half of drop-out and non-claimants are between 26-45; legacy claimants more likely to be 46+

**H2. How old are you?**

Legend: Drop-out claimants | Legacy claimants | Non-claimants

**Under 25**
- Drop-out claimants: 17%
- Legacy claimants: 4%
- Non-claimants: 20%

**26-35**
- Drop-out claimants: 30%
- Legacy claimants: 17%
- Non-claimants: 29%

> **Drop-out claimants 26-35 are the most likely to be in work**

**36-45**
- Drop-out claimants: 19%
- Legacy claimants: 21%
- Non-claimants: 30%

> **Legacy claimants 36-45 are the most likely to be in work**

**46-55**
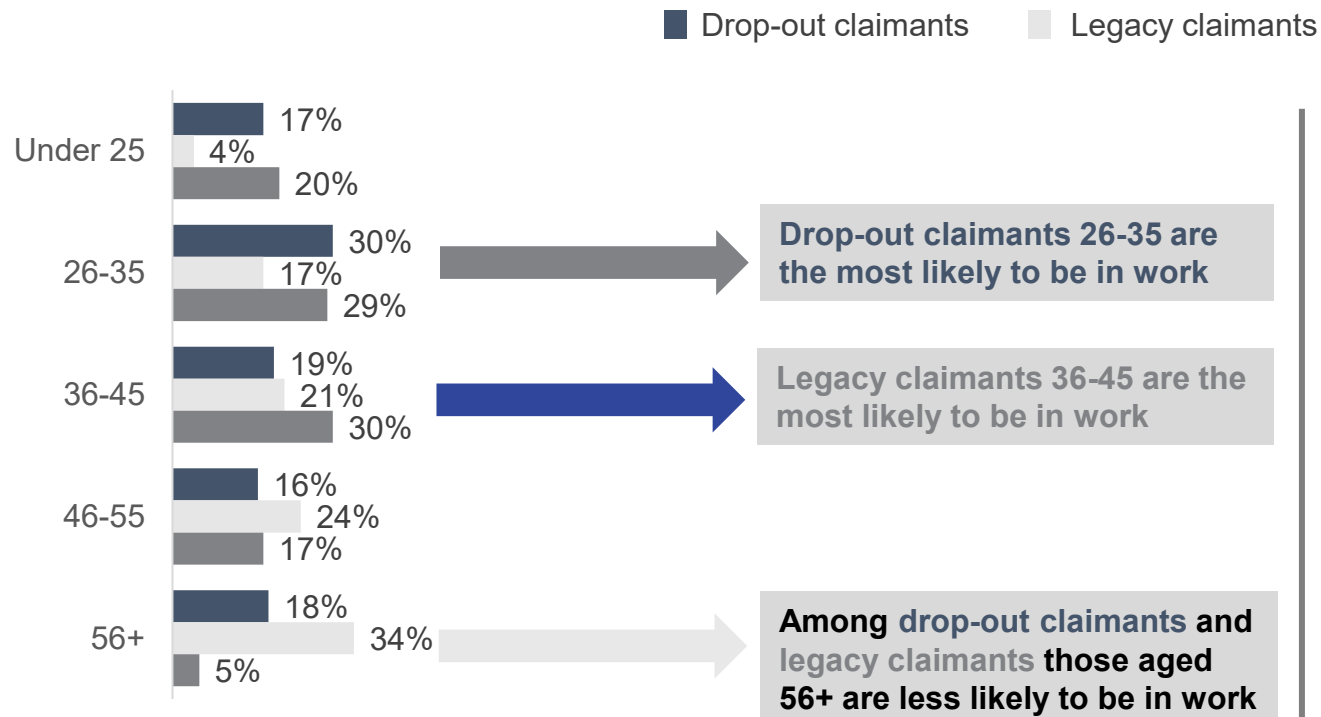- Drop-out claimants: 16%
- Legacy claimants: 24%
- Non-claimants: 17%

**56+**
- Drop-out claimants: 18%
- Legacy claimants: 34%
- Non-claimants: 5%

> **Among drop-out claimants and legacy claimants those aged 56+ are less likely to be in work**

**H7. Which of these applies to your home?**

> **Drop-out and claimants renting from HA/Council are less likely to be in work/looking for work**

**Rented from council/LA or Housing Association**
- Drop-out claimants: 12%
- Legacy claimants: 62%
- Non-claimants: 19%

**Rented privately**
- Drop-out claimants: 32%
- Legacy claimants: 18%
- Non-claimants: 33%

**Being bought on a mortgage/bank loan**
- Drop-out claimants: 20%
- Legacy claimants: 2%
- Non-claimants: 26%

**Living with friends/relatives and paying some rent**
- Drop-out claimants: 17%
- Legacy claimants: 8%
- Non-claimants: 8%

**Owned outright**
- Drop-out claimants: 11%
- Legacy claimants: 5%
- Non-claimants: 5%

**Other**
- Drop-out claimants: 8%
- Legacy claimants: 5%
- Non-claimants: 9%

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

# Over half of drop-out claimants and non-claimants have at least 2 or more A-levels. Three in ten legacy claimants have no qualifications
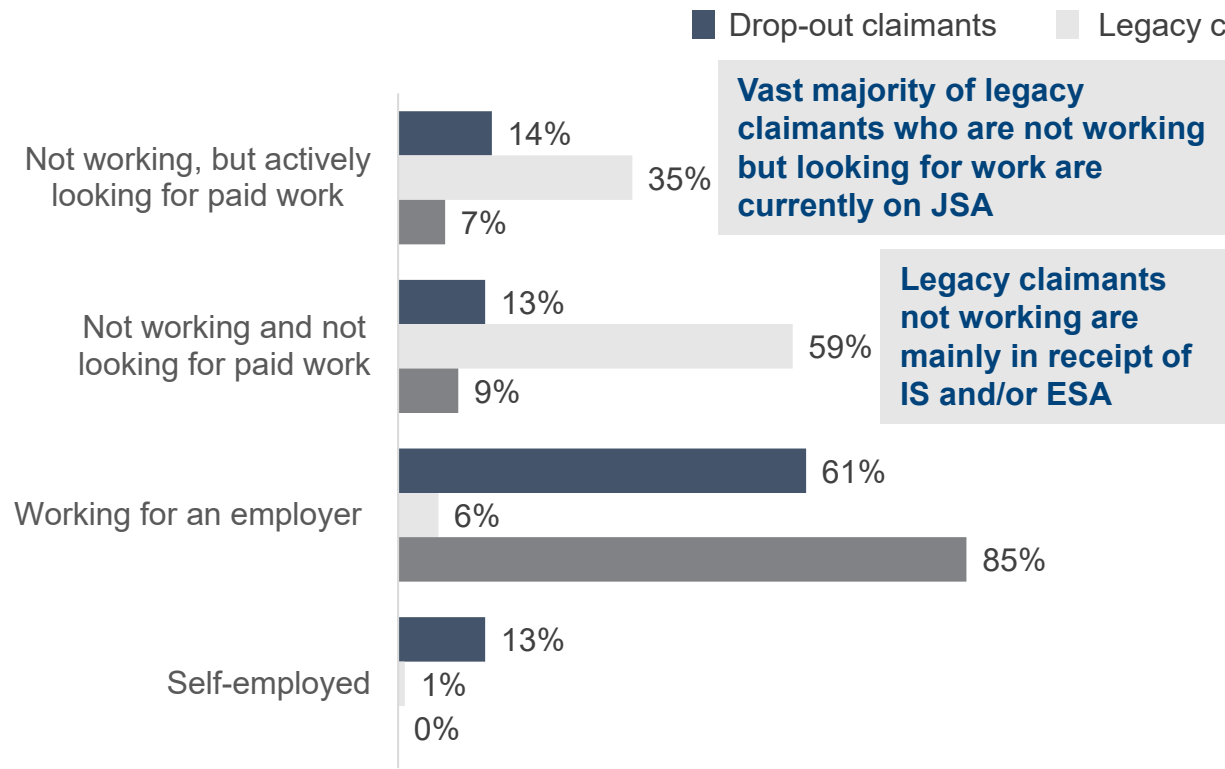
**H3. What is your highest level of qualification?**

■ Drop-out claimants   □ Legacy claimants   ■ Non-claimants

**Degree or above**
- Drop-out claimants: 32%
- Legacy claimants: 10%
- Non-claimants: 21%

**Drop-out claimants with tertiary qualifications are more likely to be in work, female, aged 26-45, BME, and have no disabilities**

**2 or more A-Levels, NVQ Level 3, BTEC Level 3 Diploma or equivalent**
- Drop-out claimants: 21%
- Legacy claimants: 12%
- Non-claimants: 42%

**1 A-Level or equivalent, 5 or more GCSEs of grade A*-C or equivalent, NVQ Level 2, BTEC level 2 diploma or equivalent**
- Drop-out claimants: 13%
- Legacy claimants: 15%
- Non-claimants: 15%

**GCSEs of less than A*-C or equivalent, NVQ Level 1**
- Drop-out claimants: 13%
- Legacy claimants: 18%
- Non-claimants: 17%

**No qualifications**
- Drop-out claimants: 9%
- Legacy claimants: 29%
- Non-claimants: 3%

**Legacy claimants with no qualifications are more likely to be aged 46+, male, out of work, have a physical disability and have no dependent children**

**Something else / don't know**
- Drop-out claimants: 12%
- Legacy claimants: 16%
- Non-claimants: 2%

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)
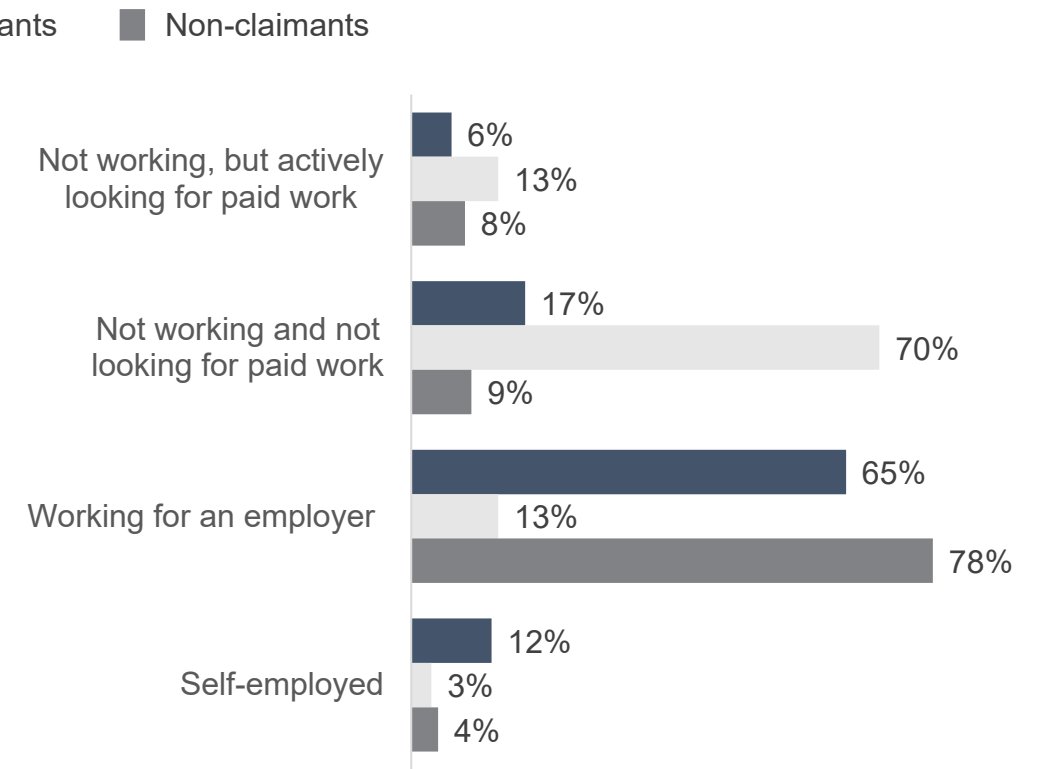
# The majority of drop-out and non-claimants work for an employer, whereas most legacy claimants are out of work and not looking for work

**B1a. What is your current work status?**

**B1b. What is your partners current work status?**

Legend: ■ Drop-out claimants   □ Legacy claimants   ■ Non-claimants

## B1a. What is your current work status?

**Not working, but actively looking for paid work**
- Drop-out claimants: 14%
- Legacy claimants: 35%
- Non-claimants: 7%

**Not working and not looking for paid work**
- Drop-out claimants: 13%
- Legacy claimants: 59%
- Non-claimants: 9%

**Working for an employer**
- Drop-out claimants: 61%
- Legacy claimants: 6%
- Non-claimants: 85%

**Self-employed**
- Drop-out claimants: 13%
- Legacy claimants: 1%
- Non-claimants: 0%

> **Vast majority of legacy claimants who are not working but looking for work are currently on JSA**

> **Legacy claimants not working are mainly in receipt of IS and/or ESA**

Base: Drop-out claimants (2069); Legacy claimants (1951) and Non-claimants (223)

## B1b. What is your partners current work status?

**Not working, but actively looking for paid work**
- Drop-out claimants: 6%
- Legacy claimants: 13%
- Non-claimants: 8%

**Not working and not looking for paid work**
- Drop-out claimants: 17%
- Legacy claimants: 70%
- Non-claimants: 9%

**Working for an employer**
- Drop-out claimants: 65%
- Legacy claimants: 13%
- Non-claimants: 78%

**Self-employed**
- Drop-out claimants: 12%
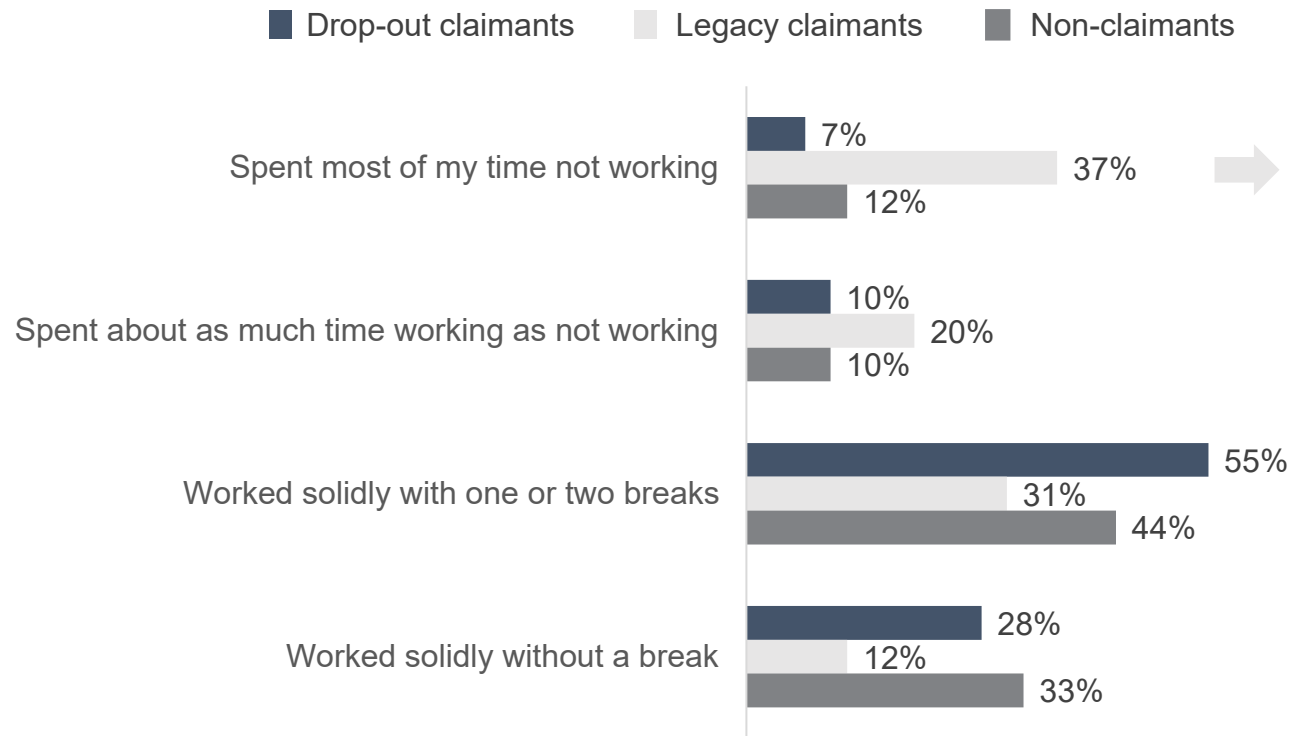- Legacy claimants: 3%
- Non-claimants: 4%

Base: All with partners: Drop-out claimants (1216); Legacy claimants (304) and Non-claimants (144)

# The majority of drop-out and non-claimants have worked fairly continuously since leaving education. Almost four in ten legacy claimants have spent most of their time out of work

**B5. Which of the following best describes the time you have spent doing paid work since leaving education?**

Legend:
- ■ Drop-out claimants
- □ Legacy claimants
- ■ Non-claimants

**Spent most of my time not working**
- Drop-out claimants: 7%
- Legacy claimants: 37%
- Non-claimants: 12%

**Spent about as much time working as not working**
- Drop-out claimants: 10%
- Legacy claimants: 20%
- Non-claimants: 10%

**Worked solidly with one or two breaks**
- Drop-out claimants: 55%
- Legacy claimants: 31%
- Non-claimants: 44%

**Worked solidly without a break**
- Drop-out claimants: 28%
- Legacy claimants: 12%
- Non-claimants: 33%

**Legacy claimants face complex barriers leading to long term unemployment:**

- Often they faced multiple barriers

- Many had mental and physical health conditions that prevented them from working

- Linked to this, some lacked confidence to work and were fearful of working after long-term unemployment

- Other barriers included lack of skills, caring responsibilities and difficulties navigating a commute to work
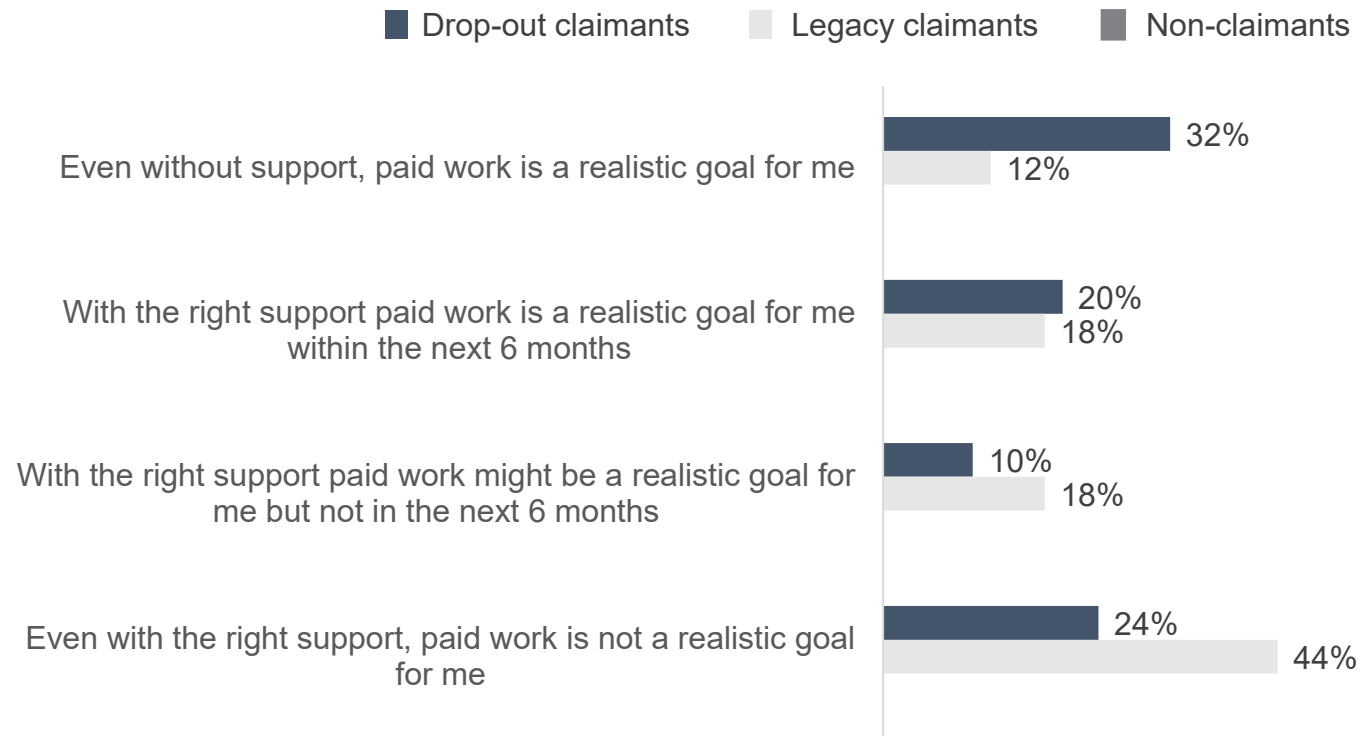
*"I have not worked since 18 years old, I have a real fear of working I don't know how to."*

Female, out-of-work, legacy claimant

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

# For the majority of drop-out claimants, paid work is a realistic goal. For almost half of legacy claimants, paid work will not be a realistic goal even with support

**B6. Regardless of whether you want to work or not, which of the following statements best describes your situation?**

■ Drop-out claimants　　□ Legacy claimants　　■ Non-claimants

**Even without support, paid work is a realistic goal for me**
- Drop-out claimants: 32%
- Legacy claimants: 12%

**With the right support paid work is a realistic goal for me within the next 6 months**
- Drop-out claimants: 20%
- Legacy claimants: 18%

**With the right support paid work might be a realistic goal for me but not in the next 6 months**
- Drop-out claimants: 10%
- Legacy claimants: 18%

**Even with the right support, paid work is not a realistic goal for me**
- Drop-out claimants: 24%
- Legacy claimants: 44%

Those who said 'even with the right support, paid work is not a realistic goal for me' are most likely to be:

- **Legacy claimants** (44%) with physical and mental health condition (61% vs 25%), and aged 46 or above (50% vs 33%)

Base: Drop-out claimants (639); Legacy claimants (1,847) and Non-claimants (34) *
base too small to report

# The types of barriers facing participants influenced whether paid employment was perceived as a realistic goal

**Where there were multiple barriers, and particularly barriers relating to health, paid employment felt more out of reach**

- Where **childcare** was a barrier, participants felt that work was **realistic when their children were older** and in school
- Where skills were a barrier, participants felt that **training** may help address this
- In some cases, **support to manage health conditions** may help participants to reach employment over time
- More **accessible and affordable transport** was also identified as a measure that could make the prospect of work more realistic

- For some, the prospect of work **was unrealistic regardless of support**
- This was typically due to mental and physical health barriers, and **particularly where there were multiple health barriers**
- Others were **full-time carers**, with no foreseeable change in those circumstances

*"I physically and mentally cannot work. I don't think anything will help…I don't see work in my future with all the health stuff, especially my mental health."*

Male, out-of-work, legacy claimant

# Participants saw a great deal of value in working, particularly if they were currently or had previously been employed

**Participants who had previously been in work missed the social aspects and sense of achievement they'd gained from working.**

- Participants took pride in being able to be **self-sufficient** and pay for what they needed

- They valued the **autonomy** that work gave them, to have more **control over their finances**, and to afford more than just the essentials

- Work was often a valuable opportunity for **social interaction**

- Where working was not a realistic goal, this could be frustrating for participants as it affected their **sense of identity** and limited their opportunities

*"The reason I want to work is to have something to do and earn proper money for myself."*

Male, out-of-work, legacy claimant

*"Work enables me to be self-sufficient. It means pride. It also means that I can afford those little extras and pay my own bills, pay my way."*

Male, in-work, non-claimant

*"To be honest, I would really love to go back to work because its part of my identity. I have been working ever since I finished school."*

Female, out-of-work, drop-out claimant

*"Work is a sense of achievement and it got me where I am. It showed my kids that they should work too, now my son is in the army as a medical officer."*

Female, out-of-work, legacy claimant

# The majority of drop-out and non-claimants who work are in full-time employment, and the vast majority are paid monthly

**B2. How many hours a week do you normally spend in work?**
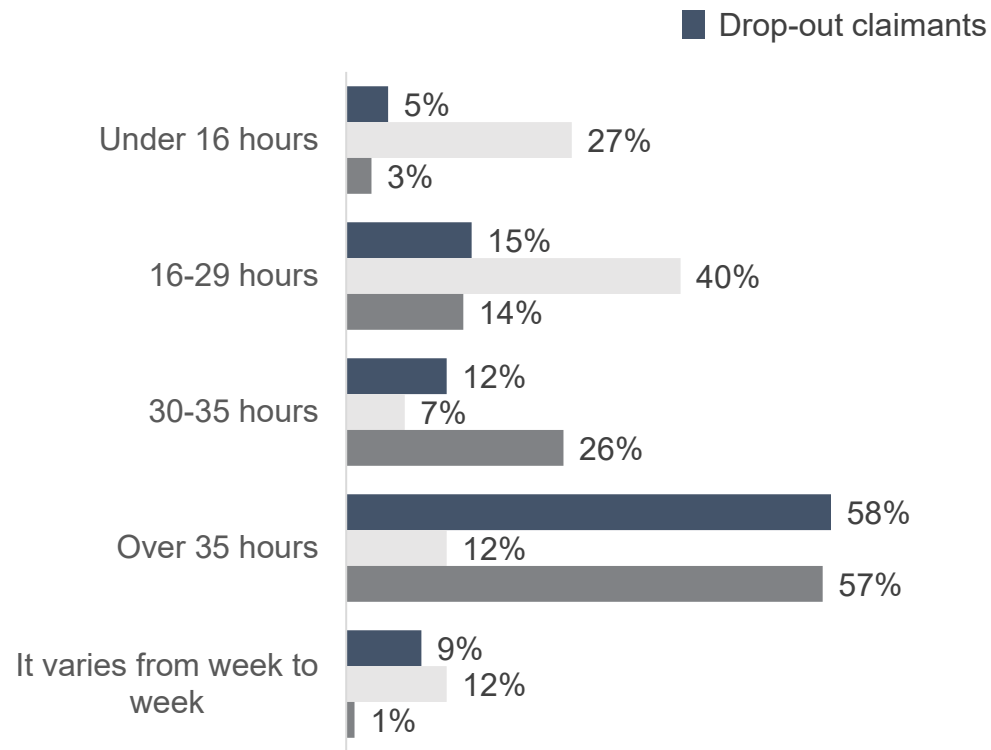
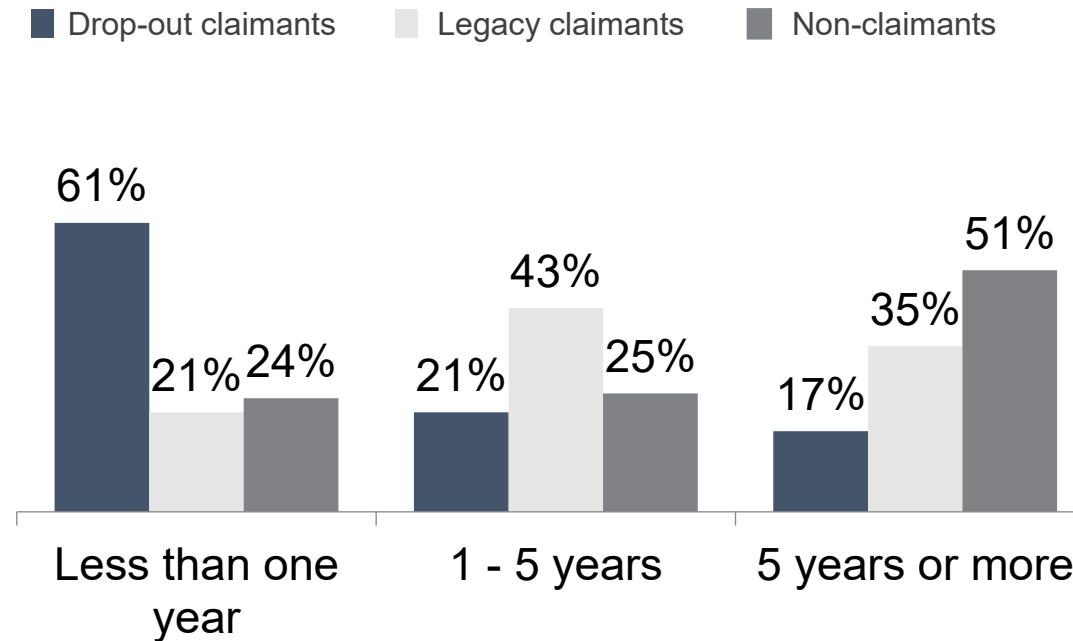**B4. And how frequently does your employer usually pay you?**

■ Drop-out claimants  ▢ Legacy claimants  ■ Non-claimants

**B2. How many hours a week do you normally spend in work?**

| | Drop-out claimants | Legacy claimants | Non-claimants |
|---|---|---|---|
| Under 16 hours | 5% | 27% | 3% |
| 16-29 hours | 15% | 40% | 14% |
| 30-35 hours | 12% | 7% | 26% |
| Over 35 hours | 58% | 12% | 57% |
| It varies from week to week | 9% | 12% | 1% |

**B4. And how frequently does your employer usually pay you?**

| | Drop-out claimants | Legacy claimants | Non-claimants |
|---|---|---|---|
| Daily | | 2% | |
| Weekly | 23% | 11% | 14% |
| Every two weeks | 3% | 9% | 2% |
| Monthly | 68% | 69% | 80% |

Base: All currently in work: Drop-out claimants (1,430); Legacy claimants (104) and Non-claimants (189)
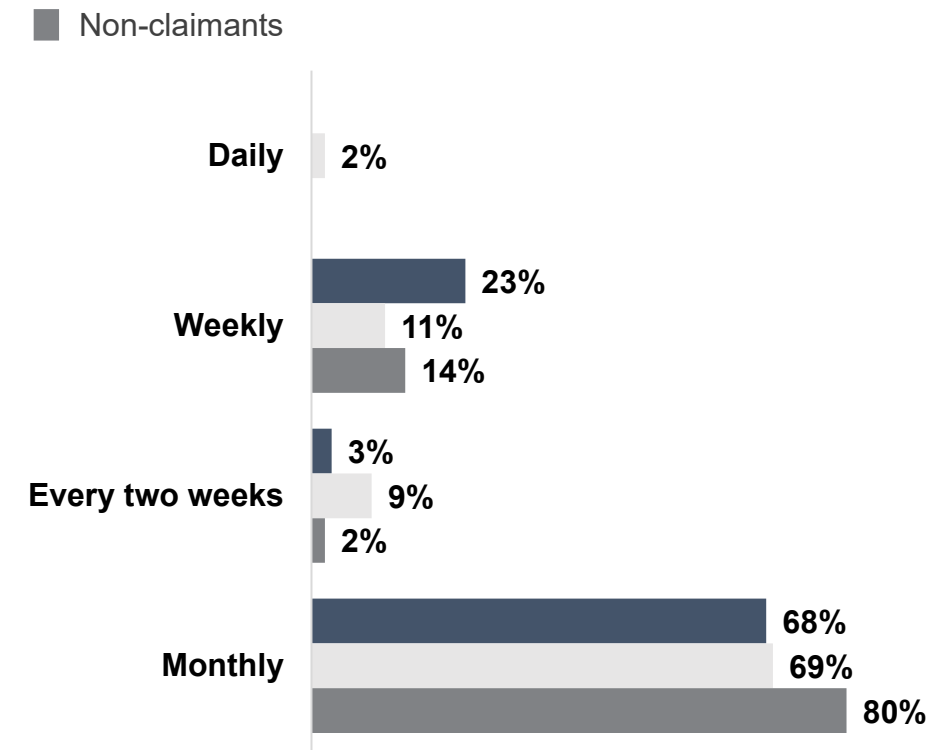
Base: All employees: Drop-out claimants (1,187); Legacy claimants (84) and Non-claimants (189)

# Six in ten drop-out claimants in work have been in their job less than a year. Half of working non-claimants have been in their job at least 5 years
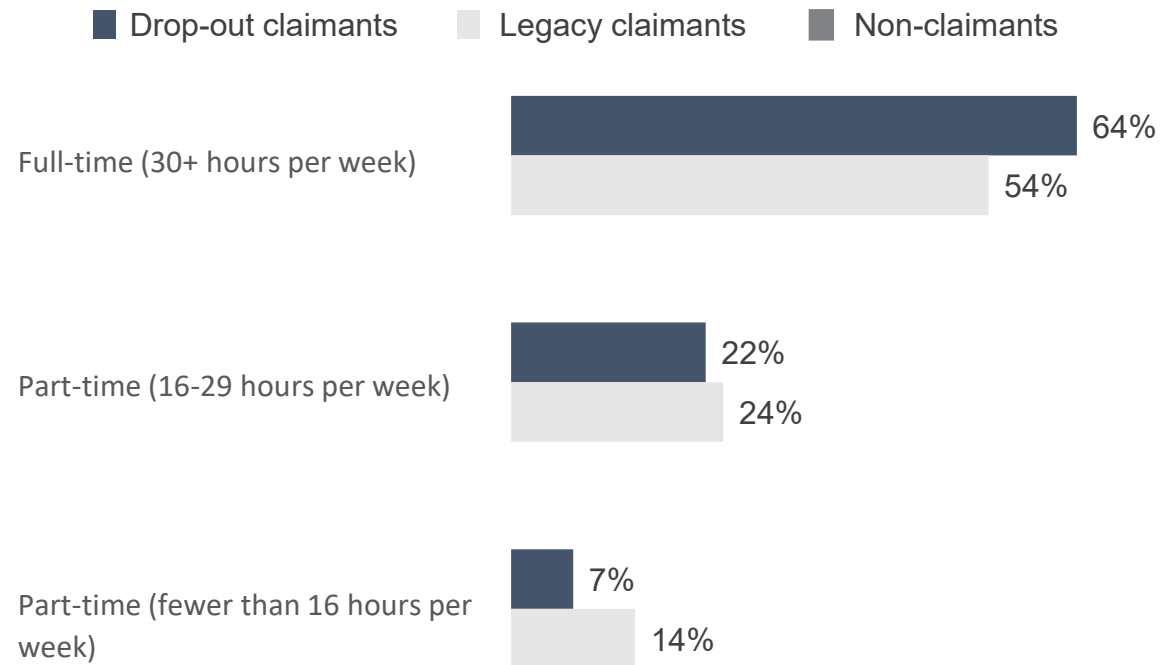
**B3a. How long have you been doing this job?**

Legend: ■ Drop-out claimants   □ Legacy claimants   ■ Non-claimants

**Less than one year:** 61% / 21% / 24%

**1 - 5 years:** 21% / 43% / 25%

**5 years or more:** 17% / 35% / 51%

Base: All currently in work: Drop-out claimants (1,430); Legacy claimants (104) and Non-claimants (189)

# Six in ten drop-out claimants who are out of work and half of legacy claimants who are out of work want to work full-time

**B3b. Do you want to work full- or part-time?**

■ Drop-out claimants   ☐ Legacy claimants   ■ Non-claimants

**Full-time (30+ hours per week)**
- 64%
- 54%

**Part-time (16-29 hours per week)**
- 22%
- 24%

**Part-time (fewer than 16 hours per week)**
- 7%
- 14%

Base: All looking for work: Drop-out claimants (268); Legacy claimants (661) and
Non-claimants (12)* base too small to report

# Although the majority of legacy claimants would feel happier working (more hours), seven in ten would find it difficult to do so if they were offered this

**Drop-out and non-claimants were less likely to say they'd be happier working (more hours).**

**B7. To what extent do you agree or disagree with these statements?**
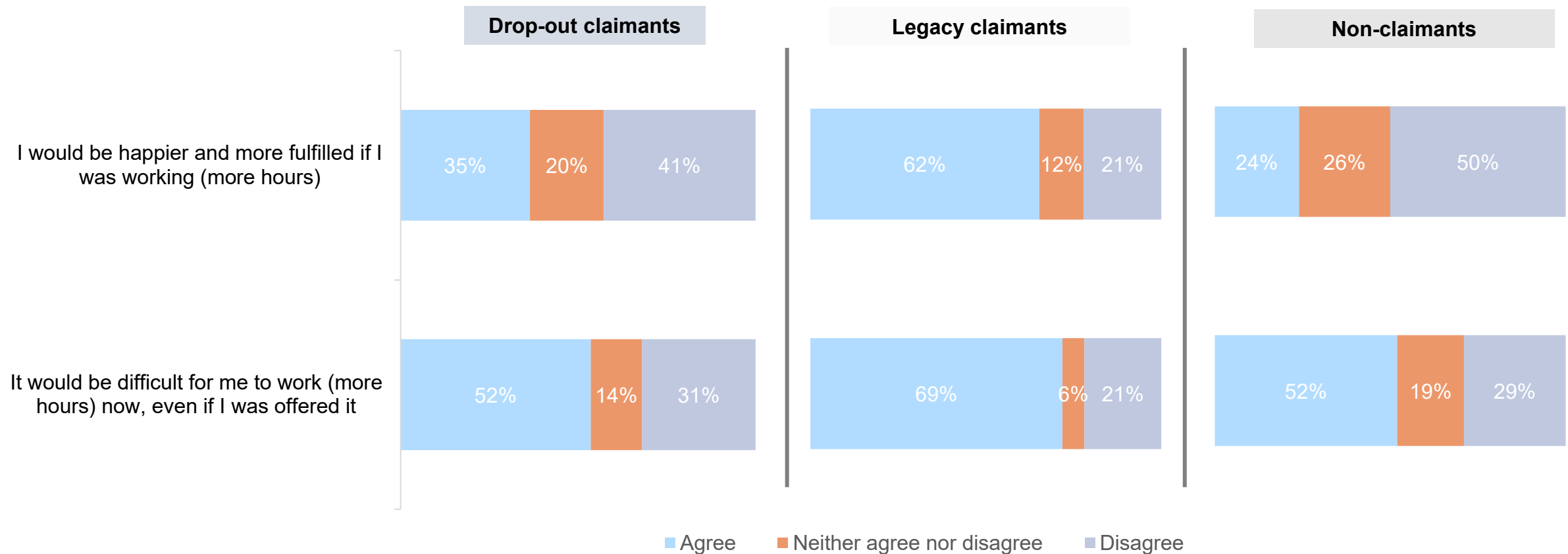
| | Drop-out claimants | Legacy claimants | Non-claimants |
|---|---|---|---|
| I would be happier and more fulfilled if I was working (more hours) | 35% / 20% / 41% | 62% / 12% / 21% | 24% / 26% / 50% |
| It would be difficult for me to work (more hours) now, even if I was offered it | 52% / 14% / 31% | 69% / 6% / 21% | 52% / 19% / 29% |

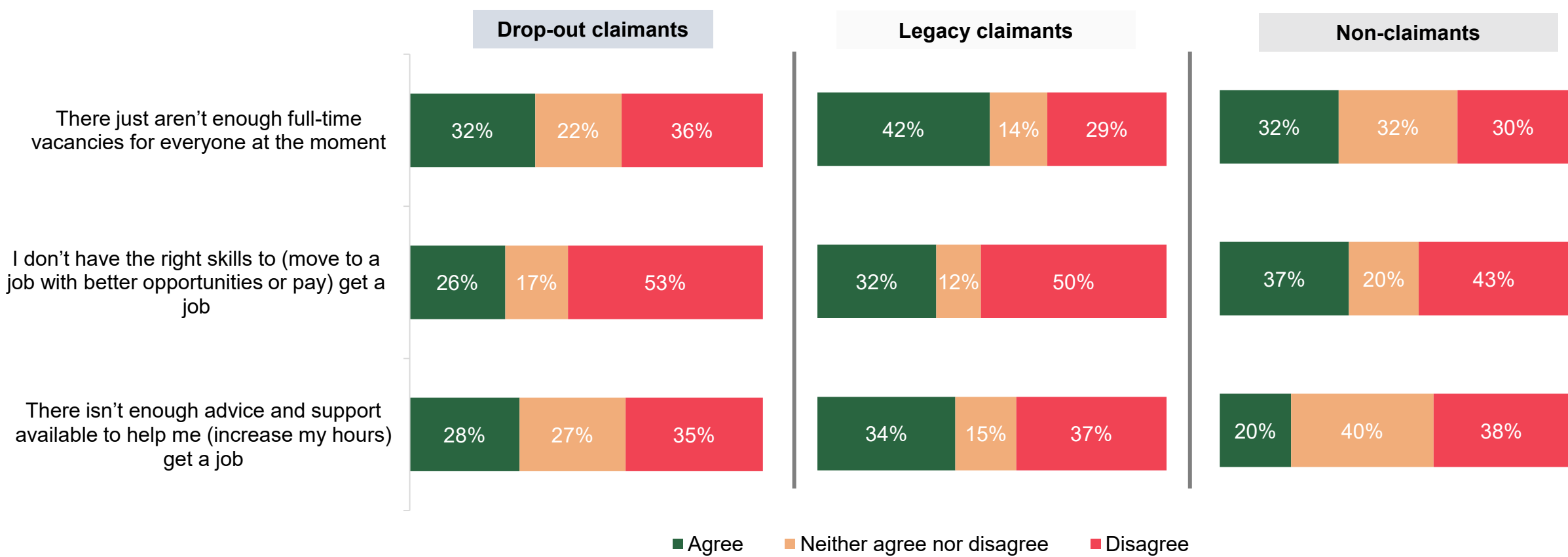■ Agree    ■ Neither agree nor disagree    ■ Disagree

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)
Wording of statements differed depending on if someone was employed or unemployed (employed wording shown in brackets)

# Across all groups, more than four in ten felt that jobs on offer don't pay enough to make working (more hours) financially worthwhile.

**Participants across all groups are unlikely to feel under pressure from family and friends to get a job or increase hours/pay .**

**B7. To what extent do you agree or disagree with these statements?**
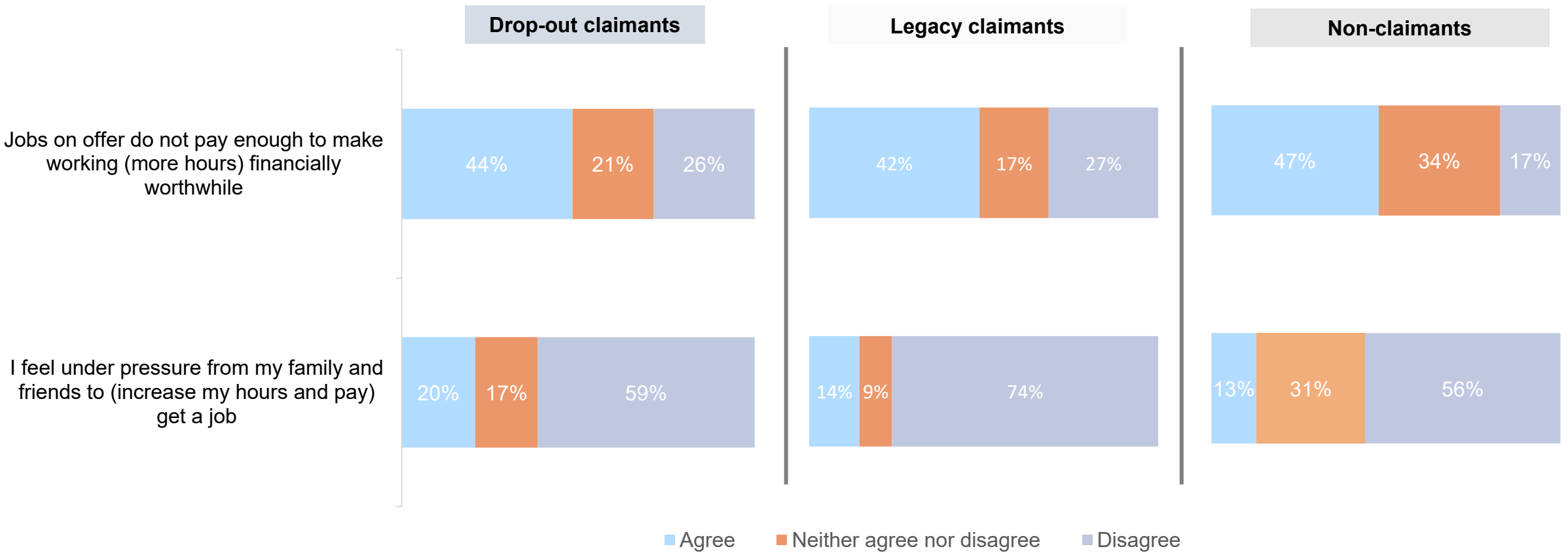
|  | Drop-out claimants | Legacy claimants | Non-claimants |
|---|---|---|---|
| Jobs on offer do not pay enough to make working (more hours) financially worthwhile | 44% / 21% / 26% | 42% / 17% / 27% | 47% / 34% / 17% |
| I feel under pressure from my family and friends to (increase my hours and pay) get a job | 20% / 17% / 59% | 14% / 9% / 74% | 13% / 31% / 56% |

■ Agree   ■ Neither agree nor disagree   ■ Disagree

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)
Wording of statements differed depending on if someone was employed or unemployed (employed wording shown in brackets)

# Lack of full time vacancies was identified as a barrier by a third of drop-out and non-claimants, and two fifths of legacy claimants.

## Legacy claimants were more likely than other groups to view skills or lack of advice/support as barriers.

**B7. To what extent do you agree or disagree with these statements? Continued…**

|  | Drop-out claimants | | | Legacy claimants | | | Non-claimants | | |
|---|---|---|---|---|---|---|---|---|---|
| There just aren't enough full-time vacancies for everyone at the moment | 32% | 22% | 36% | 42% | 14% | 29% | 32% | 32% | 30% |
| I don't have the right skills to (move to a job with better opportunities or pay) get a job | 26% | 17% | 53% | 32% | 12% | 50% | 37% | 20% | 43% |
| There isn't enough advice and support available to help me (increase my hours) get a job | 28% | 27% | 35% | 34% | 15% | 37% | 20% | 40% | 38% |

■ Agree  ■ Neither agree nor disagree  ■ Disagree

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)
Wording of statements differed depending on if someone was employed or unemployed (employed wording shown in brackets)

# Three in ten legacy claimants have both a physical and mental health condition, and almost four in ten have either a physical or mental health condition

**H4: Do you consider yourself to have any long-term disabilities or health conditions?**

■ Drop-out claimants   ■ Legacy claimants   ■ Non-claimants

**Physical condition**
- 14%
- 25%
- 10%

**Mental health condition**
- 11%
- 12%
- 11%

**Both physical and mental health condition**
- 11%
- 30%
- 6%

**Does not consider themselves to have a disability**
- 60%
- 31%
- 73%

**Six in ten (59%) legacy claimants with both a physical and mental health condition are claiming ESA**
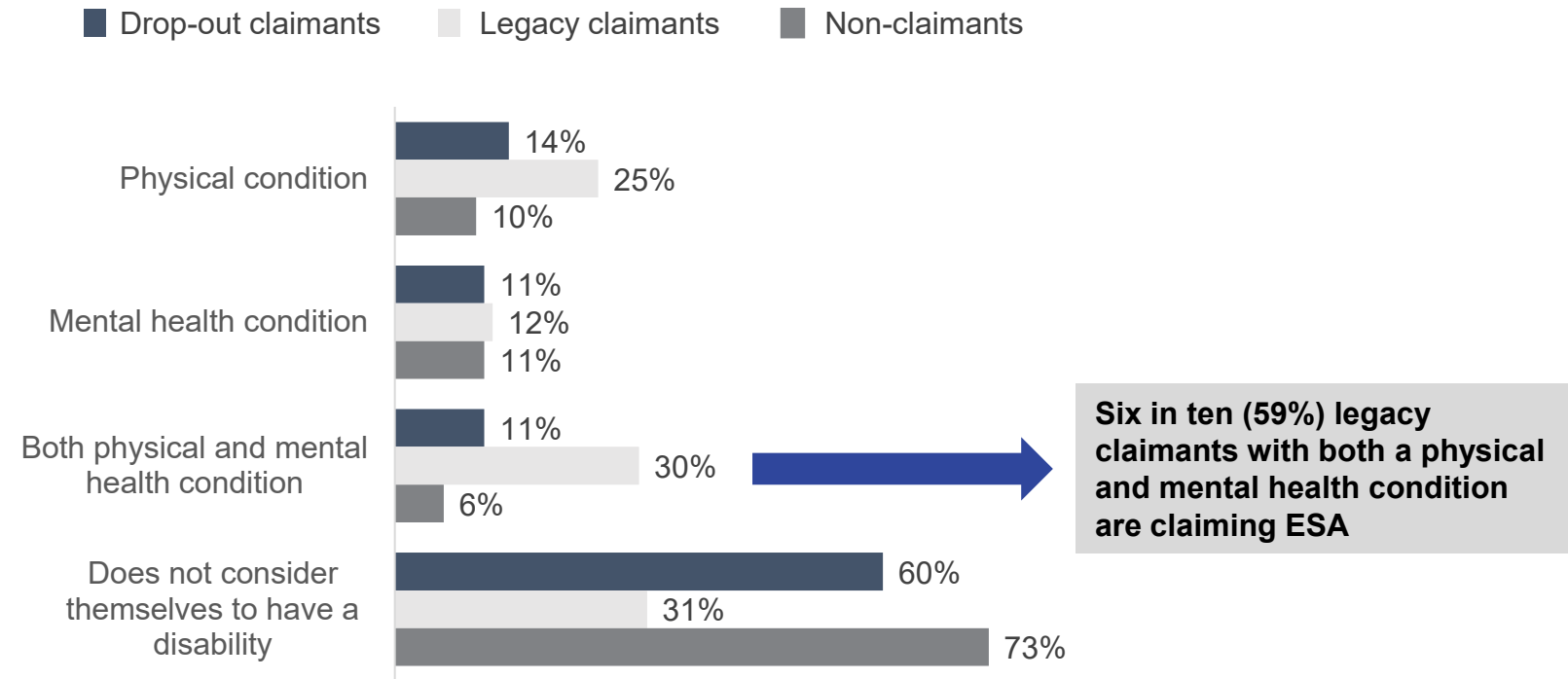
Drop-out claimants with a health condition or disability are **less likely to be in-work than those with no disability**

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

# Around one in five drop-out and non-claimants have caring responsibilities; one third of legacy claimants have caring responsibilities

**B8. Do you care for anyone who needs help with everyday life due to illness, disability or old age?**

■ Drop-out claimants    ■ Legacy claimants    ■ Non-claimants



**Drop-out claimants**
- 18%
- 78%

■ Caring responsibilities
■ No caring responsibilities

**Legacy claimants**
- 34%
- 65%

■ Caring responsibilities
■ No caring responsibilities

**Non-claimants**
- 17%
- 83%

■ Caring responsibilities
■ No caring responsibilities
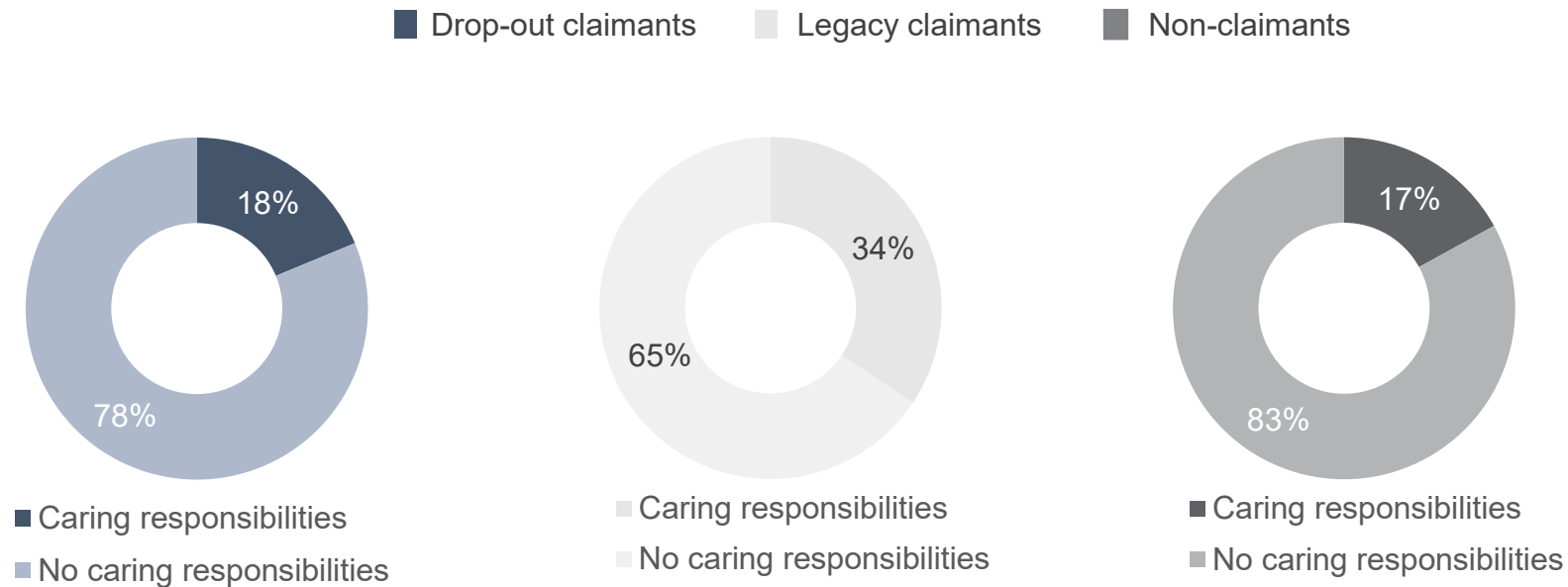
**Legacy claimants** with caring responsibilities are more likely to be **out of work** and not looking for work than those without (72% vs 52%)

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

**B9. Which, if any, of the following make it more difficult for you to get work/increase your earnings?**

Legend: ■ Drop-out claimants  ■ Legacy claimants  ■ Non-claimants

| Category | Drop-out claimants | Legacy claimants | Non-claimants |
|---|---|---|---|
| My physical or mental health or learning difficulty | 28% | 57% | 16% |
| Lack of relevant skills | 28% | 35% | 32% |
| Commute to work | 23% | 31% | 20% |
| My age | 18% | 33% | 14% |
| Childcare | 10% | 19% | 29% |
| My caring responsibilities | 7% | 25% | 8% |
| Lack of job opportunities | 2% | 1% | 1% |
| Other | 4% | 3% | 1% |
| None of these | 22% | 5% | 22% |

**Females on legacy benefits are most likely to report childcare (31% vs 19%) and caring responsibilities (33% vs 25%) making it more difficult to get work or increase earnings**

*"I struggle with mental health so I know work will be harder for me – but if I could work in area I want to – then I think my mental health would get a lot better."*

Male, out-of-work, legacy claimant

*"I tried really hard to get a job in social care, but could not find one that suited my situation. They could not understand that I could only work certain hours because of my son."*

Female, in-work, drop-out claimant

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

**B10. What help or support, if anything, would help you to find work/increase your earnings?**



Legend: ■ Drop-out claimants ■ Legacy claimants ■ Non-claimants

Training in work-related skills (e.g. spoken or written English IT skills job-specific skills)
- 19%
- 14%
- 24%

Support to manage physical or mental health condition
- 15%
- 14%
- 13%

Support to find and apply for jobs
- 13%
- 11%
- 15%

Help to find and pay for further or higher education courses
- 16%
- 6%
- 22%

Help with the cost of travel to and from work
- 13%
- 7%
- 17%

Access to affordable / good quality childcare
- 6%
- 7%
- 18%

Help to prepare for job interviews/ interview techniques
- 7%
- 5%
- 14%

Support to manage caring responsibilities
- 3%
- 7%
- 4%

Other
- 11%
- 10%
- 2%

Nothing – I don't need any support
- 29%
- 35%
- 27%

*"Depending on the job I might get – getting training with that specific job, rather than training in general beforehand, would be helpful."*

Male, in-work, non-claimant

*"I don't think anything will help, I don't see work in my future with all the health stuff, especially my mental health. I also retire in 2 years, I want to be left alone."*

Male, out-of-work, legacy claimant

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

# Income and budgeting behaviours

# Around seven in ten drop-out claimants, legacy claimants and non-claimants say that they regularly budget, and around half do so at least weekly

**C1. Do you regularly work out how much money you are getting from work and/or benefits, and how much you are spending?**

**C2. How regularly do you do this?**

■ Drop-out claimants  ■ Legacy claimants  ■ Non-claimants



- 7%
- 23%
- 70%

■ Yes
■ No
■ Prefer not to say

- 2%
- 26%
- 72%

■ Yes
■ No
■ Prefer not to say

- 3%
- 28%
- 69%

■ Yes
■ No
■ Prefer not to say

**Daily**
- 17%
- 15%
- 15%

**Weekly**
- 36%
- 32%
- 35%

**Fortnightly**
- 5%
- 27%
- 9%

**Monthly**
- 36%
- 22%
- 34%

**Less frequently than monthly**
- 4%
- 3%
- 6%

**At least weekly**

**Drop-out 53%**

**Legacy 47%**
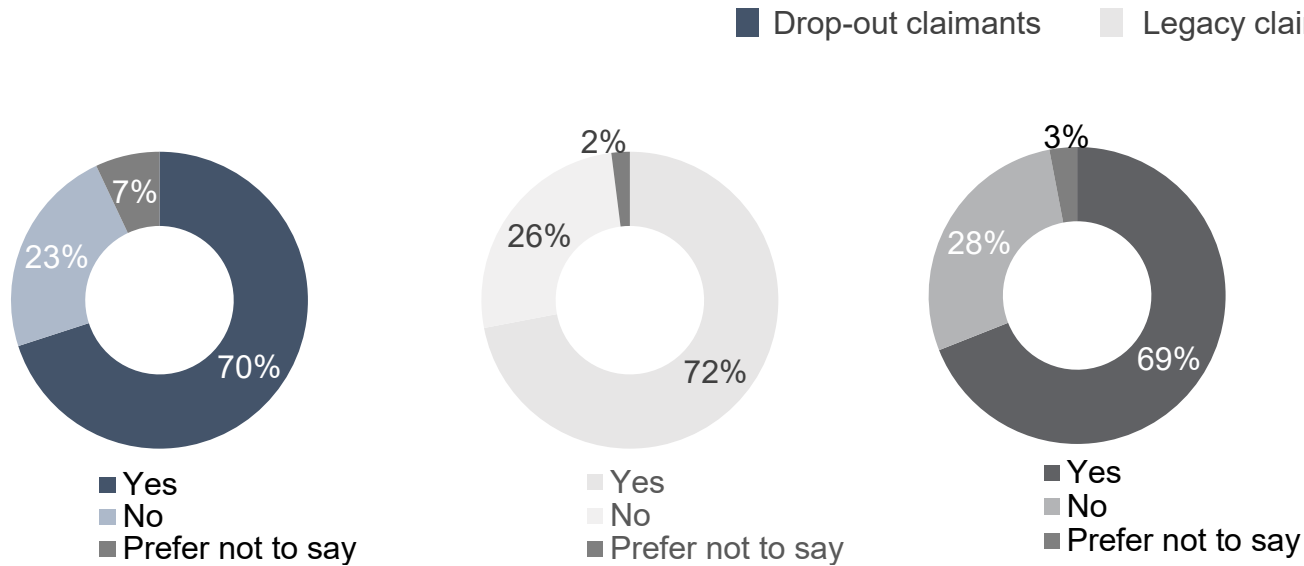
**Non-claimants 50%**

**Women** are more likely than men to budget within both **drop-out** and **legacy claimants**

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

Base: All who budget. Drop-out claimants (1,484); Legacy claimants (1,404) and Non-claimants (157)

# Participants across all groups prided themselves in being able to budget well and had a number of different methods they used

## Participants were more likely to describe behaviour as planning rather than budgeting

### Budgeting tools and techniques used

- Shopping around for the best deal and always buying the cheapest version
- Trying to pay all bills first when receiving their payment
- Using online banking to monitor outgoings
- Planning how they were going to spend money on paper or spreadsheets
- Moving money to saving accounts

*"I budget and check my account daily. I am mindful of spending and only buy what I need."*

Male, out-of-work, legacy claimant

*"My wife does all the budgeting. She is very careful with money and she knows what is going in and out. She does some kind of double entry book keeping."*

Male, in-work, non-claimant

*"Generally I control my budget in a vague way but I am quite responsible as a person, I never overspend and as a couple we are wise when it comes to our spending."*

Male, out-of-work, drop-out claimant

Although **men** were less likely to say they budgeted, when probed further many did budget but more informally than women. For example, monitored outgoings mentally rather than using spreadsheets

# Over four in ten drop-out and legacy claimants run out of money at least most of the time

**C3: And how often, would you say, you run out of money before you receive your next payment and/or salary and/or income?**

■ Drop-out claimants  ☐ Legacy claimants  ■ Non-claimants

**Always**
- 16%
- 19%
- 8%

**Most of the time**
- 25%
- 27%
- 23%

**Rarely**
- 28%
- 29%
- 43%

**Never**
- 22%
- 23%
- 21%
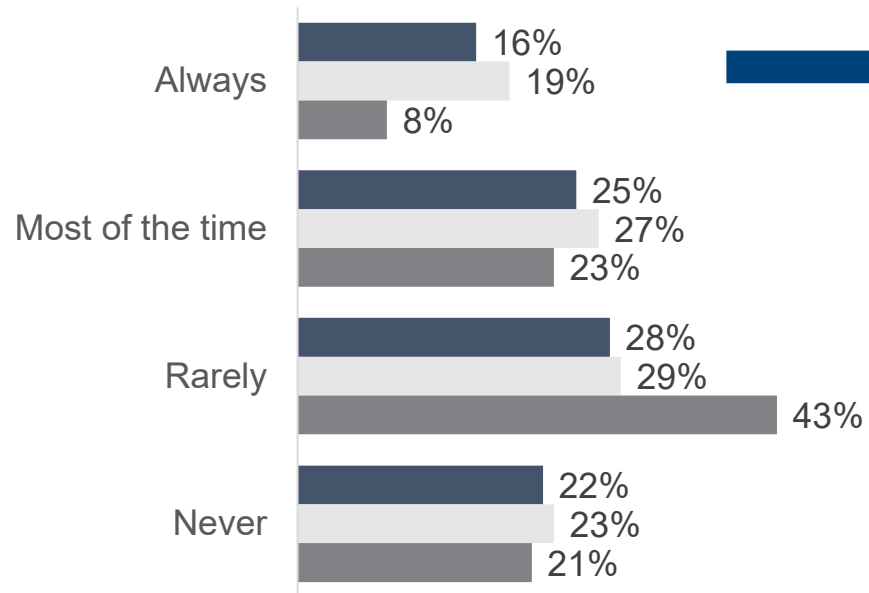
Those who run out of money 'always' are more likely to be:

- **Drop-out claimants with physical and mental health condition (23% vs. 16%) and caring responsibilities (20% vs 16%)**

- **Legacy claimants with physical and mental health condition (23% vs 19%), and dependent children aged 5 or under (26% vs 19%)**

- **Non-claimants with no dependent children (17% vs. 8%)**

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

# The qualitative interviews reflected the survey findings, with participants describing running out of money for essentials such as bills or food

**Legacy claimants struggled particularly, and were most likely to run out of money routinely**

Struggling to pay for essentials

Struggling to save or afford more expensive periods

**Legacy claimants…**

- Often **prioritise buying food** before they run out of money

- Have to juggle paying different bills

- Felt that the **money they receive doesn't cover the cost of living**

*"It's just not sufficient to live on. I have to prioritise my food, gas and electricity then there is nothing left. I rob Peter to pay Paul. I take out loans to pay certain bills."*

Female, out-of-work, legacy claimant

**Drop-out claimants…**

- Sometimes struggled to **pay bills** and some had payment plans in place with providers

- They worried about the **cost of living** going up

- Would sometimes run out of money around **Christmas time**

- Felt that they simply **didn't have enough money**

**Non-claimants…**

- **Less likely to regularly run out of money** for essentials but needed to budget carefully

- Some struggled to save for more expensive periods, for instance **running out of money due to Christmas**

*"It's only in the last few years that we feel we are not struggling at the end of the month. We are managing and reducing our debts, we owed 30k now only 6k."*

Male, in-work, non-claimant

# Drop-out claimants, legacy claimants and non-claimants are all most likely to borrow from a friend or relative, or use their overdraft, when they run out of money

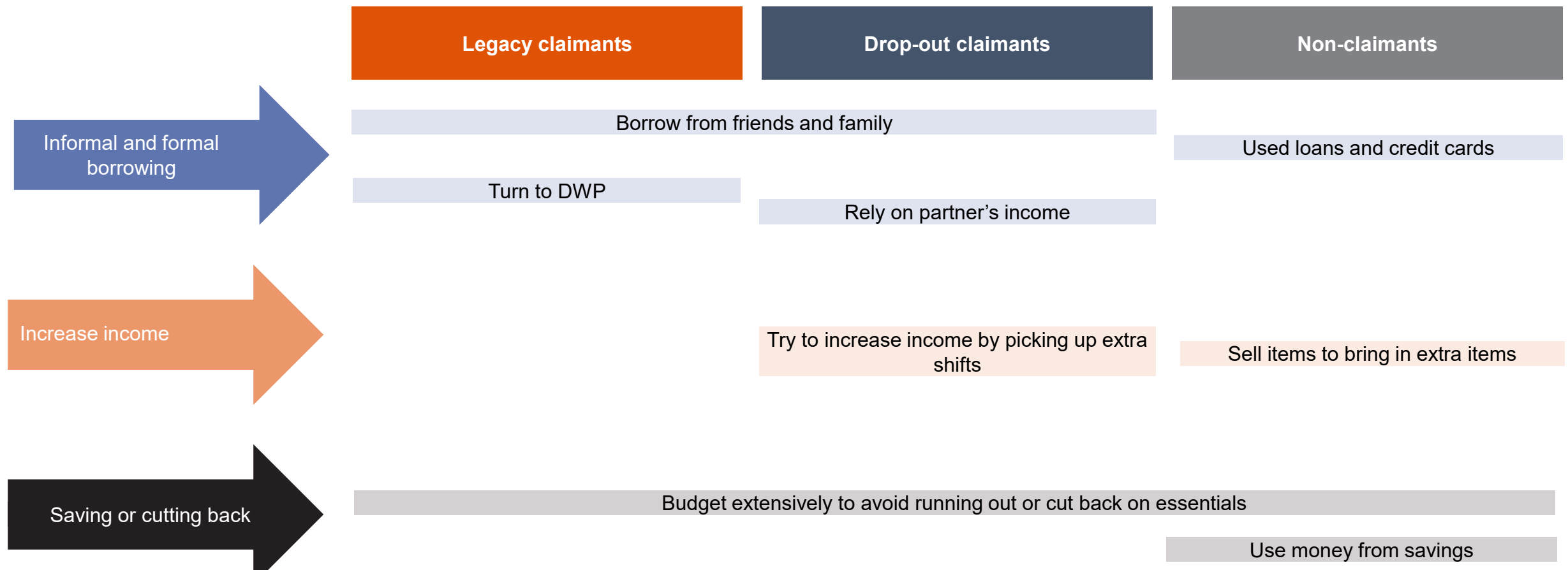**C4. Have you used any of these ways to borrow money when you run out of it?**
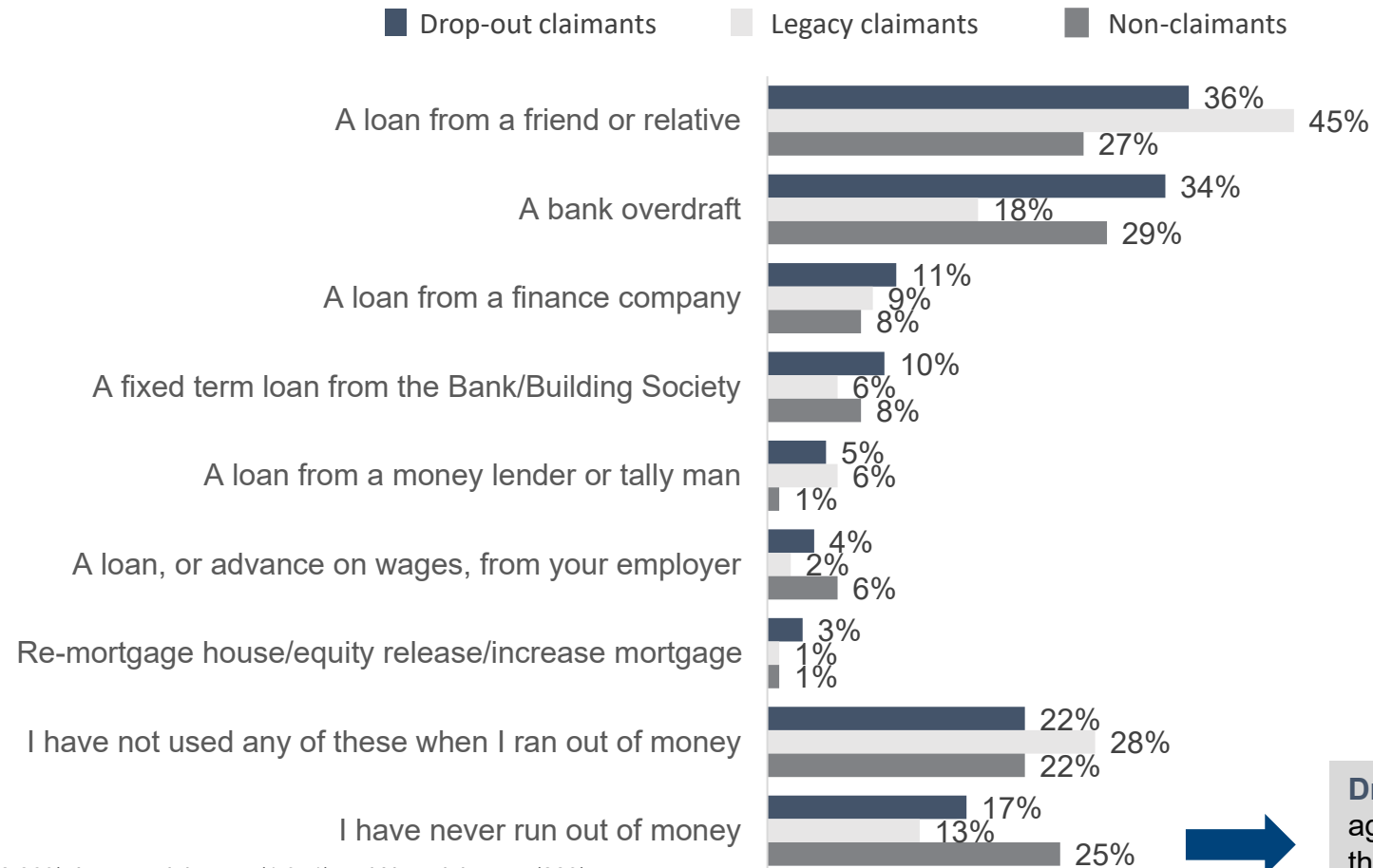
■ Drop-out claimants    ■ Legacy claimants    ■ Non-claimants



**A loan from a friend or relative**
- 36%
- 45%
- 27%

**A bank overdraft**
- 34%
- 18%
- 29%

**A loan from a finance company**
- 11%
- 9%
- 8%

**A fixed term loan from the Bank/Building Society**
- 10%
- 6%
- 8%

**A loan from a money lender or tally man**
- 5%
- 6%
- 1%

**A loan, or advance on wages, from your employer**
- 4%
- 2%
- 6%

**Re-mortgage house/equity release/increase mortgage**
- 3%
- 1%
- 1%

**I have not used any of these when I ran out of money**
- 22%
- 28%
- 22%

**I have never run out of money**
- 17%
- 13%
- 25%

**Drop-out** and **legacy claimants** aged 56+ are more likely to say they have never run out of money

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

# When participants ran out of money, they utilised various methods to manage

## Borrowing, increasing income and reducing expenditure all played a role

| Legacy claimants | Drop-out claimants | Non-claimants |
|---|---|---|

**Informal and formal borrowing**

Borrow from friends and family

Used loans and credit cards

Turn to DWP

Rely on partner's income

**Increase income**

Try to increase income by picking up extra shifts

Sell items to bring in extra items

**Saving or cutting back**

Budget extensively to avoid running out or cut back on essentials

Use money from savings

*"I have recently started using my overdraft, as cost of living has increased. However, I always pay my overdraft back by working overtime at work."*

Male, in-work, drop-out claimant

*"Recently we have sold possessions to get money, things that we don't need or use. In the past we have had bank loans and credit cards."*

Female, out-of-work, non-claimant

# The vast majority of respondents have not been in arrears with their rent or mortgage in the last 6 months

**C5. Have you ever been in arrears with your rent or mortgage payment in the last 6 months?**

| Drop-out claimants | Legacy claimants | Non-claimants |
|---|---|---|



Drop-out claimants: 11% Yes, 85% No

Legacy claimants: 12% Yes, 87% No

Non-claimants: 6% Yes, 92% No
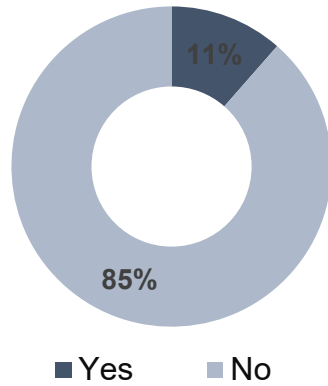
**Drop-out claimants** aged 36-55 (15%), BME (17%), and those renting from Housing Association (19%) are more likely to have been in arrears
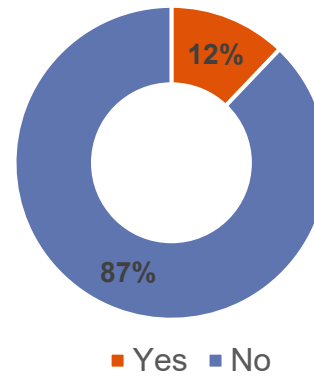
**Legacy claimants** aged 46-55 (15%), BME (17%), and those renting from Housing Association (15%) and with dependent children aged 5 or under (20%) are more likely to have been in arrears
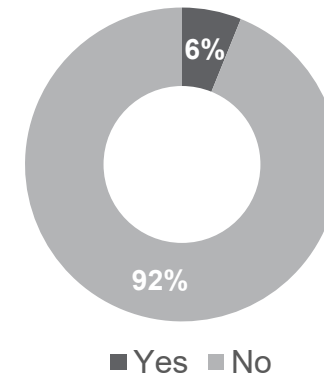
**Non-claimants** renting from Housing Association (19%) are more likely to have been in arrears

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

# At least nine in ten drop-out and legacy claimants have a current account, however, just over three quarters of non-claimants have one

**C6. Do you and/or your spouse have a current account or a basic account with a bank or building society or at the Post Office?**

### Drop-out claimants



7% No
90% Yes
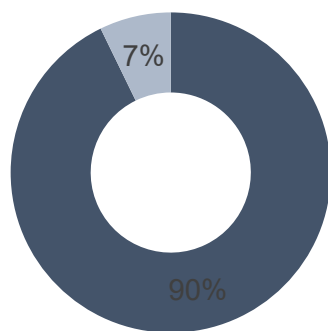
■ Yes  ■ No

Drop-out claimants with dependent children aged 5 and under are more likely to **not** have a bank account (14%) as are BME drop-out claimants (10%)

### Legacy claimants



5...
94% Yes
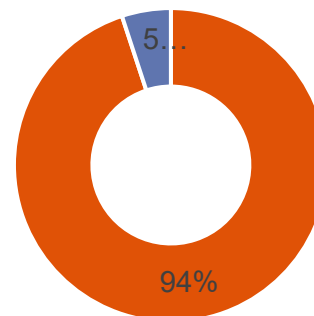
■ Yes  ■ No

Legacy claimants with no qualifications are more likely to **not** have a bank account (7%)

### Non-claimants



19% No
78% Yes
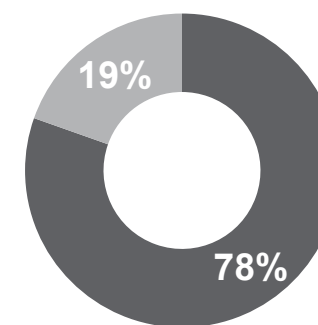
■ Yes  ■ No

Female non-claimants are more likely than male non-claimants to have a bank account (86% vs 69%), as are non-claimants with a degree level qualification (88%)

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

# The majority of drop-out, legacy and non-claimants say they do not need support managing their budget, however, across all groups advice on how to increase their income is most sought after

**C7. What types of help or support, if any, would be most useful in helping you manage your budget? Anything else?**

Legend:
- Drop-out claimants
- Legacy claimants
- Non-claimants

| Category | Drop-out claimants | Legacy claimants | Non-claimants |
|---|---|---|---|
| Advice on how to increase my income | 19% | 11% | 29% |
| Advice on how to reduce my spending | 8% | 3% | 11% |
| Advice on how to reduce my debt | 9% | 3% | 12% |
| Advice on how to spread my spending so I don't run out of money | 6% | 4% | 11% |
| Help with working out what money I have left to spend each day/week/month | 5% | 4% | 9% |
| Better financial support/increased benefits payments/more frequent payments | 3% | 4% | |
| Other | 8% | 11% | 4% |
| I don't need any support | 61% | 72% | 54% |

**Drop-out claimants aged 26-35 and those of mixed ethnicity are more likely to seek these types of support**

Those who feel they don't need any support are more likely to be:

- **Drop-out claimants aged 46+, white ethnic background, own house with mortgage/outright**
- **Legacy claimants aged 56+, white ethnic background, have level 2 or lower level qualifications, have no dependent children**

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

# Where participants struggled with budgeting, this was largely attributed to external barriers rather than feeling that they needed more support

## Participants often felt that barriers to budgeting were out of their control

**Barriers to budgeting**

- Fluctuating income or outgoings – e.g. children needing different things at different times
- Not enough money to cover essentials

*"Not sure any support would help. I just feel there just is not enough money to pay all the bills, so I have to pick and choose"*

Female, out-of-work, legacy claimant

*"I can't budget as my children's needs are always changing every week…like I buy food and they won't eat it."*

Male, out-of-work, legacy claimant

Even where they were comfortable with their current budgeting, legacy claimants were **concerned about being able to budget over a full month**, if they were to claim UC.

**Where participants did want support, this related to**
- Help with filling in forms for applying for benefits
- Budgeting for specific events e.g. having children or buying a house

# Participants expressed concerns about money - particularly in terms of unexpected costs or increases in the cost of living

**Many participants felt that they were just managing on their current budget, but there was little room for contingency**

For some, money was a **constant worry** as they did not feel they had enough to meet their day-to-day needs.

**This was particularly an issue for those who were not in work, and those with dependents.**

Worries about money could **exacerbate existing mental health issues**.

Where participants felt they **were just managing** on their current income, they were worried about any additional costs such as:

- **Unexpected expenses**

- **Increases in cost of living**

- **Changes to or losses of benefits**

- **Preparing for known expenses such as Christmas**

Some felt that they were **managing ok on their current budget.**

Those who were **in work**, or who were older and **did not have dependents** were less likely to worry about money on a regular basis.

Some were simply **resigned to their situation** – feeling there was no point worrying as it was out of their control.

*"I worry about money every day. Especially with the bills going up. Gas and electric…I sometimes worry about being able to pay the bill and rent."*
Female, out-of-work, legacy claimant

*"It's a massive change going from having money every week to every month, it stresses me out".*
Female, out-of-work, legacy claimant

*"I used to worry about money a lot but less so now as I feel on top of everything, my wages have increased, so I can budget better…"*
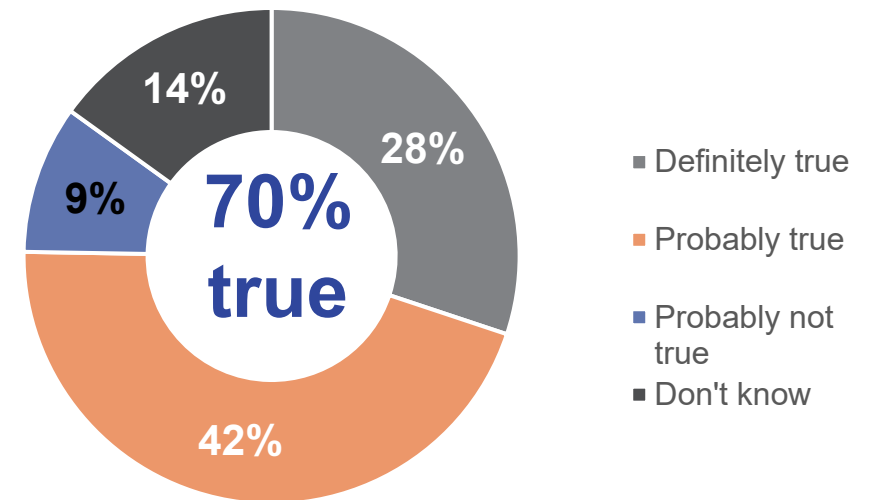Male, in-work, non-claimant

# Awareness of UC

# Majority of drop-out claimants and non-claimants have some or a good understanding of Universal Credit. Legacy claimants are less likely to know much about it although most think that it will replace their current benefits

**D1. How much do you know about Universal Credit?**
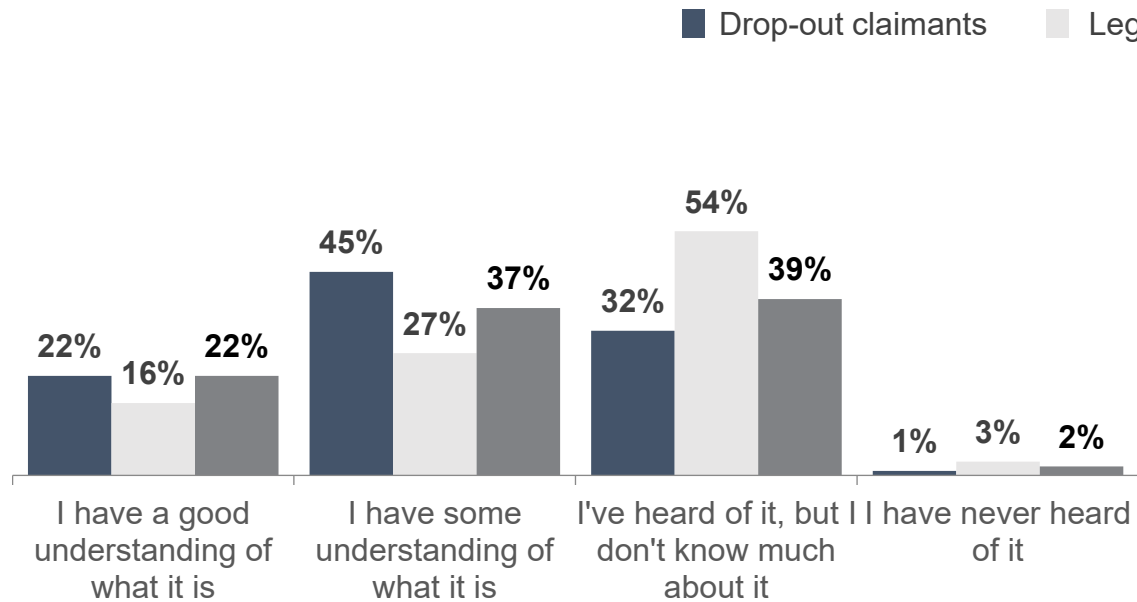
**D2. To the best of your knowledge, is this statement true or false? Universal Credit will eventually replace the benefit I am currently receiving**

Legend:
- Drop-out claimants
- Legacy claimants
- Non-claimants

Bar chart data:

| Category | Drop-out claimants | Legacy claimants | Non-claimants |
|---|---|---|---|
| I have a good understanding of what it is | 22% | 16% | 22% |
| I have some understanding of what it is | 45% | 27% | 37% |
| I've heard of it, but I don't know much about it | 32% | 54% | 39% |
| I have never heard of it | 1% | 3% | 2% |

Donut chart:

**70% true**

- Definitely true: 28%
- Probably true: 42%
- Probably not true: 9%
- Don't know: 14%

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

Base: Legacy claimants who have heard of Universal Credit (795)

# While qualitative participants had all heard of UC, levels of understanding were quite low across all claimant groups

Even those with some experience of UC lacked clarity, particularly around entitlements and calculations

| Legacy claimants | Drop-out claimants | Non-claimants |
|---|---|---|
| Participants typically understood UC to be an amalgamation of other benefits. | | |
| Knowledge of UC typically came from friends and family, or things they had picked up in the media. | | |
| Some knowledge from their previous interactions with DWP – and some legacy claimants had been advised or encouraged to switch. | | |
| Knew that UC was paid less frequently than their current benefits, and that there could be a wait. | Lacked clarity around eligibility criteria – particularly around how their work status or their partner's financial status may affect eligibility. | |
| Didn't know if they would be better or worse off on UC  - or how it was calculated. | | |

*"From what I can gather…UC is a generic name for all the benefits…they are paying it in one rather than labelling it as lots of different benefits"*

Female, in-work, drop-out claimant

# Over four in ten drop-out and non-claimants are open to learning about Universal Credit. Over half of legacy claimants are open to learning about Universal Credit

**D3a. To what extent do you agree or disagree with the following statements?: I am open to learning about Universal Credit**

| Drop-out claimants | Legacy claimants | Non-claimants |
|---|---|---|
| **42%** ... **25%** | **55%** ... **25%** | **46%** ... **19%** |
| 18% 24% 28% 11% 14% | 21% 34% 15% 10% 15% | 9% 37% 27% 10% 9% |

■ Strongly agree   ■ Somewhat agree
■ Neither agree nor disagree   ■ Somewhat disagree
■ Strongly disagree
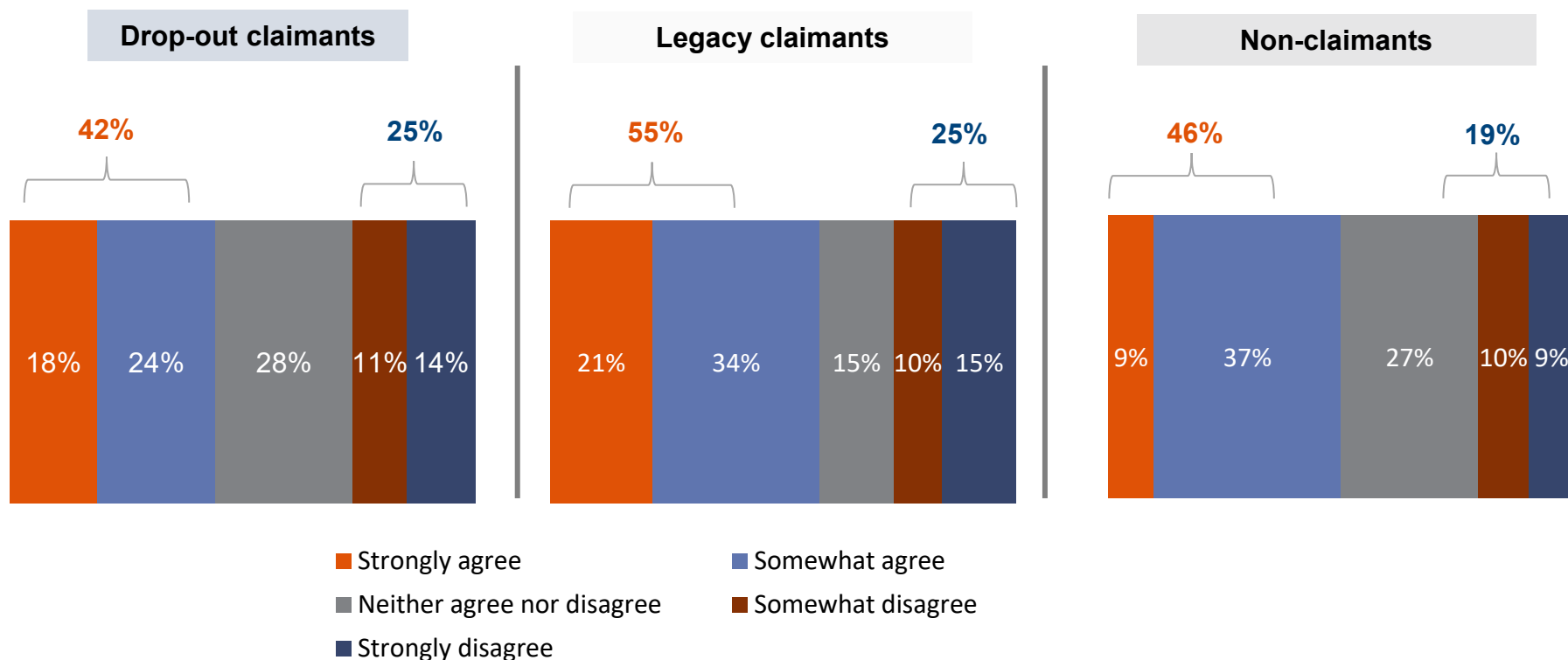
Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

# More than half of legacy claimants do not think they will be better off on UC and would rather stick with their current benefit

**D3. To what extent do you agree or disagree with the following statements?**

**Legacy claimants**

**Legacy claimants** receiving **Income support and ESA** are more likely to **disagree** they would be better off (64% and 62% vs 54%))

I would be financially better-off if I move to Universal Credit

**11%** | **54%**

| 5% | 6% | 17% | 17% | 38% |

I would rather stick with my current benefit even if I would get more on Universal Credit

**53%** | **23%**

| 36% | 17% | 14% | 11% | 12% |

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

Those **aged 26-35** and those **renting from a housing association** are more likely to agree they want to stick with current benefits (63% and 56% vs 53%)

Base: Legacy claimants who have heard of Universal Credit (795)

# The vast majority of drop-out and non-claimants would use the GOV.UK website to find out about UC. Legacy claimants are equally likely to use GOV.UK and the Job Centre

**D4. If you wanted to find our more about Universal Credit, where would you go?**

■ Drop-out claimants　□ Legacy claimants　■ Non-claimants

| Category | Drop-out | Legacy | Non-claimants |
|---|---|---|---|
| GOV.UK website | 78% | 40% | 85% |
| Someone at Job Centre | 10% | 36% | 12% |
| Citizens Advice or another charity | 11% | 12% | 16% |
| Family or friend | 10% | 9% | 20% |
| Google/online search | 9% | 12% | 1% |
| Universal Credit Helpline | 14% | 4% | 15% |
| Council or Local Authority | 4% | 4% | 4% |
| Social Media | 3% | 1% | 2% |
| Other | 2% | 9% | |
| Don't know | 5% | 11% | 10% |
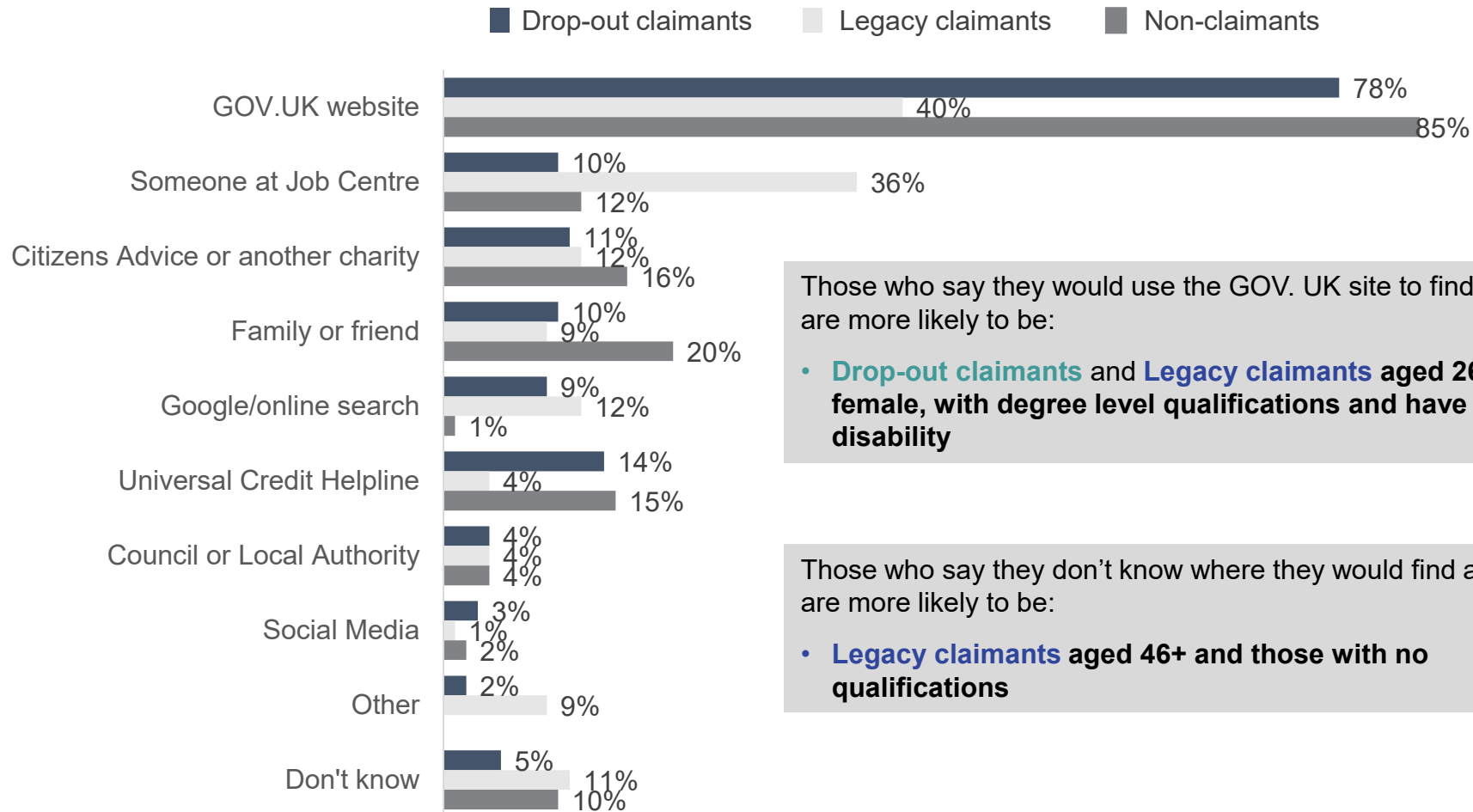
Those who say they would use the GOV. UK site to find about UC are more likely to be:

- **Drop-out claimants** and **Legacy claimants** **aged 26-45, female, with degree level qualifications and have no disability**

Those who say they don't know where they would find about UC are more likely to be:

- **Legacy claimants** **aged 46+ and those with no qualifications**

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

# Reasons for not claiming UC

# Around eight in ten legacy and non-claimants have not considered applying for Universal Credit; six in ten of those who have applied tried to find information to help them decide whether to apply

**E1. Have you ever considered claiming for Universal Credit but decided not to proceed with it?**

**Legacy claimants**

14% Yes
86% No

- Yes
- No

**Non-claimants**

21% Yes
79% No

- Yes
- No
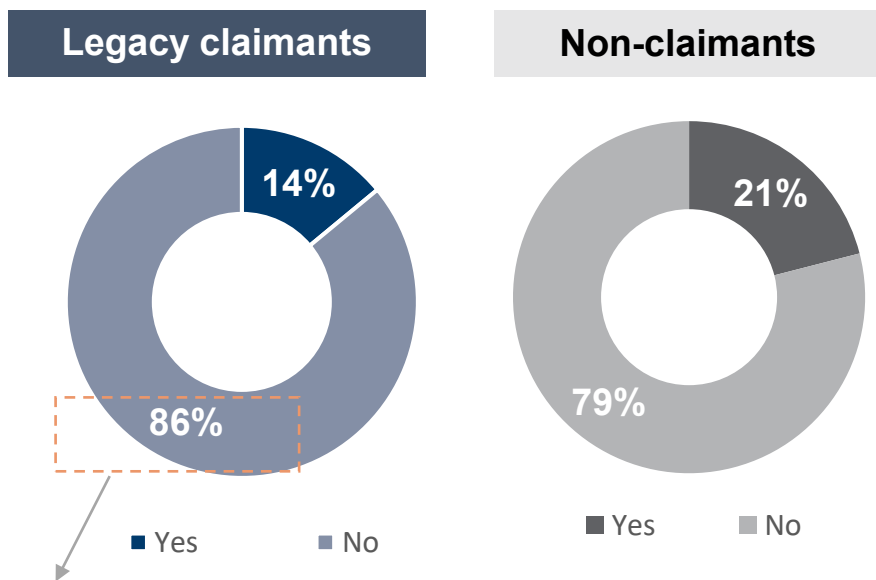
**Legacy claimants** aged 56+ (90%) and with no qualifications (89%) and on ESA (94%) were particularly likely to have not considered applying for UC

Base: All who have heard of Universal Credit. Legacy claimants (1,885) and Non-claimants (215)

**E2. Did you make any enquiries or try to find information about Universal Credit to help you decide?**

- Legacy claimants
- Non-claimants

Yes
- Legacy claimants: 59%
- Non-claimants: 62%

No
- Legacy claimants: 37%
- Non-claimants: 32%

Can't remember
- Legacy claimants: 3%
- Non-claimants: 6%
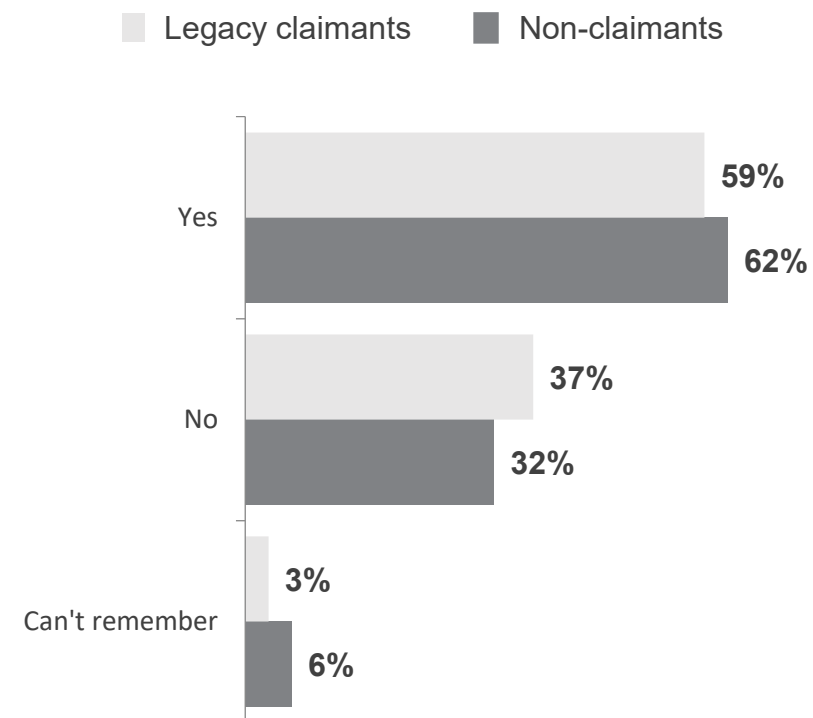
Base: All considered claiming for UC. Legacy claimants (243) and Non-claimants (48)

# Legacy and non-claimants have a range of reasons for not claiming. For non-claimants the biggest barrier is a belief they would not be eligible

**E3. What were your reasons for not claiming?**

Legacy claimants   Non-claimants

| Reason | Legacy claimants | Non-claimants |
|---|---|---|
| Would be worse off/receive less money | 18% | 5% |
| Worried about the wait/period without receiving benefit/monthly payments | 17% | |
| I didn't know how to claim | 12% | 14% |
| I didn't think I would qualify for it | 11% | 52% |
| Advised not to apply/following advice | 8% | |
| Heard negative press/poor reputation | 7% | 2% |
| I had enough money to see me through | 6% | 23% |
| Thought I would get a job soon so would not need to claim | 3% | 22% |
| I didn't have the time | 3% | 9% |
| Other | 17% | 6% |
| No reason | 8% | 7% |

Base: All who considered claiming for UC. Legacy (243), and Non-claimants (48) – note small base size for non-claimants

# Qualitative research highlighted that legacy claimants had concerns about Universal Credit which made them reluctant to switch

**Concerns were particularly linked to the less frequent payments, the wait for payments and a general lack of understanding and mistrust around how payments would be calculated**
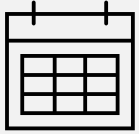
Participants were put off by **the five week wait** as they felt they would struggle to afford essentials during this gap. For some this outweighed potential benefits such as receiving more money overall.

Participants were put off by the prospect of **monthly payments.** Despite confidence in their budgeting abilities, they worried about running out of money over this longer time period.

A **lack of knowledge** about UC and a **general mistrust** of the benefit system left participants reluctant to switch.

A **belief that they would be pushed into work that they weren't ready for** – particularly if they had health conditions.

Some participants were concerned that they **might receive a lower overall payment** on UC.

*"I would rather stick with my current benefit even if I would be better off on Universal credit".*
Male, out-of-work, legacy claimant

*"They have a broad brush approach and will make you look for work, even if you can't."*
Male, out-of-work, legacy claimant

*"I am a member of an on-line forum for COPD....there is a lot of talk on there about UC…a lot are against it... they say you get less money and the system is failing"*
Female, out-of-work, legacy claimant

# Case Study: Legacy Nonstarter

## Background and work situation

This participant has been **on disability benefits since the age of 16**. He did also work for a few years but since receiving a diagnosis of schizophrenia, he has been unable to work and is **now claiming PIP**. While he still has a desire to work in the future, his **health is a significant barrier**. He also worries that if he were able to get a job in the future, this may lead to loss of housing assistance and his benefits.

## Attitudes and knowledge of UC

The participant **understood UC to be an effort to merge all the benefits and deliver them monthly.** He **did not want to change to monthly payments** as he felt that he would be unable to budget effectively – and he suggested that this would be the case for many others. Having **never considered switching, he was unaware of further details**, including any non-financial support that may be offered.

## Barriers and support / other improvements

The participant has **concerns about budgeting and managing expenses over the course of a month.** He feels he may get carried away and forget about bills. He would like clear information that shows the breakdown of payments, to help him to allocate between bills, rent, food and other living costs.

> " The payment a month shouldn't be done – as people will end up spending it irresponsibly."
> **Male, out-of-work, legacy claimant**

# Non-claimants often had not considered applying for UC

**Reflecting the quantitative findings, non-claimants often did not consider that they could be eligible for UC**

Non-claimants expressed a lack of knowledge about UC – and in particular, a belief that they weren't eligible.

Some were put off by perceived complexity of the process. In particular, if they were in work, they worried that they may end up having to pay money back if they increased their working hours.

Negative perceptions of UC and DWP in general put some participants off. These perceptions were informed either by their own previous experiences of claiming UC or other benefits, or by anecdotal evidence from friends or family.

*"For me personally – I hated being involved with DWP over UC – I found it demoralising and impersonalised – and I couldn't wait to get off it. Although they have improved since back in the day – a bit – but there is still a stigma attached to it and they are always wary of people who claim and always trying to catch you out …. so I would say don't bother with it unless you are really, really desperate."*

Male, out-of-work, non-claimant

*"I felt anxious – I didn't like the thought of receiving money and then having to pay it back if I suddenly did more hours – I don't want to risk being indebted."*

Female, in-work, non-claimant

# Case Study: Non-claimant

## Background and work situation

The participant is **currently working** night shifts at a supermarket while living alone. She described her current work as high pressure, unmotivating and "prison like" due to restrictions on talking. She is currently looking for a new role and would like to work in more of an admin/office role and feels optimistic but nervous towards this.

Previously when she was between university graduation and employment she applied and was successful and stopped claiming once she had employment.

## Attitudes and knowledge of UC

The participant's **knowledge of UC came from negative news media coverage,** largely focused around benefits being taking away or people not receiving enough to cover outgoings. She described UC as "*a benefit for people who are out of work, the job centre gives appointments to people and help them find jobs*".

She also believed that UC helps people that don't want to work, and that there was not enough support for those on low incomes. **She was unaware that those on low income may be eligible for UC.**

## Barriers and support / other improvements

A barrier for both work and applying for UC were the participant's ADHD and dyspraxia diagnosis. Awareness of eligibility was also a barrier for applying for UC. She **would like practical support with applying for UC**, - for instance someone to be able to sit with her at the job centre and help her to complete an application.

> I think they (UC) should offer more help to taxpayers, but they don't seem to bother with them. There should be more help to people on low income"
> **Female, in-work, non-claimant**

# Understanding experiences of those now claiming

**Those who had switched to UC felt that it was aimed primarily at those seeking or already in work.**

## Reasons for claiming
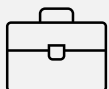
Advised it would help them find work – though experiences of this were mixed.

Advised that it would help them top up their payments from work.

Some former legacy claimants felt they'd been pushed into switching over, even though they'd have preferred not to.

**Experiences of UC** had been mixed, with some finding the employment support more helpful than others.

**Understanding of entitlements and breakdown of payments was still fairly unclear** even for this group who were currently claiming.

*"Not very great for me, it doesn't really help me, I feel like I get turned away [from jobs] every time, I don't like being on it."*
Female, out-of-work, UC claimant (previously legacy claimant)

*"Overall is okay, I think they're doing good. My coach is alright, helps me. Extends my view of things."*
Female, out-of-work, UC claimant (previously drop-out claimant)

# Case Study: Now claiming UC

## Background and work situation

This participant lives alone and has been **unable to work for over three years, due to health**. He does some voluntary work and is completing further volunteer training, while unemployed. The prospect of returning to work is not realistic now although he hopes to in the future.

## Attitudes and knowledge of UC

Prior to switching, the participant **knew little about UC, other than it being a way to combine multiple benefits.**

He **felt pushed into the decision to switch** and would have preferred to stay on legacy benefits. He is concerned that:

- UC does not clearly distinguish between those who are out of work due to health vs. those who are job seeking. He is therefore **worried that he may be pushed into work he is not ready for.**

- The **monthly payments may be a greater challenge to budget for**, compared to the fortnightly payments he is used to.

- He has **been unable to ascertain how much he will get**, or how this is calculated, so doesn't know if he will be better or worse off.

## Barriers and support / other improvements

The participant felt that there **wasn't enough information** and the advisors were unable to answer his questions. He wanted information about how UC would get paid to his landlord, and what he could do if he ran out of money. He **suggested that staff needed to be more knowledgeable, so they would be able to answer questions** and address concerns **at the point of application.**

"
I kind of felt forced to switch…it was my choice but I kept hearing about it... been told to do it."
**Male, out-of-work, UC claimant (previously legacy claimant)**

# Case Study: Now claiming UC

## Background and work situation

This participant is **currently unemployed due to disability and illness**, having previously worked as a nurse for 8 years. She thinks **going back to paid work could be a possibility in the future with the right support.** She lives with her partner, who is employed as a delivery driver.

## Attitudes and knowledge of UC

When she answered the survey, she said had a good understanding of UC, but **the process of applying made her realise that she didn't know as much as she thought she did** and now views UC as complicated.

She originally **dropped out due to the frustration of uploading photos such as a tenancy agreement, which were not accepted due to formatting issues.** Despite not being able to speak to anyone from DWP's help line, due to being kept on hold, she eventually figured out how to convert the files and was then successful.

She now has a successful claim but views are still informed by her first negative experience of the application.

## Barriers and support / other improvements

The participant found it **difficult to get information and reported that she was consistently sent from department to department,** that it took 7 months to process her ESA claim and the DWP lost all her medical paperwork twice.

She stressed that there was a **need to improve communication** and suggested acknowledgement of receipt of paperwork.
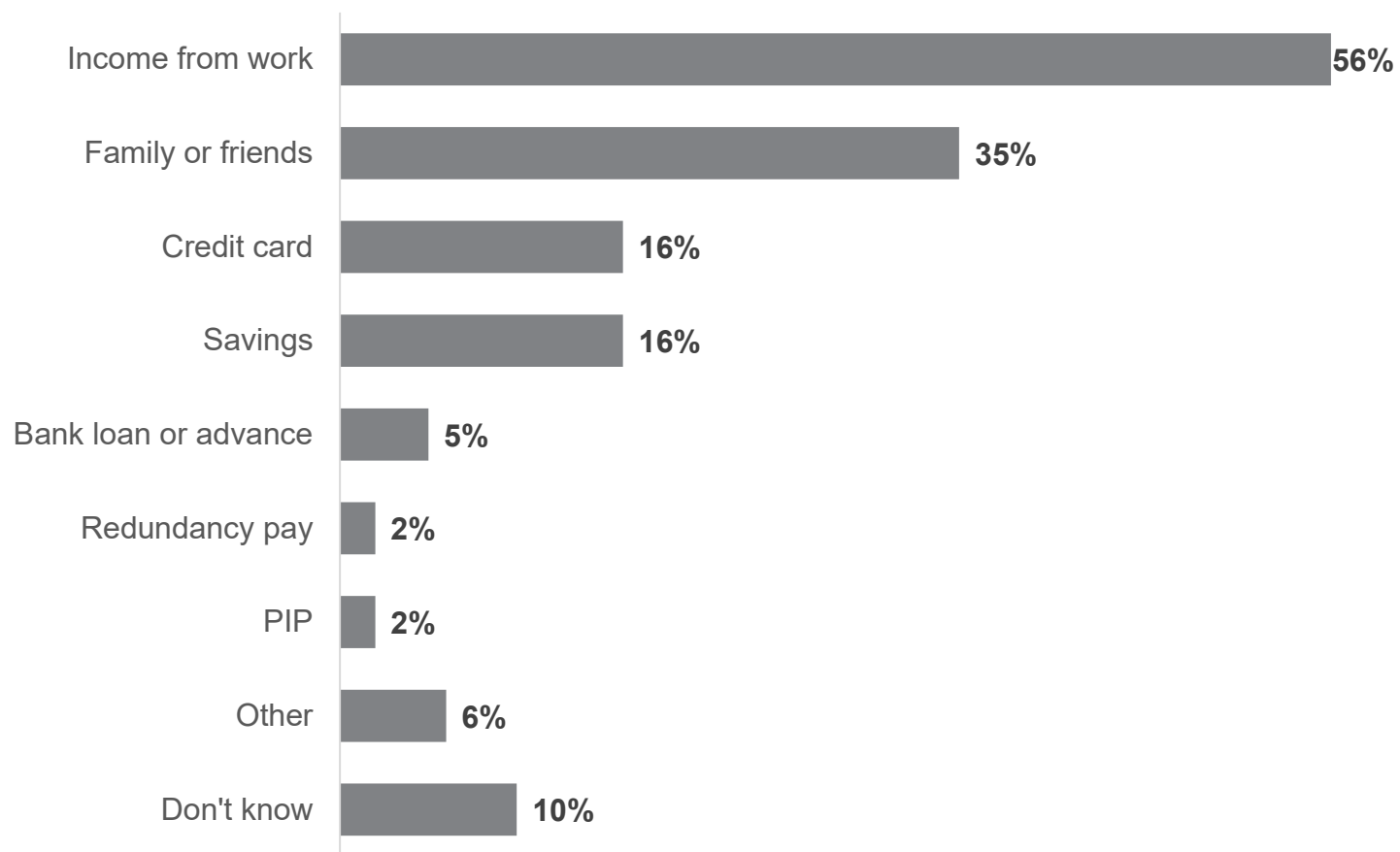
> "I thought, wrongly, that Universal Credit was a one stop shop for all benefit claims. Turns out that's not the case. I get my benefits from three different locations, three different payment dates. It all gets very complicated."
> **Female, out-of-work, UC claimant (previously drop-out claimant)**

# More than half of non-claimants who considered claiming for Universal Credit used income from work instead of claiming UC

**E4. What income sources did you use to cover your expenses instead of claiming Universal Credit?**

| Income source | Percentage |
|---|---|
| Income from work | 56% |
| Family or friends | 35% |
| Credit card | 16% |
| Savings | 16% |
| Bank loan or advance | 5% |
| Redundancy pay | 2% |
| PIP | 2% |
| Other | 6% |
| Don't know | 10% |

Base: Non-claimants who considered claiming for UC (48) – note small base size for non-claimants

# Understanding the reasons and impact of UC drop-out

# Why had participants dropped out?

**Difficulties around complexity and communications were further exacerbated by the nature of joint claims**

## Complexity

- Participants found the process too long or complex, and so ended up dropping out.

- Some found the interviews intrusive, especially where a partner was required to provide details.

## Eligibility

- Participants' circumstances changed since the beginning of the application so they were no longer eligible (e.g the got a job)

- Some discovered they were ineligible due to their partner's financial situation.

## Communications

- Participants struggled to speak to advisors, due to application being online.

- Some found advisors were unable to answer their questions.

- Some partners were unable to attend interviews due to being at work – participants then struggled to communicate availability to the advisors.

*" It was dreadful….It seemed designed to stop people claiming Universal Credit….it needed so much information….You had no make 4 different accounts just to verify yourself"*
Male, in-work, drop-out claimant

*"For me the interview was over the phone but for my partner it was in person at one of these job centres which is 45 minute walking from here. My partner was not able to go to the appointment, they selected another date which he couldn't make due to his job."*
Male, out-of-work, drop-out claimant

*"Then they were ringing him when he was at work so couldn't answer phone, so then they were emailing to say you've missed the call…It was like it was my fault they couldn't speak to him."*
Female, out-of-work, drop-out claimant

# Case Study: Drop-out claimant – deemed ineligible

## Background and work situation

This participant lives with her partner and child, she was **made redundant** last year when she was in the late stages of pregnancy and **currently looks after her child and house full time.** Before being made redundant she previously worked as a retail manager for 10 years, until the company became insolvent leading her to be financially reliant on her partner.

## Attitudes and knowledge of UC

The **participant was told to apply for UC by the insolvency administrators** when she was made redundant. However, prior to this she had no experience with DWP or with benefits, so her **understanding was limited**. She **didn't understand why her partner's earnings were relevant to her claim**, and didn't think this was fair or appropriate for him to be involved. She was then **rejected for UC, based on her partner's earnings**, and as a result she feels unfairly treated by the system.

## Barriers and support / other improvements

She felt the **online application stage was straightforward**, however, was **not aware that the claim would be joint** and did not feel that this was fair. They would have liked to have had this information made very clear before making the claim and also would've **preferred for the claim to be separate**.

> " I was a bit annoyed and confused when they called my partner up and talked about the claim and how much he earnt, when it was me who made the claim, they should be speaking to me."
> **Female, out-of-work, drop-out claimant**

# Case Study: Drop-out claimant

## Background and work situation

This participant lives with her husband, and both are currently in full time employment. She had been made redundant for a few months, during which time she sought UC. Though she is now back in work, her salary is significantly lower than her previous role, and as a result, household finances are quite stretched.

## Attitudes and knowledge of UC

Having **never claimed benefits before**, the participant didn't know very much about UC, and **didn't understand the difference between this and JSA**.

She was **confused as to why the claim was joint** as it was her and not her husband who needed the support. She felt that this was intrusive and **could cause problems in relationships,** and that some people may not want their partner involved. Furthermore, the joint nature of the claim made things **complicated** as it was difficult to arrange appointments.
She found another job so no longer needed UC but would have dropped out regardless as she found the whole process so **demoralising**.

## Barriers and support / other improvements

She found the application system frustrating as she had difficulty uploading the evidence she needed to. She was unhappy that the advisors kept phoning her husband when he was working and therefore couldn't answer the phone. She, meanwhile was unable to get an appointment to speak to somebody on the phone to explain the situation or arrange a suitable time to call her husband.

"

I cancelled within a month [of application]- I got another job but would have cancelled anyway – they made a mockery of me, just thought forget it.
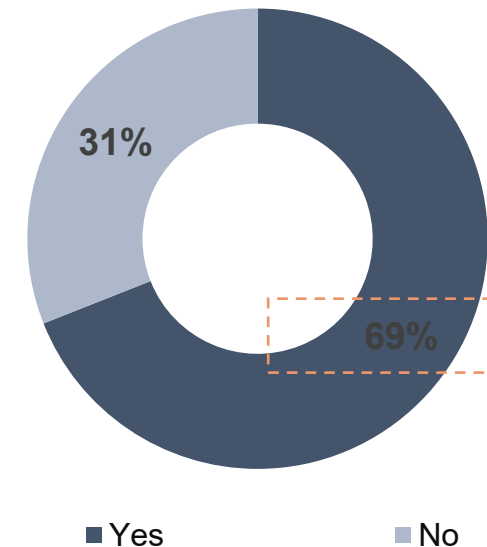**Female, in-work, drop-out claimant**

# Half of drop-out claimants delayed applying for Universal Credit although seven in ten did check their eligibility before applying

**F1. Did you make your claim straightaway, or did you delay applying…?**



- Straight away: 39%
- Delayed applying: 50%
- Can't remember: 11%
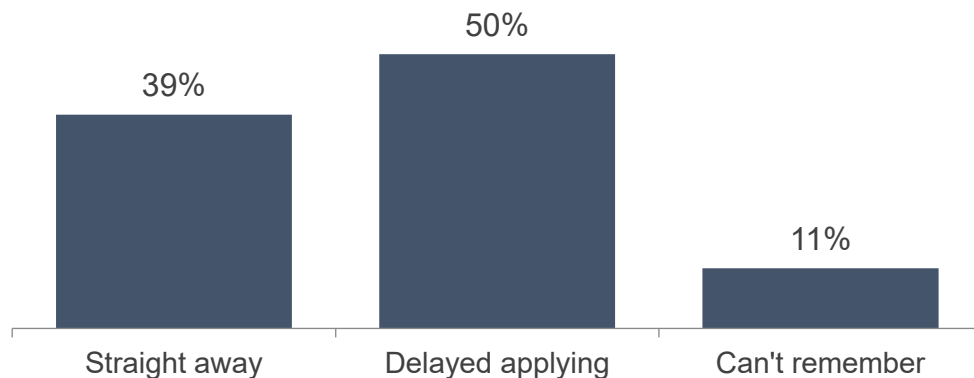
**F2. Did you check to see if you were eligible to claim Universal Credit before you applied for it?**



- 31%
- 69%

■ Yes  ■ No

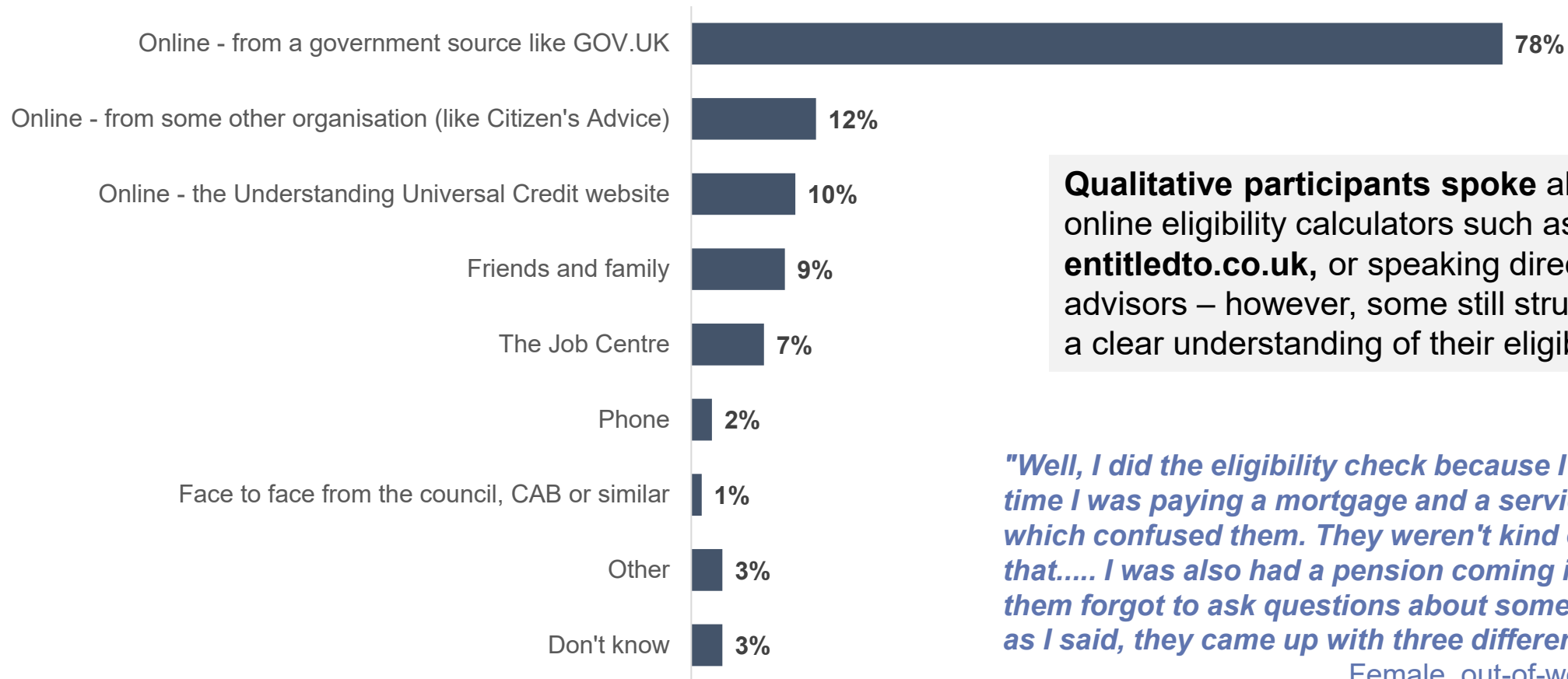**Drop-out claimants** who are more likely to check eligibility were:

- under 45 years old (73% vs 62% aged 46+)
- female (75% vs 65% male)
- degree level qualification (77% vs 50% with no qualifications)

Base: Drop-out claimants (2,069)

# The vast majority of drop-out claimants used online sources like GOV.UK

**F3. Which sources did you use to find out if you were eligible to claim Universal Credit?**

| Source | |
|---|---|
| Online - from a government source like GOV.UK | **78%** |
| Online - from some other organisation (like Citizen's Advice) | **12%** |
| Online - the Understanding Universal Credit website | **10%** |
| Friends and family | **9%** |
| The Job Centre | **7%** |
| Phone | **2%** |
| Face to face from the council, CAB or similar | **1%** |
| Other | **3%** |
| Don't know | **3%** |

**Qualitative participants spoke** about using online eligibility calculators such as **entitledto.co.uk,** or speaking directly to advisors – however, some still struggled to gain a clear understanding of their eligibility.
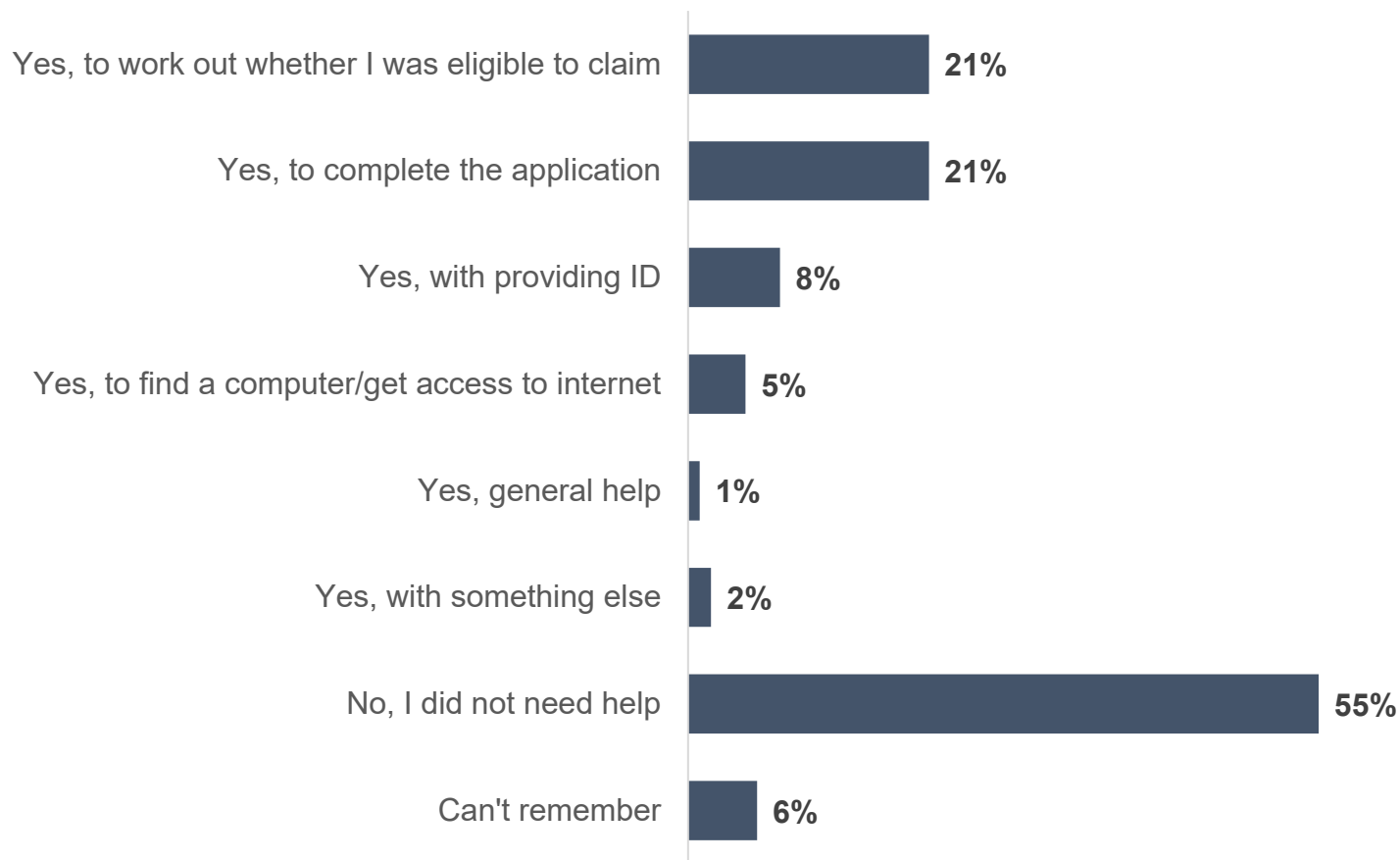
*"Well, I did the eligibility check because I suppose at the time I was paying a mortgage and a service charge rent which confused them. They weren't kind of familiar with that..... I was also had a pension coming in. And so lots of them forgot to ask questions about some of these things. So as I said, they came up with three different versions.”*

Female, out-of-work, drop out claimant

Base: Drop-out claimants who checked eligibility for UC (1,404)

# Four in ten drop-out claimants needed help when they tried to make their claim for Universal Credit

**F4. Did you require help with any of the following when you tried to make your claim for Universal Credit?**

| Category | Percentage |
|---|---|
| Yes, to work out whether I was eligible to claim | 21% |
| Yes, to complete the application | 21% |
| Yes, with providing ID | 8% |
| Yes, to find a computer/get access to internet | 5% |
| Yes, general help | 1% |
| Yes, with something else | 2% |
| No, I did not need help | 55% |
| Can't remember | 6% |

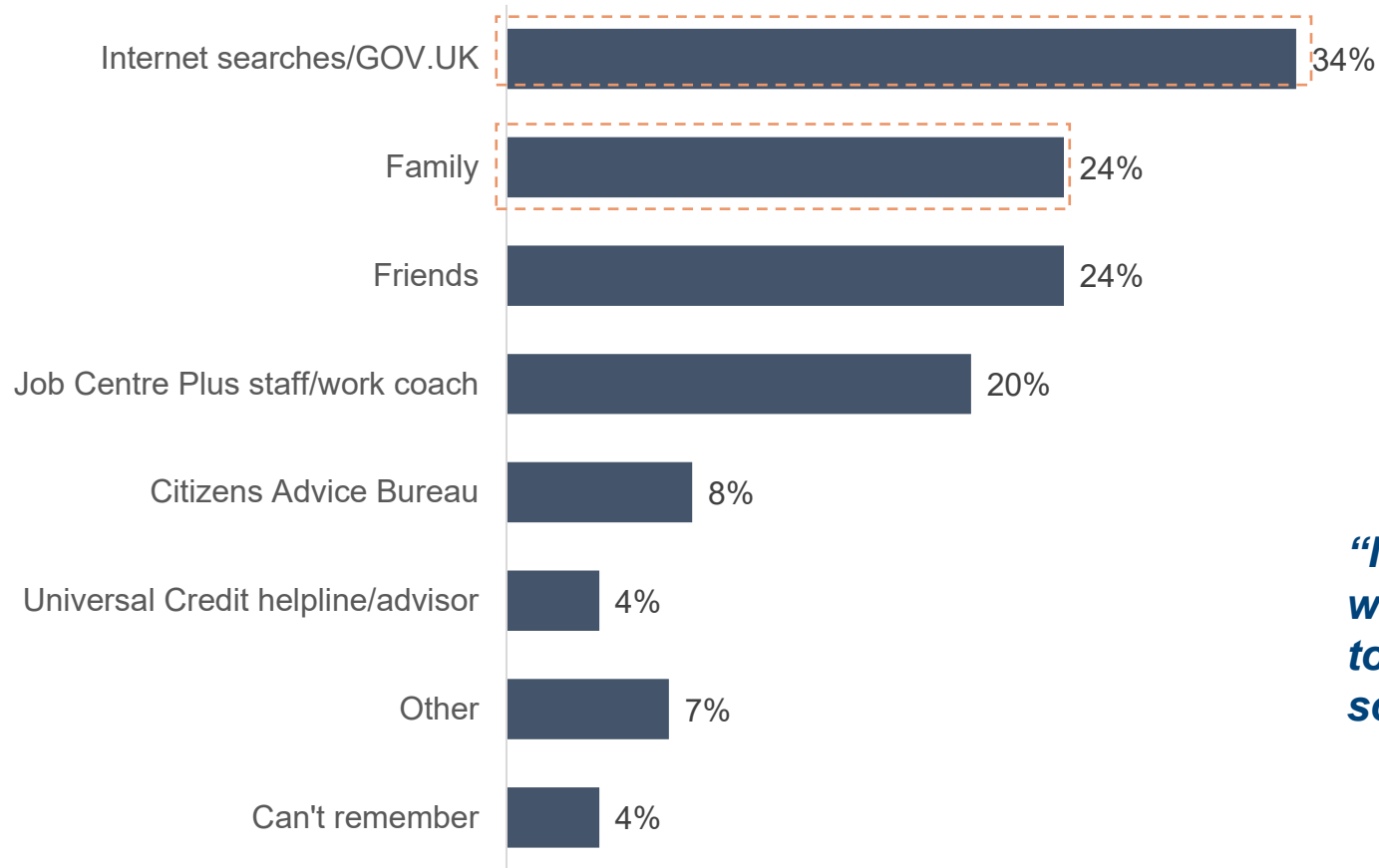Base: Drop-out claimants (2,069)

The **qualitative participants** described seeking help to **ascertain eligibility**, **complete the application**, and with issues that arose when trying to make a **joint claim**.

*"I think it's about having someone you could go to, if you had any questions or you're unsure of anything. Rather than working it out yourself."*

Male, in-work, drop-out claimant

# A third of drop-out claimants who needed help making a UC claim looked on the internet/GOV.UK for advice

**F6. Where did you go for help?**

| Source | Percentage |
|--------|-----------|
| Internet searches/GOV.UK | 34% |
| Family | 24% |
| Friends | 24% |
| Job Centre Plus staff/work coach | 20% |
| Citizens Advice Bureau | 8% |
| Universal Credit helpline/advisor | 4% |
| Other | 7% |
| Can't remember | 4% |

Base: Drop-out claimants who needed help making a UC claim (827)

**Qualitative participants** described looking on the **GOV.UK website for initial guidance**, but preferred to **speak to someone regarding more specific advice.**
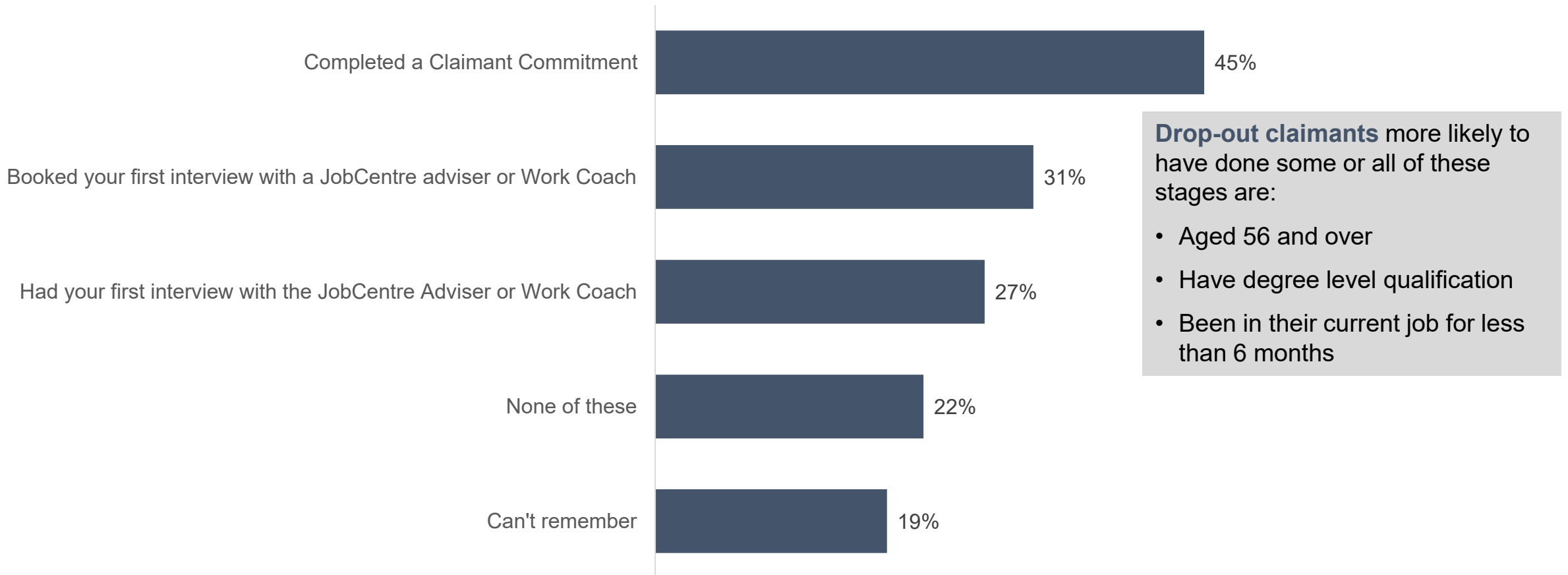
However, they **struggled to get the advice** they needed, and this was a contributing factor to them dropping out.

*"It's a nightmare calling them (DWP) because when you do call them, if you call and don't speak to the same person they just say to email and someone will call you back."*

Female, in-work, drop-out claimant

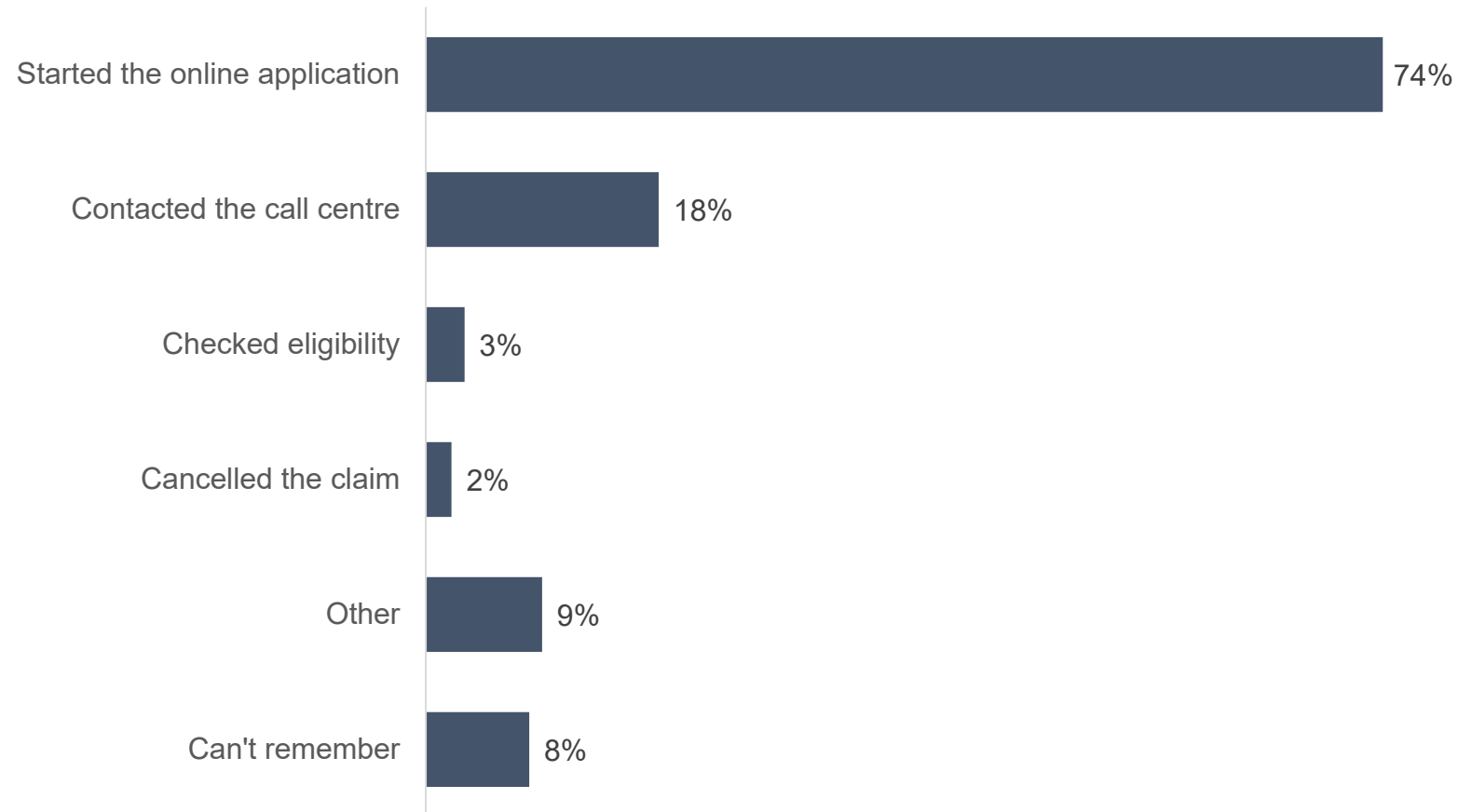# Over four in ten drop-out claimants completed a claimant commitment

**F7. Which of the following stages of the claim did you complete?**

| Stage | % |
|---|---|
| Completed a Claimant Commitment | 45% |
| Booked your first interview with a JobCentre adviser or Work Coach | 31% |
| Had your first interview with the JobCentre Adviser or Work Coach | 27% |
| None of these | 22% |
| Can't remember | 19% |

**Drop-out claimants** more likely to have done some or all of these stages are:

- Aged 56 and over
- Have degree level qualification
- Been in their current job for less than 6 months

Base: Drop-out claimants (2,069)

# Three-quarters of drop-out claimants who had not completed one of the previous stages had started the online application
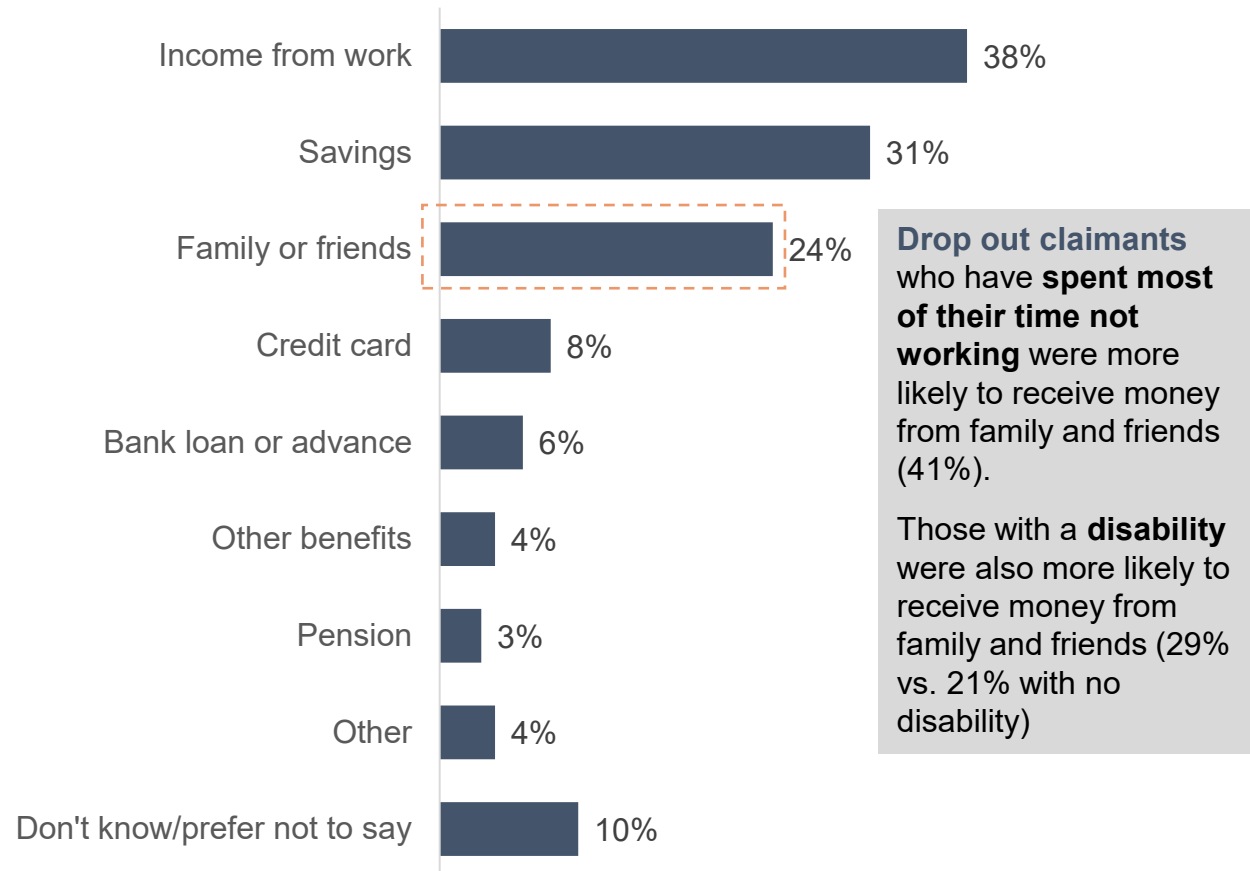
**F8. How far did you progress with your Universal Credit claim?**

| | |
|---|---|
| Started the online application | 74% |
| Contacted the call centre | 18% |
| Checked eligibility | 3% |
| Cancelled the claim | 2% |
| Other | 9% |
| Can't remember | 8% |

Base: Drop-out claimants who did not complete a claimant commitment, book an interview or have first interview with JobCentre Advisor or work coach (451)

# Four in ten drop-out claimants used income from work to cover expenses instead of claiming Universal Credit

**F9. What income sources did you use to cover your expenses instead of claiming Universal Credit?**

| Income source | % |
|---|---|
| Income from work | 38% |
| Savings | 31% |
| Family or friends | 24% |
| Credit card | 8% |
| Bank loan or advance | 6% |
| Other benefits | 4% |
| Pension | 3% |
| Other | 4% |
| Don't know/prefer not to say | 10% |

**Drop out claimants** who have **spent most of their time not working** were more likely to receive money from family and friends (41%).

Those with a **disability** were also more likely to receive money from family and friends (29% vs. 21% with no disability)
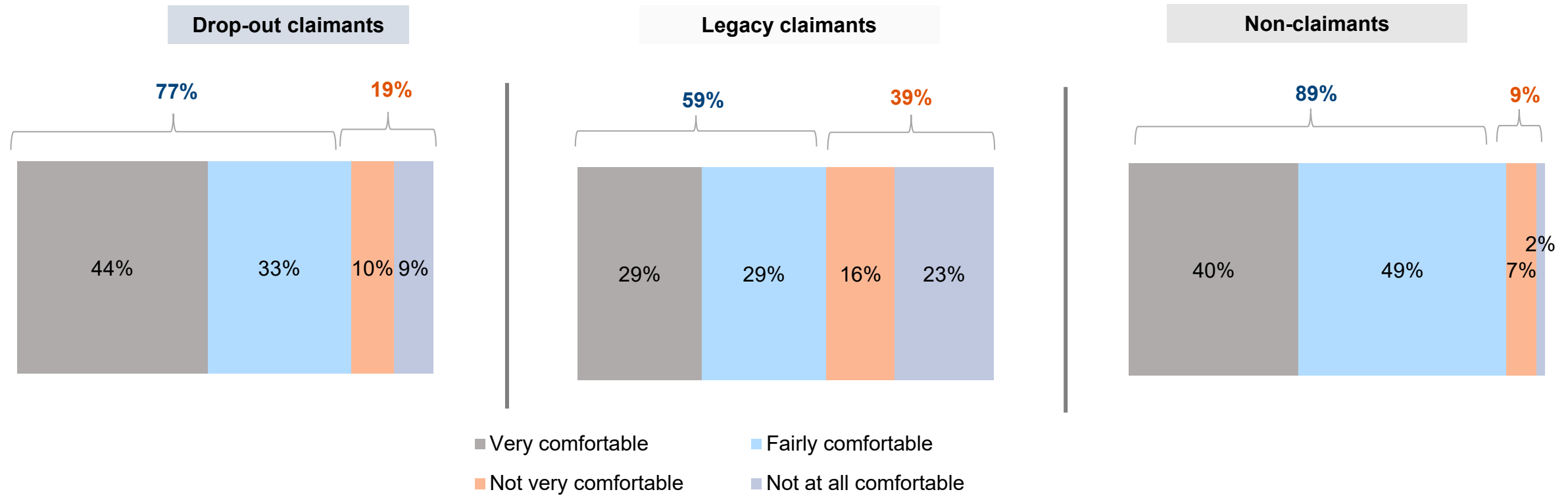
**Qualitative participants** described **borrowing money from friends or family**, or being **financially dependent on a partner**. This also included a situation where a participant had returned to a partner after splitting.

By the time they would have been able to receive the benefit, some participants had already returned to work, so no longer needed it.

Base: Drop-out claimants (2,069)

# Communication and preferences

**G1. How comfortable would you be using government services online? (e.g. applying for benefits, applying for a passport, applying for a driver's license)?**



**Drop-out claimants**

77%     19%

| 44% | 33% | 10% | 9% |

**Legacy claimants**

59%     39%

| 29% | 29% | 16% | 23% |

**Non-claimants**

89%     9%

| 40% | 49% | 7% | 2% |

■ Very comfortable     ■ Fairly comfortable
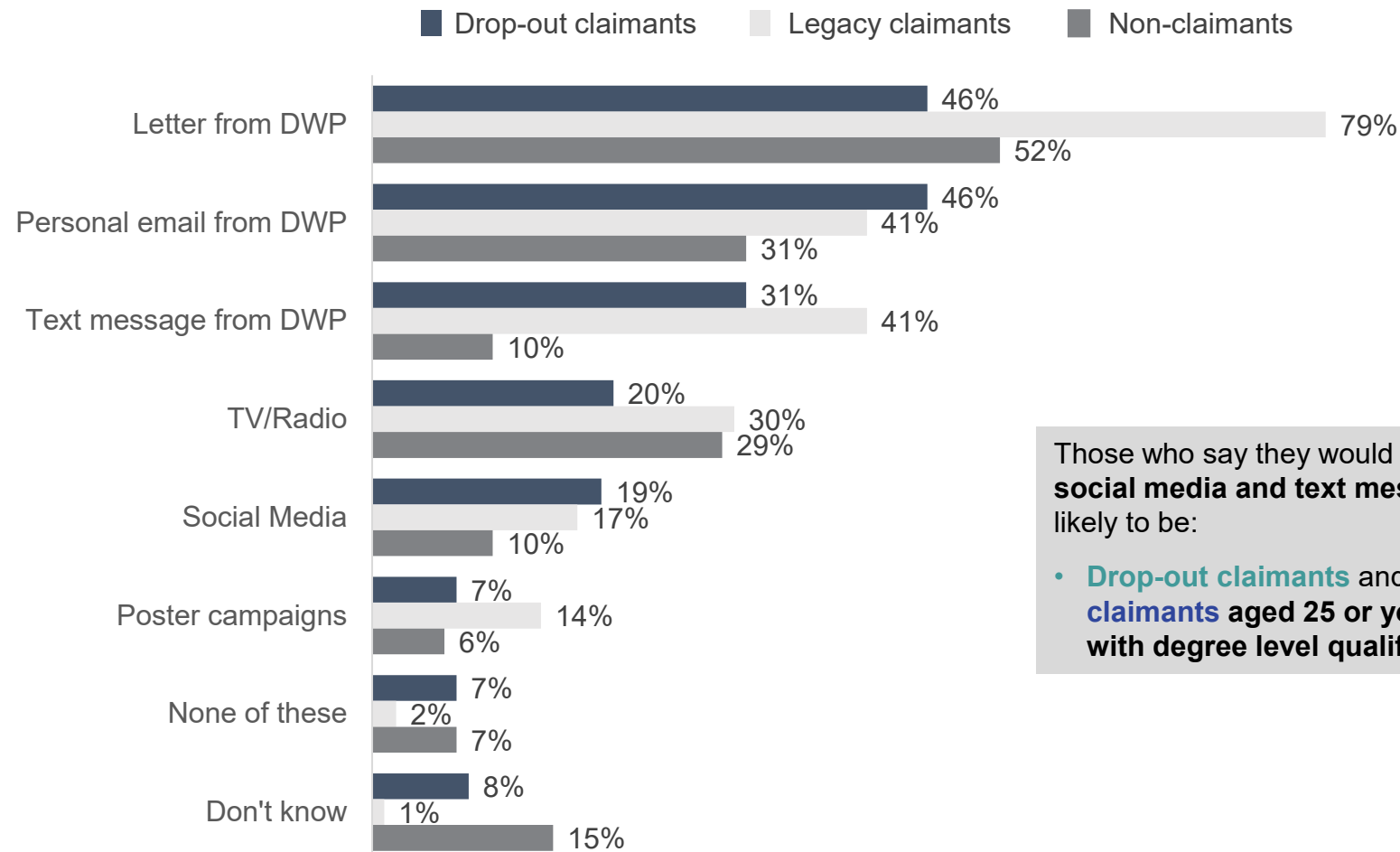■ Not very comfortable     ■ Not at all comfortable

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

# Drop-out, legacy and non-claimants are most likely to pay attention to letters from DWP, particularly legacy claimants

**G2. Which of the following channels would you pay most attention to, for announcements on general changes to benefits and tax credits?**

Legend: ■ Drop-out claimants  ☐ Legacy claimants  ■ Non-claimants

**Letter from DWP**
- Drop-out claimants: 46%
- Legacy claimants: 79%
- Non-claimants: 52%

**Personal email from DWP**
- Drop-out claimants: 46%
- Legacy claimants: 41%
- Non-claimants: 31%

**Text message from DWP**
- Drop-out claimants: 31%
- Legacy claimants: 41%
- Non-claimants: 10%

**TV/Radio**
- Drop-out claimants: 20%
- Legacy claimants: 30%
- Non-claimants: 29%

**Social Media**
- Drop-out claimants: 19%
- Legacy claimants: 17%
- Non-claimants: 10%

**Poster campaigns**
- Drop-out claimants: 7%
- Legacy claimants: 14%
- Non-claimants: 6%

**None of these**
- Drop-out claimants: 7%
- Legacy claimants: 2%
- Non-claimants: 7%

**Don't know**
- Drop-out claimants: 8%
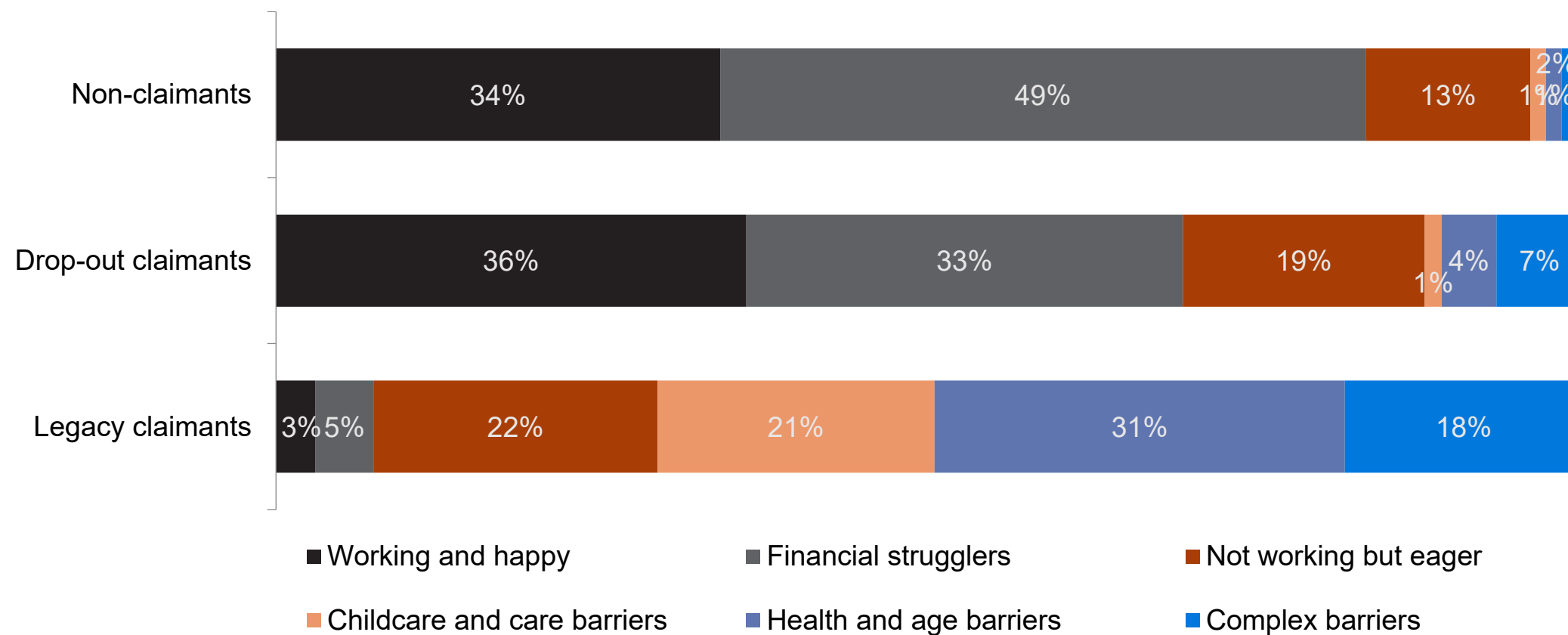- Legacy claimants: 1%
- Non-claimants: 15%

Those who say they would pay attention to **social media and text message** are more likely to be:

- **Drop-out claimants** and **Legacy claimants** aged 25 or younger, and those with degree level qualifications

Base: Drop-out claimants (2,069); Legacy claimants (1,951) and Non-claimants (223)

# Segments

# Drop-out and non-claimants are most likely to fall into 'working and happy' or 'financial strugglers', while legacy claimants are spread across the other four segments



| | Working and happy | Financial strugglers | Not working but eager | Childcare and care barriers | Health and age barriers | Complex barriers |
|---|---|---|---|---|---|---|
| Non-claimants | 34% | 49% | 13% | 1% | 1% | 2% |
| Drop-out claimants | 36% | 33% | 19% | 1% | 4% | 7% |
| Legacy claimants | 3% | 5% | 22% | 21% | 31% | 18% |

**Legend:**
■ Working and happy　■ Financial strugglers　■ Not working but eager
■ Childcare and care barriers　■ Health and age barriers　■ Complex barriers

Base: All Drop-out claimants (2069); Legacy claimants (1951) and Non-claimants (223)

# Segment B: In work but struggling financially, seeking support

**Case study: Female, 36-54, Drop-out claimant**

- Currently lives with her parents and her three year old child.

- Works full-time as a project manager for the NHS while her daughter is in full-time childcare.

- Barriers to increasing income included finding it difficult to study due to being a single mum.

- She described money as being tight but didn't generally run out of money, if she had she'd be able to borrow from her parents.

- She knew very little about non-financial support felt that UC was under-resourced.

> " *The DWP are like the NHS, they are trying their best to help those who need it, with very little funding"*

**22%** Financial strugglers

**Key characteristics**
- Drop-out claimants and non-claimants
- In work (95%)
- Struggle financially, likely to run out of money
- More likely to live as a couple
- Better qualified than average

**Barriers and support needed**
- Barriers included lack of skills
- Cost and availability of transport was a barrier to increasing earning for this group
- Needed support to access education

**People in this segment are mostly in work but still struggling financially and are wanting support to increase their earnings**

# Segment C: Want to work but accessing jobs is an issue

**Case study: Male, 26-35, Drop-out claimant**

- Currently lives with his partner with no children.

- Has a masters degree, previously worked in the policy/NGO sector but has struggled since covid to get a job in this sector.

- Was willing to look for a job outside of his chosen field but was reluctant to do so.

- Was currently living off his savings and hadn't run out of money but he did worry about money.

- Found the application process inflexible and a lengthy process, felt more transparency and communication was needed from DWP.

> **"** *In the end we were just thinking like how many more papers will they ask us for or how many interviews do we have to attend"*

**20%**  Not working but eager

**Key characteristics**
- Drop-out claimants, non-claimants and legacy claimants and fell into this segment

- Most out of work (80%)

- Majority are single and childless

- Report feeling more fulfilled if in work

**Barriers and support needed**
- The main barriers for this segment are lack of job opportunities, cost of commuting
- Covid has also had an impact
- Support with the job seeking process, job interviews and cost of travel

**People in this segment are mostly out of work but are keen to work and feel that with the right support work is a realistic goal**

# Segment D: Not working childcare and care a barrier to work

**Case study: Female, 26-35, Legacy claimant**

- Single mum to two children (aged 4 and 6).

- Has never worked, left school early, has had a number of bereavements in her lifetime.

- Work not a priority, daughter has separation anxiety and she also struggles with her own mental heath.

- Budgets well but has to borrow money from her brother for bigger purchases e.g. school shoes.

- Reluctant to move over to UC felt that the monthly payments would cause her a lot of anxiety.

**"** *I don't want to feel like I'm back into a corner and loads of pressure to move over to UC"*

**10%** Childcare and care barriers

**Key characteristics**
- Legacy claimants

- Out of work (96%) and nearly half have never worked

- Most likely to be female and single parents

- Living in social housing and on income support

**Barriers and support needed**
- Main barrier was childcare issues and caring responsibilities
- This group felt their was a lack of suitable jobs
- Support with childcare, for some parents their child's needs were too complex to go into childcare

**Claimants in this segment are mostly out of work due to childcare issues and care responsibilities**

# Segment E: Not working and facing health, age and skills barriers

**Case study: Male, 46-55, Legacy claimant**

- Lives with partner and two children (aged 2 and 10).

- Worked fitting washing machines until 2009 then had kidney failure and is registered visually impaired.

- Work unrealistic with visual impairment, mental health and diabetes.

- Budgets outgoings but has credit cards and is juggling debt.

- Little knowledge of UC, unaware what he would be entitled to, concerned about waiting for the first payment.
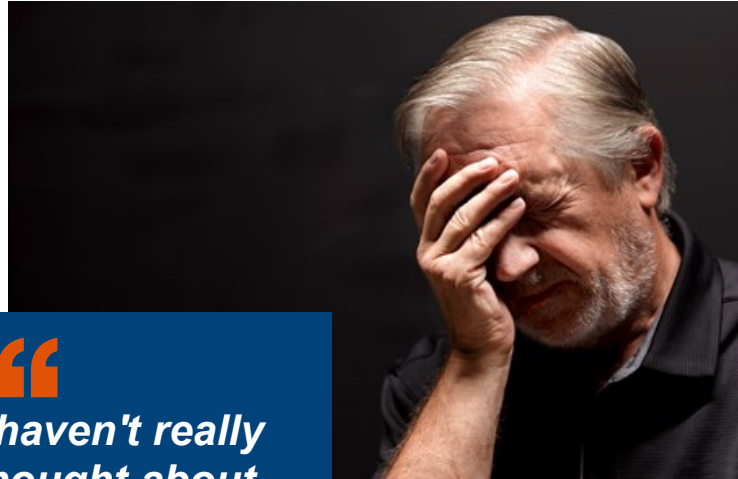
> " *I haven't really thought about working, to tell you the truth"*

**16%** Health and age barriers

**Key characteristics**

- Mostly legacy claimants (87%)

- All out of work and many have spent most of their time not working (43%)

- More likely to be in the older age group (56+)

- Most likely to not have any qualifications

**Barriers and support needed**

- Barriers include mental and physical health conditions and also a lack of skills

- For some, condition was too severe for work to be possible but for others they wanted support getting a job with a disability

**People in this segment are all currently out of work due to mental health and physical conditions and feel unable to work as a result**

# Segment F: Not working, complex barriers but don't need support

**Case study: Male, 56+, Legacy claimant**

- Currently lives with wife and one daughter, also a carer for his wife.

- Fisherman 25 years ago but forced to medically retire.

- Budgets incomings and outgoings, has never been in debt because they live frugally.

- Good knowledge of UC, felt that UC is not fit for everyone more geared towards those that can work, doesn't take into account those with health conditions.

- He expressed that UC frightens him, and he is concerned about receiving hassle from DWP.

> **"** *I don't think anything will help. I don't see work in my future with all the health stuff, especially my mental health. I also retire in 2 years, I want to be left alone."*



**11% Complex barriers**

**Key characteristics**
- Most are legacy claimants

- This segment tend to be older

- Most do not have dependent children

- Are likely to have a mental and/or physical health condition

**Barriers and support needed**
- Health, age and caring responsibilities were some of the main barriers
- Despite having a number of barriers this segment didn't want support
- They didn't need support with skills or looking for jobs

**People in this segment are all currently not working, many have health conditions and also caring responsibilities, they don't feel they can work**

# Conclusions

# Conclusions

**01.** The work profile of drop-out and non-claimants is similar, with the majority currently in work or looking for work and the majority having worked fairly solidly since leaving education. Almost all **legacy claimants are out of work,** and most are not looking for paid work; their partners are in a similar situation.

**02.** The majority of respondents across all groups **do regularly budget, however, a majority also run out of money** at least some of the time – with legacy claimants most likely to run out routinely.

**03.** More than half across all groups claim that they do not need any support managing their budget, but legacy and drop-out claimants feel they **simply do not receive enough money to cover their needs**.

**04.** **Awareness and understanding** of Universal Credit, and the perception of a **complex process**, remain barriers amongst all groups – with **understanding of eligibility** a particular issue for non-claimants; and issues with **the joint nature of claims** creating complications for drop-out claimants.

**05.** The prospect of **less frequent payments**, the **wait to receive payments**, and worries about **being worse off** are barriers to legacy claimants. Those who are not currently able to work also fear that UC would result in them **being pushed into work** they are not ready for.

**06.** Across all three groups, respondents indicate a **preference for communication through letters from DWP.** This preference is particularly strong among legacy claimants.

# Thank you