

Universal Credit at Work

Spring 2015

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Foreword

As we reach the end of the Parliament, there is always the opportunity to look backwards, reflecting on what has changed since the Government entered office.

When it comes to welfare, the scale of change over the past five years has been dramatic. Over this Parliament, we have undertaken the most extensive reforms of the benefits system for a generation – of which, Universal Credit is perhaps the most significant of all.

Yet today, what I believe this report makes clear is that we should be looking forwards. Building on our progress so far, this new evaluation focusses on the positive effect that Universal Credit is having now; alongside personal stories that signal the long-lasting impact it is set to have on people's lives for years to come.

Already, the new benefit is live in over 100 areas – rolled out to singles, couples, and families in the North-West, and from there going nationwide – due to expand to over 500 jobcentres by the end of this year.

But far more than a new IT system alone, what Universal Credit is really about is a sweeping cultural change.

For jobcentres, this expansion is bringing with it vastly improved administration, as Universal Credit is set to save approximately £2.6 billion in reduced levels of fraud, error and increased sensitivity to earnings changes once fully rolled out; at the same time, allowing Work Coaches to focus on the real task of helping people enter and progress in work.

For local authorities, Universal Credit requires that new local partnerships are developed, joining up services for the most vulnerable to deliver holistic support that helps people get online and better manage their money.

For businesses, the flexibility of Universal Credit stands to make a huge difference too – as recruiting someone part-time, for extra shifts or over-time suddenly becomes a real possibility, in turn reinvigorating growth.

And above all for individuals, Universal Credit marks a complete shift in the whole nature of welfare, no longer trapping people in dependency but providing the incentive and support to secure a better future for themselves and their families.

In improving people's prospects, the evidence has always held that work is the best way for individuals to lift themselves and their children out of poverty. Now, this report presents the most robust evidence yet on the employment impacts that Universal Credit has achieved so far.

What it tells us is that Universal Credit claimants have spent more time looking for work and move into work quicker than their counterparts on Jobseeker's Allowance. Equally, during the first stages of roll-out, Universal Credit claimants are consistently more likely to be in work, spend more time in work, and earn more.

These findings are remarkable. For we would not have expected to see a labour market response on this scale for a matter of years. Even with evaluation at an early stage, this is another milestone in building the evidence for Universal Credit. Most importantly of all, we know that each and every statistical shift marks a life that has been transformed – a person now with brighter prospects and hope renewed.

More than ever, Universal Credit is working. As we continue to deliver it, safely and securely, we will realise the full benefit of this vital programme of reform – now and for generations to come.



Rt Hon Iain Duncan Smith MP
Secretary of State for Work and Pensions



Lord David Freud
Minister for Welfare Reform

Executive Summary

This edition of *Universal Credit at Work* sets out the Government's progress on delivering Universal Credit, alongside the latest analysis and evaluation on the impact that this vital reform is having.

New analysis has found that the benefits of Universal Credit are statistically significant. The findings show that compared to similar claimants on Jobseeker's Allowance, in the early stages of roll-out, Universal Credit claimants:

- are more likely to enter work and spend more time in work
- are consistently more likely to be in work
- earn more.

Throughout the report, robust evidence shows that Universal Credit is working: from our plans for national roll-out in Chapter One, to positive early employment impacts in Chapter Two, the latest claimant research in Chapter Three and updates on our *Test and Learn* approach in Chapter Four.

Very clearly, the changes encompassed by Universal Credit are many and varied. Yet underpinning it all is one far-reaching cultural shift. This spans jobcentres, local authorities, businesses and claimants alike – changing what it means to provide welfare support, grow a workforce, claim benefits, look for work, and more.

Beyond the new technology and infrastructure on which it is built, this is the real transformation that Universal Credit delivers. We are bringing change to institutions and individuals through a benefits system fit for the 21st century that offers meaningful support for all those in need, whilst reinstating work at the heart of welfare.

This report shows the scale of progress we are making now, recorded as part of a process of measuring and evaluating the transformation that Universal Credit brings. This is only the beginning, with a groundswell of change that is set to grow as national roll-out gains momentum. Yet notwithstanding, this report reveals a changing landscape both for those delivering Universal Credit and those claiming it.

Jobcentres

Starting on the frontline, Universal Credit is making a huge difference to the way that jobcentres work. Under Universal Credit, simple administration and transparent work incentives are freeing up staff resources to focus on the employment outcomes that matter most as they are no longer required to perform complicated better-off calculations to persuade someone that taking up a job is worthwhile.

26,300 jobcentre staff have been retrained, no longer as Personal Advisers but Work Coaches as they are transforming the whole relationship with claimants. The Claimant Commitment, now rolled out across the whole of Great Britain, reinforces this relationship and underlines that it is a two-way agreement. Deliberately mirroring a contract of employment, the Claimant Commitment makes clear that welfare is no different from work itself. Just as those in work have obligations to their employer, so too claimants have a responsibility to the taxpayer: in return for support, as some in jobcentres now say, claimants are 'in work to find work'. Work Coaches are able to establish these expectations and the consequences for failing to take action, and we know that claimants are responding. This much has been demonstrated in the early stages of roll-out, where Universal Credit claimants are doing more to find work and getting into work quicker than those on Jobseeker's Allowance.

What's more, having helped someone into work, the task of the Universal Credit Work Coach does not end there. Now, because Universal Credit is paid both in and out of work, Work Coaches also have the remit to help individuals progress onwards and upwards. Thus the relationship becomes far more personal, with Work Coaches looking to help shape and support their claimants' career progression and long-term ambitions. The role of the jobcentre takes on a whole new dimension, now starting to be realised for the first time.

Universal Support

For Local Government, too, Universal Credit brings with it significant cultural change – with the Department for Work and Pensions (DWP) already working closely with local authorities to ensure a safe and secure delivery. When it comes to the most vulnerable who have difficulty budgeting, paying their debts or are struggling to manage, integrated local partnerships will be crucial to the way Universal Credit operates. This is what 'Universal Support – delivered locally', is all about.

Instead of maintaining people on benefits or waiting for them to crash out of work, Universal Credit offers an unprecedented opportunity to address social breakdown at its source. By bringing together key players – local authorities, social landlords, employers and voluntary agencies – we can address the needs of claimants in the round. For example, Housing Associations and local authorities will have an important role to play in helping to stabilise families and supporting them to find work, many doing so for the first time.

Already, we are learning from the Universal Credit live service sites and trialling innovative approaches across 11 DWP and local authority partnerships, building an evidence base that simply hasn't existed before. Together with local authorities, as Universal Credit rolls out, we will understand the best and most cost-effective way to restore stability to those who experience difficulties. Thus Universal Credit offers an opportunity to help these most vulnerable individuals to play their full part in society.

Businesses

For businesses, the difference that Universal Credit stands to make is often underplayed. Yet the testimony of employers where Universal Credit has rolled out shows that they are already reaping the benefits. The key here lies in the flexibility of Universal Credit – putting an end to the rigid rules of the current welfare system which has meant that people's working patterns can cluster round the hours dictated by tax credits entitlement, and even that part-time or extra work is refused for fear of losing benefits. Gone at last will be the tyranny of the 16 hour job, stopping lone parents from improving their circumstances through additional hours.

Under Universal Credit, recruiting an employee even on small hours suddenly becomes a real possibility, as prospective workers can take up that job safe in the knowledge that it will pay. Over time, as a business expands, that job can expand with it. By making work pay, at each and every hour, Universal Credit restores the incentive take on part-time work, extra shifts and over-time. This is a complete change of culture for business, freeing up employers to offer more flexible and varied working hours.

As a result under Universal Credit, some businesses, particularly small businesses, can afford to grow their workforce according to demand. Over time, the cumulative effect this could have is enormous: restoring organic growth, in turn regenerating Britain's high streets and reinvigorating local businesses; part of a positive change that spans not just employers, but whole communities as well.

Individuals

Evidently, the cultural change under Universal Credit stretches far and wide. Yet perhaps most important is how this change affects individuals – having a dynamic effect on people's lives. Above all, Universal Credit was always about replacing a complex and chaotic welfare system that had been damaging people's lives by trapping them in dependency, preventing individuals from taking the step into work.

Now the dynamics within the welfare system are dramatically different. Universal Credit re-incentivises work, renews personal responsibility and rewards the positive choices. Thus for all those who are able, it no longer makes more sense to sit on benefits than enter work – rather, the right choice for individuals is also the logical one.

In response, this report shows the behavioural effect that Universal Credit is having, even in the early stages. Building on previous findings, new evaluation confirms that Universal Credit claimants are more likely than those on Jobseeker's Allowance to believe the benefits system effectively encourages people to find work and are more likely to take any job they are able to do. Moreover, when it comes to job outcomes, the benefits of Universal Credit are statistically significant. Robust analysis now shows that the first Universal Credit claimants are consistently more likely to be in work, to spend more time in work, and earn more. Behind every one of these statistics is a measurable improvement in individual lives – setting people on a journey from dependency to independence.

1. Expanding the reach and scope of Universal Credit

Roll-out progress

When DWP published *Universal Credit at Work* in October 2014¹, emerging evidence demonstrated that Universal Credit had already made a positive impact. There were encouraging signs that claimants were recognising the new incentives, behaving differently and doing more to look for work. This gave a strong basis for developing plans for the further roll-out of Universal Credit so that claimants, the taxpayer, employers and the wider economy could gain from the new system as swiftly as possible.

The evidence is now strengthening as the number of people on Universal Credit grows, and expansion progresses, safely and securely.

Universal Credit is expanding safely and securely while addressing diversity and complexity

Over the last four months, the roll-out of Universal Credit has continued and from 16 February, it will be available to:

- **single** claimants in 112 jobcentres
- **couples without children** in 96 jobcentres
- **families**² in 32 jobcentres
- **all claimant types** in a limited postcode area in London to test the enhanced Digital Service.

As of 15 January 2015, the Universal Credit caseload was 26,940 claimants³, with over 54,000 having made a claim since April 2013. As more jobcentres go live, these numbers will continue to increase.

As part of the *Test and Learn* approach, to absorb feedback continuously and recalibrate the roll-out, Universal Credit is being expanded in both complexity and volume.

DWP must make sure the impact of Universal Credit on different people is fully understood and improvements are made. For example, the expansion to couples and families and the enhanced Digital Service test allows DWP to examine how the policy is being realised with different claimant types whilst minimising risk.

In September 2014, the Secretary of State announced that DWP would roll-out Universal Credit nationally to new claims from single people who otherwise would have claimed Jobseeker's Allowance. DWP will be delivering Universal Credit to single claimants in 112 jobcentres by 16th February; by the end of April 2015 this will be 245 jobcentres, or one in three. By the end of 2015, Universal Credit will be being delivered in over 500 jobcentres and national expansion will complete in spring 2016 when all 714 jobcentres will be delivering Universal Credit.

1. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/368805/uc-at-work.pdf

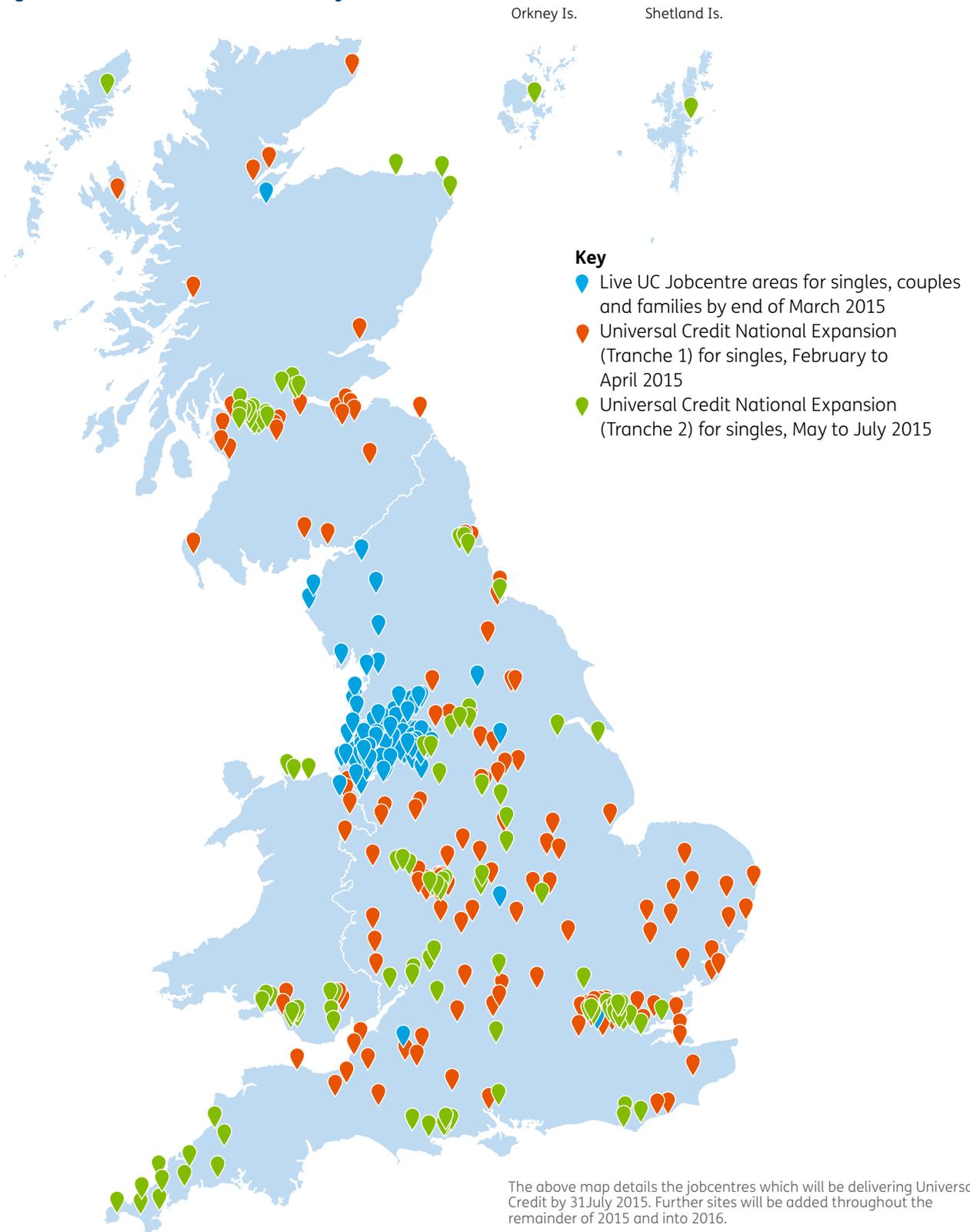
2. The Department defines families as couples with children, as well as lone parents.

3. <https://www.gov.uk/government/statistics/universal-credit-29-apr-2013-to-15-jan-2015>

The national expansion of Universal Credit during 2015 and early 2016 means DWP will be working in partnership with every local authority in Great Britain to ensure that claimants get any additional help they might need, and that stakeholders are prepared for wider expansion.

DWP will continue to expand the reach of Universal Credit, before migration of legacy benefit claimants begins in 2016. All new claims to existing benefits, including working age Housing Benefit, will cease by the end of 2017.

Figure 1. Universal Credit roll out: by site



Digital Service

DWP is delivering a controlled test of an enhanced Digital Service for Universal Credit. This tests the full scope of Universal Credit for all claimant types in a limited area of South London.

The Digital Service test allows DWP to provide full, personalised support for every household. Each user has one online account for everything: making a claim, agreeing a Claimant Commitment, checking payments, reporting changes and keeping in touch with their Work Coach.

Claimants have an online journal to keep a record of all their activities and messages. Additionally, there is a To Do list, where the Work Coach can request information and set reminders for claimants.

Delivering the Digital Service incrementally allows DWP to test, safely and securely the service as part of the Test and Learn approach, all of which makes the online service easier to use and more efficient. It also demonstrates how more complex claimants, such as those with health issues or caring responsibilities, interact with Universal Credit.

DWP is discussing plans for the expansion of the Digital Service into other jobcentre areas with its main local delivery partners and details will be published shortly.

Case study 1

Reece and Leanne Forrest, Universal Credit family claim, Warrington



Reece and Leanne first started claiming Universal Credit in December 2014 after Reece's new job as a driver fell through.

Their Work Coach, Karen, advised them that an advanced payment of Universal Credit could be made to help them out financially.

Leanne has recently been caring full time for their two year old while Reece worked. Reece says: "I really expected to be pushed into any job regardless of whether it was something I wanted to do or whether it provided any decent career opportunities. I was quite surprised when Karen talked to me about whether there was any training I might want to do to get to some good skills behind me. I felt she was really looking out for my interests."

Reece successfully applied for a full-time role working in the warehouse for a builders' merchant. He says:

"I've got tons of experience working in warehouses and was keen to get back in this environment. I'm earning a good salary so we're in a much better position than a couple of months ago.

"Karen also told us about the help with childcare costs we can get when Leanne returns to work. The cost of childcare has been a big factor in our decision for Leanne not to work but now she's able to start thinking about the sort of jobs she could apply for to help boost our family's income."

2. Universal Credit: further emerging evidence on labour market impacts

The expected economic benefits from Universal Credit are significant. The Strategic Outline Business Case, approved by HM Treasury in September 2014, estimates that, in steady state, Universal Credit will generate gross economic benefits of £7 billion every year. This includes significant value from more people being in work, which will reduce benefit expenditure and increase tax receipts.

Universal Credit at Work – October 2014 reported the early evidence that these benefits were being delivered for Universal Credit Pathfinder claimants, for example:

- the design of Universal Credit delivers improved financial incentives
- claimants understood the new incentives and were encouraged to take more responsibility for their job search and budgeting
- changes in attitudes were beginning to lead to changes in job seeking behaviour
- there were some early indications that Universal Credit is delivering better short-term work outcomes for claimants than the legacy system.

The following chapters (2 and 3) set out the new evidence showing:

- the net impact of Universal Credit for Pathfinder claimants (July 2013 to April 2014)
- early indications of the behaviour of more recent Universal Credit claimants in the North-West of England (November to December 2014).

In summary, this new analysis shows that Universal Credit claimants are:

- 3 to 4 percentage points more likely to be in work than similar Jobseeker's Allowance claimants – at 30/60/90/120 days into their claim
- 5 percentage points more likely to have had any paid work during the first 120 days of their claim
- in employment an additional four days
- earning £50 more than their Jobseeker's Allowance counterparts over the first 120 days of their claim
- continuing to see the value of Universal Credit.

Impact of Universal Credit on Pathfinder claimants

DWP is committed to the robust evaluation of Universal Credit, as set out in the Universal Credit Evaluation Framework (2012)⁴. Key to determining its overall success is measuring the employment and benefit impacts. Analysis of the evidence to date suggests Universal Credit is making good progress.

It is very encouraging to find such positive effects at this early stage, as staff and claimants understand and learn the new system, its incentives and responsibilities, and as the labour market adjusts, this provides some early reassurance that DWP is on track.

4. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/180879/universal-credit-evaluation-framework.pdf

Method

To understand whether Universal Credit is having an effect on employment outcomes, DWP's analysts examined the administrative records and Real Time Information (RTI) about income from HMRC for all new Universal Credit claimants over the period July 2013 to April 2014 in the first four Pathfinder offices. Analysts compared these outcomes with a similar matched group of Jobseeker's Allowance claimants in areas of the country with similar characteristics in a process known as Propensity Score Matching⁵.

The RTI data provides information on each individual's earnings based on payments made by employers who report this to HMRC on a regular timely basis. From this detailed earnings information, it is possible to establish the employment pattern of each Universal Credit and Jobseeker's Allowance claimant. This is an important new data source as RTI is used to assess claimants' entitlement to Universal Credit, but this is the first time that RTI has been used as part of an evaluation programme.

The report *Estimating the early labour market impacts of Universal Credit*⁶ provides more detail of the analysis undertaken.

The key outcomes measured over a period of 120 days since the claim begins are:

- the overall likelihood of being in work at points in time and over the period as a whole
- the number of days spent in work since the start of the claim
- total earnings since the start of the claim.

Universal Credit Pathfinder claimants are more likely to be in work

Figure 2 and Figure 3 show how Universal Credit claimants are consistently more likely to be in work at various points after making their original claim.

At 30, 60, 90, and 120 days after making their claim, Universal Credit claimants are more likely than similar Jobseeker's Allowance claimants to be in work by 3 to 4 percentage points.

New Universal Credit claimants are 5 percentage points more likely to work during the first 120 days after the start of their claim than similar Jobseeker's Allowance claimants.

5. The methodology has been peer reviewed by the IFS and the analysis has been peer reviewed by NIESR

6. <https://www.gov.uk/government/publications/universal-credit-estimating-the-early-labour-market-impacts>

Figure 2. Difference in proportion in work

Labour market outcomes in the original 4 “Pathfinder Jobcentre Plus offices” and “comparable JSA Jobcentre Plus offices” (for new claims made between July 2013 and April 2014)

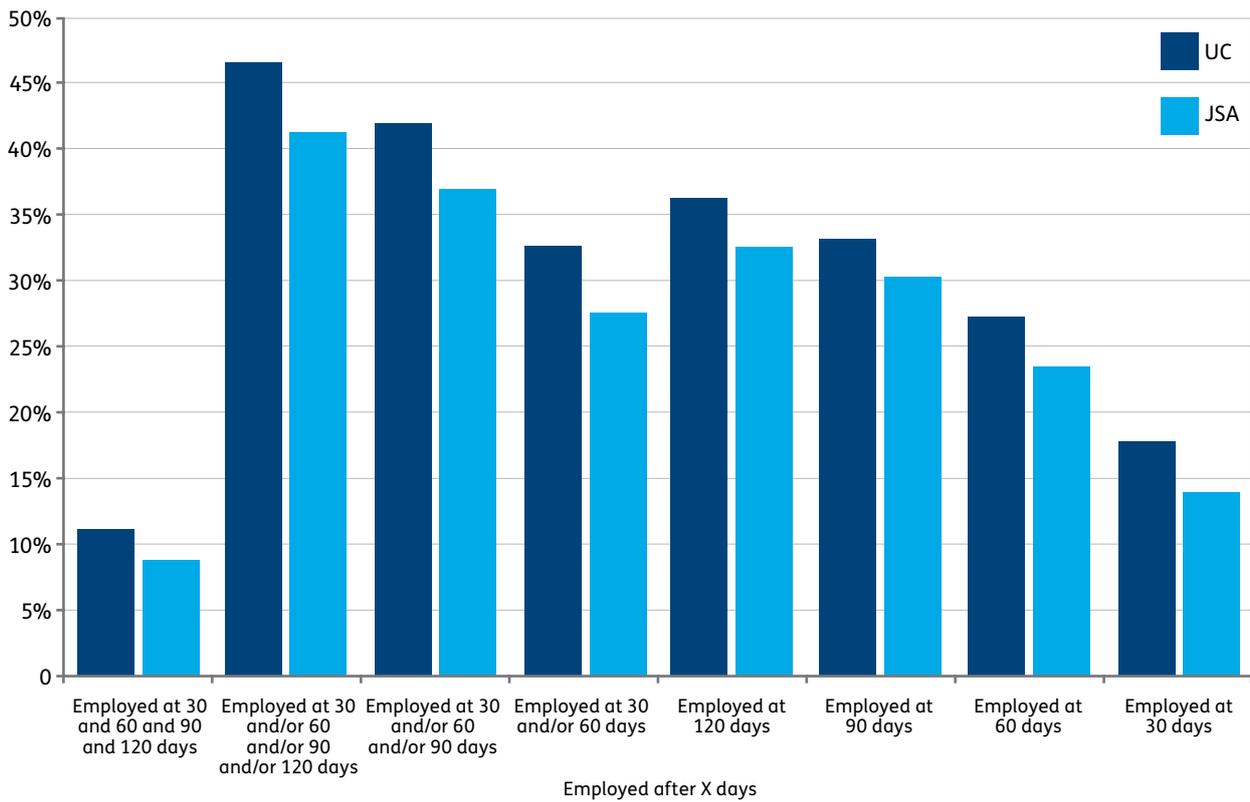
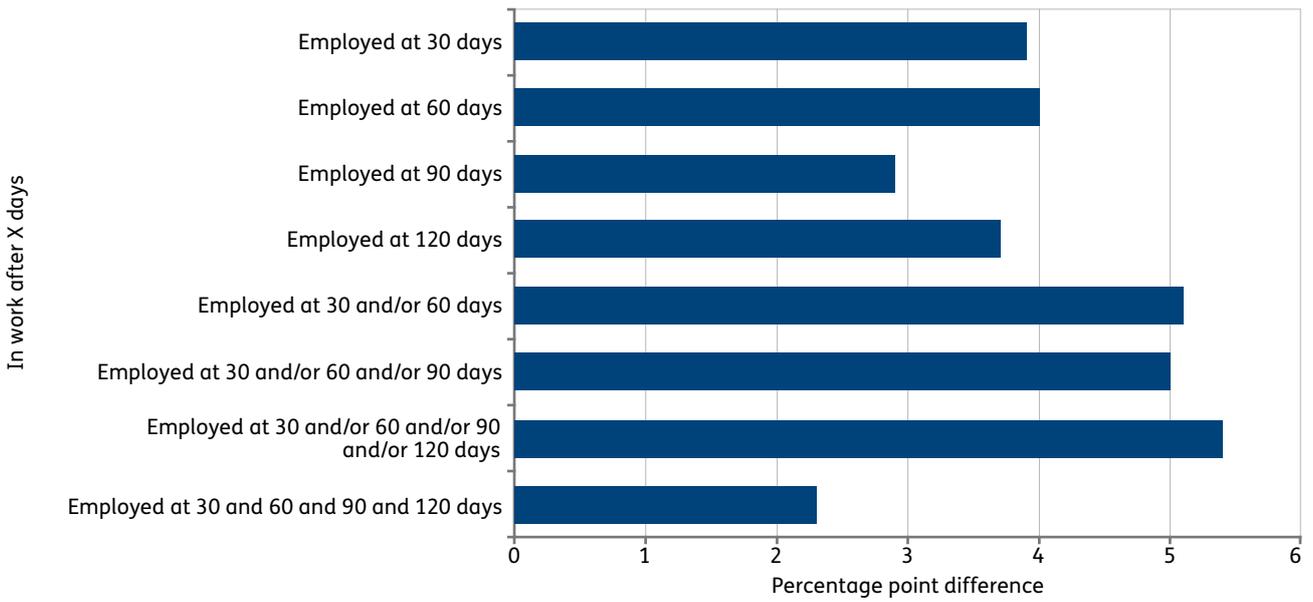


Figure 3. Percentage point difference in probability of being in work

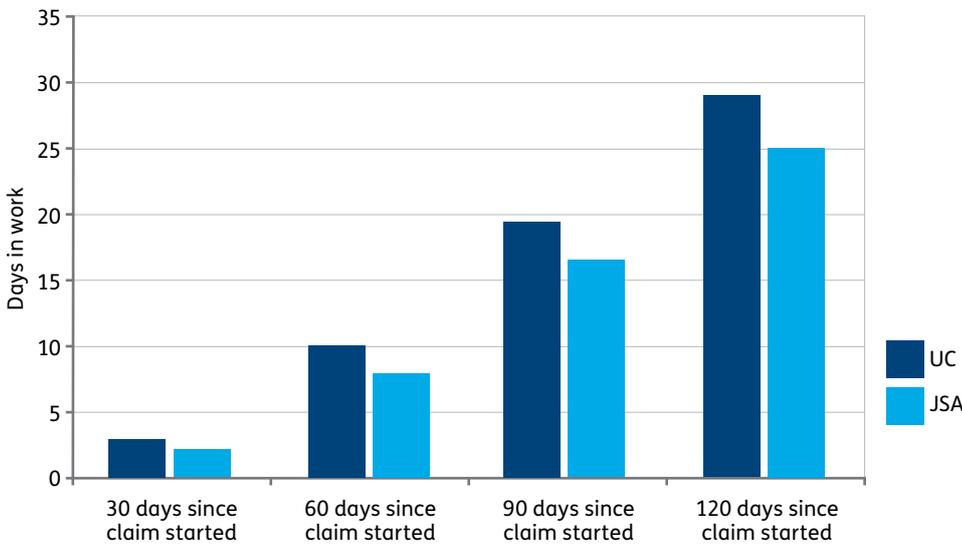
Percentage point difference in labour market outcomes between the original 4 “Pathfinder Jobcentre Plus offices” and comparable “JSA Jobcentre Plus Offices” (for new claims made between July 2013 and April 2014)



Universal Credit Pathfinder claimants are also spending longer in work

Figure 4 shows that during the first 120 days of their claim, Universal Credit new claimants spend on average four more days in work than similar Jobseeker’s Allowance claimants.

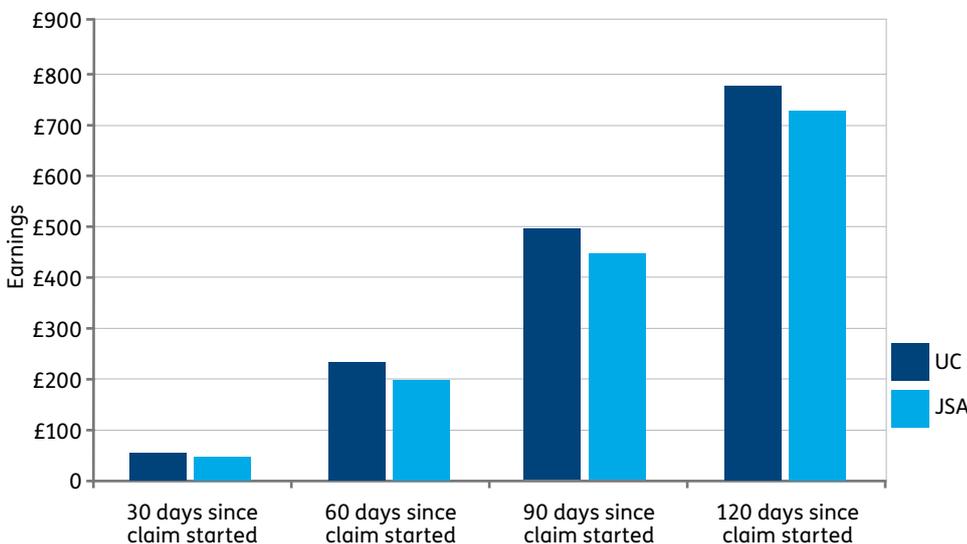
Figure 4. Difference in days in work



Universal Credit Pathfinder claimants are earning more

New Universal Credit claimants are earning more than similar Jobseeker’s Allowance claimants. Figure 5 shows that 120 days after the claim, Universal Credit claimants earned on average £50 more than similar Jobseeker’s Allowance claimants.

Figure 5. Difference in earnings



Overall the evidence suggests that Universal Credit is making a significant positive impact on employment outcomes

The differences between Universal Credit and Jobseeker's Allowance claimants are positive and statistically significant. These results are very encouraging, in particular because they cover such an early phase of the roll-out process. Previous experience suggests that new programmes and policies often take time to bed in. For example, the introduction of Jobcentre Plus in 2001 was a major structural change that led to some initial disruption, which had a negative impact on office performance in the short-term before generating improvements later on⁷.

A programme of the scale of Universal Credit, which aims to change attitudes and behaviours in moving people back into work, will take time to deliver to its full potential, but these results are a very good start and consistent with how DWP might expect to see the financial and economic impacts build up over time. DWP expects these positive impacts to improve further as the *Test and Learn* approach continues to refine the implementation and delivery of Universal Credit.

7. "The Introduction of Jobcentre Plus: An evaluation of labour market impacts" Riley, R. et al DWP Research Report 781 2011. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/214567/rrep781.pdf

3.

Early results for claimants involved in the North-West of England

The analysis in Chapter Two is DWP's most robust guide to date on labour market outcomes. At this stage, it covers the first four offices and a period up to April 2014. Many more offices are now working with Universal Credit claimants, and the eligibility criteria for claiming Universal Credit has widened.

To make sure DWP maintains an up to date understanding of how Universal Credit is making a difference, it has commissioned a series of telephone surveys with new claimants repeating a similar set of questions asked of claimants in August and September 2013⁸. These surveys provide early indications about the attitudes, behaviours and labour market outcomes of Universal Credit claimants and comparable Jobseeker's Allowance claimants.

The survey results suggest that, as Universal Credit has expanded beyond the original four Pathfinder offices, Universal Credit claimants continue to:

- be more willing than Jobseeker's Allowance claimants to take a job
- think the benefit system is effective at encouraging people to find work
- do more job search activity than Jobseeker's Allowance claimants
- be more likely to be in work than Jobseeker's Allowance claimants.

Method

The telephone survey in the North-West of England generated new information about:

- people who lived in the expanded gateway areas, met the eligibility criteria and had made a new claim for Universal Credit
- a comparable group of Jobseeker's Allowance claimants who lived in areas that had similar local labour market conditions and met the eligibility criteria for claiming Universal Credit.

The interviews were carried out between 27 November and 23 December 2014. Claimants will be contacted again approximately four months into their claim to see how their behaviours and attitudes have changed.

The early results on attitudes and behaviours are summarised below and reported in the publication *Universal Credit Expanded Gateway Singles Survey: Wave 1 Interim Findings*⁹. A more detailed report will follow later in the year.

8. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/380537/rr886-universal-credit-pathfinder-evaluation.pdf

9. <https://www.gov.uk/government/publications/universal-credit-claimant-survey-nov-to-dec-2014-interim-findings>

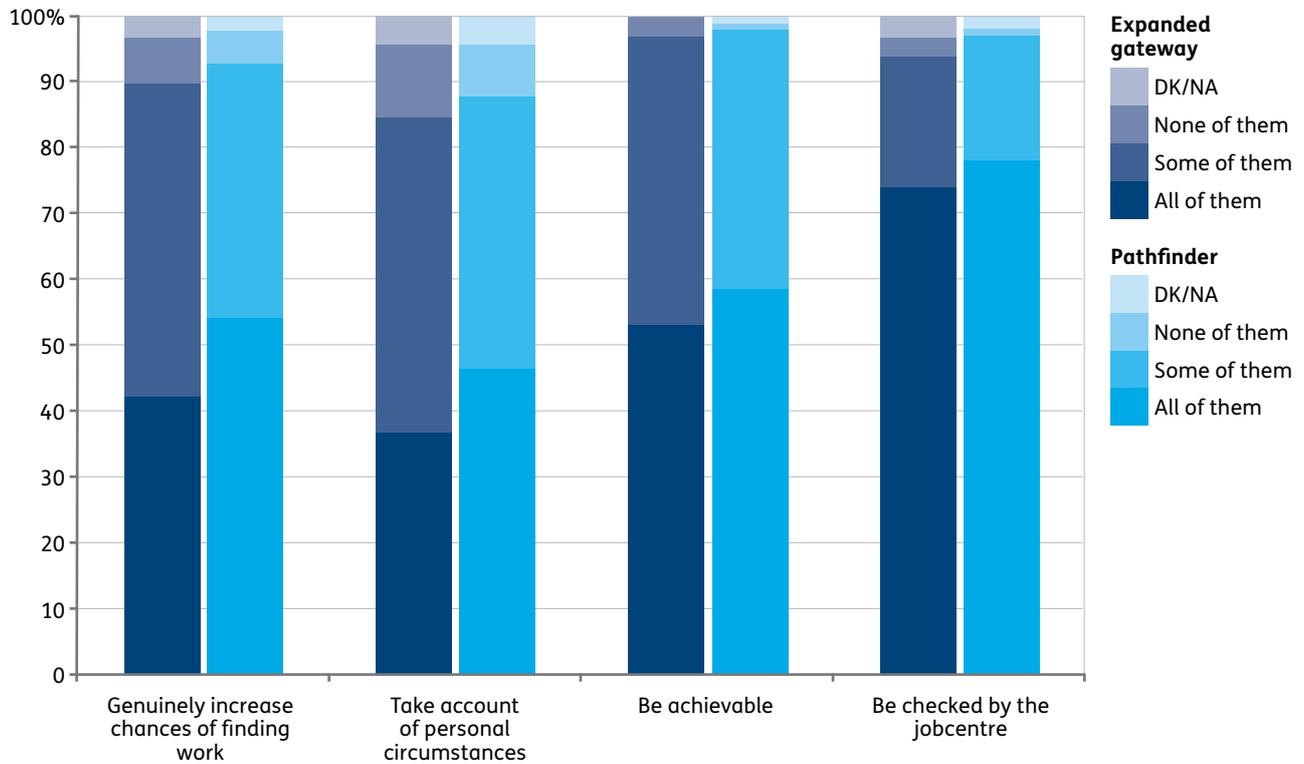
The results are presented alongside findings from the Pathfinder Claimant Survey, which was conducted between Autumn 2013 and Spring 2014. Where possible, the same questions were asked to enable comparisons to be made. However it is important not to draw strong conclusions from single differences in the questions answered. This is because the claimant characteristics have changed over time, the questions were asked at different time intervals following claims and at different periods of the year. These results are about drawing out broad patterns of response, particularly between the Universal Credit and Jobseeker's Allowance claimants in each survey.

Attitudes towards the Claimant Commitment

The Claimant Commitment, which is now available in all jobcentres across Great Britain, is designed to encourage personal responsibility and independence by setting out an agreement between the individual and the State about what claimants are required to do to find work, based on a claimant's personal circumstances.

Figure 6 shows the attitudes of those who remembered signing the Claimant Commitment (95% of claimants surveyed in Wave 1). The results show that the substantial majority of Universal Credit claimants felt that either all or some of the actions agreed in their Claimant Commitment would increase their chances of finding work, took account of personal circumstances, were achievable and would be checked by the jobcentre. Over time, attitudes towards the Claimant Commitment have been sustained.

Figure 6. Attitudes towards the Claimant Commitment



1: Claimants were asked whether they agreed that the actions agreed to in their Claimant Commitment would (a) genuinely increase chances of findings work, (b) took account of personal circumstances, (c) were achievable and (d) would be checked on by the jobcentre.

2: For detailed information on the Extended Gateway Survey, please refer to: <https://www.gov.uk/government/publications/universal-credit-claimant-survey-nov-to-dec-2014-interim-findings>

3: For detailed information on the Pathfinder Survey, please refer to https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/380537/rr886-universal-credit-pathfinder-evaluation.pdf

Source: Universal Credit Expanded Gateway survey, Universal Credit Pathfinder survey

Attitudes tend to be more positive for Universal Credit than Jobseeker's Allowance claimants

The table below shows that Universal Credit claimants respond more positively than their Jobseeker's Allowance counterparts across nearly all of the measures of attitudes. Significantly, Universal Credit claimants are more likely to say that the benefit system is effective in encouraging work and they appear more willing to take a job. Findings are very similar across the Expanded Gateway and the original Pathfinder survey of 2013.

Table 1. Attitudes of Universal Credit and comparable Jobseeker's Allowance claimants

Claimants were asked whether they agreed with the following statements:	Expanded Gateway ¹		Pathfinder ²	
	UC	JSA	UC	JSA
Benefit system is effective at encouraging people to find work	77	68	79	71
Willing to take any job you can do	68	59	69	66
Think there are no jobs in my area	36	30	33	34
Willing to take a short term/temporary job	89	88	93	92
Confident they will find work in three months	76	78	84	76

1: For detailed information on the Extended Gateway Survey, please refer to: <https://www.gov.uk/government/publications/universal-credit-claimant-survey-nov-to-dec-2014-interim-findings>

2: For detailed information on the Pathfinder Survey, please refer to https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/380537/rr886-universal-credit-pathfinder-evaluation.pdf

Source: Universal Credit Expanded Gateway Survey, Universal Credit Pathfinder Survey

Universal Credit claimants report doing more job searching than Jobseeker's Allowance claimants

Claimants will only get into work if they search for jobs. The latest survey was conducted after the Claimant Commitment had been rolled out to Jobseeker's Allowance claimants, but it continues to show that Universal Credit claimants report that they are spending more time on work related activities than their Jobseeker's Allowance counterparts. Since the Pathfinder Survey was commissioned, the Claimant Commitment has also been rolled out to Jobseeker's Allowance claimants. However we continue to see Universal Credit claimants reporting spending more time on work related activities.

Table 2. Job searching behaviour of Universal Credit and comparable Jobseeker's Allowance claimants

	Expanded Gateway ¹		Pathfinder ²	
	UC	JSA	UC	JSA
Mean hours spent on work related activities	26	17	27	14
Mean number of jobs applied for	17	16	16	11

1: For detailed information on the Extended Gateway Survey, please refer to: <https://www.gov.uk/government/publications/universal-credit-claimant-survey-nov-to-dec-2014-interim-findings>

2: For detailed information on the Pathfinder Survey, please refer to https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/380537/rr886-universal-credit-pathfinder-evaluation.pdf

Source: Universal Credit Expanded Gateway Survey, Universal Credit Pathfinder Survey

Universal Credit claimants are more likely to be in work than Jobseeker's Allowance claimants

People were surveyed six weeks after making their claim. At this point, Universal Credit claimants are more likely to report being in work than a comparable group of Jobseeker's Allowance claimants. It is encouraging to see Universal Credit claimants performing better after such a short period, and suggests that Universal Credit continues to have a positive effect on claimants¹⁰. The fact that there is a 5 percentage point difference between the labour market outcomes for Universal Credit and Jobseeker's Allowance claimants approximately 18 months into roll-out suggests that the Universal Credit effect in helping people move into work is being sustained and possibly strengthening. These results are heartening since the new policies and programmes take time to bed in, especially those like Universal Credit that require fundamental behaviour change from a number of parties: jobseekers, jobcentre Work Coaches, employers and local authorities.

10. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/380537/rr886-universal-credit-pathfinder-evaluation.pdf

Table 3. Labour market outcomes of Universal Credit and comparable Jobseeker’s Allowance claimants

	Expanded Gateway ¹		Pathfinder ²	
	UC	JSA	UC	JSA
Working for an employer	23	20	15	17
Self employed	2	0	1	0
Not in work	75	80	84	83

1. For detailed information on the Extended Gateway Survey, please refer to: <https://www.gov.uk/government/publications/universal-credit-claimant-survey-nov-to-dec-2014-interim-findings>

2. For detailed information on the Pathfinder Survey, please refer to https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/380537/rr886-universal-credit-pathfinder-evaluation.pdf

NB. The Expanded Gateway interviews took place on average 38 days after claim for both UC and JSA claimants. The Pathfinder interviews took place after 24 days for UC claimants and 34 days for JSA claimants.

Source: Universal Credit Expanded Gateway Survey, Universal Credit Pathfinder Survey

Claimant survey results suggest that Universal Credit impacts will be sustained

The new results from the latest claimant survey show that very similar impacts and responses are being reported by claimants both in the early and latest stages of roll-out. This is a very positive outcome and provides grounds to believe that the early effects identified in the previous chapter will be sustained into the future.

Finding sustained outcomes over time provides more confidence that early implementation impacts, such as an enthusiastically administered new system, are not simply the result of early introduction bias. The evidence to date, however, suggests that DWP is in a good position to achieve the economic benefits of Universal Credit.

Case study 2

Nigel Taylor, Group Training and Development Manager, CareTech



CareTech employs carers to work with children and adults with a broad range of social care needs, supporting individuals at home as well as in community settings.

Nigel Taylor, CareTech's Group Training and Development Manager says: "Universal Credit will make a huge difference to our business. We want to be able to meet the demands of our business by developing the skills of our existing workforce but this hasn't always been possible.

"We have over 4,000 staff at CareTech. Almost a quarter work less than 16 hours a week. Many are reluctant to work more than this for fear of losing all their benefit, both the individual and the business lose out.

"Universal Credit provides employers with a more flexible workforce by making it easier for claimants to increase their hours and accept more opportunities. In turn, employers are much more willing to invest time and money in their staff, helping them develop their jobs into fulfilling careers."

Case study 3

Simon Bladon, Account Director for Recruitment Services, Staffline



“Universal Credit has come along at the right time,” says Simon Bladon, from national recruitment agency, Staffline. In the past, he says, his company has had a lot of jobs to fill but hasn’t always been able to find the right candidates due to the inflexibility of the legacy benefit system.

“Previously job seekers have been reluctant to take on part-time or temporary work because of having to sign off and on. This makes it tough for recruitment agencies like ours to match the right people to the right employers or attract new talent to the sectors we work with. Universal Credit offers a lot more flexibility because of the end to the ‘16 hour rule.’”

Simon also believes Universal Credit claimants are more open to different types of work. Staffline specialises in recruiting people for jobs in logistics, manufacturing and food industries. Simon says:

“Jobseekers can sometimes have pre-conceived ideas and are reluctant to consider jobs in these industries. Universal Credit claimants seem open to areas that they haven’t worked in previously or considered before. They know if it doesn’t suit them, they can move without having to go through the process of signing on again.”

Simon has also noticed a difference in the relationship between jobcentre staff and local employers:

“Work Coaches are far more in tune with local employers’ needs and can now offer them a wider pool of candidates willing to take on flexible roles. We even find employers coming to us actively in search of Universal Credit claimants because they have found them to be enthusiastic and open to new opportunities without facing the barriers they might have had previously.”

4. Universal Credit: preparing households for change

The safe and secure delivery of Universal Credit remains the focus of DWP. To fully realise its benefits, Universal Credit requires a cultural shift in behaviours between claimants, staff, employers, local authorities, delivery partners and landlords. It is important that everyone is prepared for the transformational change delivered by Universal Credit.

To support the cultural transformation and ensure that everyone is prepared for Universal Credit, DWP is:

- equipping Work Coaches to deliver transformation
- increasing claimants understanding of Universal Credit
- introducing the provision of in-work support
- engaging businesses to improve opportunities
- delivering Universal Credit through partnerships
- working with landlords to support households.

Equipping Work Coaches to deliver transformation

DWP has rolled out the Claimant Commitment to encourage claimants to take greater responsibility for preparing themselves for work and for their job search. The number of offices delivering Universal Credit is increasing and DWP has trained over 26,300 Work Coaches with over one million Claimant Commitments already signed throughout Great Britain.

By the end of 2015, over 8,000 staff will have been trained in Universal Credit specific roles.

Work Coaches in jobcentres play a crucial role in translating the design and theory of Universal Credit and putting it into practice with claimants.

Universal Credit supports households in and out of work, and so the focus is not only about movement into work but also support into sustained employment and progressively increasing earnings. This is culturally very different to legacy benefits and requires new ways of thinking about how to measure progression toward and in the labour market.

To support staff, DWP has developed a suite of labour market measures which are being rolled out across jobcentres. These measures do not set specific targets, but provide a good starting position for individual offices to judge their performance and to drive improvement.

DWP has developed an approach which uses the Real Time Earnings data from HMRC to track claimant behaviour to see whether they have:

- evidence of earnings in a month following their original claim
- evidence of earnings over a sustained period
- earned more over time.

Access to this information for each jobcentre enables Work Coaches to understand how many of their claimants are moving into work and progressing and helps them to tailor support to claimants as their circumstances change. This can include adapting Claimant Commitments for those who have moved into work and focusing further support on increasing earnings and career progression.

Increasing claimants understanding of Universal Credit

To improve understanding of key aspects of Universal Credit, DWP has introduced a welcome guide which is given to claimants at their initial work search interview. DWP consulted frontline staff and undertook qualitative testing with potential claimants to develop the guide. The guide was launched in January 2015 and is used with all new claimants.

Provision of in-work support

One of the key objectives of DWP's wider labour market reforms is to deliver an in-work service, offering support to Universal Credit claimants as they explore how they can increase their earnings and become more independent.

This is the first time that any country in the world has attempted to work with claimants on this scale to increase their earnings: it is a truly transformational change. As such, existing evidence is limited, both about the people who would be most likely to receive in-work support, and what type of in-work support is most effective.

DWP's Test and Learn strategy for Universal Credit, which has been heavily influenced by employers and leading stakeholders¹¹, will develop an evidence base for in-work support. It will test approaches in terms of help and support for claimants, the impact of conditionality requirements, flexible employment practices, and creating improved financial incentives.

Central to the in-work strategy is the use of Randomised Controlled Trials (RCTs), testing with several thousand claimants, to quantify the impacts of different approaches and learn how people respond to different offers of support. RCTs are the best way to define the effectiveness of various types of approaches. DWP has recently laid regulations to conduct trials in Universal Credit in order to generate robust evidence to further refine the provision of in-work support¹². The Department will engage around 15,000 low-paid claimants through 2015 and 2016 to test the impact of a core in-work service.

11. Through the 2013 Call for Ideas and in subsequent forums

12. The Universal Credit (Work Related Requirements) In Work Pilot Scheme and Amendment Regulations 2015

The first formal trial, launching in April 2015, will be led by Jobcentre Plus and aims to inform the core design of an in-work service that supports people to earn more and reduce poverty. Design of the RCTs has been based on early exploratory trials, using legacy benefits.

Work Coaches in certain trials reported success with in-work progression and retention. These trials indicated preferred methods of contact, which potentially have an impact on employment outcomes and demonstrated the value of multi-channel engagement. Similarly, the role of Jobcentre Plus can have a positive impact on keeping people in work. DWP will be quantifying these trends under the RCTs and the results will be used to shape the design of in-work Universal Credit support.

DWP is also learning a great deal from externally delivered in-work trials, such as those with Timewise, a social enterprise which engages and motivates the hardest to help, and Goals UK, a recruitment services company.

Timewise was commissioned to deliver a trial of support for 100 low income parents, to explore how DWP can encourage employers to adopt greater flexibility. Currently underway, it aims to increase earnings through higher quality flexible and part time work. This is being achieved by encouraging employers to adopt a different approach to job design and hiring practices. An evaluation report will be produced after the trial ends in April 2015. DWP will look at incorporating successful elements of the Timewise model within Jobcentre Plus. Understanding the respective business needs of different sized employers will be crucial in encouraging flexible ways of working. Based on the findings, recommendations will be made about the future of Jobcentre Plus employer and customer engagement. All of this will inform the roll-out of Universal Credit in-work conditionality.

Goals UK is running a proof of concept trial to motivate 150 people. The trial started in late 2014 and is aimed at people who are working part-time, not entitled to current out of work benefits and not seeking to increase their earnings. It tests whether a motivational intervention can change a person's attitude and behaviour, and lead to increased earnings. The evaluation later in 2015 should give an in-depth understanding from the participants about why attitudes have shifted, as well as hard outcomes. As with the previous trials, this will inform further trials as part of Universal Credit.

Engaging businesses to improve opportunities

Encouraging employers to support in-work progression is another key element of DWP's strategy. DWP and the UK Commission for Employment and Skills launched a competition worth up to £2million, through the UK Futures Programme in October 2014. It invited proposals from employers in the retail and hospitality sectors to bid for funding to test strategies that demonstrate both clear business benefits (increased workforce retention and productivity) and increased earnings for low paid employees. These sectors have been targeted first as people in low paid employment and experiencing in-work poverty are more likely to work in these sectors. This competition has attracted more interest than any previously, drawing high quality bids from a wide spread of employers. Trials are expected to start in April 2015.

Before Universal Credit began to roll-out, employers rarely engaged with the benefits system. It is therefore vital for DWP to bring them on board as key stakeholders as their attitude to hiring Universal Credit claimants will be critical for the reform's success.

Since Universal Credit started rolling out, DWP has led a number of regional employer, trade body and roundtable events to engage employers, explaining the benefits of Universal Credit to them and their employees. This has included helping the Confederation of British Industry (CBI) to understand how Universal Credit can be used to help people earn more through more effective progression into higher-paid work, as recommended in *A Better Off Britain*¹³. DWP is also working with the Chartered Institute of Personnel and Development (CIPD) and a number of leading employers to further develop the strategy for in-work progression.

Delivering Universal Credit through partnerships

DWP are also working with a range of delivery partners including local authorities, landlords and interested organisations who all play important roles supporting delivery of Universal Credit.

At a local level, engagement with local authorities is being strengthened further to ensure that people who need additional help get the support they need.

These new partnerships between Jobcentres and local authorities are called 'Universal Support – delivered locally' and they prepare claimants for the world of work by helping them with online access, digital support and managing their finances.

The Universal Support trials were established over the summer of 2014 in 11 areas across the UK. They focus on providing a holistic service, particularly for vulnerable claimants and those with complex needs. The learning and evaluation from each of these trials will inform the Universal Support Framework and its future rollout.

13. <http://cbi.binarydev.net/reports/better-off-britain>

Case study 4

Peter, digi-buddies, Lewisham



The Universal Support trial in the London Borough of Lambeth, Lewisham and Southwark is working with over 2,000 claimants and focuses on digital, financial, and housing support. The digi-buddies service, provided by Thames Reach, helps residents gain basic IT skills, get online and use the internet to complete job applications, claim benefits and use Universal Jobmatch to help search and apply for jobs.

Peter is one of the digi-buddies who volunteers at the Lewisham service. He has been supporting a claimant who had a laptop at home with an internet connection, but used it infrequently and only to speak to friends and family on social media. The claimant wasn't confident in using the internet, email or Microsoft Office.

Peter helped the claimant become more familiar with the laptop, showing her how to use her email account securely.

This support extended to training on Microsoft Word and how to attach documents, such as a CV, to emails. The claimant was shown how to use a browser to access the internet and how to register on job search websites.

Peter has seen how the claimant's confidence has grown during the sessions and how she is now able to manage her email account independently and only needs occasional support managing her Universal Jobmatch account.

The Centre for Economic and Social Inclusion, in partnership with Policy in Practice and BMG Research, has been commissioned by DWP to undertake a full evaluation of all 11 trials. The evaluation throughout 2015 will help inform a revised Universal Support framework designed to support more vulnerable claimants.

“The progress that the ‘Universal Support - delivered locally’ project has made is a testament to the true partnership working at Blaenau Gwent which benefits our residents and the community that we are working in.

Participation in the project has further strengthened links between the local authority, local Jobcentre Plus offices and third party organisations who are all working towards one common goal, to help the residents of Blaenau Gwent!”

Clr Haydn Trollope, Blaenau Gwent County Borough Council

For national expansion in 2015, DWP are putting in place funded delivery partnership agreements between Jobcentre Plus and local authorities. These will offer support for those needing extra help.

DWP has been engaging extensively with local government bodies to ensure that developments are communicated effectively, and that intelligence and challenge is fed back into the Universal Credit programme to influence its design and implementation. The Department co-chairs a 'partnership forum' with the Local Government Association: this consists of senior representatives from the national associations, including Chief Executives from six local authorities. Various engagement groups have also been set up, including the task force developing Universal Support and a transition working group, to ensure local government colleagues have input to the design and implementation. DWP also has advisory groups for Scotland and Wales, and works closely with the devolved governments, and the Department for Communities and Local Government.

Working with landlords to support households

Universal Credit promotes personal responsibility and expects the majority of tenants to manage their finances, including their own housing costs, whether they are in or out of work. This is important in minimising the difference between paid employment and being on benefits and effectively removes a key barrier to moving back into work. For many tenants in the social sector, this will be a significant change in responsibility and DWP recognises the vital role that landlords can play in preparing for the change and their initial concerns about maintaining a regular and dependable income.

To address these concerns, DWP set up the Direct Payment Demonstration Project, the final evaluation of which was published on 18 December 2014 covering the full 18-month period. The projects were carried out in six areas to identify key lessons from the direct payment of Housing Benefit to social sector tenants. They also aimed to demonstrate the level of personal budgeting support claimants might need including access to financial products, money advice and alternative payment arrangements.

The outstanding conclusion is that the predicted dramatic increase in rent arrears did not occur. Overall, tenants paid 95.5 per cent of all rent owed compared to 99.1 per cent for those not on direct payment – a difference of 3.6 percentage points. Furthermore, the impact of direct payment lessened significantly over time: half of the total direct payment arrears were accrued in the first month (or 4 week period) following migration. In the 4th to 6th payment periods, the difference in payment rates had fallen to 2.8 percentage points; falling again in the 7th to 9th payment periods to 1.3 percentage points. By the 18th payment, tenants' average payment rate had risen to 99 per cent.

Reflecting concerns about the initial increase in arrears, and experience from the live service, the design of Universal Credit has been enhanced to:

- improve the process of delivering managed payments to landlords, identifying a single point of contact within DWP to address any issues that landlords may have
- introduce dedicated teams to manage housing and Alternative Payment Arrangement cases, with better designed and simpler notifications and forms, and a dedicated external email address for social landlords to escalate cases where they are considering formal pre-eviction action
- introduce seconded local authority housing benefit experts in the Universal Credit Service Centre, supported by dedicated network of Housing single point of contacts, in each local authority, funded via the Delivery Partnership Agreement
- introduce a new deduction rate for rent arrears, which will help claimants clear their debts more quickly so they can focus on moving into employment. These deductions are made as a last resort, protecting those vulnerable claimants who have arrears but have not budgeted for their debts. Deductions will be a minimum of 10% (and up to 20%) of a claimant's standard allowance, with the actual rate determined by a tenant's particular circumstances and any other deductions which may be in place. Alternatively, landlords can choose to make their own arrangements with tenants for repayment of rent arrears, deciding and agreeing the terms of recovery directly with them
- increased take up of personal budgeting support by working closely with Work Coaches.

The projects also provided clear evidence as the importance of effective data sharing with social landlords, particularly at the outset of a claim. In response to this, DWP has laid regulations which come into effect on 13 February to enable DWP to share with social landlords when a tenant is in receipt of, or has made a claim for Universal Credit. This means landlords can talk with tenants to ensure arrangements are agreed regarding the future payment of rent. The landlord will then have the opportunity to identify claimants who may need advice, support and assistance in managing their financial affairs. If appropriate, they can apply to the DWP directly, or via the claimant, to have the Universal Credit housing element costs paid via an alternative payment arrangement for a transitional period if the criteria are met.

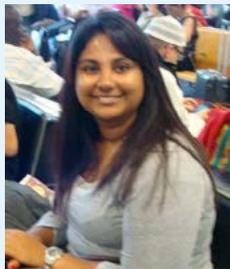
In a separate part of the regulations, we have provided a legislative gateway for the future sharing of information related to Universal Support. It will allow the proportionate sharing of relevant data between DWP and local support providers for the prescribed purposes of assessing whether any Universal Credit claimants need advice, support or assistance in relation to accessing benefits, managing their finances; or where they may be experiencing any other barriers. If someone prefers not to share information, there will be no impact on their claim for Universal Credit or any other benefits. DWP will be taking steps to ensure that data sharing complies with data protection principles, that claimant confidentiality is not compromised, and that no claimant is inadvertently put at risk. Allowing this information to be shared will enable Universal Support partnerships to offer tailored support more quickly. Procedures and guidance will be developed to clarify this, informed by the Universal Credit service and trialling in line with the *Test and Learn* approach.

DWP has worked extensively with social landlords, through the three national trade associations and more locally, especially in the North-West and other areas where Universal Credit is live. A Landlord Preparation Strategy has been developed and in November 2014, DWP published the Social Landlord Support pack¹⁴. This gives practical advice and support in preparing tenants for Universal Credit, including links to all of the published learning to date, as well as access to sources of support, such as the Money Advice Service landlord portal.

Work also continues with social landlords and their trade bodies to look at the feasibility of a “trusted partner” role in the early identification of budgeting support needs and the potential demand for alternative payment arrangements; and more generally to encourage their active involvement in preparing their tenants as Universal Credit rolls out.

Case study 5

Jalpa Parmar, Universal Credit claimant, Rugby



Jalpa had recently graduated from Birmingham University when she first made a claim for Universal Credit at Rugby Jobcentre. Despite being well qualified with a business management degree, she struggled to find a job.

Jalpa said: “I hadn’t ever worked before so I felt my lack of experience was putting off potential employers. I’m pleased I decided to go to the jobcentre as immediately they helped me overcome that.”

She so impressed her Work Coach and staff at the jobcentre with her enthusiasm that they asked her if she’d like to do work experience with them. It was while she was working there that she attended one of the jobcentre’s events.

“I went along to what was like a speed dating event. It was for claimants, like me, looking for jobs and recruitment agencies looking to hire. It was a great way to get the process of looking for work moving quickly.”

Jalpa was snapped up and offered a full-time, temporary job at Concorde Specialist Logistics – a local call centre.

“I think the work experience I was getting at the jobcentre made me much more employable. I have been at Concorde for a few months now and I am enjoying the challenge and the experience of working in an office environment. Longer term I’d like to get a job where I can use my degree but for now this suits me.”

Jalpa is still regularly going to the jobcentre to meet her Work Coach who is helping her search and apply for jobs which are more suited to her career aspirations.

14. <https://www.gov.uk/government/publications/universal-credit-and-rented-housing>

Case study 6

Vandna Patel, Universal Credit Work Coach, Hammersmith Jobcentre



“Previously much of our time was spent answering benefit related enquires and completing forms, but that is now done by the Service Centre leaving us with more time to talk to claimants about their personal circumstances and career aspirations.”

“We provide a more tailored service which focuses on individual needs. It’s much more flexible. We’re able to be more creative helping claimants try different methods of looking for work, like sending out speculative applications. Claimants also value the in-work support we offer which helps them look for a career, not just a job.”

“Lifting the 16 hour rule under Universal Credit has changed everything. It is great that they can accept extra hours knowing they won’t lose all their benefits.”

“I like the flexibility Universal Credit offers jobseekers. One claimant I saw wanted to be a recruitment consultant but lacked the relevant experience. He was offered a month’s work experience at a recruitment agency. In his Claimant Commitment I was able to adjust the amount of time he was expected to look for work so he could do the work experience, receive financial support and fit his job search around his work. It paid off: he eventually got a job at the company.”

“Employers are keen to take on Universal Credit claimants as they know they are unlikely to refuse extra hours. From my experience, this has led to a better relationship between employers and employees. The more employers hear about the benefits of Universal Credit, the keener they will be to recruit claimants.”

5. Conclusion

The scale and transformative nature of Universal Credit make it one of the Government's most complex and ambitious reforms. Over the last 30 years, public attitudes towards welfare have changed significantly. Today there is a greater expectation that people should take more responsibility, and that welfare should be the preserve of those who really need it.

Universal Credit aims to alter the landscape of work for a generation by fundamentally changing the behaviour of four key groups: jobseekers, employers, Jobcentre Work Coaches and local authorities.

At its heart, Universal Credit drives behaviour change among jobseekers by helping them understand that Universal Credit rewards work and showing that employment is the best route to financial independence. Businesses are learning that Universal Credit allows them to hire people part-time and give them extra hours. Jobcentre Work Coaches are learning how to help people into work, stay in work and progress to a better job or longer hours. And local authorities are learning to forge new local partnerships to help people better manage their finances.

Universal Credit is tackling past failings in the delivery of welfare by ensuring that the system always incentivises work and that work always pays. This report offers evidence of encouraging signs that claimants recognise these new incentives, are behaving differently and doing more to look for work.

In October 2014, *Universal Credit at Work* presented evidence that the transformation of the labour market and welfare state is well underway, expanding the reach of Universal Credit and beginning to make an impact on local labour markets.

In the four months since, Universal Credit has expanded to more parts of the country and the evidence of positive effects continues to strengthen. DWP has:

- rolled out Universal Credit to additional jobcentres for singles, couples, and families
- analysed new data demonstrating that Universal Credit claimants are more likely to be in work, spending more time in work, and earning more
- launched a trial of the Universal Credit Digital Service in Sutton, South London
- equipped Work Coaches to deliver behaviour change among jobseekers, including the introduction of new labour market measures
- developed Randomised Controlled Trials to further understand how best to support those looking to increase their income through work
- continued to develop partnerships with local authorities, landlords and employers to identify effective delivery plans for claimants with varying needs.

DWP recognises that transformational change does not occur overnight, and there are a number of significant challenges remaining for 2015:

- delivering Universal Credit to single unemployed claimants across Great Britain
- expanding the *Test and Learn* approach to complex aspects of Universal Credit such as housing
- testing the enhanced Digital Service on a greater scale.

Over the next year, DWP will make further substantial steps towards its transformation of the welfare system and labour market, realising the significant economic benefits of Universal Credit, as well as saving the taxpayer money.



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