HOUSE OF COMMONS LIBRARY

DEBATE PACK

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Impact of DWP policies on low income households

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Contents

Summary

MPs will debate 'Impact of DWP policies on low income households' on Tuesday 17 January 2017 in the Main Chamber. This is an Opposition Day debate moved by the Scottish National Party. This House of Commons Library briefing provides background to the debate and includes a summary of the issues, statistics and relevant links to further information.

Members will consider the following motion moved by the Scottish National Party:

Effect of DWP Policies on low income households

That this House is concerned at the impact of policies pursued by the Department of Work and Pensions upon low income households; notes the negative impact on those with low incomes disclosed in the rollout of Universal Credit; expresses concern about the cuts to Work Allowances under universal credit; believes that the closure of Jobcentres in Glasgow and other areas will create difficulties for many people in accessing services; calls on the Department to suspend the rollout of Universal Credit and the JobCentre closure programme.

1. The motion

The motion to be considered is as follows:

Effect of DWP Policies on low income households

That this House is concerned at the impact of policies pursued by the Department of Work and Pensions upon low income households; notes the negative impact on those with low incomes disclosed in the rollout of Universal Credit; expresses concern about the cuts to Work Allowances under universal credit; believes that the closure of Jobcentres in Glasgow and other areas will create difficulties for many people in accessing services; calls on the Department to suspend the rollout of Universal Credit and the JobCentre closure programme.

Further information on these issues and links to relevant material are given below.

Universal Credit is being rolled-out across the UK. The Scottish Government has acquired regulation making powers to vary the housing element (for rented accommodation) of Universal Credit, along with power to vary how it is paid. More information can be found in a briefing by the Scottish Parliament's Information Centre: Scotland Act 2016 – Universal Credit (June 2016).

2. Overview of welfare reform

Major changes to the benefits system are currently underway in Great Britain as a result of reforms begun by the Labour Government, a series of substantial reforms introduced by the Coalition Government, and further measures initiated by the current Conservative Government. Some changes have already been introduced while others are either being phased in or will not begin to have an impact until later in this Parliament. The full impact of the overall welfare reform package will not be felt until the mid-2020s. While some households may be better off as a result of changes, welfare reform is expected to deliver overall net savings of nearly £40 billion a year by 2020-21.

2.1 Coalition Government reforms

As a result of the Welfare Reform Act 2012 and other measures, the Coalition Government embarked upon an extensive programme of welfare reforms. The main changes are:

- **Changes to the rules governing annual "uprating" of benefit rates**. From April 2011, the **Consumer Price Index (CPI)** was adopted as the measure of price inflation used for uprating benefits and tax credits. Over the long term, this is expected to have a significant effect on benefit rates, since the CPI tends to rise more slowly than the inflation indices used previously (the Retail Price Index, or the "Rossi" index). In addition, from 2013-14 **increases in most working-age benefits were capped at 1% a year for three years**.

- The introduction of **Universal Credit** to create a single integrated system of in- and out-of-work support for working-age families. Income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit and Housing Benefit will all be abolished. UC was introduced for a small subset of new claimants in selected "pathfinder" areas starting from April 2013, and is gradually being extended to further areas and to new groups. UC is not expected to be fully introduced until 2021 at the earliest. Changes to UC made by the current Government (see below) have reduced the generosity of UC and, for some groups, reduced incentives to enter or progress in work.
- A package of **tax credit changes** aimed at "controlling the costs of tax credits" in order to "provide a fair and affordable platform for the introduction of the Universal Credit." As a result of the changes, tax credits are now more closely focused on families at the lowest income levels.
- Receipt of **contributory Employment and Support Allowance (ESA)** for claimants in the "work Related Activity Group" is now limited to 12 months. Those still on benefit at that point may then claim income-based (ie means-tested) ESA, but they may not be entitled to any benefit if they or their partner has other income or capital above a certain level. The current Government is abolishing the ESA Work-Related Activity Component for new claims from April 2017 (see below).
- New, **stricter "conditionality" and sanction regimes** for Jobseeker's Allowance and Employment and Support Allowance claimants were introduced in late 2012. Many Universal Credit claimants will also be subject to strict conditionality requirements including, for the first time, a requirement for those in work but earning below a certain level to look for more or better paid work.
- **Council Tax Benefit** was abolished and replaced by localised support (with a 10% reduction in funding), from April 2013. In some areas, this has meant that families in receipt of minimum, subsistence level benefits are now for the first time expected to make a contribution towards their Council Tax bill – reducing the amount available to meet other household expenses.
- **Personal Independence Payment (PIP)** is replacing Disability Living Allowance for people of working age, between April 2013 and 2018. Existing DLA claimants are being reassessed for PIP, and it is expected that fewer will qualify for PIP than would receive DLA. Controversial plans for more restrictive eligibility criteria for PIP announced in the March 2016 Budget have however been abandoned.
- From 1 April 2013 **Social Fund Community Care Grants and Crisis Loans** (other than "alignment loans" to tide people over pending their first payment of benefit) were abolished and funding has been made available to local authorities in England and to the devolved administrations in Scotland and in Wales to provide such assistance in their areas as they see fit.
- The total amount of welfare benefits a claimant receives is now subject to a **benefit cap**, set by reference to the average earnings

of households in work. Some groups of claimants, including those receiving PIP, are exempt from the cap. The current Government is reducing the cap, affecting more families (see below).

- Further measures are aimed at controlling expenditure on Housing Benefit including limiting payments for tenants living in social rented housing deemed too large for their needs from April 2013 (sometimes referred to as the "**bedroom tax**", or "**the removal of the spare room subsidy**").

2.2 Conservative Government's reforms

The 2015 Conservative Government announced a further package of welfare reforms – over above those legislated for by the Coalition Government – aimed at delivering additional savings of £13 billion a year by 2020-21. The main elements include:

- A **four year freeze in working-age benefit rates**
- **Reductions in the "work allowances"** for most **Universal Credit** claimants
- **Limiting the per child element in tax credits and Universal Credit to two children** for new claims and births after April 2017
- **Removing the family element in tax credits and the equivalent addition in Universal Credit** for new claims from 2017
- **Reducing the household benefit cap**
- **Abolishing** the **ESA Work-Related Activity Component** for new ESA claims from April 2017
- A "**National Living Wage**" of more than £9 an hour by 2020-21

Further background to these changes can be found in Library briefing CBP-7252, Welfare Reform and Work Bill 2015-16.

More detailed information on the ESA changes and the benefit cap reductions is given in these Library briefings:

CBP-7649, Abolition of the ESA Work-Related Activity Component

CBP-6294, The Benefit Cap

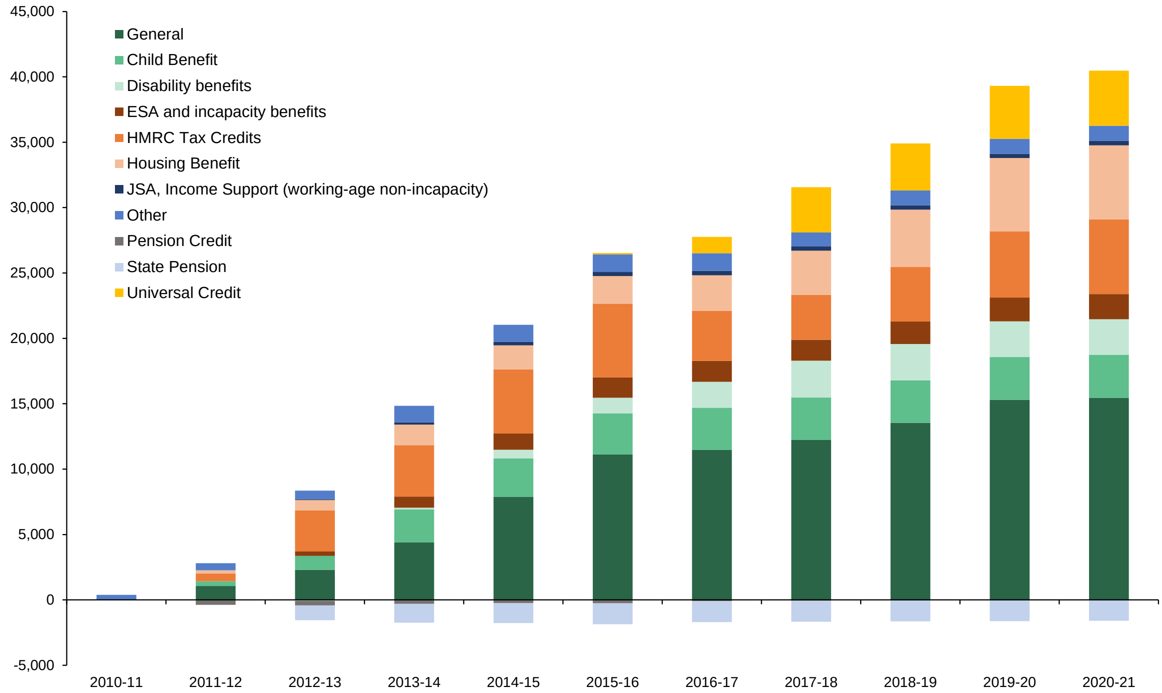
The changes to the Universal Credit work allowances are covered in Library briefing CDP-7446, Universal Credit changes from April 2016. At Autumn Statement 2016 the Government also announced that the **Universal Credit taper rate** – the rate at which UC is withdrawn as earnings increase – would be **reduced from 65% to 63%** from April 2017. These changes are covered in section 3 of this Debate Pack.

2.3 Expected savings from welfare reform

The following chart and table showing additional expenditure and savings as a result of social security and tax credits measures announced by governments since June 2010. As it indicates, while policy decisions are expected to result in additional spending on State Pensions, other measures are expected to yield net savings. There is however an important caveat. The table and chart are based on the Treasury's **forecasts** of savings as announced at fiscal events (i.e. Budgets and Autumn Statements). **Actual savings made may not necessarily match these forecasts**.

Estimated additional expenditure and savings on UK social security and tax credits announced since June 2010

£ Millions, nominal terms



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
General [1]	0	1,062	2,293	4,388	7,870	11,124	11,470	12,222	13,530	15,291	15,444
Child Benefit	0	365	1,070	2,525	2,950	3,142	3,231	3,246	3,264	3,283	3,301
Disability benefits	0	0	-75	140	660	1,190	1,974	2,828	2,776	2,728	2,723
ESA and incapacity benefits	0	0	340	845	1,250	1,560	1,605	1,591	1,722	1,812	1,918
HMRC Tax Credits	0	580	3,135	3,935	4,905	5,636	3,812	3,446	4,164	5,051	5,704
Housing Benefit	0	260	795	1,565	1,830	2,112	2,739	3,369	4,391	5,625	5,677
JSA, Income Support (working-age non-incapacity)	0	-5	55	190	265	305	330	325	325	324	325
Other	385	540	660	1,260	1,310	1,348	1,349	1,077	1,144	1,151	1,167
Pension Credit	0	-375	-350	-300	-245	-255	-95	-75	-40	-25	-5
State Pension	0	0	-1,130	-1,450	-1,525	-1,610	-1,605	-1,600	-1,600	-1,600	-1,600
Universal Credit [2]	0	0	0	0	0	115	1,255	3,460	3,590	4,051	4,207
Total savings	**385**	**2,427**	**6,793**	**13,098**	**19,270**	**24,667**	**26,066**	**29,890**	**33,266**	**37,693**	**38,861**

Notes

1 - "General" shows net savings made from measures not identifiable to a specific benefit or tax credit (for example, freezing most working-age benefits for four years from 2016-17).

2 - "Universal Credit" shows savings and additional expenditure made from Universal Credit *specifically* (such as changes to UC work allowances or the UC taper rate) only. That is, this line item does not include savings made from Universal Credit's predecessors.

3 - Table assumes savings from measures annoucned by the Chancellor at fiscal events were realised, as initally forecast by HM Treasury upon announcement, in full. In Practice, it is not possible to confirm changes to spending actually achieved by a measure once implemented; nor is it possible to retropectively confirm what total welfare expenditure would have been had a given measure not been introduced.

Sources

House of Commons Library Welfare Expenditure and Savings Tool

OBR Policy Measures Database

HM Treasury publications at fiscal events June Budget 2010 to Autumn Statement 2016

Looking at 2020-21, savings of more than £15 billion – nearly two-fifths of the total – are expected from "general" measures not affecting specific benefits but claimants of various benefits. This is almost entirely accounted for by the switch to CPI uprating of benefits, benefits freezes and limits on annual increases to working age benefits. Tax credit changes account for the next biggest chunk of savings (£5.7 billion), closely followed by Housing Benefit measures (just under £5.7 billion). Changes to benefits for sick and disabled people account for a further £4.6 billion (changes to disability benefits including the introduction of Personal Independence Payment saving around £2.7 billion, and changes to Employment and Support Allowance around £1.9 billion). Changes to Universal Credit (£4.9 billion) – including the controversial reductions in the UC "work allowances" – are expected to save £4.2 billion.

2.4 Impact of welfare reform

The **National Association of Welfare Rights Advisers** has produced a Welfare Reform and Benefits Changes Chart. The chart – past updated in May 2016 – gives a detailed timetable of changes (although note that since the chart was last updated changes have been announced – including to the Universal Credit rollout schedule). For each measure, the chart indicates the benefit(s) affected, what the change is, the expected impact, and relevant further analysis.

An **Institute for Fiscal Studies briefing note** published in November 2015, The Impact of Proposed Tax, Benefit and Minimum Wage Reforms on Household Incomes and Work Incentives, includes an analysis of the impact of tax and benefit changes up to 2019-20. This includes the impact of Universal Credit. The IFS analysis does not however incorporate transitional protection for claimants moving onto UC (Claimants moving onto UC as part of the "managed migration" who would have a lower entitlement than their existing benefits will be benefit from protection so that they do not lose out in cash terms).

A separate **IFS Observations** note by Andrew Hood and Paul Johnson of 21 March 2016 – Are we 'all in this together'? – draws on recent IFS work to provide an assessment of what has happened to living standards across the distribution and what has been the direct effect on incomes of tax and benefit policy.

Case studies looking at how welfare reforms will impact on typical families are available from The **Children's Society's report** published in February 2016, The Future of Family Incomes: How key tax and welfare changes will affect families to 2020.

A March 2016 report by Christina Beatty and Steve Fothergill of the **Sheffield Hallam University Centre for Regional Economic and Social Research**, The Uneven Impact of Welfare Reform: The financial losses to places and people, quantifies the impact of welfare reforms since 2010 and looks at the impact of measures announced since the May 2015 General Election that are still to be introduced. The research, which was commissioned by the Joseph Rowntree Foundation and

Oxfam GB, looks at how the impact of welfare reform varies from the place to place and for different household types.

On 7 November 2016 the **Resolution Foundation** published a report by David Finch and Matthew Whittaker, Under New Management: options for supporting 'just managing' families at the Autumn Statement. The report looks at the prospects for families over the next few years in light of ongoing tax and welfare reforms, and projections for jobs, earnings and inflation. It also considered options available to the Chancellor to provide more "targeted" support

The impact of welfare changes on **disabled people**, including **ESA changes and the introduction of PIP**, are covered in the Commons Library briefing CBP-07571, Welfare reform and disabled people.

In November 2016 the **United Nations Committee on the Rights of Persons with Disabilities** published a report which examined the cumulative impact of legislation, policies and measures adopted by the UK since 2010 on social security, work and employment, affecting persons with disabilities. The Report of the Inquiry Concerning the United Kingdom of Great Britain and Northern Ireland carried out by the Committee under article 6 of the Optional Protocol to the Convention, together with the UK Government's response, is available at the website of the Office of the United Nations High Commissioner for Human Rights.

Welfare reform in Scotland

The **Scottish Government** has commissioned a **Tracking Study** which is aiming to explore the impact of ongoing welfare changes on a range of working age households in Scotland. The study consisted of four interview "sweeps" over a three year period (2013-16). The final report - The Impact of Welfare Reform in Scotland - Tracking Study - Sweep 4 Report – was published on 24 June 2016.

Section 4 of the *Welfare Reform (Further Provision) (Scotland) Act 2012* also places an obligation on Scottish Ministers to report annually to the Scottish Parliament until 2017 on the **impact that the UK Welfare Reform Act 2012 is likely to have on the people of Scotland**. The four annual reports produced so far can be found on the Scottish Government's website.

Christina Beatty and Steve Fothergill of the Sheffield Hallam University Centre for Regional Economic and Social Research have produced an analysis of the specific **impact on Scotland of welfare reform**, including measures announced since 2015, for the Scottish Parliament's Social Security Committee. The Sheffield Hallam Centre for Regional Economic and Social Research report, The impact on Scotland of the new welfare reforms, was published in October 2016.

The Child Poverty Action Group in Scotland has established an **Early Warning System (EWS)** to collect information on the impact of welfare reforms in Scotland. The EWS is a framework "to collect and analyse case evidence about how welfare changes are affecting the wellbeing of children, their families and the communities and services that support them." To date, over 2,500 case studies have been gathered from frontline workers, including welfare rights advisers, housing officers and support workers. Information and reports drawing on EWS case studies are available at the CPAG Scotland Website. These include quarterly reports on emerging themes, newsletters and policy briefings. A CPAG Scotland booklet, What is welfare reform and how is it affecting families? (May 2016), gives an overview of the issues.

3. Impact of Universal Credit

3.1 What is Universal Credit?

Universal Credit (UC) is a new benefit which will replace a range of existing means-tested benefits and tax credits for working-age families, namely-

- Income Support
- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Housing Benefit
- Child Tax Credit and Working Tax Credit

The aim is to simplify and streamline the benefits system for claimants and administrators, improve work incentives, tackle poverty among low income families, and reduce the scope for fraud and error. UC is administered by the Department for Work and Pensions.

UC awards comprise a **standard allowance with additional amounts** for children, housing and other needs and circumstances such as disability, childcare and caring. The actual amount a family receives will however depend on its income and savings. **Unearned income** – such as income from certain benefits, or an occupational pension – will usually reduce the maximum UC award on a pound for pound basis. **Earned income** – ie income from employment or self-employment – will reduce the UC award at a constant rate of 65 pence for each pound of net earnings (this is known as the **single taper**), although families will be able to keep some of their earned income (the "**work allowance**") before it begins to affect their UC.

Families already get means-tested assistance through tax credits, but while tax credit awards are based on annual income Universal Credit will be based on current income. UC awards will be calculated on an ongoing basis and will increase or decrease each month in response to changes in income and other factors. For employees paid through PAYE, a "**Real Time Information**" system should allow DWP to automatically adjust their UC award if their wages change. Claimants will however have to notify DWP directly of other changes in circumstances affecting their award as they occur.

The financial support provided by Universal Credit is underpinned by a new "**conditionality**" framework setting out the responsibilities claimants may be required to meet. The level of requirements will depend on the claimants' circumstances. The conditionality framework is backed up by a new "strong and clear" **sanctions** regime for non-compliance.

Claimants will normally be expected to make a claim for Universal Credit online and to manage their claim, including reporting changes in circumstances, via an **online account**.

UC will be **paid monthly** in arrears and, unless exceptional circumstances apply, as a **single payment** covering all the household's needs. Couples can choose which partner receives the payment, or nominate a joint bank account.

UC is wholly administered and delivered by the Department for Work and Pensions, but DWP is also working with local authorities, social landlords, charities and other service providers to develop local face-to-face support services to help UC claimants. The aim of "Universal Support – delivered locally" (previously known as the Universal Credit Local Support Services Framework) is to establish a "joined-up, holistic service, particularly for vulnerable claimants and those with complex needs, helping the claimant move from welfare dependency," providing help with, for example, understanding the new system, getting online and managing a monthly budget.[1]

3.2 Timetable for the rollout of UC

Universal Credit is now available in all Jobcentres across Great Britain, but in most areas is only available for new claims from people with relatively simple circumstances. This should change with the roll-out of the "Full Service" (formerly the Digital Service), when UC will expand to all claimant groups and new claims for existing benefits and tax credits being replaced by UC will no longer be possible. Once this is achieved, the remaining benefit and tax credit claimants will be moved onto UC by "managed migration." The latest final end date for the introduction of UC is now March 2022.

In summary, the latest plans are as follows:

- **"National expansion"** of Universal Credit was completed by Spring 2016, so that Universal Credit is available in all Jobcentres in Great Britain – although initially for new claims only, for select claimant types. In most areas UC is still limited to new claims from single unemployed people (or people with very low earnings) satisfying the "gateway conditions"
- **Roll-out of the Full Service**, starting from 2016. Initial trials started in Sutton, Croydon and Southwark. Where the Full Service has been introduced UC claims will be taken from all claimant groups.
- In his Written Ministerial Statement on 20 July 2016, the new Secretary of State for Work and Pensions, Damien Green, announced that the Government was **"reshaping" the next**

[1] DWP, Universal Credit at work, October 2014, p15; see also the speech to the Local Government Association by Lord Freud, Universal Credit and Universal Support, on 12 January 2015

phase of UC and, accordingly, set out a new plan for rolling out the Full Service, which involves:

- Introducing the Full Service in 5 jobcentres a month to June 2017;
- Expanding it by 30 jobcentres a month from July 2017;
- Following a break over summer 2017, "scaling up" the roll-out of the Full Service to 55 jobcentres a month between October and December 2017;
- Accelerating the roll-out to 65 jobcentres a month by February 2018; and
- Finishing roll-out with the final 57 jobcentres in September 2018.

- Information on **when the Full Service is due to be rolled out in each local authority in Great Britain** is available on GOV.UK – see Universal Credit transition to full service (last updated 16 November 2016).
- As the Full Service is rolled out, new claims for "legacy" benefits – the benefits UC is replacing – will be progressively closed down so that under the latest timetable, **by September 2018 UC will be available to all claimant groups across the country**, and no new claims for working-age means-tested benefits and tax credits will be possible.
- The **final "managed migration" stage** when the remaining legacy benefit and tax credit claimants are moved over to Universal Credit. The Written Ministerial Statement on 20 July 2016 announced that there would be a new "contingency" period following the achievement of national roll-out of the Full Service, before the commencement of managed migration. Managed migration is now expected to start in July 2019, and **to be completed by March 2022**.

Further information on the Government's latest UC roll-out schedule, and what is expected to happen at each stage, is given in section 2 of the Commons Library briefing Universal Credit changes from April 2016. See also Universal credit: Who can claim Universal credit at the Revenuebenefits website.

Details of the UC implementation schedule in Northern Ireland are on the nidirect website – see Introduction to Universal Credit.

3.3 Impact on incomes and work incentives

DWP published an Impact Assessment for Universal Credit in December 2012, but this has not been updated to take account of policy changes since then, including significant reductions in the "work allowances" (see below).

The following reports provide analysis of the expected impact of Universal Credit, taking into account changes to UC since its introduction (**except for the reduction in the taper rate announced at Autumn Statement 2016**):

- James Browne , Andrew Hood and Robert Joyce, The (changing) effects of universal credit, Institute for Fiscal Studies Green Budget 2016, 3 February 2016
- David Finch, Universal Challenge – making a success of Universal Credit, Resolution Foundation, 3 May 2016
- Children's Society, The Future of Family Incomes: How key tax and welfare changes will affect families to 2020, February 2016 (gives case studies of the combined impact of the UC changes alongside other measures including the NLW)

IFS Green Budget 2016 analysis

In its analysis published as part of its February 2016 Green Budget report, the Institute for Fiscal Studies found that a series of pre-emptive cuts meant that introducing UC would in the long run reduce the generosity of the benefits system – including to working families. UC would still however do a lot to help make work pay for many of those who currently face the most severe disincentives.

Looking at the long run impact of Universal Credit – when transitional protection for claimants moving from existing benefits is exhausted – IFS found that UC strengthens financial work incentives only slightly on average, but this masks significant effects in both directions for different groups. It noted:

- **UC will dramatically reduce the number facing very weak financial incentives to move into or stay in work**. The number of people who lose more than 70% of their pay in taxes and withdrawn benefits (or would lose that much if they moved into work) will fall by two-thirds from 2.1 million to 0.7 million.
- **UC will tend to weaken the incentive for single parents to be in work, and to strengthen the incentive for couples to have one person in work (rather than none or two)**. On average, working single parents will effectively keep 8% less of their earnings under UC than under the system it is replacing, because of the way UC is withdrawn as their earnings rise (a disincentive to work made significantly greater by the July Budget cuts).
- **Looking at the financial incentive for those in work to earn more (e.g. by increasing hours of work or moving to a better paid job), UC again tends to strengthen incentives where they are currently weakest**. The 800,000 working individuals who would currently keep less than 20p of an additional pound earned (of whom 600,000 would keep less than 10p) would all keep at least 23p if the long run UC system applied now.

Turning to the long run impact of universal credit on incomes, IFS found that:

- **Introducing UC will cut annual benefit spending by £2.7 billion in total**. (This is on top of other benefit cuts such as the four-year freeze to most benefit rates.) When first proposed UC was intended to be more generous than the current system, but cuts to how much recipients can earn before their benefits start to be withdrawn have reversed this.

- **Among working households, 2.1 million will get less in benefits as a result of UC's introduction (an average loss of £1,600 a year) and 1.8 million will get more (£1,500 average gain)**. Among the 4.1 million households of working age with no-one in paid work, 1 million will get less (average loss of £2,300 a year) and 0.5 million will get more (average gain of £1,000 a year).
- **Working single parents and two-earner couples are relatively likely to lose, and one-earner couples with children are relatively likely to gain**. Among those currently receiving one of the benefits being replaced by UC, working single parents would be over £1,000 a year worse off on average if the long run UC system applied now, but one-earner couples with children would gain over £500 a year on average.
- **Owner-occupiers and those with assets or unearned income are relatively likely to lose, but working renters are relatively likely to gain**. This has the implication that UC will likely focus support more on those with long-term (rather than just temporary) low incomes, but it also weakens the incentive for some to save.

The IFS report also notes many other changes associated with UC which could also be significant, eg expanding job search conditions to more people and removing the need to start new benefit claims when moving into work could act to increase employment and earnings. Early evidence suggested UC had had a positive impact on employment among the small group already affected, but it wasn't yet possible to draw firm conclusions about long term impacts. The IFS commented that moving towards monthly benefit payments to one member of the household and removing direct payments to landlords may be riskier.

In a press release, Robert Joyce, an Associate Director at the IFS and an author of the report, said:

> "The long run effect of universal credit will be to reduce benefits for working families on average – a reversal of the original intention. However, the potential gains from simplifying the working-age benefit system remain mostly intact: universal credit should make the system easier to understand, ease transitions into and out of work, and largely get rid of the most extreme disincentives to work or to earn more created by the current system." [2]

Resolution Foundation report, Universal Challenge – making a success of Universal Credit, May 2016

In its report published on 3 May 2016, the Resolution Foundation stated that the latest series of cuts to Universal Credit risked leaving UC "as little more than a vehicle for rationalising benefit administration and cutting costs to the Exchequer" and that "any ambition for supporting and rewarding work and progression looks very hard to achieve under the revised proposals."

2 "Universal credit cuts support for working families, but helps make work pay where current system creates worst problems,2 IFS press release, 3 February 2016

The Resolution Foundation found that, even when considered alongside policies designed to boost incomes, including the National Living Wage and income tax cuts, relative to the current system without those measures in place, the latest version of UC implied:

- 3 million working families entitled to support in the tax credit system will no longer be entitled to *any* in-work support, leaving them £42 a week worse off on average;
- A further 1.2 million are set to receive UC, but be an average of £41 a week worse off;
- 1.7 million still in receipt of UC will be better off by an average of £38 a week, in part due to the more generous treatment of housing costs; and
- Only around 200,000 families – a mix of those without children and couple parents – who are no are longer entitled to UC at all will be overall better off following cuts to in-work support and boosts to income from the National Living Wage and income tax cuts.

The report set out a "three point plan" for the new Secretary of State, designed to ensure that UC would provide the support needed for families moving into and progressing in work in the future, and to make implementation as simple as possible. The report argued that the new Secretary of State for Work and Pensions should "restate and reclaim the role of UC in supporting more people into work and then boosting earnings"' rather than being a source of savings for the Treasury.

It recommended that the Government-

- Ensure that the incentives UC creates are focused on those most likely to respond and in most need of support. With the employment picture vastly improved over recent years and levels of worklessness in households dropping dramatically, UC must be refocused to meet the living standards challenge of the future rather than the past.
- Embrace the challenge of tackling low pay and progression. Despite the welcome stride taken forward with the implementation of the National Living Wage, in-work poverty and low pay look set to remain key challenges in the coming years – UC must be ready to meet them.
- Take the chance to reassess the way in which the UC system itself functions and the processes people must go through when making their claim. As currently designed, UC piles extra burdens on recipients, these could be eased. Making people's lives more difficult may make them resistant to the change UC brings. Requiring recipients to provide complex information so the system can calculate entitlements risks creating errors and mistakes that could cause implementation to stumble.

Further analysis of the options for providing more "targeted" support for families in Universal Credit is give in a separate Resolution Foundation report by David Finch and Matthew Whittaker published on 7 November 2016, Under New Management: options for supporting 'just managing' families at the Autumn Statement.

3.4 Recent changes to UC

Every UC claimant has a maximum award, which depends on their family's circumstances and the "Standard Allowances" and "Additional Elements" they are entitled to. For example, if a claimant has a dependent child they will be entitled to the UC Child Element.

For those in work, the amount they actually receive depends on two further factors:

- **The work allowance.** This is the amount a claimant can earn before their maximum award starts to taper off; and
- **The taper rate.** This is the rate at which awards taper off once the claimant is earning in excess of their work allowance.

Cuts to UC work allowances (Summer Budget 2015)

The Government announced cuts to UC work allowances at Summer Budget 2015, in effect from April 2016. This change is expected to affect almost all in-work claimants. Although the impact varies according to household circumstances, overall the changes mean a reduction in the generosity of Universal Credit.

The table below shows annual work allowances in 2015-16 and, following the reductions, 2016-17. Note that for purposes of this table "disabled" indicates a limited capability for work. Also note that different work allowances apply to claimants with and without housing costs.

Universal Credit work allowances
£ per year

	Without housing costs			With housing costs		
	2015-16	2016-17	*Change*	2015-16	2016-17	*Change*
Single or couple: no children (not disabled)	£1,332	£0	*-£1,332*	£1,332	£0	*-£1,332*
Lone parent (adults not disabled)	£8,808	£4,764	*-£4,044*	£3,156	£2,304	*-£852*
Couple with children (adults not disabled)	£6,432	£4,764	*-£1,668*	£2,664	£2,304	*-£360*
Single or couple: one or both are disabled	£7,764	£4,764	*-£3,000*	£2,304	£2,304	*£0*

Note For purposes of this table "disabled" indicates the presence of an adult with a "limited capability for work". Also note that different work allowances apply according to whether the household is getting help with Housing Costs.

The change in the work allowance (indicated in red in Figure 3) **is not** the change in the household's Universal Credit award. It is the change in the amount the household can earn before their maximum UC award begins to taper off.

The actual impact on a household will depend on its level of earnings, but for those whose earnings affect their UC entitlement a £1 reduction in their work allowance can result a reduction in their Universal Credit award of up to 65p.

Sections 5 of the Library briefing paper Universal Credit changes from April 2016 provides worked examples on the impact of UC work allowance cuts on a range of example families. Section 7 summarises the reactions of other commentators to the cuts, including commentary from the Social Mobility and Child Poverty Commission, the Institute of Fiscal Studies and the Resolution Foundation.

Change to UC taper rate (Autumn Statement 2016)

At Autumn Statement 2016 the Government announced a change in the UC taper rate from 65% to 63. The announcement means that, from April 2017, instead of losing 65p in UC for every £1 of net earnings above their work allowance families will instead lose 63p.

The Government states that 3 million households will benefit from the reduced Universal Credit taper – though note, however, that while most low income working families still getting tax credits the change will have no immediate impact. Once families do eventually move onto UC, for many any gain from the reduced taper will be more than outweighed by losses as a result of the work allowance cuts and other changes announced at the 2015 Summer Budget (although some may benefit from transitional protection so that they do not lose out in cash terms at the point of transfer).

The Library blog Universal Credit: jam tomorrow? provides detailed case studies examining the impact of UC work allowance and taper changes on a range of example families.

3.5 Housing element of Universal Credit

The housing element of UC will replace Housing Benefit to assist with claimants' rent costs.

Changes to Housing Benefit entitlement introduced prior to the roll-out of UC such as national caps on Local Housing Allowance (LHA)[3] entitlement, calculating LHA based on the 30th percentile of market rents, size criteria in social rented housing and the household benefit cap, are being carried over and will also apply to claims for the housing element of UC.

There are some aspects of the housing element of UC which will differ from Housing Benefit and which have given rise to concern amongst landlords, namely:

- direct payment to claimants living in social housing (council tenants currently receive their Housing Benefit as a rent rebate and their rent accounts are adjusted accordingly); and
- payment monthly in arrears.

Social landlords are concerned that tenants may struggle to cope with a lump sum payment from which they will be required to make their rent payments and, as a result, will be at risk of accruing rent arrears. Similarly, new claimants will experience a delay in receiving their first UC payment which means that they may struggle to make prompt rent payments. Rent is generally charged in advance, rather than in arrears. Delayed payments and the introduction of a waiting period are widely

3 LHA is the equivalent of Housing Benefit for claimants living in the private rented sector.

thought to be contributing to increased levels of rent arrears for those receiving the housing element of UC.

The DWP has developed Alternative Payment Arrangements (APAs) which are aimed at assisting claimants who may need additional support in adjusting to UC. The DWP's approach to APAs is set out in Personal Budgeting Support and Alternative Payment Arrangements: Guidance (updated April 2016). An APA might involve:

- Paying the housing element of Universal Credit as a Managed Payment direct to the landlord
- More frequent than monthly payments
- A Split Payment of an award between partners

The guidance makes it clear that an APA may be considered where a claimant is failing to pay their rent on time and has fallen into arrears in the past or has arrears. Certain 'trigger factors' for an APA have been identified and include: homelessness; living in temporary accommodation; multiple debt problems and a history of rent arrears.

The Scottish Government has acquired regulation making powers to vary the housing element (for rented accommodation) of Universal Credit, along with power to vary how it is paid. More information can be found in a briefing by the Scottish Parliament's Information Centre: Scotland Act 2016 – Universal Credit (June 2016). The Scottish Government has said that it will use its powers to make more regular payments to tenants and that direct payments to landlords may be introduced.[4]

Evidence of rent arrears

Data is not available from DWP's routine Universal Credit caseload publications for the number of claimants in receipt of support for housing costs, nor the number of claimants with rent arrears. DWP did, however, publish some information in an ad hoc statistical release in July 2016. The table below shows that as of May 2016 there were around 77,300 Universal Credit live service claimants in receipt of support for housing costs. Of these live service claimants, as of May 2016 around 50% were social housing tenants.

4 *Inside Housing*, Universal Credit to be paid more regularly in Scotland, 13 January 2017

Universal Credit live service claimants with support for housing

Note the UC live service is gradually being / to be replaced by the UC Full Service; the table above does not include Full Service claimants. As of May 2016 there were around 278,000 UC claimants in Great Britain, of whom around 215,000 were live service claimants.

In June 2016 the Association of Retained Council Housing (ARCH) and the National Federation of ALMOs (NFA) published jointly commissioned research, *Universal Credit – one year on*. This research was carried out in April and May 2016 across 20 stock retaining councils and Arms-Length Management Organisations (ALMOs); it included a sample of around 3,000 households in receipt of Universal Credit. The research identified that 79% of UC claimants were in rent arrears compared with 31% of tenants overall. *Inside Housing* published a summary report of the research on 7 June 2016.

Lord McKenzie of Luton asked the Government if it would address the cause of increased rent arrears amongst council tenants in receipt of UC during a debate on Universal Credit and rent arrears on 13 July 2016:

> Lord McKenzie of Luton
>
> To ask Her Majesty's Government how they will address the causes of the increase in the number of council tenants in receipt of Universal Credit who are in rent arrears.
>
> The Minister of State, Department for Work and Pensions (Lord Freud) (Con)
>
> I appreciate the concern with this. The reality is that there are a lot of factors at play and universal credit is not the sole issue. Many people are coming into universal credit with pre-existing arrears. Safeguards are in place for claimants, including advances, budgeting support and alternative payment arrangement. Research shows that over time claimants successfully reduce their arrears. I have commissioned work from the department to help understand the true level and causes of these arrears.
>
> Lord McKenzie of Luton (Lab)
>
> I thank the Minister for his reply. He will be aware of the survey conducted by the National Federation of ALMOs and ARCH which details the shocking build-up of rent arrears by council tenants. Of

> those covered by the survey, 79% in receipt of universal credit were in arrears and only half of those previously had been in arrears. Despite what the noble Lord says, it seems that the rollout of universal credit is causing a build-up of debt among social tenants, creating financial hardship and reportedly driving some into the arms of loan sharks. That is not surprising, given the long processing times and the recently introduced imposition of a further seven-day waiting period before the benefit can kick in—an imposition opposed by the Social Security Advisory Committee. As the rollout of universal credit is to widen, does the Minister agree that these arrangements have to be reviewed urgently, from the point of view of both landlords and tenants, and the seven-day waiting period scrapped?
>
> Lord Freud
>
> The best evidence I have got at the moment is a gateway review, which shows that a rather high figure—48%—of the singles on UC have got arrears, but, interestingly, half of them were pre-existing arrears. That compares with 31%—so it is higher—but the interesting thing is how quickly it comes down. In the second wave—that is, three months later—it comes right down to very close to the JSA figure. There is a lot of complexity here; it is not straightforward at all. I am looking at it with some urgency.[5]

Stephen Timms MP asked the Secretary of State "what plans his Department has to monitor the effect on housing rent arrears of the length of time taken for initial payment of universal credit" on 13 September 2016. DWP said that they:

> "…are undertaking work to investigate the issue of rent arrears in Universal Credit, it aims to understand the true level of rent arrears and what is causing them. We expect to know a lot more about this issue as the work progresses and following the analysis of the next Universal Credit Gateway Survey which we will be publishing later this year."

Universal Credit – one year on identifies some specific aspects of UC which are contributing to higher levels of rent arrears, including:

- pre-existing arrears when moved on to UC;
- UC administration;
- tenant behaviour;
- specific issues with the design of UC;
- communication issues around direct payments to tenants.

Universal Credit was fully rolled out in East Lothian Council in March 2016. December 2016 saw reports of significant increases in arrears amongst recipients of UC:

> The introduction of Universal Credit has caused a dramatic rise in rent arrears in eastern Scotland, according to a local council report.
>
> The study by East Lothian Council found that this is causing private sector landlords to be more reluctant to let to claimants of the new benefits system, is increasing the risk of potential homelessness and is having an impact on temporary accommodation.

5 HL Deb 13 July 2016 c211

> The impact on rent collection, it said, "has been severe". A total of 590 tenants receive Universal Credit in East Lothian, 481 of whom have rent arrears.
>
> Universal Credit was fully rolled out in East Lothian in March, when rent arrears were around £1.2m. In the next financial quarter, this figure jumped to around £1.45m.
>
> According to the report, the council had reduced rent arrears since 2014, but that progress has now been completely wiped out.
>
> The report admitted that only about half of this increase is directly related to debt associated with Universal Credit, but claimed nevertheless that the remaining increase represents its indirect impact. Time spend dealing with claimants, it said, is detracting from the time officers can spend with other tenants.[6]

Inside Housing has today (16 January 2017) reported that a further survey carried out by ARCH and the NFA found that arrears amongst tenants in receipt of UC had increased by 7%. The survey received responses from 33 organisations housing 7,535 households:

> The National Federation of Arm's-Length Management Organisations (NFA) and the Association for Retained Council Housing (ARCH), which together represent more than one million council homes in England, carried out annual research into Universal Credit claimants and found the percentage of council home tenants in receipt of Universal Credit who are in rent arrears has increased by seven percentage points – from 79% in March last year to 86%.
>
> This compares with 39% of tenants in arrears who do not receive Universal Credit.
>
> The average arrears total has also increased, from £321 to £616. The research also revealed 59% of Universal Credit claimants living in council homes have arrears that equate to more than one month's rent.[7]

While pre-existing arrears are identified as an issue in 50% of cases, the six week waiting period before receipt of payment is seen as a key contributing factor.[8]

Homelessness

There is already evidence of private landlords' reluctance to let to claimants in receipt of Housing Benefit and the introduction of UC is, according to the Residential Landlords Association (RLA) and the National Landlords Association (NLA), raising more issues which might make obtaining private rented housing more difficult for claimants:

The Work and Pensions Select Committee's 2013-14 inquiry found:

> Both private and social sector landlords are concerned about how tenants will manage direct payments of housing costs under Universal Credit. There was particular concern that vulnerable

6 *Inside Housing*, Universal Credit arrears soar in Scottish council, 19 December 2016
7 *Inside Housing*, Universal Credit tenants in arrears increases to 86%, 16 January 2017
8 Ibid.

> tenants may not receive help until they have accrued unmanageable levels of rent arrears.[9]

The NLA also expressed concern:

> "Change spells uncertainty," said the NLA's policy spokesman, Chris Norris. "Many landlords have adjusted to LHA and are now happy – but ongoing welfare reform and doubts about universal credit introduce too much risk for some."[10]
>
> Carolyn Uphill, Chairman of the NLA, commented: "Benefit payments simply haven't kept up with rents over the past few years as the Universal Credit programme has progressed and cuts to welfare payments have been made. This has led to concern among many landlords that tenants will fall behind on rent as their finances become increasingly squeezed. "If tenants don't fully understand what Universal Credit is or haven't even heard of it, more and more landlords will lose confidence that letting to this market is financially viable, especially with the high demand and availability from other types of tenants. "Our findings show a significant number of tenants would prefer their housing support to be paid directly to their landlord. If this was an option from the beginning of the tenancy it would avoid the build-up of arrears in the first place, give landlords the confidence that rent would be paid on time and lead to fewer tenancies ending prematurely."[11]
>
> According to the latest research* from the National Landlords Association (NLA), landlords remain concerned over the impact of Universal Credit on the private-rented sector. 70 per cent of landlords who let to tenants in receipt of Local Housing Allowance (LHA) are worried about the implications of the welfare changes. In addition, nearly half (43 per cent) of all landlords are concerned about the changes.
>
> *712 online interviews. Fieldwork took place 22nd March – 10th April 2013.[12]

The RLA's evidence to the Communities and Local Government Select Committee's inquiry into homelessness (2016) highlighted some difficulties landlords have faced when letting to tenants in receipt of UC:

> The roll out of Universal Credit to families is also more complex than the payment of single claimants and is very much in its infancy which causes concern amongst landlords. We are finding that due to other reasons explored in more detail later in this report, Landlords are more reluctant to rent to tenants in receipt of benefits and do not have positive experiences when working with DWP requesting help if their tenants have fallen into arrears. Our survey found that 32% of respondents whose tenants are receiving Universal Credit, described DWP as 'not very helpful at all' when processing applications for direct payments to be made to them.[13]

There is little evidence at this point of UC actually resulting in homelessness. Press reports in July 2016 highlighted difficulties one

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9 Support for housing costs in the reformed welfare system, 2 April 2014, HC 720, 2013–1, Summary
10 "Why landlords are shunning profitable benefit tenants", Daily Telegraph,11 January 2014
11 Universal credit continues to confuse, NLA, 3 February 2014
12 Landlords wary of Universal Credit, 12 June 2013
13 Residential Landlords Association - written evidence, 22 February 2016

large private landlord, DWP Housing Partnership in Dorset, was experiencing in securing Alternative Payment Arrangements for tenants on UC:

> DWP Housing Partnership has around 3,000 tenants in total, 40 of whom are on Universal Credit – and that number is rising every month.
>
> Dave Phillips, DWP manager, said: "If a tenant falls behind in their rent we send in our rent and support teams to try and help.
>
> "After two months of non-payment we can apply for an 'Alternative Payment Arrangement' so the Job Centre pays the rent directly to us. And this is what the tenants want because it's easier for them.
>
> "But the Job Centre that runs the system can take many months sorting this out, by which time there are huge arrears and ultimately we have to evict.
>
> "We are finding it extremely difficult and very frustrating working with the new system that is simply not doing what it should.
>
> "Already we have evicted two of our tenants and more are pending. It is not in our interest or our tenants' interests for them to get into this situation.[14]

A report by Glasgow City Council (December 2016) refers to incidences of homeless people in Glasgow being moved on to UC in error, resulting in a loss of benefit and an inability to pay for accommodation:

> Universal Credit (UC) went live in Glasgow on 8th June 2015 in respect of new claims from single people who would otherwise have been eligible for Jobseeker's Allowance. This included those with existing Housing Benefit and Working Tax Credit claims.
>
> 1.5 Current Department for Work and Pensions (DWP) policy and legislation states that new homeless claimants are exempt from claiming Universal Credit until full roll out begins within the authority, which for Glasgow is September 2018.
>
> […]
>
> Despite homeless clients being exempt from Universal Credit, there have been a number of homeless claimants entering the Universal Credit system in error. Once a homeless applicant is in receipt of Universal Credit, the DWP processing system does not allow this to be cancelled and reverted to Housing Benefit.
>
> 2.2 As there are no immediate changes planned for the DWP Universal Credit processing system, it is imperative that no additional claimants enter the UC system in error as once payment is made, they are locked in to Universal Credit with no way of transferring to another benefit, such as Housing Benefit. This has a negative financial impact on both the claimant and the Council.

14 24 Housing, Universal Credit forcing landlords into evictions, 7 July 2016

3.6 Other recent reports and commentaries on the impact of UC

DWP reports

DWP, Universal Credit at Work, December 2015 (sets out evidence on the positive impacts of Universal Credit, from published research)

DWP, Universal Credit: estimating the early labour market impacts: updated analysis, 6 December 2015 (evaluates the impact of Universal Credit on employment and earnings. It concentrates on the latest data for over 8,000 single unemployed claimants who made a new claim between July 2013 and September 2014 in all of the first 10 pathfinder offices)

DWP, Universal Credit Evaluation Framework, updated July 2016 (outlines plans for continuing to develop the Universal Credit evidence base)

DWP, Evaluation of the Universal Support delivered locally trials: Final report, ad hoc research report no. 33, July 2016

DWP, Guidance: Universal Credit: In Work Progression Randomised Control Trial, updated 30 September 2016

DWP, Official Statistics: Universal Credit: 29 April 2013 to 10 November 2016, 14 December 2016

Other reports and commentaries

Kirsty McKechnie, "Universal credit: early warnings," Welfare Rights Bulletin 249, December 2015 (reports on what is emerging about the experience of Universal Credit through CPAG in Scotland's Early Warning System)

Hanna McCulloch, Human rights disregarded in Universal Credit drive: Changes to benefits look ever more likely to cause more harm than good, SCVO blog, 16 May 2016

Joel Reland, Universal Credit: the impact across London Boroughs, Big Cities and Small Cities and Towns, Policy in Practice blog, 24 May 2016

Sharon Wright, Peter Dwyer, Jenny McNeill and Alasdair B R Stewart, First Wave Findings: Universal Credit, Welfare Conditionality Project, May 2016

Citizens Advice Scotland, Learning From Testing Times: Early Evidence of the Impact of Universal Credit in Scotland's CAB Network , June 2016

Jane Millar and Fran Bennett, Giving back control? A contradiction at the heart of Universal Credit, LSA blog, 22 July 2016

Public Accounts Committee, Universal Credit and fraud and error: progress review, HC 489 2016-17, 4 November 2016

Kirsty McKechnie, "Universal credit full service – early warning," Welfare Rights bulletin 255, December 2016 (describes some early examples of problems with the operation of the UC "Full Service", as reported to CPAG in Scotland's Early Warning System)

CPAG Scotland, Findings for the Early Warning System July – September 2016, December 2016 (includes a section summarising the latest findings from CPAG's welfare reform "Early Warnings System" in relation to Universal Credit. Covers issues arising in "Live Service" areas, issues in "Full Service" areas, and issues arising in both types of area. Also gives case studies)

4. Closure of Jobcentres

Since 1998 the majority of offices occupied by the Department for Work and Pensions have been provided under a Private Finance Initiative (PFI) arrangement known as the PRIME contract. Under the terms of this 20-year PFI, the Department contracts to occupy fully serviced accommodation from a private sector partner, Telereal Trillium.

The contract is due to end in March 2018 and the Department is considering future locations for Jobcentre Plus and other offices ahead of its expiry. The DWP is committed to reducing the size of its estate by 20%, and to increasing "co-location" of Jobcentre Plus offices with other local services such as local authority benefit teams and mental health services.[15]

4.1 Closure of Jobcentres in Glasgow

On 7 December 2016 DWP announced plans to close 8 out of the 16 Jobcentres in Glasgow, as part of its review of its estate.[16] Under the plans:

- Castlemilk and Langside Jobcentres would move to Newlands Jobcentre;
- Parkhead, Easterhouse and Bridgeton Jobcentres would move to Shettleston Jobcentre;
- Anniesland Jobcentre would move to Partick Jobcentre;
- Maryhill Jobcentre would move to Springburn Jobcentre; and
- Cambuslang Jobcentre would move to Rutherglen Jobcentre.

DWP states that the merging of the Jobcentres will not affect the level of service for their "customers." It states that the changes provide the opportunity to modernise operations while ensuring its premises provide the best value to the taxpayer.

Members of Parliament, MSPs, Scottish Government Ministers, trades unions and others have voiced major concerns about the proposed closures and their potential impact on the ability of people to access Jobcentre Plus services, including whether it might increase the risk of benefit sanctions being incurred.[17] There has also been criticism of the lack of consultation prior to the announcement. The Scottish

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15 Spending Review and Autumn Statement 2015, Cm 9162, November 2015, para 2.54; Department for Work and Pensions' settlement at the Spending Review, DWP press release, 25 November 2016

16 BBC News, Half Glasgow's Jobcentre Plus services to close under DWP plans, 7 December 2016

17 More sanctions inevitable with JobCentre closures, Third Force News, 10 January 2017

Government has written to the UK Government asking them to clarify urgently their plans for Jobcentres across the rest of Scotland, and whether further closures should be expected.[18]

Social Security Committee evidence session

On 15 December the Scottish Parliament's Social Security Committee held an evidence session on Universal Credit roll-out at which Neil Couling, the DWP Universal Credit Director General, and Denise Horsfall, the Department's Scotland Work Services Director, gave evidence. The officials told the Committee that:

- The Department was in the process of negotiating leases for around 1,000 buildings across Great Britain
- The negotiations involved complicated commercial discussions with a very large number of landlords, so the "cards were kept very close to our chest" about the proposals
- The Department would hopefully know by the end of February of March at the latest what the plans were for all other sites across Great Britain
- There was a "high density" of Jobcentre sites in Glasgow – there were a number of smaller sites with insufficient space, and as a result the Department could not operate in ways it would wish to
- For five of the proposed closures, the Department judged the alternative offices to be within reasonable travelling distances. For the other three – Bridgeton, Castlemilk and Maryhill – the travelling distances to the alternative offices were longer. DWP was therefore consulting on these closures, and had written to "stakeholders."
- In determining travelling distances, DWP had used Traveline and Google Maps, but admitted there was "further work" to do.
- The 20-year PFI deal had "locked in" DWP – some sites had underutilised space, and in some cases the Department was "paying over the odds" for accommodation. The Department wanted to take some opportunities to co-locate services with some local authorities.

The Official Report of the evidence session is on the Scottish Parliament website.

Consultation on the proposed closure of the Bridgeton, Castlemilk and Maryhill jobcentres

The Department initially proposed to run a consultation on the proposed closure of the Bridgeton, Castlemilk and Maryhill jobcentres ending on 18 January 2017. The short timescale was criticised by, among others, the Scottish Parliament's Social Security Committee.

On 19 December 2016 DWP launched an online consultation on the proposals to close the three jobcentres. The consultation ends on 31 January 2017.

The consultation paper states that the closures "will contribute to the consolidation of the Glasgow jobcentre network and, through disposal,

18 Clarity sought over Jobcentre Plus closures, Scottish Government press release, 11 December 2016

provide the Department for Work and Pensions (DWP) with the opportunity to deliver improved customer services at reduced costs to the taxpayer though better use of the office space we occupy."[19]

The consultation paper gives the following information on the background to the proposals, and what they mean:

> After 20 years, the national contract covering many Department for Work and Pensions (DWP) offices expires on 31 March 2018. This gives the department an opportunity to review what offices are needed in the future, taking account of the welfare reforms that will be delivered over the coming years and the services on which so many of our customers depend.
>
> By paying only for the space we need we will save many millions of pounds of taxpayers' money. Where it makes sense to do so, we will also continue to make use of opportunities to co-locate and share buildings with other organisations.
>
> The financial savings secured from improving the efficiency of our estate is an integral part of the department's overall financial plan.
>
> **What this means for Glasgow**
>
> 1. DWP is committed to maintaining a network of jobcentres, across Great Britain, delivering services that support an effective welfare system that enables people to achieve financial independence by providing assistance and guidance into employment. Our commitment to Glasgow means we are proposing an estate that is right for the city, our benefit claimants and our colleagues; an estate that will deliver improved services by bringing together some neighbouring jobcentres where we can achieve access to more employers and partners. Our proposals will provide an estate that gives access to more employment opportunities for local claimants and allow us to achieve significant savings for the taxpayer.
>
> **The proposal**
>
> 2. The city of Glasgow is split into 4 geographical areas - north, south, east and west. Jobcentres were historically built up within these areas, primarily within large housing estates. As unemployment has dropped across the city, so has the use of some of these smaller jobcentres.
>
> 3. DWP propose to bring these smaller jobcentres together into larger existing sites within the city's 4 geographical areas while retaining sites in locations which are accessible to all residents. Our overriding priority has been to ensure the locations of the sites we have proposed for retention are as accessible as possible to all of our claimants. We believe our current proposals are the best way to achieve this in Glasgow.
>
> 4. The larger sites are all geographically based in locations around the city that can offer better services to our claimants. This approach builds on the life changing improvements DWP has already delivered over recent years for the city by bringing services together to offer additional support to those who need it most.
>
> 5. We believe that it is a reasonable expectation that claimants travel to an office within 3 miles or 20 minutes by public transport of their existing jobcentre. This is an approach applied across the

[19] DWP, Proposal for the future of Bridgeton, Castlemilk and Maryhill jobcentres, December 2016, p3

> jobcentre network and not specific to Glasgow. If a proposed closure is outside of these criteria, we have chosen to consult publicly. This will ensure that we take into account the impact of any closure before we make a final decision.
>
> 6. This consultation proposes that 3 jobcentres are closed as follows:
>
> • Bridgeton Jobcentre;
>
> • Castlemilk Jobcentre; and
>
> • Maryhill Jobcentre.
>
> 7. We have carefully considered where the workload and services of the jobcentres proposed for closure, could be relocated. We propose that service delivery for Bridgeton Jobcentre will relocate to Shettleston Jobcentre, services for Castlemilk Jobcentre will move to Newlands Jobcentre and, in respect of Maryhill Jobcentre, services will be merged with Springburn Jobcentre.
>
> 8. In designing the future estate, and making this proposal for these jobcentres, we have sought to maintain the services we offer claimants and to minimise the impact on claimants travel as far as possible. In some instances, this may mean slightly longer and slightly shorter journeys for some of our claimants.

Westminster Hall debate, 20 December 2016

On 20 December, Stewart Malcolm McDonald MP led a Westminster Hall debate on the proposed Jobcentre closures in Glasgow.[20]

Introducing the debate, Mr McDonald referred to the "sham of a consultation that the Government have been dragged, kicking and screaming, to finally publish on their website", and said that there should instead be consultation on the full package of closures, including "due consideration to the wider impact on the remaining jobcentres and how they will absorb staff members and all the extra people who will require their services." With regard to the closure of the Castlemilk Jobcentre serving his constituency, Mc McDonald said that staff at the Castlemilk law centre had told him that it would "inevitably lead to more poverty, more exclusion and more disengagement with the services that are currently available."

Mr McDonald said that the Minister had managed to unite Glasgow MPs, Members of the Scottish Parliament (including the two from his representing Glasgow), the Church of Scotland, trade unions, the Catholic Church in Scotland and other groups against the plans. He called upon the Minister to "halt these proposals right now, talk to us in a meaningful fashion about how to deliver a proper welfare service to the people of Glasgow, and engage with people in Glasgow by visiting the city during the consultation period."[21]

Replying for the Government, the Minister for Employment, Damian Hinds, spoke of changes to the way that claimants access Jobcentre Plus services as a result of reforms such as Universal Credit, and to the drop

[20] HC Deb 20 December 2016 cc512-528WH
[21] Ibid. cc512-3WH

in the claimant count from almost 1.5 million in 2010 to around 800,000 now. The Minister went on-

> The background to this set of changes to the DWP jobcentre estate is that after 20 years, the private finance initiative contract that covers many DWP offices is nearing an end: it will expire at the end of March 2018. That provides us with an opportunity to review which offices we will need in the future, saving the taxpayer money while ensuring that our clients are able to access the support they need. When considering that question, our overriding priority has been the future services we will offer our claimants. In every case, we have sought to minimise disruption, moving existing jobcentres into nearby sites and co-locating with other services wherever possible.
>
> The UK labour market is in the strongest position it has been in for years, but we cannot predict the exact path that it will take in the future. I reassure hon. Members that these changes will continue to ensure that we retain sufficient flexibility and spare capacity in the system. Let me be clear: our aim is to reduce floor space, not to reduce the workforce who are so important in supporting claimants back into work. Staff and services in jobcentres that are being closed are being transferred into nearby sites. In answer to the question asked by the Opposition spokesperson, the hon. Member for Wirral West (Margaret Greenwood), there are no planned job losses among jobcentre staff as a result of these closures.
>
> When a jobcentre closes, the Department will consider what outreach services we can expand and what facilities may be suitable. The Department supports outreach activity at community and partner facilities right across the country, which allows our work coaches and partner organisations to support the shared needs of claimants. By working with a range of partners, including local authorities, we are able to expand the range and offer of our services. In Glasgow we work closely with organisations such as Anniesland College to offer such services, including helping claimants with their job search and offering benefit advice.[22]

Mr Hinds added:

> Our jobcentres in the quarters of Glasgow have built up over time, primarily within large housing estates. If we look at employment trends, we can see that the claimant count in Glasgow has fallen from 24,200 in 2010 to around 13,500 today. The hon. Member for Glasgow East mentioned unemployment statistics from her constituency; she will know that the claimant count in Glasgow East is down 47% since 2010. As the count has dropped across the city, so has the use of some of the smaller jobcentres. In some cases, the change has been so dramatic that we are now using only 25% of the space we are paying for under the PFI contract that was agreed by the then Government back in 1998.
>
> Our proposals seek to bring the smaller jobcentres together into larger existing sites in the same area, thereby reducing our rents and freeing up funding for our services while still ensuring that our claimants are able to access them. The reduction in sites in Glasgow is in line with our spending review 2015 announcement that we would reduce our overall estate by some 20%. The number of jobcentres proposed for closure reflects the prevalence of smaller jobcentres in Glasgow and the large amount of space

22 Ibid. cc524-5WH

> we are underusing in the city. It does not reflect a cut in our investment. In fact, between April and September 2016, we recruited 122 additional work coaches in Scotland. That number is set to increase further over the coming months.
>
> When deciding what changes to make, we have carefully considered the impact on our claimants, including travel times, about which several hon. Members asked. We feel that asking someone to attend a new jobcentre which is either less than three miles or less than 20 minutes by public transport away from their existing jobcentre is a reasonable ask. Many claimants already travel much further than that, as do many people in work to get to their place of work. There are three proposed closures in Glasgow that are outside those criteria: in Bridgeton, Castlemilk and Maryhill. In such cases, it is crucial that we fully understand the implications for our claimants before any changes are made, which is why we are holding a public consultation—as we do for all similar cases throughout the country—to seek the views of elected representatives, local authorities and community bodies.[23]

4.2 Further information

Further information can be found in the Commons Library Debate Pack on Closure of Jobcentres in Glasgow prepared for the Westminster Hall debate on 20 December.[24]

At present, there is limited information on the implications of the DWP's review of its estate for other parts of Great Britain. Asked whether similar closure proposals to those announced for Glasgow would be announced elsewhere in Scotland, the DWP's Scotland Work Services Director, Denise Horsfall, said to the Scottish Parliament's Social Security Committee at its evidence session on 15 December:

> For the rest of Scotland, the process has not been concluded. I would love to assure you about the rest of the sites in Scotland but I cannot do so today. I hope that we will know by the end of February or March at the latest where we are with every single site across the UK, but I do not know and cannot tell you that today.

Earlier in the session, the DWP Universal Credit Director General, Neil Couling, told the Committee:

> Imagine this: there are, in effect, 1,000 negotiations going on at the same time—I am probably exaggerating the number, because some of them are with a landlord who owns about 40 per cent of the buildings. However, just imagine: there are lots of negotiations going on, to different timescales, that are completing or not completing. Across Great Britain, some of Denise Horsfall's equivalents will know what is happening in locations and we will have published the outcomes; in other locations, though, discussions are still going on. Therefore, we do not have a complete national GB picture yet.

23 Ibid. c526WH
24 CDP 2016-0255

DEBATE PACK
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