



## Impact of Universal Credit on Claimants Debate on 16 November 2017

### Summary

On 16 November 2017, the House of Lords is due to debate a motion, moved by Baroness Hollis of Heigham (Labour), that “this House takes note of the impact of Universal Credit on claimants”.

The Government is currently rolling out Universal Credit (UC). UC is a significant reform of the way in which social security payments are delivered. It is intended to replace the following forms of welfare with one single payment: working tax credit; child tax credit; income based jobseeker’s allowance; income support; income related employment and support allowance; and housing benefits.

The timetable for the roll-out of UC has undergone a series of changes. The Coalition Government had originally intended to complete the roll-out of UC to all claimants by 2017–18. However, difficulties with the system were identified during the process of establishing pilot schemes in 2013. The handling of this initial roll-out was subsequently criticised by the National Audit Office. As a result, the Department for Work and Pensions (DWP) changed its implementation plans, instead rolling out UC on a limited basis, primarily targeting claimants of jobseeker’s allowance. The roll-out of the final version of UC to individual jobcentres began in 2016, at a rate of five jobcentres per month. The Government intends to complete the process by 2022.

The Government has argued that UC has so far been successful, pointing to an assessment that showed UC claimants are 3 percent more likely to go into employment than jobseeker’s allowance claimants. It has used this as justification for the increase in the rate of the roll-out taking place over the course of 2017 and 2018. The Opposition has stated its support for the principle that the social security system ought to be simplified. However, it has criticised the way UC has been designed and rolled out. It has also argued that the Government has used UC as a means of cutting spending on welfare.

Both the Opposition and the House of Commons Work and Pensions Committee have also criticised the length of time that new claimants must wait for their first UC payment, arguing that this is leading claimants into poverty and unable to pay for their accommodation. However, the Government has argued measures that it has put in place, including the option for claimants to receive an advance payment, are sufficient to mitigate the impact of this waiting period.

### Table of Contents

1. Introduction
2. Universal Credit: Key Features
3. Implementation of Universal Credit
4. Impact of Universal Credit

## Table of Contents

1. Introduction	1
2. Universal Credit: Key Features	1
3. Implementation of Universal Credit	2
3.1 Original Time Scale and Reset .....	2
3.2 Live Service Roll-out and Full Service Roll-out.....	3
4. Impact of Universal Credit	5
4.1 Economic Impact.....	5
4.2 Impact of Waiting for First Payment .....	8
4.3 Impact of Implementation Process.....	10
4.4 Impact of Universal Credit Timetable.....	12

---

A full list of Lords Library briefings is available on the [research briefings page](#) on the internet. The Library publishes briefings for all major items of business debated in the House of Lords. The Library also publishes briefings on the House of Lords itself and other subjects that may be of interest to Members.

House of Lords Library briefings are compiled for the benefit of Members of the House of Lords and their personal staff, to provide impartial, authoritative, politically balanced briefing on subjects likely to be of interest to Members of the Lords. Authors are available to discuss the contents of the briefings with the Members and their staff but cannot advise members of the general public.

Any comments on Library briefings should be sent to the Head of Research Services, House of Lords Library, London SW1A 0PW or emailed to [purvism@parliament.uk](mailto:purvism@parliament.uk).

## 1. Introduction

This House of Lords Library briefing provides information on the key features of Universal Credit (UC) as well as the way it has been rolled out to date. It also summarises the debate so far on the impact of UC, including its effect on employment prospects, on welfare spending, with regard to delays to claimants receiving their first payment, and other effects arising from the way in which it has been rolled out.

## 2. Universal Credit: Key Features

The stated aim of the Government in introducing UC is to “reduce poverty, by making work pay, and to help claimants and their families to become more independent”.<sup>1</sup> The Government is in the process of rolling out UC to all working-age households in the UK. This began in 2013 and the Government intends to complete this process in 2022.<sup>2</sup> UC is ultimately intended to provide benefits to around 7.2 million households, which constitutes 28 percent of all working-age households.<sup>3</sup> In September 2017, there were approximately 610,000 people claiming UC.<sup>4</sup> This had increased from approximately 370,000 in September 2016.<sup>5</sup> The Government stated in October 2017 that it was 8 percent of the way to rolling out UC entirely.<sup>6</sup>

UC will replace the following forms of welfare:

- Working tax credit.
- Child tax credit.
- Income based jobseekers allowance.
- Income support.
- Income related employment and support allowance (ESA).
- Housing benefits.<sup>7</sup>

Instead, UC consists of a single standard allowance and several additional elements. These additional elements consist of a housing element, childcare element and a limited capacity for work element.<sup>8</sup>

---

<sup>1</sup> Department for Work and Pensions, [Universal Credit: 29 April 2013 to 14 September 2017](#), 18 October 2017.

<sup>2</sup> House of Commons, [‘Written Statement: Welfare Reform’](#), 20 July 2016, HCWS96.

<sup>3</sup> Citizens Advice, [Delivering on Universal Credit](#), 6 July 2017, p 9.

<sup>4</sup> Department for Work and Pensions, [Universal Credit: 29 April 2013 to 14 September 2017](#), 18 October 2017, p 1.

<sup>5</sup> *ibid.*

<sup>6</sup> House of Commons Work and Pensions Committee, [Oral Evidence: Universal Credit Roll-out, HC 336](#), 18 October 2017, Q128.

<sup>7</sup> Department for Work and Pensions, [‘Universal Credit’](#), accessed 30 October 2017. The benefits which UC replaces will continue to be available to non-UC claimants while this roll-out process takes place. These benefits are therefore referred to collectively as ‘legacy benefits’.

<sup>8</sup> *ibid.* Figures for the different amounts claimants can receive are provided at: Department for Work and Pensions, [‘Universal Credit: What You’ll Get’](#), accessed 3 November 2017.

The reception to UC has been mixed. The Labour Party has stated its support for the principle that the social security system ought to be simplified.<sup>9</sup> However, it has criticised the way UC has been designed and rolled out. A number of organisations that work with people on low incomes have also criticised the way the policy has been implemented.<sup>10</sup> To provide background to this debate, this briefing first provides a summary of the way in which UC has been rolled out so far and then explores these critiques.

### 3. Implementation of Universal Credit

#### 3.1 Original Time Scale and Reset

The timetable for the roll-out of UC has undergone a series of changes.<sup>11</sup> The introduction of UC was first proposed in a white paper<sup>12</sup> published in 2010 by the then Coalition Government, and legislated for by the Welfare Reform Act 2012 and subsequent statutory instruments. The Government had originally intended to begin roll-out of UC in early 2013. However, this was delayed for three months following concerns from the government agency then responsible for major projects, the Major Projects Authority, which argued that the plan for implementing UC was not yet adequate enough to deal with the needs of claimants.<sup>13</sup>

Roll-out eventually began in April 2013 with a pilot scheme in Ashton-under-Lyne.<sup>14</sup> The Government had originally intended to include different types of claimant, such as those claiming housing benefit and tax credits, as part of the pilot.<sup>15</sup> However, the scope of the pilots was narrowed with UC only being offered to single, childless, out-of-work claimants who would otherwise be eligible for jobseeker's allowance. The National Audit Office reported that this followed recognition within the Department for Work and Pensions (DWP) that the system would not be able to cope adequately with changes in the circumstances of claimants or with complex cases.<sup>16</sup> The pilot was expanded from one to four so-called 'pathfinder' areas between April and July 2013. These new areas were Wigan, Warrington and Oldham.<sup>17</sup>

<sup>9</sup> [HC Hansard, 18 October 2017, col 859.](#)

<sup>10</sup> House of Commons Work and Pensions Committee, '[Government Should Declare a "Christmas Truce" On Universal Credit](#)', 18 September 2017.

<sup>11</sup> Institute for Government, [Universal Credit: From Disaster to Recovery?](#), September 2016.

<sup>12</sup> Department for Work and Pensions, [Universal Credit: Welfare That Works](#), November 2010, Cm 7957.

<sup>13</sup> National Audit Office, [Universal Credit: Early Progress](#), 5 September 2013, HC 621 of session 2013–14, p 6. The Major Projects Authority has subsequently been merged with infrastructure UK to become the Infrastructure and Projects Authority.

<sup>14</sup> *Ibid*, p 6. The Government had initially hoped to begin the roll-out of the pilot in four areas at the same time.

<sup>15</sup> *ibid*, p 4.

<sup>16</sup> *ibid*, p 20.

<sup>17</sup> *ibid*, p 22.

The Coalitions Government’s original intention was that the roll-out be completed in 2017–18. However, a plan to introduce UC for all new out-of-work claims nationally by October 2013 was delayed.<sup>18</sup> In September 2013, the National Audit Office reported that a series of problems had led the Coalition Government to reset the roll-out of UC. It criticised the management of the scheme and argued that, in spite of the complexity of its reforms, problems had arisen as a result of the Coalition Government being “overly ambitious in both the timetable and scope of the programme”.<sup>19</sup> The new approach to the roll-out was confirmed by the then Secretary of State for Work and Pensions, Iain Duncan Smith, in a ministerial statement on 5 December 2013.<sup>20</sup>

### 3.2 Live Service Roll-out and Full Service Roll-out

Since the 2013 ‘reset’, the Government has continued to roll-out UC gradually, jobcentre by jobcentre. However, this has been done in two successive waves. In the first wave jobcentres have been able to provide a ‘live service’ for UC claimants. In the second wave, a ‘full service’ is being rolled out.

The ‘live service’ differs from the ‘full service’ in the following ways:

- Firstly, claimants in the initial ‘live’ roll-out of UC must initially submit their claim online, but are then able to manage their account over the phone. Someone who claims UC as part of the ‘full service’ has to both submit and manage their account online.
- Secondly, only a restricted group of claimants are eligible for UC as part of the ‘live service’. These claimants are those that have met the Government’s ‘gateway conditions’.<sup>21</sup> These gateway conditions include that the claimants are unemployed or have very low earnings.<sup>22</sup> In most areas where the ‘live service’ is available, the gateway conditions state that a claimant must be single to claim UC, although couples and families are eligible for UC in a minority of jobcentre areas.<sup>23</sup>

The ‘live service’ began in 2013 and has been made available in all jobcentres in Great Britain since spring 2016.<sup>24</sup> However, because of the way the ‘live service’ has been rolled out, initial UC claimants have been principally single

<sup>18</sup> National Audit Office, [Universal Credit: Early Progress](#), 5 September 2013, HC 621 of session 2013–14, p 7.

<sup>19</sup> National Audit Office, [‘Universal Credit: Early Progress’](#), 5 September 2013.

<sup>20</sup> [HC Hansard, 5 December 2013, WS65–6](#).

<sup>21</sup> Department for Work and Pensions, [‘Universal Credit: Eligibility’](#), accessed 30 October 2017.

<sup>22</sup> *ibid.*

<sup>23</sup> Resolution Foundation, [‘It’s Crunch Time for Universal Credit—And Big Changes Are Needed’](#), 7 July 2017.

<sup>24</sup> The roll-out of Universal Credit in Northern Ireland did not begin until 2017 (Northern Ireland Direct Government Services, [‘Universal Credit’](#), accessed 1 November 2017).

people with relatively straightforward circumstances.<sup>25</sup> The fact that more claimants with greater variety of circumstances will join the DWP's UC caseload over time, and the potential impact of this, are explored in section 4.3 of this briefing.

The Government began introducing the 'full service' in 2016.<sup>26</sup> Between 2016 and June 2017, the 'full service' was rolled out at a rate of five jobcentres per month.<sup>27</sup> The order for the roll-out of these two different systems to job centres is provided in the DWP's *UC Transition Roll-out Schedule*.<sup>28</sup>

### **Impact of the Roll-out of the Full Service**

Everyone receiving UC as part of the 'live service' will transfer to the 'full service' once it is made available in their jobcentre area. According to the DWP, the change from providing the 'live service' to the 'full service' at a jobcentre is likely to have the following effects on benefits claimants:

- Firstly, all existing UC claimants who were using the 'live service' will now need to manage their accounts online. This would increase the degree to which claimants are required to use online technology.
- Secondly, because the gateway conditions will be lifted in that jobcentre area, a larger range of people claiming benefits for the first time will receive UC. For example, this will include people with a health condition or disability affecting their ability to work or look for work, people who are carers and people who are pregnant or have just given birth.<sup>29</sup>
- Existing claimants of legacy benefits in that area are also required to move over to UC if their circumstances change. The Government has referred to this process as 'natural migration'.

The impact of the change is explored in section 4 of this briefing.

---

<sup>25</sup> Richard Keen and Vyara Apostolova, '[Universal Credit: Where Are We Now?](#)', House of Commons Library Second Reading Blog, 17 March 2017.

<sup>26</sup> A limited test of the 'full service' had launched in Sutton, South London, on 26 November 2014. This was then expanded to other parts of London, Scotland and East Anglia between November 2014 and April 2016 (Department for Work and Pensions, [Universal Credit Statistics: Release Strategy](#), 1 December 2016).

<sup>27</sup> House of Commons, '[Written Statement: Welfare Reform](#)', 20 July 2016, HCWS96.

<sup>28</sup> Department for Work and Pensions, '[UC Transition Roll-out Schedule](#)', July 2017.

<sup>29</sup> Department for Work and Pensions, '[Universal Credit: Eligibility](#)', accessed 30 October 2017.

## 4. Impact of Universal Credit

### 4.1 Economic Impact

#### *Employment*

The Secretary of State for Work and Pensions, David Gauke, has stated that the “fundamental purpose of UC is to assist people into work”.<sup>30</sup> The Government has argued UC has already incentivised more claimants who are able to work to seek employment.<sup>31</sup> In its most recent assessment of the impact of UC on employment, DWP stated that, between 2014 and April 2015, UC claimants were 3 percent more likely to be in work than jobseeker’s allowance claimants within six months of starting their claim.<sup>32</sup> This analysis was limited to single unemployed claimants without children.

The Government has also stated that it wants to use UC as a means of supporting people in employment to “progress in work and increase their earnings”.<sup>33</sup> Claimants already in low-paid employment, who had previously been receiving tax credits, will begin to receive benefits on a conditional basis for the first time as part of UC. When any claimant seeks to submit an initial UC claim, they are required to agree to a Claimant Commitment.<sup>34</sup> This sets out certain requirements for the claimant and establishes the basis on which sanctions might be imposed if they do not comply with them.<sup>35</sup> These conditions might require claimants to seek work, for example, or receiving training. The Government has trialled different means of providing support designed for those already in work to encourage them to increase their earnings, and has stated it will publish its findings in summer 2018.<sup>36</sup>

The House of Commons Work and Pensions Committee has characterised this as a “radical departure” from the way in which in-work claimants received benefits in the past.<sup>37</sup> The Labour Party has criticised the Government’s decision to make low-paid workers subject to in-work conditionality, arguing that this will put people in low-paid jobs at risk of

<sup>30</sup> [HC Hansard, 18 October 2017, col 865.](#)

<sup>31</sup> Conservative Party, ‘[Secretary of State for Work and Pensions, David Gauke: Conference Speech](#)’, 2 October 2017.

<sup>32</sup> Department for Work and Pensions, [Universal Credit Employment Impact Analysis: Update](#), September 2017, p 3. The following assessments of the impact of Universal Credit on employment had previously been published: Department for Work and Pensions, [Estimating the Early Labour Market Impacts of Universal Credit: Early Analysis](#), February 2015; and [Estimating the Early Labour Market Impacts of Universal Credit: Updated Analysis](#), December 2015.

<sup>33</sup> House of Commons Work and Pensions Committee, [Government Response to the Committee’s Tenth Report of Session 2015–16](#), 21 July 2016, HC 585 of session 2016–17, p 3.

<sup>34</sup> Department for Work and Pensions, ‘[Guidance: Universal Credit and You—Conditionality, Opening Up Work and Taper](#)’, 27 February 2017.

<sup>35</sup> Citizens Advice, ‘[Claimant Commitment: What Work-Related Activity Group You Should Be In](#)’, accessed 1 November 2017.

<sup>36</sup> House of Commons, ‘[Written Question: Employment](#)’, 15 September 2017, 9526.

<sup>37</sup> House of Commons Work and Pensions Committee, [In-Work Progression in Universal Credit](#), 11 May 2016, HC 549 of session 2015–16, p 3.

having the benefits taken away.<sup>38</sup> The then Parliamentary Under Secretary at the Department for Work and Pensions, Lord Freud, however, argued in 2013 that this presented an opportunity for job centres to provide help to the low-paid to enable them to earn more.<sup>39</sup>

### **Universal Credit and the Exchequer**

UC has also been criticised on the grounds that it has been used by the Government as a means of reducing the overall amount of welfare spending.<sup>40</sup> In the 2015 Summer Budget, the then Chancellor of the Exchequer, George Osborne, announced a number of measures intended to reduce the amount of government spending on welfare for those of working age.<sup>41</sup> In addition to measures such as freezing working-age benefits, Mr Osborne also made changes to the means testing of UC. UC claimants are able to earn a certain amount of money before this begins to reduce the payments they receive.<sup>42</sup> This threshold, referred to as the “work allowance”, was lowered by Mr Osborne as follows:

- Claimants receiving the housing element of UC would see the amount of UC they received reduced if they earned over £192 per month.
- Claimants not receiving the housing element would see their UC payment reduced by £397 per month.
- Non-disabled claimants without children would have the work allowance withdrawn entirely, meaning that they would see their UC payments reduced as soon as they entered paid work.

Both the Institute for Fiscal Studies (IFS) and the Resolution Foundation have argued that these changes have made UC less generous for recipients than was intended in their original design.<sup>43</sup> The Shadow Chancellor, John McDonnell, has accused the Government of prioritising cuts to welfare spending in its roll-out of UC, arguing that this is damaging household incomes.<sup>44</sup>

<sup>38</sup> [HC Hansard, 18 October 2017, col 861.](#)

<sup>39</sup> Patrick Wintour, ‘[Workers Who Claim Benefits Told To Increase Hours or Lose Universal Credit](#)’, *Guardian*, 21 January 2013.

<sup>40</sup> Patrick Butler, ‘[Universal Credit Reduced To Cost-Cutting Exercise by Treasury. Say Experts](#)’, *Guardian*, 3 May 2016.

<sup>41</sup> HM Treasury, *Summer Budget 2015*, July 2015, HC 264 of session 2015–16], pp 36–7.

<sup>42</sup> Some forms of income, referred to as ‘unearned income’, result in a deduction on a pound-for-pound basis. This includes income from an occupational pension and certain other benefits (Money Advice Service, ‘[Universal Credit Explained: How Does Other Income Affect Universal Credit?](#)’, accessed 3 November 2017).

<sup>43</sup> Institute for Fiscal Studies, *Impact of Tax and Benefit Reforms on Household Incomes*, 27 April 2017; and Resolution Foundation, *Universal Remedy: Ensuring Universal Credit is Fit For Purpose*, October 2017, p 8. Further information on this change is provided in: Richard Keen and Steven Kennedy, ‘[Universal Credit: Jam Tomorrow?](#)’, House of Commons Library Second Reading Blog, 25 November 2016.

<sup>44</sup> [HC Hansard, 23 November 2016, cols 911–13.](#)



Subsequently, the Chancellor of the Exchequer, Philip Hammond, announced a further change to UC intended to increase the amount received by UC claimants. There is a ratio used to reduce UC payments based on earnings: originally, for every £1 earned above the earnings threshold, the claimant would receive 65p less in UC. This is referred to as the 'single taper rate'. In the 2016 Autumn Statement, Mr Hammond announced that the taper rate would be reduced to 63p, meaning that some UC claimants would lose less as a result of earning above the work allowance threshold.<sup>45</sup> This change came into effect on April 2017.

The Government has argued that these changes to the taper rate will incentivise people receiving UC to find work.<sup>46</sup> Mr Hammond also argued that he was managing the UC system in a way that would support and encourage more people into work.<sup>47</sup> The Resolution Foundation, however, has argued that the current taper rate does not offer enough of an incentive for claimants to earn more, as they stand to gain only 37p for every £1 earned as the move up the taper rate.<sup>48</sup> The Resolution Foundation has also argued that, in spite of the changes to the taper rate, the roll-out of UC would mean that households would see their benefits reduced as a result of UC:

UC will, overall, make working families worse off than the current system.[...] Eventually covering the equivalent of what will be £60 billion of spend on working-age benefits in 2020–21, the steady accumulation of cuts to UC mean that it will now, overall, be almost £3 billion a year less generous than the system it replaces. This poses a major drag on the living standards of families on low and middle incomes over the next few years. Even accounting for the boost to UC via a taper reduction in the 2016 Autumn Statement, we estimate that compared to the existing tax credit system:

- 2.2 million working families are expected to gain, with an average increase in income of £41 a week.
- 3.2 million working families are expected to be worse off, with an average loss of £48 a week. 600,000 of those losers, mostly couple parent families will no longer be entitled at all.<sup>49</sup>

The Child Poverty Action Group has argued changes to UC and child benefits has meant that families with children stood to lose more than other groups.<sup>50</sup> On average, couples with children might be £960 per year worse

<sup>45</sup> HM Treasury, [2016 Autumn Statement](#), November 2016, Cm 9362.

<sup>46</sup> Department for Work and Pensions, '[3 million Households Set to Benefit from Universal Credit Changes](#)', 10 April 2017; and [HC Hansard, 23 November 2016, col 915](#).

<sup>47</sup> [HC Hansard, 23 November 2016, col 916](#).

<sup>48</sup> Resolution Foundation, [Universal Remedy: Ensuring Universal Credit is Fit For Purpose](#), October 2017, p 10.

<sup>49</sup> *ibid*, p 8.

<sup>50</sup> Child Poverty Action Group, [The Austerity Generation: The Impact Of A Decade Of Cuts On Family Incomes and Child Poverty](#), November 2017, pp 19–20.

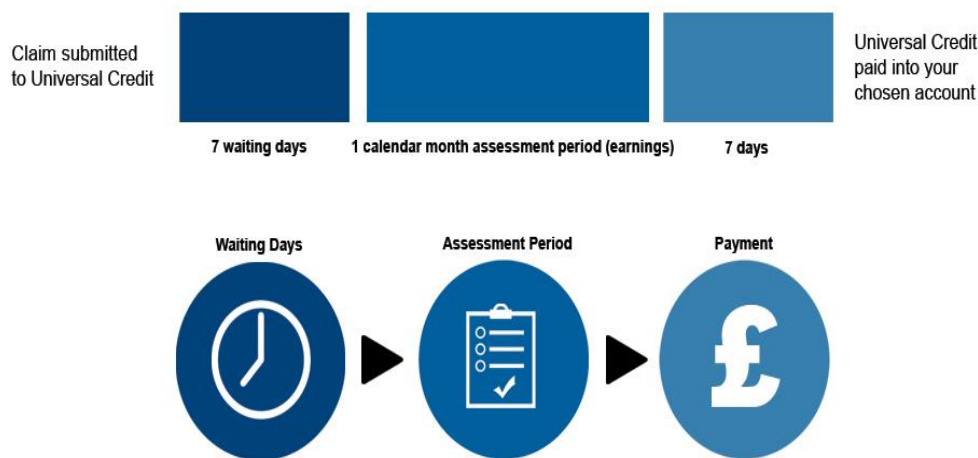
off, and lone parent families might be £2,380 per year worse off. In contrast, working-age couples without children might be £160 year worse off and single working-age people without children might be £220 year worse off.<sup>51</sup>

## 4.2 Impact of Waiting for First Payment

The period of time that a claimant must wait for their first UC payment has been the focus of increased political attention in recent months.<sup>52</sup> After submitting the initial claim, claimants may typically expect to wait for a period of six weeks for the first payment, if they do not apply for an advance.<sup>53</sup> This period consists of the following:

- For most claimants there is an initial seven day wait following the submission of the first claim.<sup>54</sup>
- The payment of UC in arrears means claimants will then be required to wait one month.
- Finally, there is an additional seven days in which the claim is processed.

### **Infographic: The Standard Wait for a Claimant's First Universal Credit Payment<sup>55</sup>**



<sup>51</sup> Child Poverty Action Group, [The Austerity Generation: The Impact Of A Decade Of Cuts On Family Incomes and Child Poverty](#), November 2017, pp 19–20.

<sup>52</sup> Resolution Foundation, [Universal Remedy: Ensuring Universal Credit is Fit for Purpose](#), October 2017, p 5.

<sup>53</sup> House of Commons Work and Pensions Committee, [Universal Credit: The Six Week Wait](#), 26 October 2017, HC 336 of session 2017–19, pp 4–6. Further information about the length of the process of logging an account online before this process can begin is provided in: Richard Keen and Steven Kennedy, '[Universal Credit: Jam Tomorrow?](#)', House of Commons Library Second Reading Blog, 25 November 2016.

<sup>54</sup> Exceptions to this seven day waiting period can be made for some claimants. For further information, see: Department for Work and Pensions, '[Universal Credit: Different Earning Patterns and Your Payments \(Payment Cycles\)](#)', accessed 5 November 2017.

<sup>55</sup> Department for Work and Pensions, '[Universal Credit: Different Earning Patterns and Your Payments \(Payment Cycles\)](#)', accessed 5 November 2017.

The Labour Party has argued that this six week wait has had a damaging impact on new UC claimants because a lack of money during this period had led to people being dependent on foodbanks and at risk of evictions as a result of going into rent arrears.<sup>56</sup> The Resolution Foundation has also argued the delay in receiving UC payments is likely to make it harder for claimants to find work as they struggle to make ends meet.<sup>57</sup> Citizens Advice reported in July 2017 that half of those on UC coming to them for support were having to borrow money to cope with the initial wait for payment.<sup>58</sup> Citizens Advice has also argued that its UC claimant clients were nearly one and a half times more likely to seek advice on debt issues as those on other forms of benefit.<sup>59</sup>

House of Commons Work and Pensions Committee has said the “baked-in” six week wait was a major obstacle to the success of the Government’s policy, arguing that there was a link between an increase in financial difficulty in areas and the ‘full service’ version of UC being rolled out.<sup>60</sup> This includes evidence from three London boroughs—Croydon, Hounslow and Southwark—indicating that rent arrears had reached a total of £8 million and that 2,500 tenants in London claiming UC were at risk of eviction from their homes as a result.<sup>61</sup> The Committee argued that the month long component in the middle of the six week wait was an important part of the design of UC but that it was not clear what the merits of the other two weekly components were. The Committee therefore recommended the Government should aim to reduce the length of the waiting period to one month.<sup>62</sup>

In response, the Government has argued that UC should be received as a single monthly payment in arrears because this mirrors the way in which someone is paid when they are in work.<sup>63</sup> The Secretary of State for Work and Pensions, David Gauke, has also defended the inclusion of the initial seven ‘waiting days’, arguing that waiting days have been a standard part of the welfare system since the creation of the Welfare State in the early 20th Century.<sup>64</sup>

---

<sup>56</sup> [HC Hansard, 18 October 2017, cols 622–5.](#)

<sup>57</sup> Resolution Foundation, [‘It’s Crunch Time for Universal Credit—And Big Changes Are Needed’](#), 7 July 2017.

<sup>58</sup> Citizens Advice, [Delivering on Universal Credit](#), 6 July 2017, p 4.

<sup>59</sup> *ibid.*

<sup>60</sup> House of Commons Work and Pensions Committee, [Universal Credit: The Six Week Wait](#), 26 October 2017, HC 336 of session 2017–19, p 8. The Work and Pensions Committee began its inquiry into the roll-out of Universal Credit during the 2015–17 parliament and resumed taking evidence following the 2017 general election: House of Commons Work and Pensions Committee, [‘Universal Credit Roll-out Inquiry’](#), accessed 31 October 2017.

<sup>61</sup> House of Commons Work and Pensions Committee, [‘Government Should Declare a “Christmas Truce” On Universal Credit’](#), 18 September 2017.

<sup>62</sup> *ibid.*

<sup>63</sup> House of Commons Work and Pensions Committee, [Oral Evidence: Universal Credit Roll-out, HC 336](#), 18 October 2017, Q76.

<sup>64</sup> *ibid.*, Q73.

The Government has also said that it has acted to mitigate the impact of the waiting period, for example by encouraging UC claimants to apply for advances and reissuing guidance to DWP staff to promote these advances.<sup>65</sup> These advances are for up to half the estimated monthly UC award and is repaid out of subsequent UC payments. The rate at which advance payments have been taken up has increased over the course of the roll-out of UC. In June 2017, 48 percent of new claims to UC had received an advance, compared to 43 percent in 2016.<sup>66</sup> Mr Gauke has also stated that he was open to the possibility of increasing the size of the advance to more than 50 percent of the estimated first UC payment.<sup>67</sup>

### 4.3 Impact of Implementation Process

#### *Increased Complexity of Universal Credit Claimants*

The number of complex UC claims is increasing as UC has been rolled out. As discussed in section 3.2 of this briefing, one feature of the way in which UC has been rolled out is that it has happened in two waves: the roll-out of the ‘live service’ first followed by the ‘full service’. The DWP has stated that claimants with more complex circumstances have emerged over time in ‘live service’ areas.<sup>68</sup> Although claimants must first match gateway conditions, their circumstances may then change subsequently, as they start a family, enter employment or seek housing support, for example.<sup>69</sup> This complexity is expected to increase with the roll-out of the ‘full service’. Citizens Advice has argued that this is not only because of the widening of the eligibility criteria for new claimants, but also because, as the circumstances of legacy claimants change, more people become eligible for UC.<sup>70</sup> For example, the House of Commons Public Accounts Committee has stated that, as the ‘full service’ is rolled out, the proportion of claimants in work receiving UC will increase over time.<sup>71</sup>

<sup>65</sup> House of Commons Work and Pensions Committee, [Oral Evidence: Universal Credit Roll-out, HC 336](#), 18 October 2017, Q74.

<sup>66</sup> Department for Work and Pensions, [Universal Credit Payment Advances: May 2016 to June 2017](#), 15 September 2017, p 10, Table 4.

<sup>67</sup> House of Commons Work and Pensions Committee, [Oral Evidence: Universal Credit Roll-out, HC 336](#), 18 October 2017, Q113.

<sup>68</sup> Department for Work and Pensions, [Universal Credit Test and Learn Evaluation: Families—Findings from Qualitative and Quantitative Research with Claimants](#), September 2017, p 17.

<sup>69</sup> *ibid.* Claimants will receive Universal Credit even if their circumstances change. This is referred to as ‘lobster potting’, to reflect that, once a claimant has started claiming Universal Credit, they cannot go back to receiving legacy benefits (House of Commons Public Work and Pensions Committee, [Oral Evidence: Universal Credit: Follow-Up, HC 569-j](#), 10 July 2013, Q20).

<sup>70</sup> Citizens Advice, [Delivering on Universal Credit](#), 6 July 2017, p 9. Further information on the projected overall increase of Universal Credit claimants and the changing characteristics of new claimants is provided in: House of Commons Library, [Universal Credit Roll-Out: Autumn/Winter 2017](#), 16 October 2017, pp 16–17.

<sup>71</sup> House of Commons Public Accounts Committee, [Universal Credit and Fraud and Error: Progress Review](#), 4 November 2016, HC 489 of session 2016–17, p 13.

As the pace of the roll-out is accelerated, the Resolution Foundation has argued that, there will be a greater volume of families on UC and a rapid increase in the complexity of claims, specifically regarding childcare.<sup>72</sup> The Resolution Foundation has argued this may expose design flaws in the policy which have yet to become apparent. The House of Commons Public Accounts Committee warned in 2016 that the DWP may not be able to properly administer this scaling up of UC, citing evidence from jobcentre staff that they were unable to cope with the roll-out of the ‘full service’ in their areas.<sup>73</sup>

During an evidence session with the House of Commons Work and Pensions Committee, the Secretary of State for Work and Pensions, David Gauke, and the director of the UC Programme, Neil Couling, argued that the DWP would make changes to the roll-out of UC if new complexities were identified during the roll-out process.<sup>74</sup> Seeking to assure the Committee about the speed of the roll-out, Mr Gauke also said that the Government sought to take the opportunity to learn and make improvements to the system as they went along.<sup>75</sup> Mr Couling told the Committee that he would not roll-out UC unless he believed it was safe to do so and cited an instance in February 2016 when the roll-out was paused following an unexpected increase in the number of claimants at Hounslow jobcentre.<sup>76</sup>

### ***Making and Managing a Claim Online***

The Government has argued that one of the aims of UC is to improve the efficiency of the process of claiming benefits using online technology.<sup>77</sup> As discussed in section 3.2 of this briefing, the roll-out of the ‘full service’ will mean claimants must both log and manage their claims online. The amount received as part of the UC payment is also meant to vary on a month to month basis in a way which reflects the claimant’s changing circumstances. The online system uses data from HM Revenue and Customs to link UC payments to changes in income.<sup>78</sup>

The Shadow Secretary of State for Work and Pensions, Debbie Abrahams, has criticised the Government’s “digital by default” system for managing UC

<sup>72</sup> Resolution Foundation, [Universal Remedy: Ensuring Universal Credit is Fit for Purpose](#), October 2017, p 7.

<sup>73</sup> House of Commons Public Accounts Committee, [Universal Credit and Fraud and Error: Progress Review](#), 4 November 2016, HC 489 of session 2016–17, pp 13–14.

<sup>74</sup> House of Commons Work and Pensions Committee, [Oral Evidence: Universal Credit Roll-out, HC 336](#), 18 October 2017, Q72–172.

<sup>75</sup> *ibid*, Q139.

<sup>76</sup> *ibid*, Q139; The London Borough of Hounslow wrote separately to the Committee regarding the roll-out of Universal Credit in that area: London Borough of Hounslow, [‘Letter from the Lead Member for Housing, Katherine Dunne, to the Chair of the Work and Pensions Committee, Frank Field’](#), 17 February 2017.

<sup>77</sup> Department for Work and Pensions, [Universal Credit: Welfare That Works](#), November 2010, Cm 7957, p 33.

<sup>78</sup> Citizens Advice, [Delivering on Universal Credit](#), 6 July 2017, p 7.

claims, arguing that it did not take account of a lack of IT literacy amongst some claimants.<sup>79</sup> Citizens Advice has argued that this change is likely to make it harder for some claimants to manage their claim, reporting that 45 percent of its clients claiming UC in ‘full service’ areas had difficulty accessing or using the internet.<sup>80</sup>

The Secretary of State for Work and Pensions, David Gauke, has said that the following support is being offered to UC claimants making a claim:

Universal credit gives a person a work coach, who provides personalised support, helping them to stay close to the labour market and overcome barriers to work. A universal support package provides people with assistance to build confidence and competence with IT [...] <sup>81</sup>

The Government has also stated that support will be provided for claimants without digital skills at jobcentres to make their claim online.<sup>82</sup>

### **Universal Credit Claim Helpline**

At Prime Minister’s Questions on 11 October 2017, the Leader of the Opposition, Jeremy Corbyn, criticised the Government for charging claimants 55p a minute to use the helpline for processing a UC claim.<sup>83</sup> Mr Gauke subsequently defended the way in which the helpline had been set up, arguing that it was not a premium line and was charged at local rates which would be included in most mobile and landline phone deals.<sup>84</sup> However, in response to the concerns raised, he announced on 18 October 2017 that the helpline would change to a freephone number.<sup>85</sup>

### **4.4 Impact of Universal Credit Timetable**

In his speech to the 2017 Conservative Party Conference, the Secretary of State for Work and Pensions, David Gauke, argued that UC was working and confirmed that the roll-out will continue.<sup>86</sup> The Government has sought to increase the rate at which new jobcentres are able to offer the ‘full service’. The speed of the roll-out will increase from five jobcentres a month to 55 jobcentres per month between October and December 2017.<sup>87</sup>

<sup>79</sup> [HC Hansard, 18 October 2017, col 860.](#)

<sup>80</sup> Citizens Advice, [Delivering on Universal Credit](#), 6 July 2017, pp 16–17.

<sup>81</sup> [HC Hansard, 18 October 2017, col 868.](#)

<sup>82</sup> House of Commons, [‘Written Question: Universal Credit: IT’](#), 17 July 2017, 3961.

<sup>83</sup> [HC Hansard, 11 October 2017, col 324.](#)

<sup>84</sup> House of Commons Work and Pensions Committee, [Oral Evidence: Universal Credit Roll-out, HC 336](#), 18 October 2017, Q72.

<sup>85</sup> *ibid.*

<sup>86</sup> Conservative Party, [‘Secretary of State for Work and Pensions, David Gauke: Conference Speech’](#), 2 October 2017.

<sup>87</sup> House of Commons, [‘Written Statement: Welfare Reform’](#), 20 July 2016, HCWS96.

Mr Gauke, further stated that, by January 2018, the Government will be 10 percent of the way through the full roll-out of UC, up from 8 percent in October 2017.<sup>88</sup> From February 2018, the rate will increase to 65 jobcentres per month, with the final remaining 57 jobcentres coming on board in September 2018.<sup>89</sup> The final stage of the roll-out, the managed migration of the remaining legacy claimants whose circumstance have not changed, is expected to take place between July 2019 and March 2022.<sup>90</sup>

However, in September 2017 the chair of the House of Commons Work and Pensions Committee, Frank Field, recommended the Government should in fact pause the roll-out of the ‘full service’ rather than increase the speed of the roll-out.<sup>91</sup> Mr Field cited evidence received by the Committee of the adverse impact it was having on claimants, as detailed above, including the increased financial difficulties faced by some claimants.

On 18 October 2017, the House of Commons debated an Opposition day motion “That this House calls on the Government to pause the roll-out of Universal Credit Full Service”.<sup>92</sup> The Shadow Secretary of State for Work and Pensions, Debbie Abrahams, who tabled the debate, stated that the Opposition supported the principle that the social security system ought to be simplified but argued that there were a number of issues regarding the roll-out of UC required fixing, necessitating a pause.<sup>93</sup> This included the complexity of the system for claimants and the impact of the six week wait.<sup>94</sup>

The Secretary of State for Work and Pensions, David Gauke, accused the Opposition of seeking to “wreck” UC without offering any plan for its reform.<sup>95</sup> Minister of State at the Department for Work and Pensions, Damian Hinds, further defended the way in which UC was being implemented, arguing that the gradual roll-out of UC over nine years would enable the Government to address issues as they arose.<sup>96</sup> He also argued that sufficient measures were in place to mitigate potential problems, such as the availability of UC payment advances.<sup>97</sup>

---

<sup>88</sup> House of Commons Work and Pensions Committee, [Oral Evidence: Universal Credit Roll-out, HC 336](#), 18 October 2017, Q128.

<sup>89</sup> House of Commons, [Written Statement: Welfare Reform](#), 20 July 2016, HCWS96.

<sup>90</sup> *ibid.*

<sup>91</sup> House of Commons Work and Pensions Committee, [Government Should Declare a “Christmas Truce” On Universal Credit](#), 18 September 2017.

<sup>92</sup> [HC Hansard, 18 October 2017, cols 859–955](#).

<sup>93</sup> *ibid.*, col 859.

<sup>94</sup> *ibid.*, cols 859–66.

<sup>95</sup> *ibid.*, col 874.

<sup>96</sup> *ibid.*, col 951.

<sup>97</sup> *ibid.* At the end of the debate, the motion was agreed by 299 to 0 votes, with all but one Conservative MP abstaining from voting. Dr Sarah Wollaston (Conservative MP for Totnes) voted in favour of the motion (*ibid.*, cols 954–5).