



Changes to Benefits: Impact on Vulnerable People Debate on 27 June 2019

Summary

On 27 June 2019, the House of Lords is scheduled to debate a motion moved by Baroness Janke (Liberal Democrat) that “this House takes note of the impact of recent benefit changes on vulnerable people”.

There have been a large number of changes made to benefits in the UK since 2010. Many of these have been complex and have included the replacement of previous benefits with new benefits or the amendment of rules for claimants on existing benefits. The Money Advice Service (now part of the Money and Pensions Service), which provides advice on finances and debt to the public, provides the following examples of recent changes: the introduction of universal credit (UC); the replacement of the disability living allowance (DLA) with personal independence payments (PIP); the introduction of the benefit cap; the removal of the ‘spare room subsidy’; and the replacement of community care grants and crisis loans with support provided by local authorities in England or the devolved administrations in Scotland and Wales.

In a speech delivered in January 2019, Amber Rudd, Secretary of State for Work and Pensions, announced changes to UC. These included piloting the managed migration of those on ‘legacy benefits’. In her speech she described UC as “by far the most important and crucial reform” made to the benefits system. In March 2019, she made a further speech announcing changes to PIP assessments, with the Department for Work and Pensions stating that it was part of a package of reforms that signalled “a shift in the Government’s support for disabled people”.

This House of Lords Library Briefing focuses on those changes announced to UC and how they relate to vulnerable claimants. It goes into further detail through recent reports from the National Audit Office, the House of Commons Public Accounts Committee, and the House of Commons Work and Pensions Committee on the roll out of UC and its support services. Further sources of information are provided in section 4.

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I. Recent Benefit Changes: Introduction

I.1 Universal Credit

In a speech delivered in January 2019, Amber Rudd, Secretary of State for Work and Pensions, stated that universal credit (UC) was based on three “fundamental” principles:

- First: work—those who can, should; and those who cannot should be protected from poverty.
- Second—work should always pay.
- And third, the system should be fair. Fair for taxpayers who pay for it and fair to those who receive it, and fair to future generations—who do not deserve to become trapped in it.¹

UC combines six benefits, now referred to as ‘legacy benefits’, into a single (normally) monthly payment which is paid in arrears:

- Child tax credit.
- Housing benefit.
- Income support.
- Income-based jobseeker’s allowance (JSA).
- Income-related employment and support allowance (ESA).
- Working tax credit.²

The Department for Work and Pensions (DWP) started work on UC in 2010 with a planned rollout completion date of October 2017.³ The programme was ‘reset’ in 2013, following what the House of Commons Public Accounts Committee described as “a series of problems managing the programme and developing the necessary technology”.⁴ Consequently, the DWP introduced a ‘twin-track’ approach in November 2013. This involved the development of a long-term digital solution referred to as ‘full service’. Alongside this, the DWP continued to make use of systems that had been developed before the reset for its ‘live service’. This was available mainly to single unemployed claimants with straightforward claims.

¹ Department for Work and Pensions, [‘Universal Credit: Personal Welfare’](#), 11 January 2019.

² UK Government website, [‘Universal Credit’](#), accessed 18 June 2019. The Department for Work and Pensions has published a series of guides on universal credit: [‘Universal Credit Guides’](#), accessed 19 June 2019.

³ House of Commons Public Accounts Committee, [Universal Credit](#), 26 October 2018, HC 1183 of session 2017–19, p 4.

⁴ *ibid.*

New claimants must claim UC and are unable to claim legacy benefits.⁵ Those currently on legacy benefits may be moved across to UC if their circumstances change and they have to make a new claim.⁶ Most claimants of legacy benefits were expected to be migrated to UC in what the Government calls a ‘managed migration’ by the end of 2023. However, in January 2019, Amber Rudd said that the Government would first pilot a migration of 10,000 claimants from July 2019. The planned completion date would remain the end of 2023.

Claimants for UC have to go through a one-month assessment period and should get their first payment seven days after this.⁷ However, a number of bodies, including the National Audit Office (NAO), have raised the problem of late payments and the impact this can have on vulnerable claimants.⁸

If a claimant has difficulty managing their money monthly, they may be able to use an ‘alternative payment arrangement’. This can include:

- Housing costs being paid straight to a landlord.
- Receiving more frequent payments, such as twice a month.
- Payments being split and paid into two bank accounts rather than a single one.⁹

Alternative payment arrangements are subject to review to decide if it “is still the best approach” for a claimant.¹⁰

Working with their work coach, claimants draw up a ‘claimant commitment’ that should set out what they have agreed to do to prepare for work, look for work or increase their earnings if already in work.¹¹ The claimant commitment should be reviewed regularly. People who have health conditions or disabilities that limit their capacity to work “may be asked to do work search and work preparation activities that are reasonable for [their] condition and situation”.¹² What is expected of people who are the lead carer for a child is based on the age of their youngest child.¹³ Should a claimant not meet responsibilities in their claimant commitment, their UC

⁵ Exceptions to this apply, for example those in receipt of, or entitled to, the severe disability premium are unable to claim UC. For further information see: Universal Credit, [‘New to Universal Credit: Is It For Me?’](#), accessed 20 June 2019.

⁶ Universal Credit, [‘New to Universal Credit: Is It For Me?’](#), accessed 20 June 2019.

⁷ Universal Credit, [‘New to Universal Credit: How and When You’ll Be Paid’](#), accessed 18 June 2019.

⁸ This is discussed further in section 2.1 of this briefing.

⁹ Universal Credit, [‘New to Universal Credit: Help With Managing Your Money’](#), accessed 18 June 2019.

¹⁰ *ibid.*

¹¹ Universal Credit, [‘New to Universal Credit: Your Responsibilities’](#), accessed 18 June 2019.

¹² *ibid.*

¹³ Department for Work and Pensions, [‘Universal Credit: Further Information for Families’](#), 22 February 2019.

payments could be reduced or stopped. This is called a sanction.¹⁴

1.2 Personal Independence Payment

The personal independence payment (PIP) was introduced as a replacement for disability living allowance (DLA). The benefit is designed to help people aged 16 to 64 with the additional costs associated with long-term health conditions and disabilities.¹⁵ It is not means tested.

Claimants may need to undergo a medical assessment when they make a PIP claim.¹⁶ Claimants will normally be reassessed regularly to see if their conditions have changed.¹⁷ Claimants are able to challenge decisions made about their claim.¹⁸ PIP assessments and reassessments have proven controversial, with concerns expressed about the need for reassessments particularly in the cases of those with lifelong disabilities.¹⁹

The Government has made changes to reassessment requirements. These include ensuring that those whose needs are unlikely to improve (or may deteriorate) receive an ongoing award with a “light touch review” after ten years.²⁰ Most recently, the Government announced that it would end reassessments for disabled pensioners.²¹ It would also be combining the separate assessment processes for PIP, employment and support allowance (ESA) and UC into one integrated service from 2021. This would aim to simplify the assessment process for people claiming health related benefits. The Government also intends to work with stakeholders to help claimants submit the required evidence with their claim to ensure that fewer people had to take their case to a tribunal. There would also be a test to explore the viability of a single assessment for work capability assessments (WCA) and PIP assessments.

Several organisations responded to the changes in reassessment requirements. For example, it was welcomed by Genevieve Edwards, director of external affairs for the Multiple Sclerosis Society.²² However, she argued that despite the change being “good news” for older disabled people “millions of others will still be stuck in a failing system”. She stated that

¹⁴ Universal Credit, [‘Already Claimed: Sanctions’](#), accessed 18 June 2019.

¹⁵ Money Advice Service, [‘Personal Independence Payment: An Introduction’](#), accessed 18 June 2019.

¹⁶ *ibid.*

¹⁷ For further information see: House of Commons Library, [‘ESA and PIP Reassessments’](#), 10 May 2019.

¹⁸ Money Advice Service, [‘How to Appeal Against a Disability Benefits Decision’](#), accessed 18 June 2019.

¹⁹ [HC Hansard, 11 February 2019, cols 598–600.](#)

²⁰ House of Commons, [‘Written Statement: Personal Independence Payment’](#), 20 December 2018, HCWS1224.

²¹ Department for Work and Pensions, [‘End to Unnecessary Benefit Reassessments for Disabled Pensioners’](#), 5 March 2019; and [‘Closing the Gap Between Intention and Experience’](#), 5 March 2019.

²² Multiple Sclerosis Society, [‘PIP Assessments to End for Over 65s’](#), 5 March 2019.

83% of people with multiple sclerosis (MS) who appeal their PIP claims were successful. She argued that this showed “how bad the current assessment process is”. Ms Edwards described merging WCA and PIP assessments as “tinkering around the edges” because neither assessment adequately captured the reality of an unpredictable condition like MS. The charity Scope welcomed the stopping of reassessments for those aged over 65. However, it said that whilst the past twelve months had seen “small improvements to PIP for some groups” it would “take much more comprehensive change to make sure PIP is fit for purpose for the millions of disabled people who receive it”.²³

1.3 Benefit Cap, Spare Room Subsidy, Two-Child Limit and Other Changes

Benefit Cap

The benefit cap was introduced under the Coalition Government. It now caps income from benefits to £23,000 for those living in London and £20,000 a year for those living elsewhere in the UK.²⁴ There are a wide range of exemptions to the cap. These include those in receipt of UC because of a disability or health condition which stops them from working, or because they care for someone with a disability.²⁵

Spare Room Subsidy

The spare room subsidy was removed with effect from 1 April 2013.²⁶ Under the policy, a person’s housing benefit or housing cost element of UC might be reduced if they are renting a council or housing association property and have a spare bedroom (this was also known as the ‘bedroom tax’).²⁷ The following criteria are used to determine whether a person has a spare room:

- Two children under 16 of the same gender are expected to share.
- Two children under 10 are expected to share regardless of their gender.

²³ Scope, ‘[Amber Rudd’s Speech on Welfare Benefit Reforms, What Does It Mean?](#)’, 5 March 2019.

²⁴ Money Advice Service, ‘[Benefits Changes in the UK](#)’, accessed 18 June 2019.

²⁵ Money Advice Service, ‘[The Benefit Cap](#)’, accessed 18 June 2019. The House of Commons Work and Pensions Committee published a report on the benefit cap in March 2019 (House of Commons Work and Pensions Committee, [The Benefit Cap](#), 12 March 2019, HC 1477 of session 2017–19; and [Government Response](#), 15 May 2019.

²⁶ House of Commons Library, [Under-Occupying Social Housing: Housing Benefit Entitlement](#), 9 June 2017.

²⁷ Money Advice Service, ‘[What is the Bedroom Tax?](#)’, accessed 18 June 2019.

- You are allowed one bedroom for each person over 16 or couple in a household.²⁸

There are a number of exemptions. These include for disabled people who regularly receive overnight care from at least one carer. There are also exemptions for adults with a disabled child in receipt of certain benefits and who is unable to share a room because of their disability. For those to whom the policy applies, housing benefit, or the housing element of UC, is cut by 14% for one spare bedroom and by 25% for two or more spare bedrooms.²⁹

Two-Child Limit

In the 2015 summer budget, the Government announced changes to tax credits that it said would make them “fairer and more affordable”.³⁰ As part of these reforms, the Government limited support paid to families to two children. This meant that any subsequent children born after April 2017 would not be eligible for further support.³¹ This was known as the two-child limit and applied to tax credits, housing benefit and UC.³² There are exceptions to the application of the limit and it was to be rolled out in two phases: 6 April 2017 to 31 January 2019 and then from 1 February 2019 onwards. The House of Commons Work and Pensions Committee explained how the limit applied during the first phase:

Since 6 April 2017, neither new nor existing claimants of child tax credits or UC have received the child element for a third or subsequent child born on or after 6 April 2017, unless special circumstances apply. If, however, all their children were born before 6 April 2017, they continue to be eligible for support. During the first phase of roll-out, the two-child limit therefore only applies to children born after the policy’s introduction.³³

From 1 February 2019:

- a) claimants with three or more children will be able to make a new claim for UC; and
- b) the child element will only be paid for the first and second child regardless of when third or subsequent children are born, even if they were born before the policy’s introduction on 6 April 2017.³⁴

²⁸ Money Advice Service, [‘What is the Bedroom Tax?’](#), accessed 18 June 2019.

²⁹ *ibid.*

³⁰ HM Treasury, [Summer Budget 2015](#), July 2015, HC 264 of session 2015–16, para 1.145.

³¹ *ibid.*, para 1.146.

³² House of Commons Work and Pensions Committee, [Two-Child Limit](#), 10 January 2019, HC 1540 of session 2017–19, para 1.

³³ *ibid.*, para 6.

³⁴ *ibid.*, para 7.

Exceptions were in place (for example, children born as part of a multiple birth) and transitional protection was provided for those in certain circumstances (for example, someone who was receiving UC on 31 January 2019 and was responsible for the child or children on that day).

The policy has proven controversial. The House of Commons Work and Pensions Committee referenced evidence from groups that argued the policy would increase and intensify child poverty.³⁵ It also quoted oral evidence from the Institute for Fiscal Studies (IFS) that stated that:

- a large number of families—approximately 700,000—are expected to be affected by the two-child limit in the long run;
- the average loss to families is substantial, at about £3,000 a year or 10% of income;
- larger families already tend to be worse off; and
- every family pushed into, or further into, poverty because of this policy necessarily includes three or more children.³⁶

Amongst its conclusions, the committee was critical of the retroactive effect of the policy. It argued that it contradicted the Government’s policy objective of fairness:

[A]pplying this policy retrospectively to children born before it was even announced, let alone introduced, entirely undermines any notion that the two-child limit is designed to influence decisions. Pressing ahead with the planned changes on 1 February 2019 will demonstrate a complete disregard for people’s ability to plan for the two-child limit.³⁷

In January 2019, Amber Rudd, Secretary of State for Work and Pensions, announced changes to the two-child limit. Whilst she said she thought it fair that those on welfare “are asked to make the same considered decision as other taxpayers” she believed it unfair to apply the limit retrospectively.³⁸ Ms Rudd announced that the Government would cancel the extension of the limit on UC for children born before April 2017. She said that this would mean that all children born before that date would continue to be supported by UC. This would help approximately 15,000 families a year. The Government responded to the House of Commons Work and Pensions Committee in June 2019.³⁹

Whilst some organisations were positive about removing the retroactive

³⁵ House of Commons Work and Pensions Committee, [Two-Child Limit](#), 10 January 2019, HC 1540 of session 2017–19, para 10.

³⁶ *ibid*, para 11.

³⁷ *ibid*, para 26.

³⁸ Department for Work and Pensions, ‘[Universal Credit: Personal Welfare](#)’, 11 January 2019.

³⁹ House of Commons Work and Pensions Committee, [Two-Child Limit: Government Response to the Committee’s Twenty-Third Report](#), 6 June 2019, HC 2147 of session 2017–19.

effect of the limit, they remained critical of the policy as a whole. For example, the Child Poverty Action Group (CPAG) said that whilst the announcement was good news it believed the policy should be abolished entirely.⁴⁰ Lizzie Flew, CPAG’s senior communications and campaigns officer, argued that “it will put 200,000 children into poverty and increase hardship for many who are already living below the poverty line”.

Other Changes

Other changes include the replacement of community care grants and crisis loans with support provided by local authorities in England or the devolved administrations in Scotland and Wales.⁴¹

2. Universal Credit: Recent Reports

In June 2018, the National Audit Office (NAO) published a report on the roll out of universal credit (UC).⁴² In October 2018, both the House of Commons Public Accounts Committee (PAC) and the House of Commons Work and Pensions Committee published reports on UC.⁴³ The Work and Pensions Committee’s report was part of a wider, ongoing, inquiry into UC.⁴⁴

2.1 Identifying Vulnerable Claimants

The NAO identified several problems that the DWP had concerning vulnerable claimants. For example, the NAO stated that the DWP had trouble identifying and tracking claimants it deemed to be vulnerable.⁴⁵ The NAO also said the department could not measure how many claimants were having difficulties. This was because the department lacked a systematic means of gathering intelligence from its delivery partners.

The NAO’s report stated that the DWP believed there were several definitions of vulnerability, or complex needs. These included:

- Mental and physical health issues.

⁴⁰ Child Poverty Action Group, ‘[Universal Credit: A New Era?](#)’, 11 January 2019.

⁴¹ Money Advice Service, ‘[Benefits Changes in the UK](#)’, accessed 18 June 2019. This briefing does not consider changes to non-DWP benefits, for example changes to the TV licence (for example see: BBC News, ‘[BBC Must Do More for Older People After TV Licence Fee Change, Government Says](#)’, 11 June 2019).

⁴² National Audit Office, ‘[Rolling Out Universal Credit](#)’, 15 June 2018, HC 1123 of session 2017–19.

⁴³ House of Commons Public Accounts Committee, ‘[Universal Credit](#)’, 26 October 2018, HC 1183 of session 2017–19; and House of Commons Work and Pensions Committee, ‘[Universal Support](#)’, 28 October 2018, HC 1667 of session 2017–19.

⁴⁴ House of Commons Work and Pensions Committee, ‘[Universal Credit Inquiry](#)’, accessed 18 June 2019.

⁴⁵ National Audit Office, ‘[Rolling Out Universal Credit](#)’, 15 June 2018, HC 1123 of session 2017–19, p 7.

- Life events.
- Poor skills, literacy and/or comprehension problems.

The DWP also recognised additional factors that contributed to a claimant's vulnerability. These included limited internet access or IT skills and difficulties with budgeting.⁴⁶

The NAO argued that the identification of vulnerable claimants was important so that the DWP could target them with appropriate support. However, the NAO cited DWP research from October 2017 that showed some staff found it hard to support claimants because they:

- lacked the time and ability to identify claimants who needed additional support;
- lacked the confidence to apply processes flexibly and make appropriate adjustments; and
- felt overwhelmed by the volume of claimants reporting health problems.⁴⁷

The PAC argued that the DWP's reliance on work coaches to tailor UC to meet a claimant's individual needs had caused problems.⁴⁸ For example, PAC explained that the mental health charity Mind had reported that work coaches did not always use their discretion to apply adjustments. The committee said:

Work coaches can adjust work search and conditionality requirements (for example, the number of hours work search expected) for claimants who are not well enough to work and are awaiting a work capability assessment, but they do not automatically do this. Mind reported that claimants with mental health conditions often struggle to cope with the requirements which are set, for some this can result in a significant deterioration in their condition and they can end up with sanctions (which means their universal credit payment will be temporarily reduced).⁴⁹

In its recommendations, PAC asked the DWP to set out how it would ensure work coaches were well equipped to provide support to claimants with health needs and other vulnerabilities.⁵⁰

⁴⁶ National Audit Office, [Rolling Out Universal Credit](#), 15 June 2018, HC 1123 of session 2017–19, para 2.4.

⁴⁷ *ibid*, para 2.5.

⁴⁸ House of Commons Public Accounts Committee, [Universal Credit](#), 26 October 2018, HC 1183 of session 2017–19, para 15.

⁴⁹ *ibid*.

⁵⁰ *ibid*, para 3.

In its report, the NAO explained that the DWP had been working to improve recording of claimant needs in their records. It was working on a way for work coaches to pin this text to the top of a claimant's journal. This would make claimant needs more obvious to other staff picking up their case and additional training had also been provided to staff. The NAO also said that each jobcentre had developed a 'complex needs plan' to help its staff refer claimants to third-party support.

However, the NAO argued that the DWP lacked the ability to monitor the treatment of vulnerable claimants nationally.⁵¹ For example, the text that recorded claimant needs was not systematically available. The DWP told the NAO that it was working on a 'text-mining' approach to identify different vulnerability groups within the information. The NAO said that jobcentre managers had told it that this lack of information made it hard to understand what local provisions were needed.

2.2 Impact on Vulnerable Claimants

The NAO argued that the DWP had underestimated the impact of UC on some claimants. For example, the DWP had believed that most people would have enough money to manage over the initial waiting period. However, the NAO said that 60% of new claimants asked for, and received, an advance.⁵²

As part of its report, the NAO spoke to delivery organisations and national representative bodies. It said that they provided evidence that UC "was not working for all claimants particularly the vulnerable".⁵³ This was despite the DWP's support measures. The NAO said that these bodies had told it that claimants experienced:

- hardship because of not having savings to last the initial wait for payments;
- problems with monthly budgeting because of fluctuating universal credit payments; and
- difficulties making and managing a claim online, because of a lack of digital access and skills.⁵⁴

The NAO said it was not able to quantify how many UC claimants experienced hardship because of difficulties with UC.⁵⁵ However, it said the organisations that it had spoken to reported an increase in demand for support services. The NAO argued that they had "referred to sufficient numbers of individual cases to indicate at least a significant minority have

⁵¹ National Audit Office, [Rolling Out Universal Credit](#), 15 June 2018, HC 1123 of session 2017–19, para 2.6.

⁵² *ibid*, para 2.8.

⁵³ *ibid*, para 2.9.

⁵⁴ *ibid*.

⁵⁵ *ibid*, para 2.10.

been adversely affected”.⁵⁶

The NAO also examined the timeliness of payments. It said that (based on data available at the time of the report) one in five claimants did not receive their full UC payment on time. The NAO said that the DWP paid around 113,000 new claims late in 2017. This was approximately a quarter of all new claims and on average the payments were four weeks late. However, the NAO stated that the DWP had improved payment timeliness from 55% to 80% over the course of 2017. The NAO explained that the DWP did not believe that 100% payment timeliness was feasible. This was because the department depended on claimants supplying information to verify the claim. The most recent DWP data for payment timeliness states that in February 2019 86% of new UC claims were paid in full on time.⁵⁷ This stood at 95% for all UC claims.

Despite these problems, the NAO said that the DWP did not accept that UC was the cause of hardship because it provided payment advances that should prevent claimants getting into difficulties.⁵⁸ However, the NAO cited a DWP survey of full-service UC claimants that found that four in ten of those surveyed were experiencing financial difficulties. The PAC raised the survey data with the DWP. The department argued that these results were comparable to the experience of claimants on legacy benefits.⁵⁹ As such, it did not believe that UC was the cause of these difficulties. The NAO also said that while advances could help claimants manage “in the very early stages of a claim”, they were loans that would usually be repaid to the DWP through deductions from future payments. The House of Commons Work and Pensions Committee also argued that the advance payments were themselves a debt.⁶⁰

The NAO argued that the DWP’s dismissal of evidence that UC had been the cause of hardship had led to a “dialogue of claim and counter-claim and gives the unhelpful impression of a department that is unsympathetic to claimants”. The NAO recommended that the DWP should be working with national organisations that represent and support claimants to find evidence for “what is actually happening”.⁶¹ However, the NAO concluded that there was no “practical alternative” to continuing with UC.

⁵⁶ National Audit Office, [Rolling Out Universal Credit](#), 15 June 2018, HC 1123 of session 2017–19, para 2.10.

⁵⁷ Provisional figures, Department for Work and Pensions, ‘[Universal Credit: 29 April 2013 to 9 May 2019](#)’, 11 June 2019, data table 6.1.

⁵⁸ National Audit Office, [Rolling Out Universal Credit](#), 15 June 2018, HC 1123 of session 2017–19, p 7.

⁵⁹ House of Commons Public Accounts Committee, [Universal Credit](#), 26 October 2018, HC 1183 of session 2017–19, para 14.

⁶⁰ House of Commons Work and Pensions Committee, [Universal Support](#), 28 October 2018, HC 1667 of session 2017–19, p 3.

⁶¹ National Audit Office, [Rolling Out Universal Credit](#), 15 June 2018, HC 1123 of session 2017–19, p 10.

In its report, PAC argued that the DWP should mitigate financial hardship experienced by claimants by:

- establishing methods for measuring hardship;
- identifying the specific challenges faced by people with different needs;
- creating, testing and putting in place solutions which provide a safety net for all; and
- significantly improv[ing] the proportion of claimants it pays in full and on time.⁶²

On the issue of hardship and vulnerable claimants, PAC concluded that:

- The DWP's systemic culture of denial and defensiveness in the face of any adverse evidence presented by others is a significant risk to the programme. Recommendation:

As a matter of urgency the department needs to identify specific measures that demonstrate a step change in its attitude to listening and responding to feedback and evidence from its partners. We will hold the department to account for its progress when we next meet and will expect frontline organisations to report that they have seen a tangible difference.⁶³

- Universal credit causes financial hardship for claimants including increased debt and rent arrears, and forces people to use foodbanks. Recommendation:

In order to mitigate financial hardship for claimants, the department must:

- Establish methods for measuring hardship;
- Identify the specific challenges faced by people with different needs;
- Create, test and put in place solutions which provide a safety net for all; and
- Significantly improve the proportion of claimants it pays in full and on time.⁶⁴

⁶² House of Commons Public Accounts Committee, [Universal Credit](#), 26 October 2018, HC 1183 of session 2017–19, para 2.

⁶³ National Audit Office, [Rolling Out Universal Credit](#), 15 June 2018, HC 1123 of session 2017–19, para 1.

⁶⁴ *ibid*, para 2.

- The DWP is failing vulnerable claimants because it places too much reliance on the discretion of its work coaches to identify and manage the needs of people requiring extra support. Recommendation:

In its response to this report, the department must set out, what more it will do to ensure that work coaches are well equipped to provide the right support packages for claimants including those with health needs and other vulnerabilities, and how it will measure and ensure this is happening in practice.⁶⁵

- The package of support to help claimants adjust to universal credit is not fit for purpose. Recommendation:

The department must work with others to reassess precisely what support claimants need, and how this can be best provided. It should demonstrate what impact this support is having. The department must update us in six months on what it has done and learnt and how it will measure whether there is sufficient support in future.⁶⁶

- Universal credit is pushing costs onto the local organisations that support claimants—including local authorities, housing associations, and foodbanks. Recommendation:

The department should set out what it will do to understand and measure the additional costs and burdens for local organisations and what it will do to ensure organisations can cope as the number of claimants on universal credit increase.⁶⁷

- [PAC were] seriously concerned about the department's ability to transfer around 4 million people from existing welfare benefits to universal credit without causing further hardship to claimants. Recommendation:

We will be challenging the department again on its preparedness for managed migration. It is more important that the department gets migration right than it unthinkingly sticks to its timetable. Before it goes ahead it must be transparent about:

⁶⁵ National Audit Office, [Rolling Out Universal Credit](#), 15 June 2018, HC 1123 of session 2017–19, para 3.

⁶⁶ *ibid*, para 4.

⁶⁷ *ibid*, para 5.

- The criteria it must meet before going ahead;
- How it will demonstrate that this will not result in a deterioration of service quality or the creation of further hardship for claimants;
- What metrics it will use to assess whether the migration is working; and
- How it will maintain quality throughout migration and have clear criteria to slowdown, pause or stop migration for certain groups if performance deteriorates.⁶⁸

2.3 Government Responses

The DWP responded to the NAO that it was building a benefit system providing flexible, person-centred support. It said there was evidence showing that UC claimants were getting into work more quickly and staying in work longer.⁶⁹ It argued that UC was good value for money and that 83% of claimants were satisfied with the service. It also said that it had made significant improvements to UC as part of its “listen and learn approach”.

The Government responded to the PAC report in January 2019.⁷⁰ It said that it agreed with the committee’s recommendation that the DWP needed to identify specific measures that showed it was listening and responding to feedback from its partners. The Government said that the DWP was committed to this. It said it had made 1,500 changes to processes following feedback from partners and its own staff. The response also explained that the DWP was consulting with “over 70 stakeholders and delivery partners” to inform the pilot phase of migration and to co-design the processes used.

The Government also agreed with the PAC that it should establish methods of measuring hardship. It said that the DWP was working with external bodies to undertake social research on financial hardship. It elaborated:

This work includes both quantitative and qualitative studies of the legacy and universal credit systems. The reports published to date suggest that the numbers of claimants who struggle financially to manage on the levels of payments provided are broadly similar.⁷¹

Changes had been made to UC as a result of the research, including a reduction to the taper rate and an increase in the work allowance.⁷² The

⁶⁸ National Audit Office, [Rolling Out Universal Credit](#), 15 June 2018, HC 1123 of session 2017–19, para 7.

⁶⁹ Department for Work and Pensions Press Office, [‘Official Twitter Account’](#), 14 June 2018.

⁷⁰ HM Treasury, [Treasury Minutes: Government Response to the Committee of Public Accounts on the Sixty-Fourth to the Sixty-Eighth Reports from Session 2017–19](#), January 2019, CP 18.

⁷¹ *ibid*, para 2.2.

⁷² *ibid*.

Government stated that UC focused on discretion and tailoring support, allowing it to identify specific needs. It also argued that the iterative approach taken to the development of UC “facilitates design responses to issues as they present themselves”.⁷³

The Government agreed that it should set out what it would do to ensure that work coaches were equipped to provide the right support for claimants, including those with health needs or other vulnerabilities. However, the Government did not agree that this was a problem with the use of discretion and flexibility. Rather it was because of the complexity of the cases.⁷⁴ It said it had put “significant effort” into training and equipping work coaches and front-line staff to make decisions effectively.

The Government agreed with the committee that it should identify the support claimants need and how this should be best provided. The Government had concluded that universal support was failing to meet the needs of claimants. It would work with Citizens Advice with the specific aim of smoothing the transition onto UC for claimants who found the system difficult to manage. This would be implemented from April 2019, after having been originally announced in October 2018.⁷⁵ Universal support was the subject of an inquiry by the House of Commons Work and Pensions Committee last year.⁷⁶ Amongst its findings, the committee had said that whilst the DWP had envisaged ongoing support to the most vulnerable claimants, the current service was aimed “almost solely” on getting new claims established. The committee argued that universal support was “far from universal” and often offered very limited support for both budgeting and digital skills.⁷⁷ The committee said that the new contract with Citizens Advice would not diverge substantially from this approach. In its response to the committee, the Government said that the new help to claim service was being designed “specifically with vulnerable customers in mind. It provides funding to Citizens Advice to help people make their universal credit claim, and to help manage their universal credit payment”.⁷⁸

The Government also agreed that the DWP should set out what it would do to understand the impacts of UC on local organisations to ensure they can cope as the number of claimants on UC increases. It said where it can establish costs the Government would meet them. For example, “such as

⁷³ HM Treasury, [Treasury Minutes: Government Response to the Committee of Public Accounts on the Sixty-Fourth to the Sixty-Eighth Reports from Session 2017–19](#), January 2019, CP 18, para 2.6.

⁷⁴ *ibid*, para 3.2.

⁷⁵ Department for Work and Pensions, ‘[Citizens Advice to Provide Support to Universal Credit Claimants](#)’, 1 October 2018.

⁷⁶ House of Commons Work and Pensions Committee, [Universal Support](#), 28 October 2018, HC 1667 of session 2017–19.

⁷⁷ *ibid*, para 12.

⁷⁸ House of Commons Work and Pensions Committee, [Universal Credit: Support for Disabled People: Government Response to the Committee’s Twenty First Report of Session 2017–19](#), 5 March 2019, HC 1998 of session 2017–19, para 42.

under the ‘new burdens’ arrangements that set out the agreed framework between central and local government for establishing costs of new policies”.⁷⁹ The Government also said that it was exploring how organisations, such as housing associations, could deliver aspects of the managed migration process. It said:

As part of the work to prepare for managed migration, the Government is exploring the scope for organisations, such as housing associations, to deliver certain aspects of the managed migration process. Where those increase costs, of those delivery partners, the Government will work to establish those and reimburse accordingly. Implementation date is autumn 2020 after a period of piloting and evaluation.⁸⁰

On the committee’s recommendations around the managed migration, the Government said it was “in line with existing thinking around managed migration”. The Government said that it would ensure the processes did not result in a deterioration of service quality. Additionally, it would be piloting migration with no more than 10,000 claimants and it would provide an update in autumn 2020. The change from full migration to a pilot was announced by Amber Rudd in January 2019. Ms Rudd’s speech is covered in section 3 of this briefing.

3. Universal Credit: Secretary of State’s January 2019 Speech

In January 2019, Amber Rudd, Secretary of State for Work and Pensions, gave a speech about UC in which she announced several reforms to the system.⁸¹ Many of these changes were aimed at helping vulnerable claimants.

However, Amber Rudd argued that the legacy system of individual benefits could also fail vulnerable claimants. She said that 700,000 people were not claiming their full entitlement because they found the legacy system “so confusing”. Some of the “most vulnerable in society” were losing an average of £285 a month. She also argued that the legacy system effectively taxed people for entering work because claimants could lose welfare payments almost immediately.

Amber Rudd argued that UC would help people enter work based on the following principles:

- A social security system that provides a safety net, but doesn’t trap people in welfare.

⁷⁹ HM Treasury, [Treasury Minutes: Government Response to the Committee of Public Accounts on the Sixty-Fourth to the Sixty-Eighth Reports from Session 2017–19](#), January 2019, CP 18, para 5.2.

⁸⁰ *ibid*, para 5.3.

⁸¹ Department for Work and Pensions, [‘Universal Credit: Personal Welfare’](#), 11 January 2019.

- Certainty that every extra hour of work pays more than staying on benefits, with these being withdrawn at a consistent taper rate.
- Help to enter work—through increased, tailored support provided by work coaches at jobcentres like this one [the speech was delivered in a jobcentre].
- Accuracy of benefits payments, with those made to in-work claimants responding in real-time, each month, to income earned. A digital system—where claimants can access information about their payments online, at their convenience.⁸²

Despite what she said were areas of success, Amber Rudd acknowledged that the Government could improve in other areas. She highlighted that the universal support service would be delivered with Citizens Advice as a new service called ‘help to claim’, from April 2019.⁸³ Further areas of change are covered below.

Pilot for Migration of Legacy Benefits Claimants

The Government would pilot the transition of legacy benefit claimants to UC. This would involve 10,000 people and start in July 2019. Amber Rudd said that there would be “bespoke support for the most vulnerable claimants”. The current regulations would be amended to remove the Government’s power to migrate all claimants. These would be replaced with powers to implement the pilot, but the regulations would continue to cover the severe disability premium. The pilot would not alter the planned migration completion date of the end of 2023. However, Amber Rudd said that she would consider any implications from the pilot.

A parliamentary written question asked whether the DWP would report to Parliament on the effect of the pilot on disabled people, people with mental health conditions and others identified by the department as having complex needs. The DWP answered that:

The department is committed to ensuring that all claimants, especially the most vulnerable, are supported as they move and the aim of the pilot is to ensure claimants on all legacy benefits with a range of different characteristics can successfully move onto universal credit. All individuals involved in the pilot process will be tracked through the process and there will be safeguards in place to protect them throughout the journey.

⁸² Department for Work and Pensions, ‘[Universal Credit: Personal Welfare](#)’, 11 January 2019.

⁸³ This was first announced in October 2018: Department for Work and Pensions, ‘[Citizens Advice to Provide Support to Universal Credit Claimants](#)’, 1 October 2018.

We are working closely with a diverse range of stakeholders, including those who focus on disability and mental health, so that a range of insights are played into the design of the pilot and we will work with partners to ensure we reach everyone in the most effective and supportive way, and that no-one is left behind. Learnings from the pilot will shape the future support we provide to claimants.

The department has committed to reporting its findings from the pilot to Parliament before we continue.⁸⁴

Help with Monthly Budgeting

The Government acknowledged that monthly payments made in arrears could cause budgeting issues, particularly for vulnerable people. Amber Rudd said that the existing advance payment system was not helping as many claimants as she believed it could. She said that one third of UC claimants in social rented housing had their rent paid directly to their landlord, but this was only 5 percent in the private sector. Therefore, the DWP was building an online system to allow private landlords to request (where necessary) for their tenants' rent to be paid directly to them.

The Government had also asked Jobcentre Plus to look at improving the provisions of more frequent payments under UC. Amber Rudd said pilots would start shortly.

Women's Economic Empowerment

Amber Rudd said that the Government had been listening to concerns from organisations such as Refuge and Women's Aid, that household payments penalise women. This was because under legacy benefits many women were classified as 'dependents'. Ms Rudd said she was committed to ensuring that household payments would go directly to the 'main carer', which she said was usually a woman. She said that 60% of UC payments already went to the woman's bank account, but she was looking at what else could be done to enable the main carer to receive the UC payment. The Government would "begin to make those changes later this year".

On childcare payments, Amber Rudd said she recognised that paying these in arrears (once costs were known) could cause financial difficulty. Jobcentres had been instructed to use the flexible support fund to "help smooth the transition" if the initial months childcare costs would prevent a claimant from starting work. There would also be flexibility when parents are unable to report childcare costs immediately, "so these costs will be reimbursed".

⁸⁴ House of Commons, '[Written Question: Universal Credit](#)', 15 April 2019, 242940.

Cancelation of the Extension of the Two-Child Limit

Amber Rudd announced that the Government would halt the extension of the two-child limit on UC for children born before April 2017. This would mean that all children born before that date would continue to be supported by UC, assisting around 15,000 families a year. The House of Commons Work and Pensions Committee published a report on the two-child limit in January 2019.⁸⁵

April 2019: Other Benefits Changes

The DWP has also made other changes from April 2019 that it argues “continues to protect the most vulnerable and supports people into work”.⁸⁶ These included increasing the access to work programme and increasing the amount that families with children and disabled people can earn before their UC is gradually reduced. This means that they can earn an extra £1,000 a year before they see UC reductions.

4. Further Information

House of Commons Work and Pensions Committee

The House of Commons Work and Pensions Committee has conducted, and is conducting, inquiries on UC and the benefits system more widely, including the following open inquiries:

- [‘Universal Credit and Survival Sex: Sex in Exchange for Meeting Survival Needs Inquiry’](#), accessed 18 June 2019
- [‘Universal Credit: Natural Migration’](#), accessed 18 June 2019
- [‘Universal Credit: In-Work Progression Inquiry: Publications’](#), accessed 18 June 2019

It has also published a large number of reports on the issue of benefits so far in the 2017–19 session:

- [Universal Credit: Tests for Managed Migration](#), 1 May 2019, HC 2091 of session 2017–19
- [The Benefit Cap](#), 12 March 2019, HC 1477 of session 2017–19; and [Government Response](#), 15 May 2019
- [Two-Child Limit](#), 10 January 2019, HC 1540 of session 2017–19; and [Government Response](#), 6 June 2019

⁸⁵ House of Commons Work and Pensions Committee, [Two-Child Limit](#), 10 January 2019, HC 1540 of session 2017–19; and [Government Response](#), 6 June 2019.

⁸⁶ Department for Work and Pensions, [‘Government Continues to Protect the Most Vulnerable and Supports People into Work’](#), 8 April 2019.

- [Universal Credit: Childcare](#), 23 December 2018, HC 1771 of session 2017–19; and [Government Response](#), 11 April 2019
- [Universal Credit: Support for Disabled People](#), 19 December 2018, HC 1770 of session 2017–19; and [Government Response](#), 5 March 2019
- [Universal Credit: Managed Migration](#), 22 November 2018, HC 1762 of session 2017–19; and [Government Response](#), 23 January 2019
- [Benefits Sanctions](#), 6 November 2018, HC 955 of session 2017–19; and [Government Response](#), 11 February 2019
- [Universal Support](#), 28 October 2018, HC 1667 of session 2017–19; and [Government Response](#), 20 January 2019
- [Universal Credit and Domestic Abuse](#), 1 August 2018, HC 1166 of session 2017–19; and [Government Response](#), 10 October 2018
- [The Motability Scheme](#), 21 May 2018, HC 847 of session 2017–19 (joint report with the House of Commons Treasury Committee); and [Government Response](#), 20 July 2018
- [Employment Support for Carers](#), 17 May 2018, HC 581 of session 2017–19; and [Government Response](#), 31 July 2018
- [Universal Credit: Supporting Self-Employment](#), 10 May 2018, HC 997 of session 2017–19; and [Government Response](#), 17 July 2018
- [PIP and ESA Assessments](#), 14 February 2018, HC 829 of session 2017–19; and [Government Response](#), 25 July 2018
- [Universal Credit Project Assessment Reviews](#), 8 February 2018, HC 740 of session 2017–19
- [Universal Credit: The Six Week Wait](#), 26 October 2017, HC 336 of session 2017–19

National Audit Office

- [Supporting Disabled People to Work](#), 28 March 2019, HC 1991 of session 2017–19
- [The Motability Scheme](#), 7 December 2018, HC 1681 of session 2017–19

Parliamentary Material

- [Debate on ‘Universal Credit and Debt’](#), HC *Hansard*, 5 June 2019, cols 111–36WH
- [Urgent Question on ‘Severe Disability Premium’](#), HC *Hansard*, 7 May 2019, cols 447–53
- [Oral Question on ‘Vulnerable Claimants: UC and the Legacy System’](#), HC *Hansard*, 13 May 2019, cols 8–10
- [Oral Question on ‘Young Vulnerable Adults: Universal Credit’](#), HC *Hansard*, 13 May 2019, cols 6–7
- [Oral Question on ‘Working People’s Income: Universal Credit’](#), HC *Hansard*, 13 May 2019, cols 17–18

- House of Commons, '[Written Question: Universal Credit](#)', 8 May 2019, 248697
- [Debate on 'Universal Credit Helpline'](#), *HC Hansard*, 7 May 2019, cols 234–241WH
- [Oral Question on 'Food Banks'](#), *HL Hansard*, 1 May 2019, cols 964–7
- [Debate on 'Ten Years of the Work Capability Assessment'](#), *HC Hansard*, 24 April 2019, cols 319–44WH

Press Articles and Commentary

- BBC News, '[BBC Must Do More for Older People After TV Licence Fee Change, Government Says](#)', 11 June 2019
- BBC News, '[Poverty in the UK is 'Systematic' and 'Tragic', says UN Special Rapporteur](#)', 22 May 2019
- Patrick Butler, '[Universal Credit Regulations Ruled Unlawful by High Court](#)', *Guardian*, 3 May 2019
- Child Poverty Action Group, '[Universal Credit Claimants Left in the Dark About Their Entitlements](#)', 1 May 2019
- Women's Aid, '[Women's Aid Responds to Amber Rudd's Speech on Universal Credit and the Two Child Limit](#)', 11 January 2019
- BBC News, '[Universal Credit: U-Turn on Two-Child Cap on Benefit](#)', 11 January 2019
- Child Poverty Action Group, '[Universal Credit: A New Era?](#)', 11 January 2019
- Anoosh Chakelian, '[What Does Amber Rudd Pausing Universal Credit Really Mean?](#)', *New Statesman*, 8 January 2019
- Child Poverty Action Group, '[Budget 2018: Universal Credit Moves Welcome But Root and Branch Change Must Come](#)', 29 October 2018