



# UNIVERSAL CREDIT

**Universal Credit**



**Transformational**

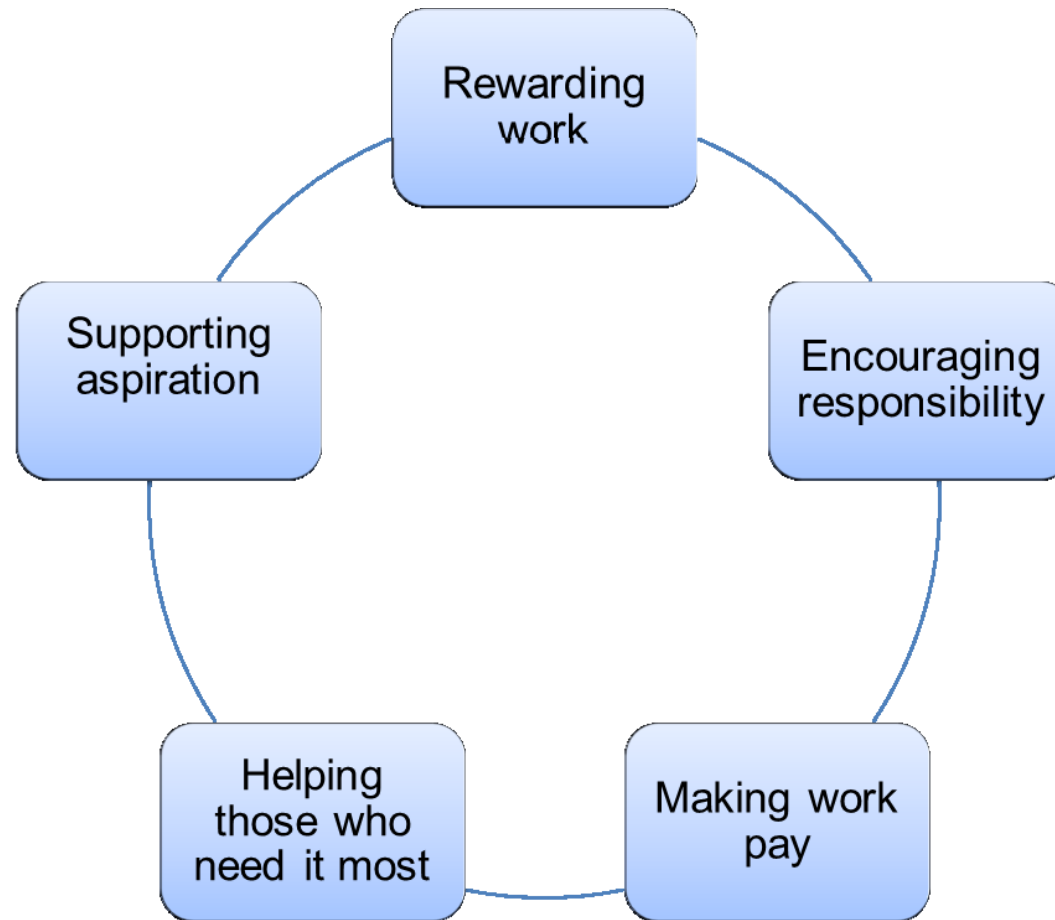
**Makes Work Pay**

**Simplification**



## Universal Credit

The Government is introducing the most fundamental reforms to the welfare system for more than 60 years





## Universal Credit – Transformation

- **The scale and transformative nature** of Universal Credit make it one of the Government's most complex and ambitious reforms.
- **Over the last 30 years**, public attitudes towards welfare have changed significantly. Today there is a greater expectation that people should take more responsibility, **and that welfare should be the preserve of those who really need it.**
- Universal Credit aims to alter the landscape of work for a generation by fundamentally changing the behaviour of four key groups: **jobseekers, employers, Jobcentre Work Coaches** and **local authorities.**
- **The DWP are** making substantial steps towards its **transformation of the welfare system** and **labour market**, realising the significant economic benefits of Universal Credit, as well as saving the **taxpayer** money.

## The case for change



**The UK Government believes that work is the best route out of poverty, Universal Credit supports this by making work, and more work pay.**

Universal Credit helps to ensure people are better off in work than on benefits by:

- Removing the limit to the number of hours someone can work each week.
- Reducing a claimant's Universal Credit payment gradually as their earnings increase
- Providing support for those people who might need extra help to manage their finances and get them ready for work
- Ensuring people can easily move in and out of work



## Cultural change

Universal Credit deliberately fosters independence and personal responsibility. It does this through a series of important changes to the way claimants are required to interact with the service.

Abolish six benefits/rules = one benefit, same in or out of work

One system of administration, supported by Real time Information on earnings

Smooth work incentives – aim to get people into work

System mimics work to aid transition/change mindset (monthly pay, rent responsibility)

Designed with exceptions not around exceptions

Greater conditionality/work focus – tackling dependency

Making information a more digital world for claimants



## Simplification of the Benefit System

### Current System

<b>Multiple benefits – potentially need to make more than one claim</b>
<b>Different entitlement rules – am I entitled or not?</b>
<b>Complex rates – ESA has 2 components with 2 additional premiums</b>
<b>Different organisations – DWP, HMRC, local authorities – who do I go to?</b>
<b>Fill in paper claim forms – many pages long</b>
<b>Difficult to understand how changes will affect entitlement</b>

### Universal Credit

One system – make one claim

Clearer rules – I'll know how much I'll get

Clearer rates – e.g., For people with limited Capability there is only 2 elements for different levels of capability

One organisation – DWP

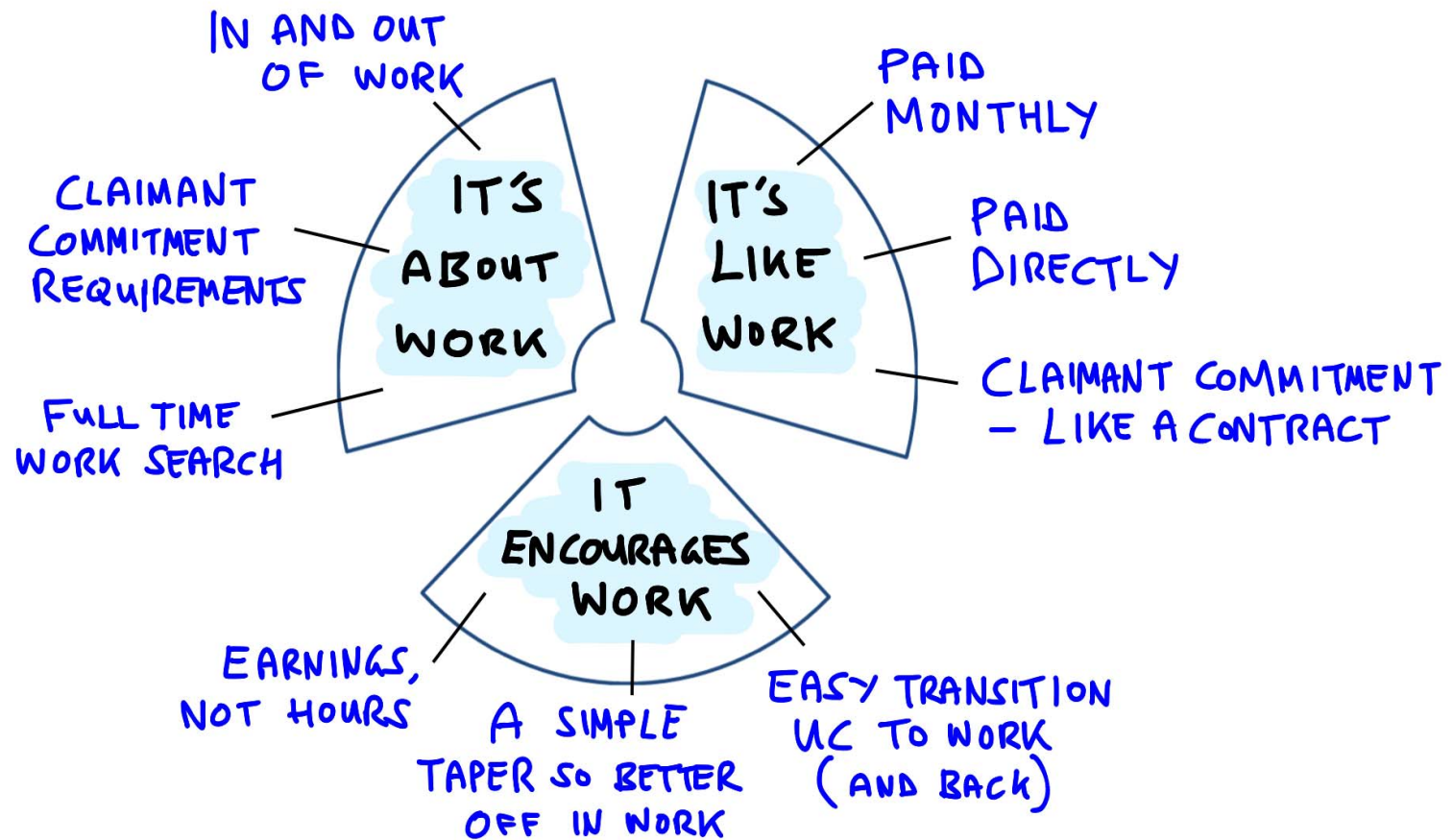
Clear, on-line application

Can make changes on-line – impact is clear straight away

Can be claimed by all those who need support – will impact on 7m recipients when rolled out



## What is different about UC?



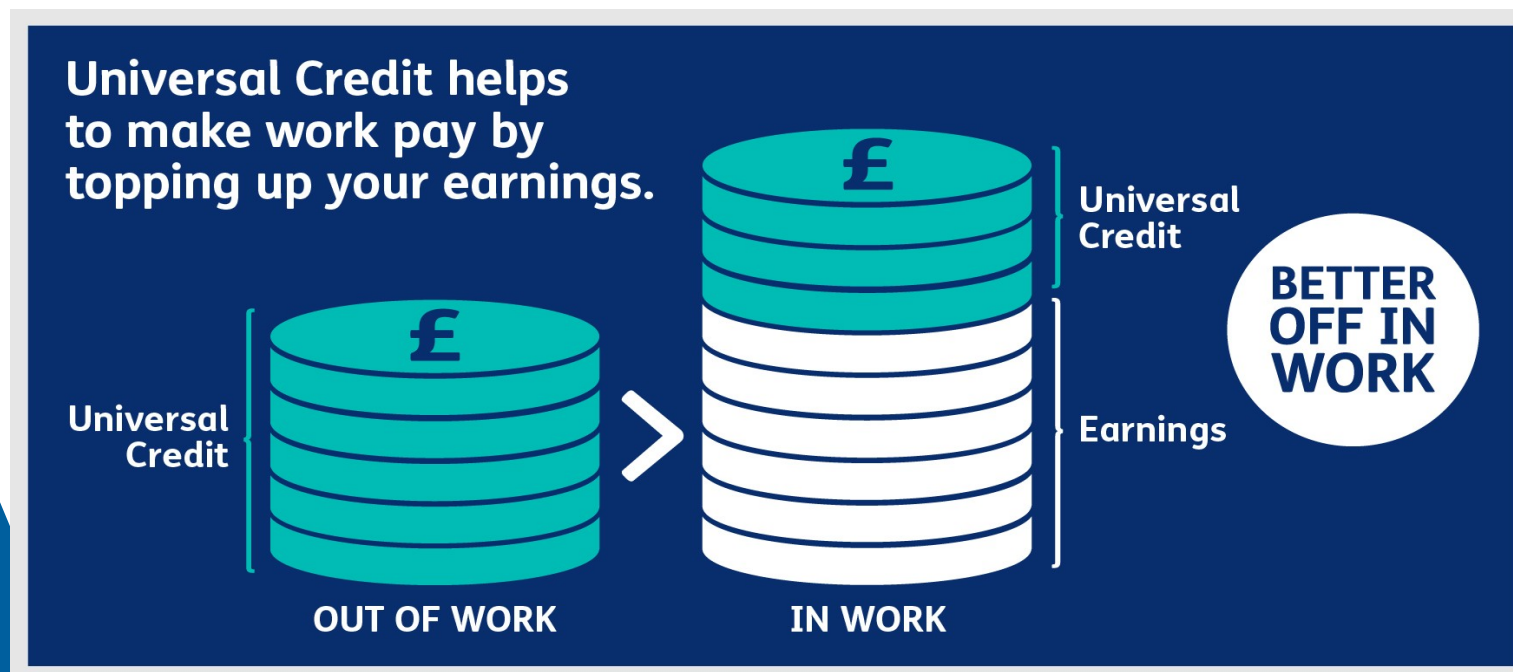




## Universal Credit - making work, and more work pay

Universal Credit helps to ensure people are **better off** in work than on benefits by:

- **Removing the limit** to the number of hours someone can work each week.
- Reducing a claimant's Universal Credit payment **gradually** as their earnings increase, so they won't lose all their benefits at once if they're on a low income.
- The Universal Credit **taper** means that financial support is withdrawn at a **consistent and predictable rate**, meaning claimants can **clearly understand** the advantages of work



## Promoting personal responsibility



**Universal Credit** deliberately fosters independence and personal responsibility. It does this through a series of important changes to the way claimants are required to interact with the service.

**A Claimant Commitment** – this encourages claimants to take greater responsibility for preparing themselves for work, and for their job search.

- Set their own **goals**.
- Tailor their **job search** to those goals and their circumstances.
- Understand from the outset that receipt of Universal Credit is **conditional** on taking the action they **commit** to.

Over 26,300 Jobcentre staff have **already** been **trained**, to become a **Work Coach** - helping a claimant through their **goals** and **aspirations**, and to **overcome** barriers to work.



## Transforming the Labour Market

Universal Credit creates much stronger requirements on recipients to meet their responsibilities in return for receiving financial support.

To transform the labour market, Universal Credit introduces:

- Help for those looking to increase their income through work.
- Individual labour market regimes for all member of a household.
- A new regime to encourage progression of earnings once in work.

This is a significant cultural change which is integral to the way which Universal Credit transforms the welfare state.

## A system which responds to changes in earnings



Universal Credit provides **support** for those in and out of work. A system has been developed for utilising new monthly **data on earnings**, and rules for those in self employment.

To support those in work, Universal Credit introduces:

- **A direct link** with HMRC's new monthly data on earnings.
- More targeted **support** for the self employed.

HMRC have introduced a **new system** for collecting regular PAYE information from employers and pension providers as individual payments are made.

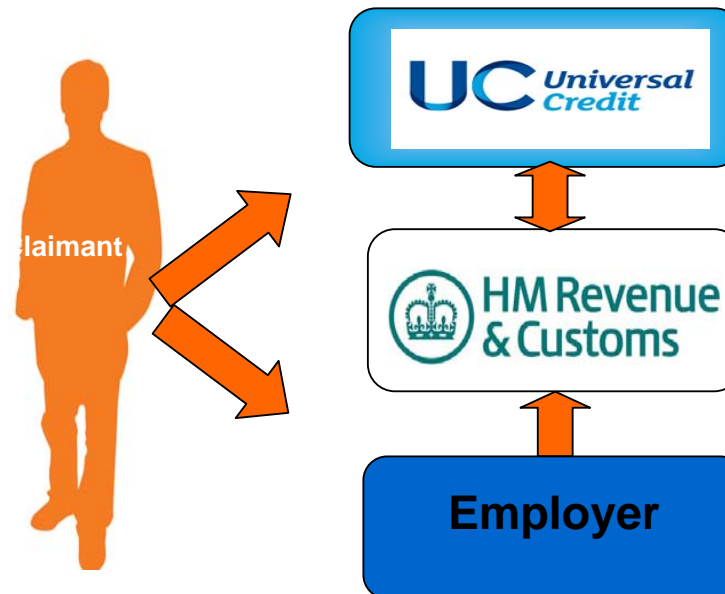
Employers are now required to supply HMRC with PAYE details on or before their employees pay day.

This **Real Time (Earnings) Information** (RTI) has fundamentally improved that accuracy and timeliness of PAYE payments.

## Real Time (Earnings) Information



- **RTI is working for employers** - the majority of employers are submitting PAYE data in real time.
- **RTI data working for claimants** – RTI data is used in approximately 30% of UC payment calculations.





## Universal Credit Work Coaches

Universal Credit claimants will receive a dedicated Work Coach

Transforming the relationship between the individual and the state, giving people back their responsibility and independence

Targeted and personalised support throughout the life of their claim.

Encouraging access to local support services.

Reinforcing the connection between work readiness and effective money management

Work Coaches will provide Personal Budgeting Support advice and identify if an Alternative Payment Arrangement is necessary.



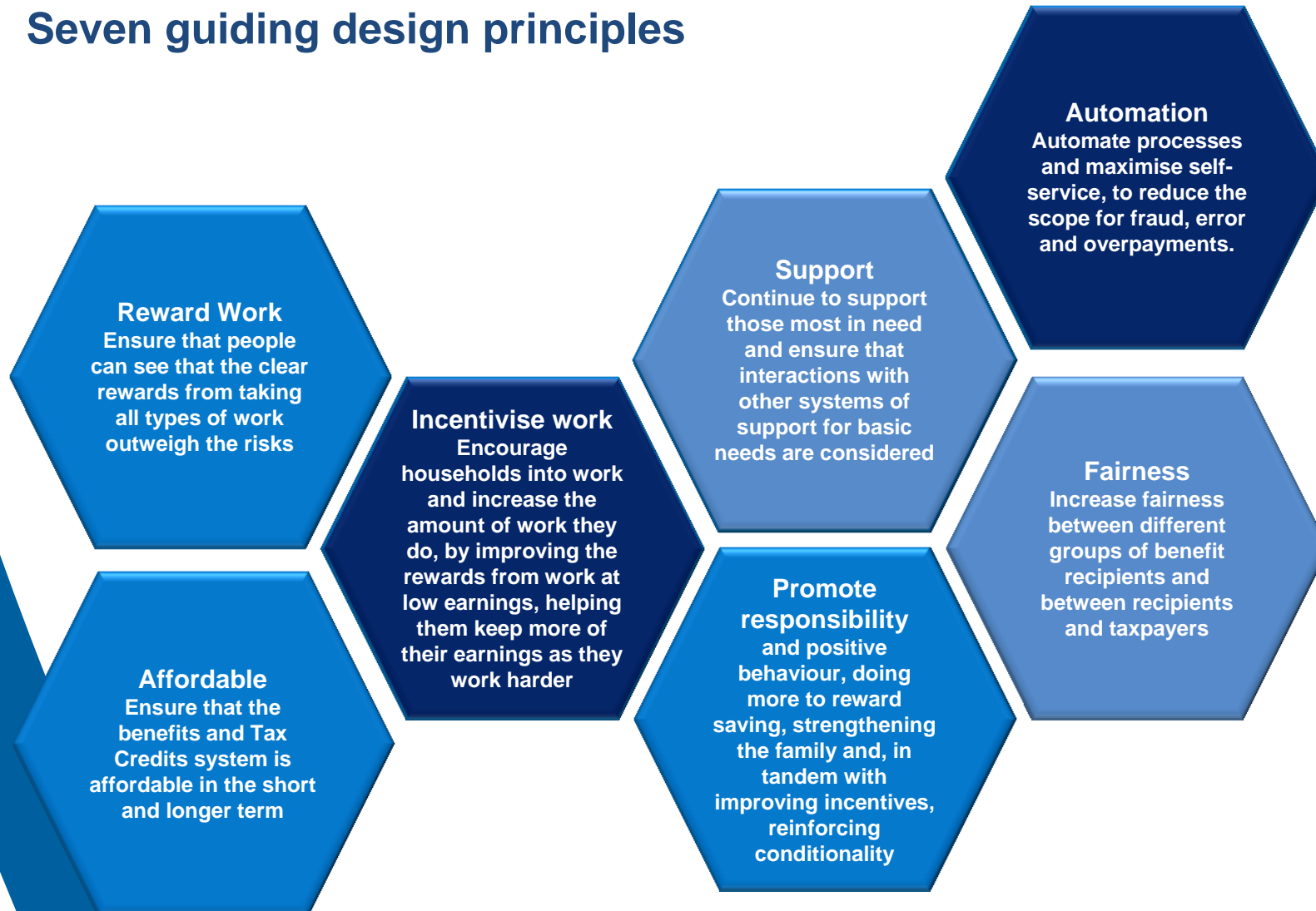
## Universal Credit – cost and benefits

Following an assurance review and recommendation from the Major Projects Authority, HM Treasury approved the Strategic Outline Business Case for Universal Credit. This will generate gross economic benefit of **7 billion every year**.

**The expected economic benefits are in the following areas:**

- Help Reduce Poverty
- Labour Supply Effects
- Redistribution benefits
- Reduction in Fraud
- Non- Financial Benefits

## Seven guiding design principles





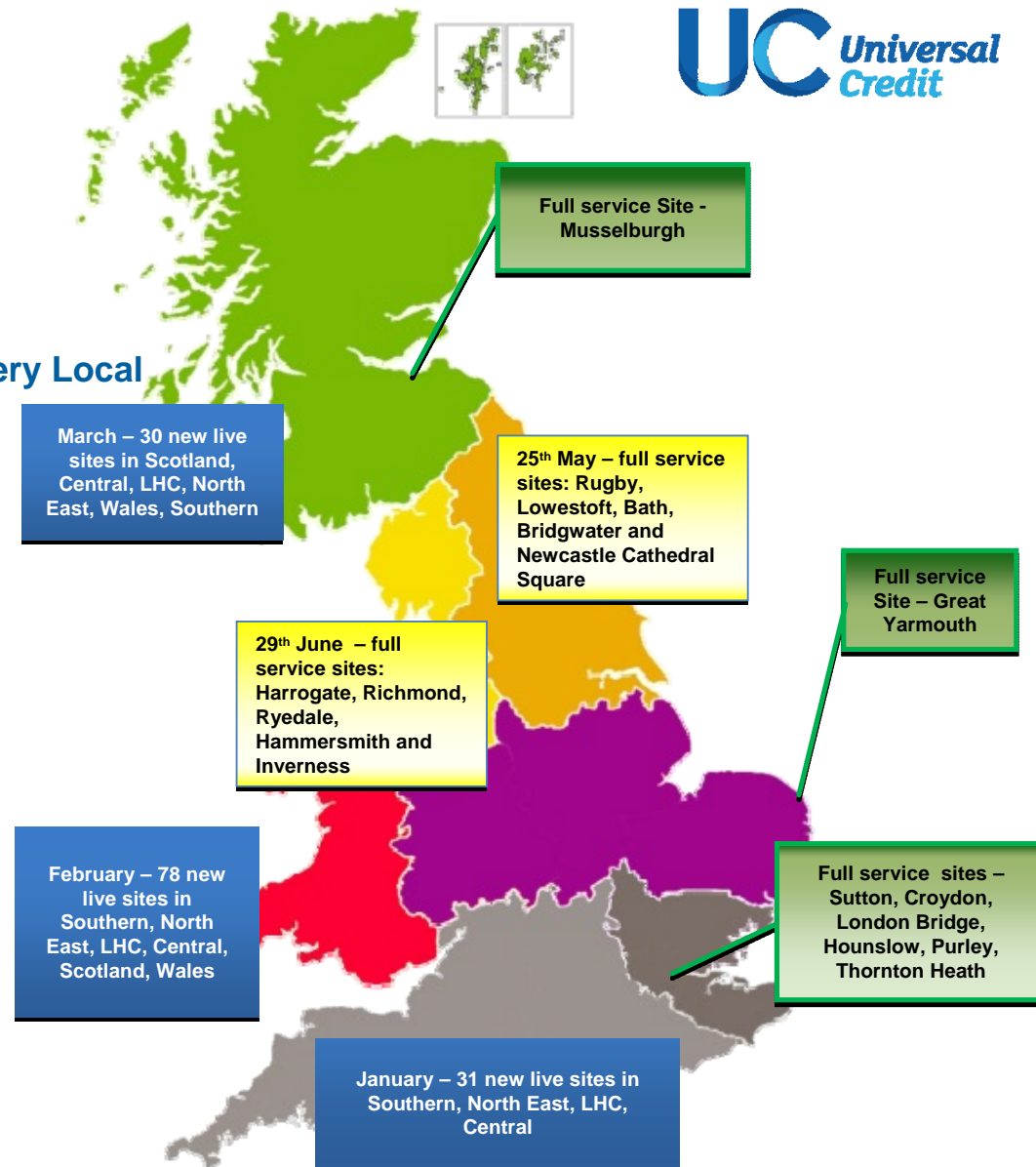
## Where are we now?

### *Completing national expansion*

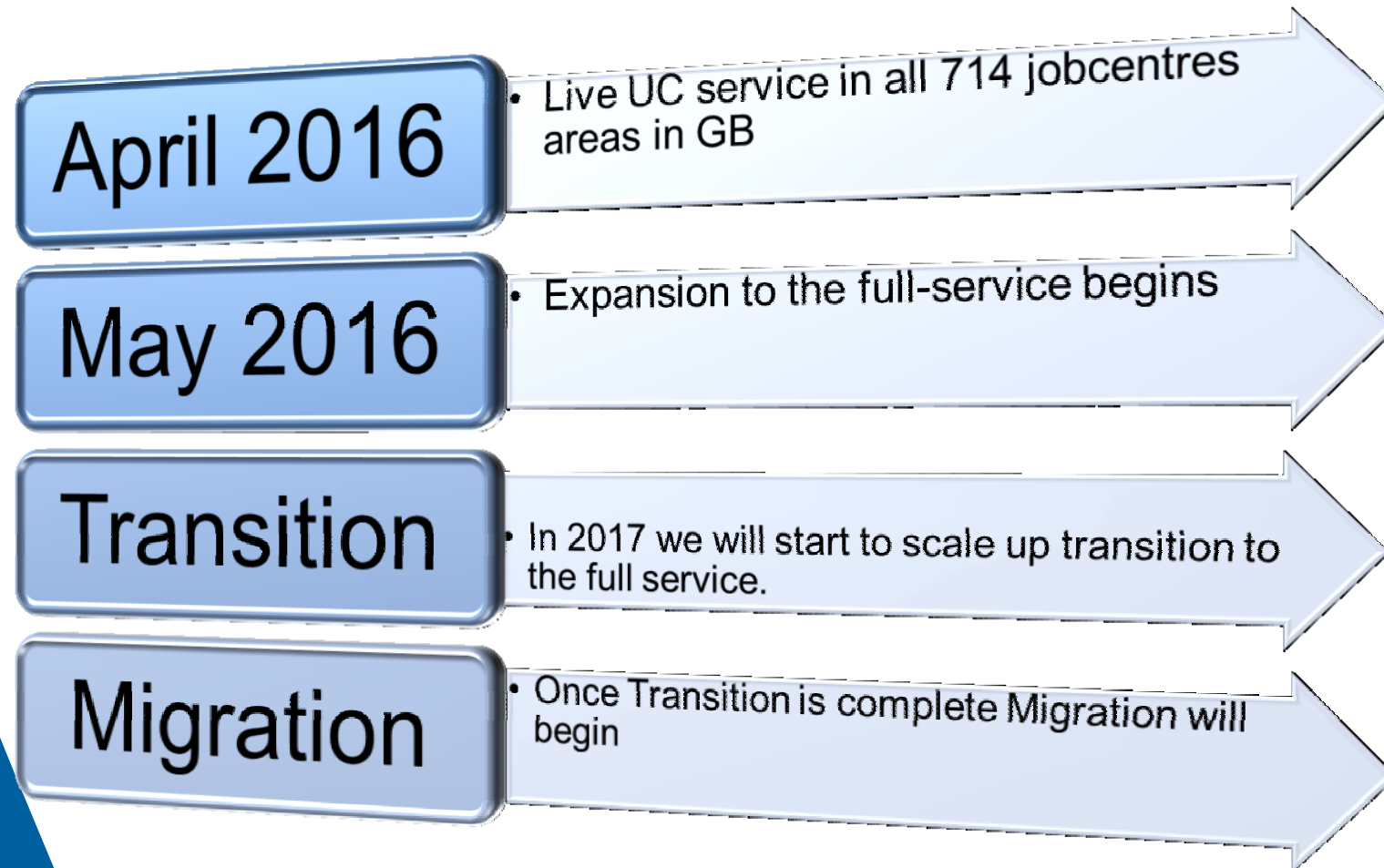
- All UC offices live by end April 2016
- Delivery Partnerships established with every Local Authority in England, Scotland and Wales

### *Commencing national Transition*

- Commenced Transition 25<sup>th</sup> May 2016



## Rollout of the full service





## Rationale for Roll out

- Deliver safely and securely, limiting the disruption to claimants.
- Test the policy intent and processes.
- Learn and continually improve the service.
- Ensure Universal Credit fulfils its full potential.

This allows the Department to:

- Realise earlier the economic benefits.
- Align the operation environment.
- Establish Universal Credit and Local Authority delivery partners.
- Improve further the Universal Credit service experience.



## Universal Credit at Work

Launched a trial of the Universal Credit Digital Service in South London.

Equipped Work Coaches with a new labour market measures.

Developed Randomised Controlled Trials to further understand how best to Support those looking to increase their income through work;

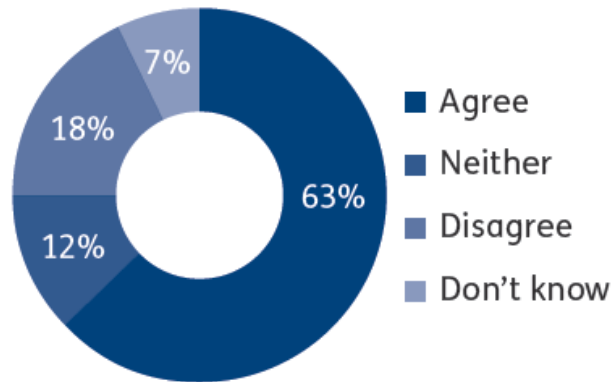
Continued to develop partnerships with Local Authorities, landlords and employers

Analysed new data demonstrating that Universal Credit claimants are more likely to be in work, spending more time in work, and earning more.

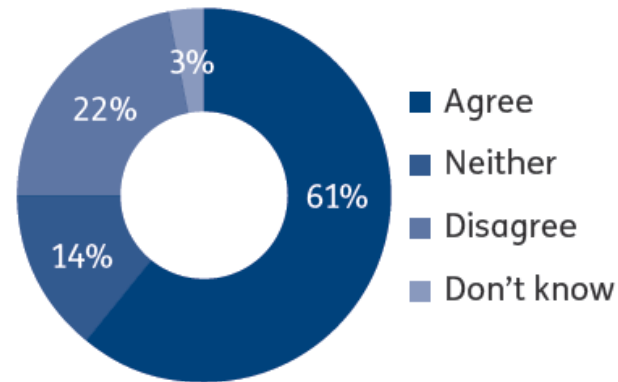


## Improved claimant experience

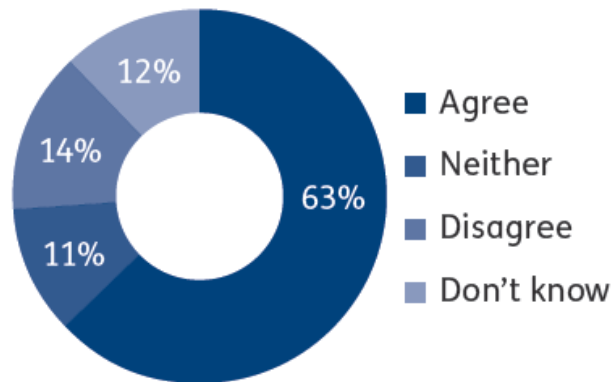
### A better financial incentive to work



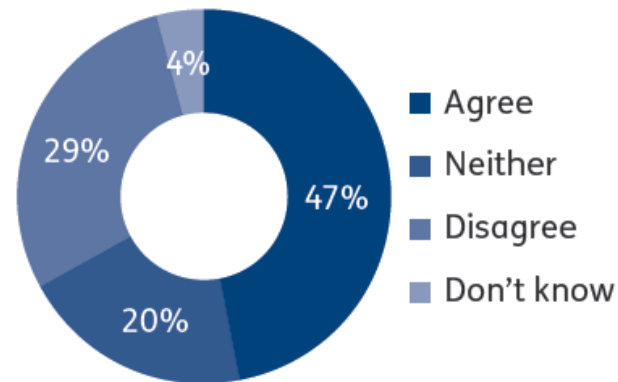
### Easier to understand what is required in return for payments



### A better reward for small amounts of work



### Easier to claim



Base: All wave 1 UC claimants who had claimed JSA in the last 2 years



## Universal Credit – is working

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

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



## Further emerging evidence

Are spending more time looking for work.

Are more likely to enter work and spend more time in work.

Are consistently more likely to be in work.

Earn more.



## Universal Credit Test and Learn

- **Continuous improvement** of the Universal Credit service
  - Housing
  - Personal Budgeting
  - In-work progression
  - Learning and Development
  
- **Testing the policy intent – moving into work faster, earning more**
  - Encouraging early evidence.
  - Generate gross economic benefits of £7BN every year. The benefits arise principally through Universal Credit encouraging more people into work, and from the higher income for lower income households.
  
- **Informing transformation** with *evidence* and *experience* as we deliver Universal Credit in a safe and secure way.



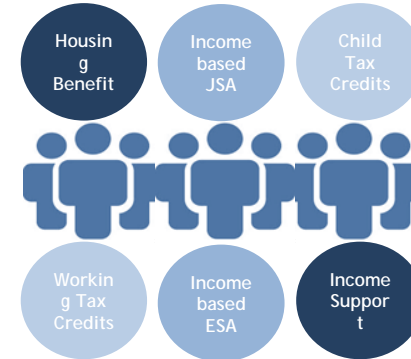
## Controlled test of the Digital Service



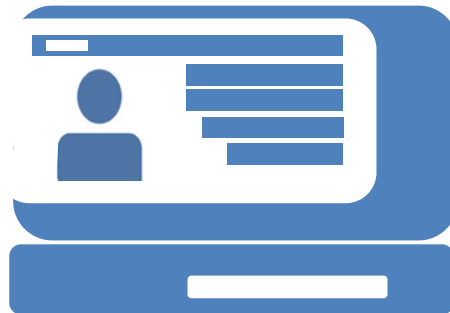
**Commenced test of the enhanced full service**



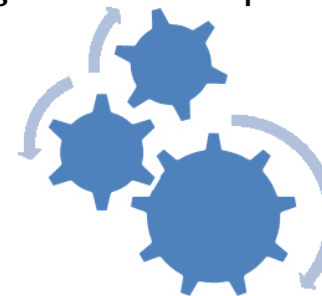
**Controlled testing Of the full service in targeted jobcentre areas**



**All eligible claimant types inside the postcode can apply**



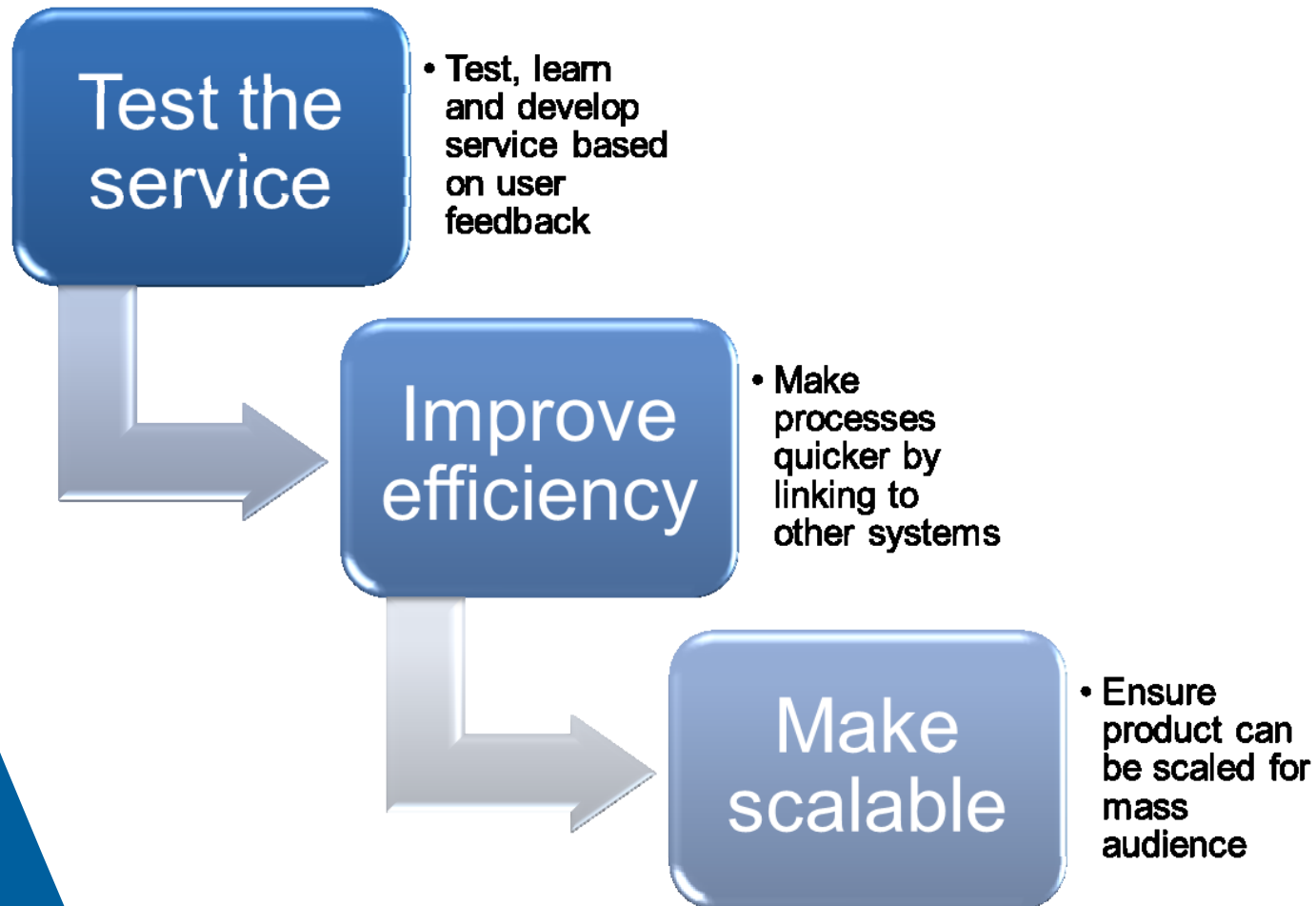
The digital service consists of one online account for everything - payments, report changes and to view information.



We are developing the service to ensure that our core design works well and to learn from both claimants and staff behaviours displayed by using the service.



## Our future plans





# The Full UC service



## What is 'the full service'?



It's a whole service – work and benefit in one integrated proposition



Its built from user needs (claimants or agents)



Its empowering to users, putting their data and the responsibility for it in their hands



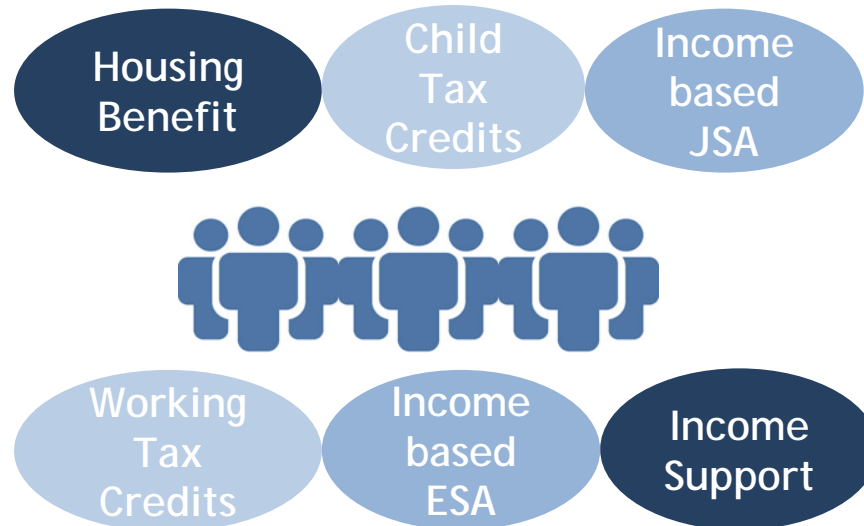
Its built by a multi disciplined team all focused on the outcomes and purpose of UC



Its delivery is reprioritised all the time based on evidence of efficiency and effectiveness



## ELIGIBLE CLAIMANT TYPES



**The service will be available for all claimant groups from the start.**

**The service will initially be available to claimants making a new claim, or certain changes in circumstances.**

## Differences between Live Service and Full Service



**Using digital  
technology to  
deliver to the full  
range of claimant  
types**

**Most technology  
developed  
in-house**

**Single  
transaction  
on-line account**

**Check payments  
Report changes  
2 way  
communication**

**Self serve to  
answer enquiries**

**Claimant  
commitment  
agreed  
on-line**



## Differences between Live Service and Full service

**Work Coach  
advice on next  
steps  
carried out  
on-line**

**Work search  
activity recorded  
in the Journal**

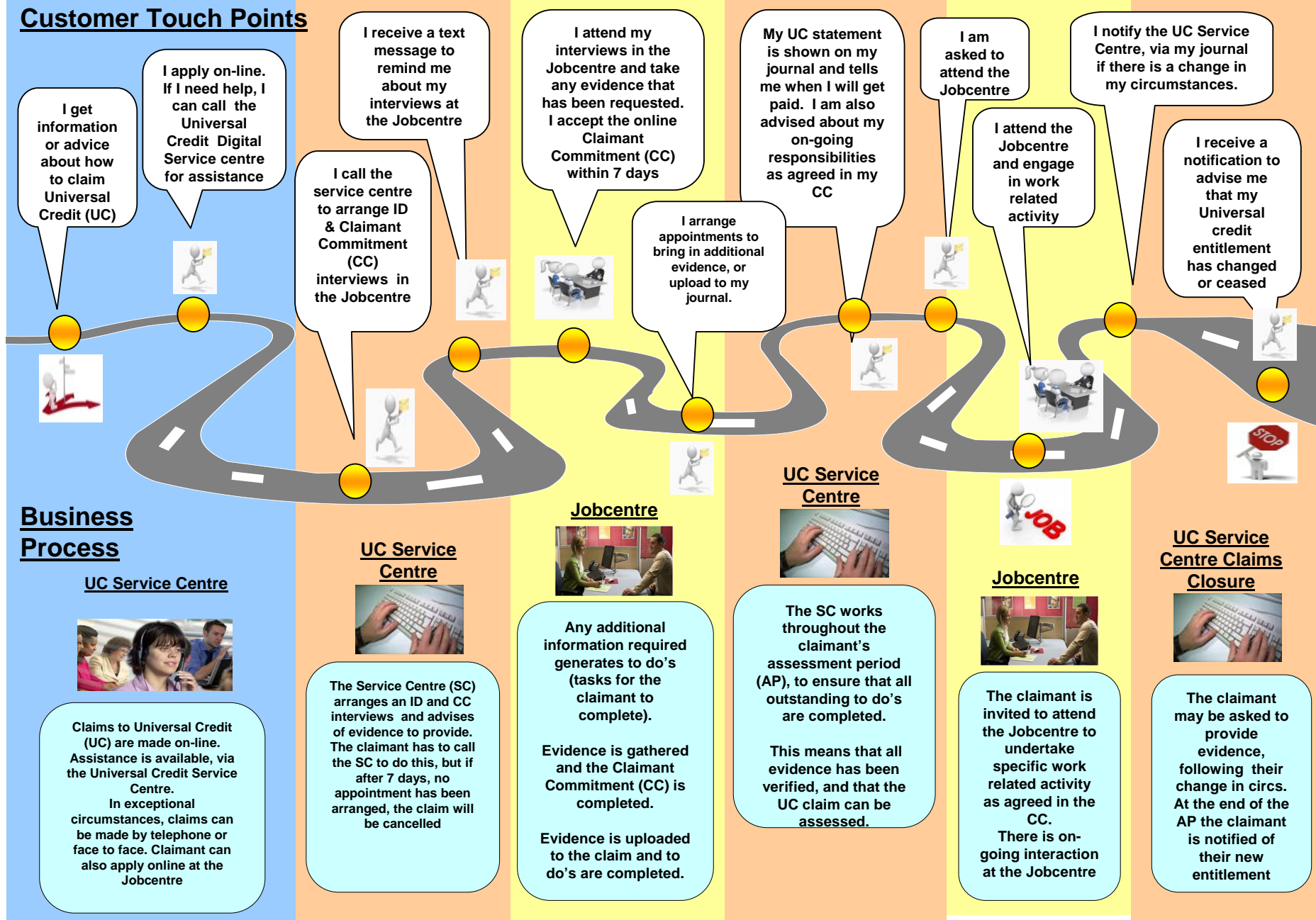
**Individual  
responsible for  
providing  
evidence to  
support claim**

**Embeds cultural  
change of  
personal  
responsibility**

**DWP provides  
full personal  
support for every  
household**

**Cost savings at  
the heart of  
Departmental  
Spending Review  
plans**

# UC Full Service Claimant Journey







## Provision of in-work Support

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

**This is the first time that any country in the world has attempted to work with claimants on this scale to increase their earnings:**

**DWP's Test and Learn strategy** for Universal Credit, which has been **heavily influenced** by employers and leading stakeholders and will develop an evidence base for **in-work support**.

It will test approaches in terms of **help and support** for claimants, the impact of conditionality requirements, flexible employment practices, and creating **improved financial incentives**.

Central to the in-work strategy is the use of **Randomised Controlled Trials (RCTs)**, testing with several thousand claimants, to quantify the impacts of different approaches and learn how people respond to different offers of support.



## Supporting those who need it most

**To support those who need it most, Universal Credit introduces Universal Support – delivered locally.**

- Universal Support is a **delivery partnership**. DWP, LAs and service providers **working together** to agree how best to deliver services at a local level.
- The aim is a joined-up, **holistic** service, practically for claimants that need **most support**, helping the claimant move from welfare dependency.
- These delivery partnerships have been based on **evidence** and **experience** as part of **Test and Learn**.

## Preparing Households for Change



**The safe and secure delivery of Universal Credit remains the focus of DWP.**

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

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

## Working with Landlords to Support Households



**Universal Credit promotes personal responsibility** and expects the majority of tenants to manage their finances, including their own housing costs, whether they are in or out of work.

This is important in minimising the difference between paid employment and being on benefits and effectively removes a key barrier to moving back into work.

DWP set up the **Direct Payment Demonstration Project**, the final evaluation of which was published on 18 December 2014 covering the full 18-month period.

**A Landlord Preparation Strategy** has been developed and in November 2014, DWP published the Social Landlord Support pack on gov.uk.

This gives **practical advice** and **support** in **preparing tenants** for Universal Credit, including links to all of the published learning to date.

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

## Working with Landlords



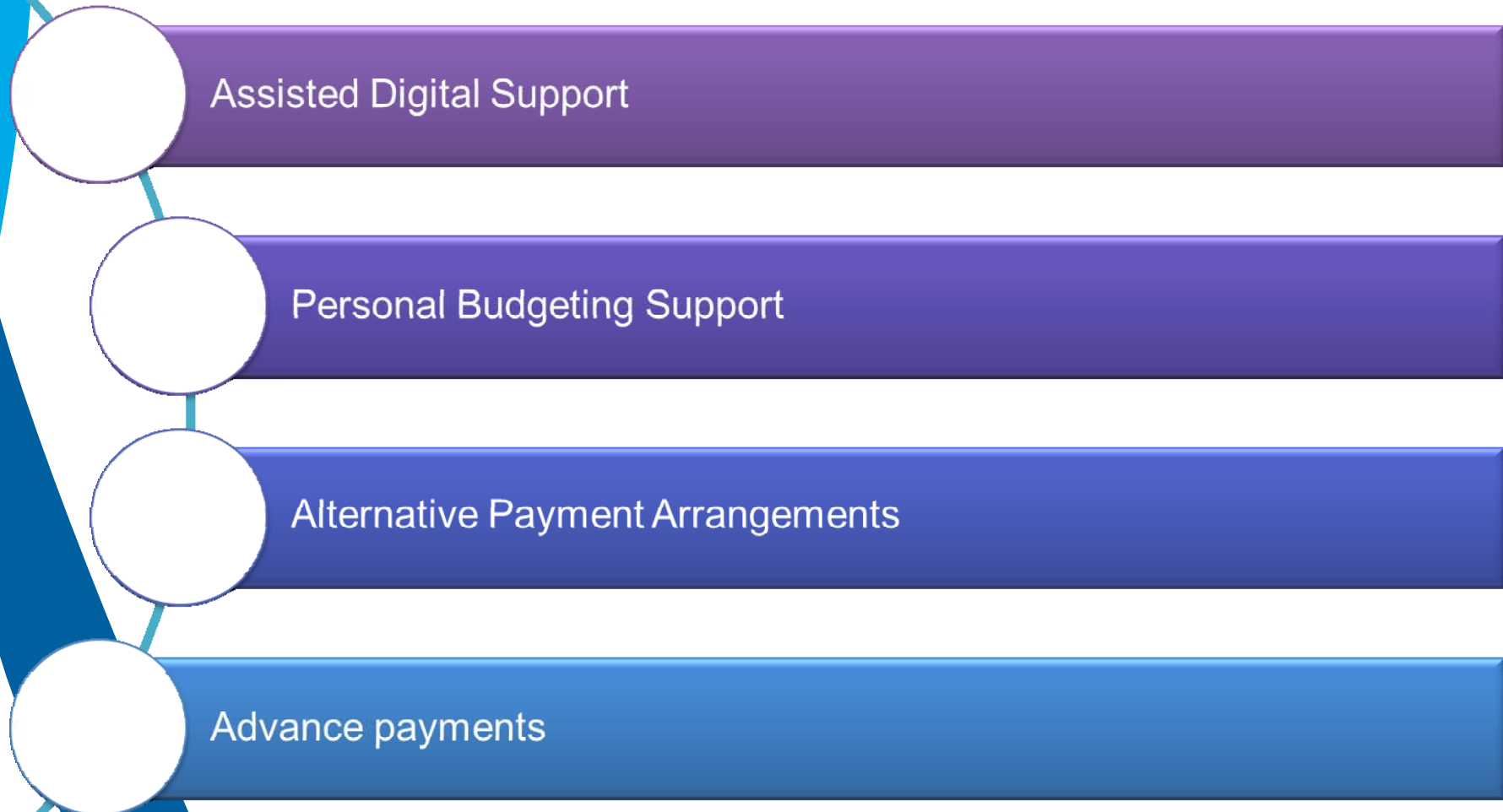
**We are working** with social landlords such as councils and housing associations to make sure they are not just handling the change, but working with tenants proactively to help them benefit.

We have **already**:

- **improved** the process of payments direct to landlords, identifying a single point of contact within the Department to swiftly address any issues that landlords may have.
- **introduced** a daily check of cases where payment is due to confirm payments have been issued correctly.
- **increased** support to help people adjust to budgeting. This includes extra support to help people manage their finances better.



## Supporting claimants with complex needs.





## Assisted Digital Support



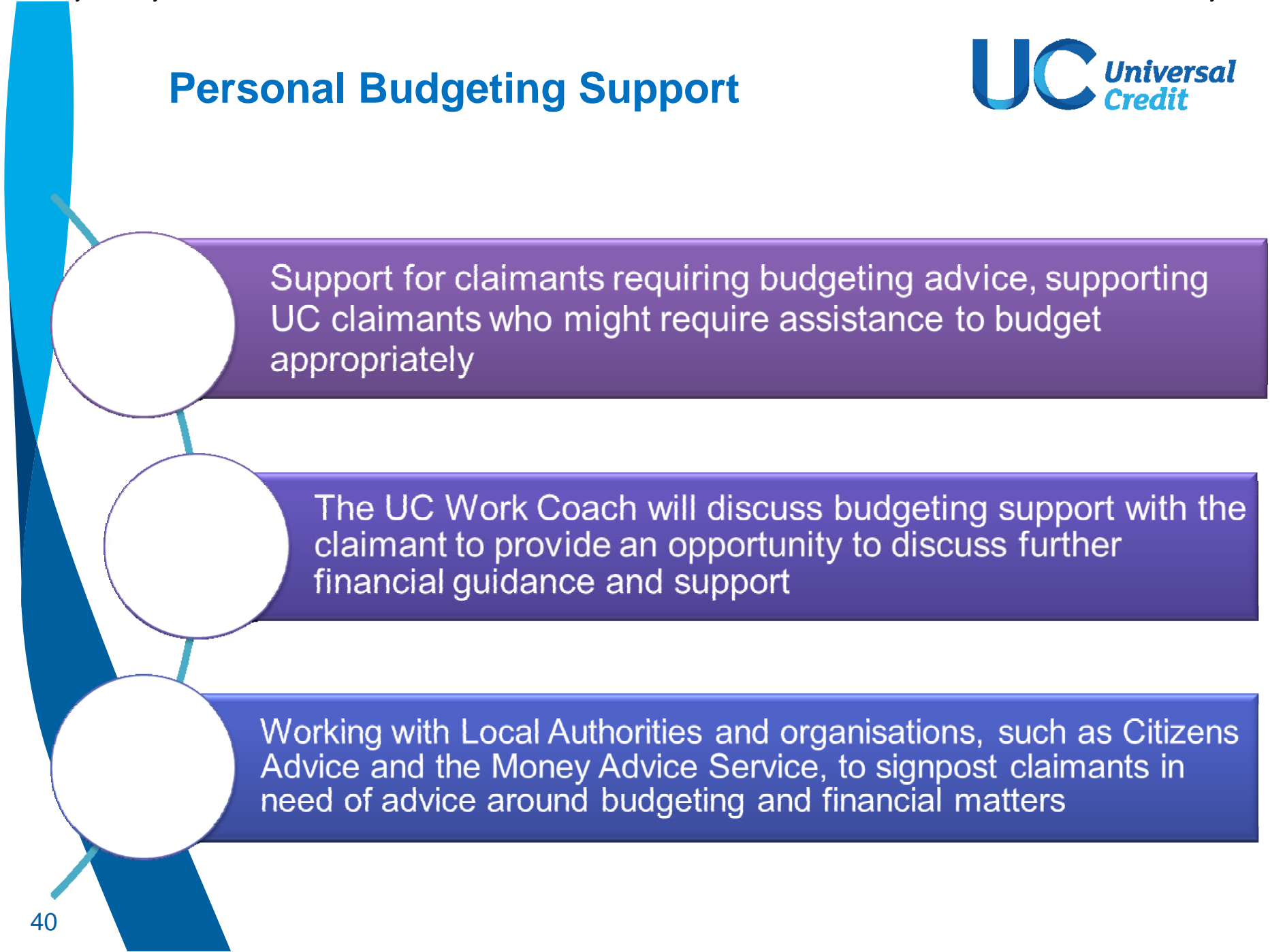
Working in Partnership with the Local Authority to develop the support needed for claimants to access and maintain their UC account

Working in partnership with Local Authorities to ensure that holistic support is provided for claimants in each local area

Claimants are supported to increase their confidence in making and maintaining their UC account.

Over 99% of claimants have made their claim for UC Digital on line.

## Personal Budgeting Support



Support for claimants requiring budgeting advice, supporting UC claimants who might require assistance to budget appropriately

The UC Work Coach will discuss budgeting support with the claimant to provide an opportunity to discuss further financial guidance and support

Working with Local Authorities and organisations, such as Citizens Advice and the Money Advice Service, to signpost claimants in need of advice around budgeting and financial matters



## Alternative Payment Arrangements



For a minority of claimants, alternative payment arrangements may be required; these might include:

- paying the housing element directly to the landlord
- making more frequent than monthly payments
- splitting the payment within the household.

We will also have the option to make rent payments direct to the landlord if a claimant reaches a certain level of rent arrears.