



# Citizens Advice response to the Public Accounts Committee inquiry into Universal Credit

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## Summary

- The aim of Universal Credit (UC) - to simplify the benefit system - is right.
- However, despite some welcome changes made in the Budget last year we still have concerns about the delivery of Universal Credit and recognise many of the challenges identified in the National Audit Office (NAO) report.
- A combination of good design, successful delivery and adequate support for people as they move onto Universal Credit is necessary to ensure that claimants avoid hardship.
- 1 in 5 Universal Credit claimants do not receive their first full payment on time and the NAO report showed this figure is significantly higher for some groups.
- A survey by the Department of Work and Pensions (DWP) found that 43% of current claimants wanted more support when setting up their claim.
- UC is the first benefit to be delivered entirely online and our evidence shows that some claimants are struggling with digital capability and access.
- The claims process is complicated and requires claimants to take a number of actions within the first month. For some people it appears that the complexity of the process is leading to people dropping out of Universal Credit altogether.
- 4 in 10 claimants are facing financial difficulties whilst claiming UC. Our clients on Universal Credit are more likely to have debt problems than those on legacy benefits, and direct deductions from Universal Credit payments to repay advance payments or arrears mean most new claimants do not receive their full Universal Credit award every month.
- The relationship between a claimant and the Work Coach is vital to the success of Universal Credit and ensuring that those who need support with their claim get it. But the NAO report highlighted that some Work Coaches are struggling due to a lack of time, lack of confidence and feeling overwhelmed by the number of claimants with health problems.
- UC is now rolling out at pace and some people will need more support than others, however the Government's current Universal Support model is inconsistent across the country and is limited to digital and budgeting support rather than addressing all of a claimants support needs.
- All claimants should be made aware of the support available and the scope of support should be extended to help people make and complete a claim and manage their finances whilst waiting for a first payment.
- We regularly meet and share data on Universal Credit with DWP and will continue to do so. More benefits from this approach could be realised if there was clarity on how this information is shared internally or used to inform decision making.

## Background

Citizens Advice is a charity that provides free, confidential and independent advice to help people overcome their problems. We provide advice from 285 local Citizens Advice across the country. We helped 2.6 million people face to face, over the phone, by email and webchat in 2017-18 and there were 41 million visits to our online advice pages.

We support the aims and principles of Universal Credit (UC) - to simplify the benefit system and improve work incentives. We are closely monitoring the rollout of the new benefit and its impact on the people we help.

We have unparalleled evidence on the rollout of UC:

- Citizens Advice has helped over 120,000 people with Universal Credit issues since it was introduced.
- We had more than 610,000 page views on our Universal Credit web pages in April and May 2018.
- In 2017-18, our advisers supported 60,000 people with 128,000 Universal Credit issues.
- We see the equivalent of 12% of all new starts to Universal Credit each month

Our data and experience from our frontline advice gives us a unique insight into the impact of Universal Credit on individuals and third parties as it rolls out across the country. Alongside this we have published a number of pieces of research looking at Universal Credit and its impact.

- [Delivering on Universal Credit](#) in July last year, looking at people's experiences of applying for Universal Credit, design issues which led to a 6 week wait for first payment and people's experiences of achieving financial stability on the benefit.
- We published [Universal Credit and Debt](#) in September, highlighting aspects of Universal Credit which risk causing or exacerbating personal debt problems.
- In April this year, we published two reports exploring [Universal Credit and Modern Employment](#): the changes to people's work incentives on Universal Credit and the specific issues for those in non-traditional work.

For this Public Accounts Committee inquiry, we bring together insights from these pieces of work and our frontline advice giving. This includes evidence from our management information and ongoing monitoring of Universal Credit, as well as the experiences of 155 advisers and leaders in local Citizens Advice offices, whose views we gathered for this submission.

## Part 1 - The evolution of Universal Credit

Universal Credit is taking a test and learn approach to its rollout. This reflects agile development techniques now used in the design of digital products. Designing, building and delivering a benefits system in this way means multiple changes are being made as

it is rolling out. This means regular changes in the way it works for claimants, DWP staff and third parties.

This approach involves rolling out the new benefit before it is fully built. This means that it will not work for some groups until changes and fixes are put in place, and therefore claimants are likely to face additional challenges and need additional support. Currently, it does not appear that this need is recognised in the support available for claimants from JobCentres or through Universal Support.

A key element of a test and learn approach is the ability to fix issues as they arise. This is an improvement on previous benefit systems where old IT and systems have meant improvements have been more difficult or extremely expensive to implement. In the last year, the Department for Work and Pensions have made welcome changes to the design of Universal Credit in order to reduce the impact of the initial wait for first payment. This includes removing the 7 waiting days at the beginning of a claim, increasing the awareness of and amount available from Advance Payments, and giving those moving from Housing Benefit to Universal Credit an additional two weeks of housing support. It is still too early to see the full impact of these changes, but our early insight suggests that these are making some positive difference to claimants during the initial wait. It is clear, however, that there are outstanding delivery issues that need addressing to fully see improvements in the wait for an initial payment

Changes to the design and delivery of Universal Credit have significant resourcing requirements. The Department took the positive decision to slow down rollout whilst these new changes were put in place. With 1 in 4 of all working age families expected to receive Universal Credit once it is fully rolled out,<sup>1</sup> and significant outstanding issues with the design and delivery of the benefit, it is important that improvements are made before further rollout means that hundreds of thousands more people are impacted and at risk of hardship. The Department should have the flexibility to make these necessary changes in rollout schedule; to make changes to the design of the benefit, continue to make progress on the build of the system and provide fixes for delivery problems that become apparent.

We understand that there are many known issues with Universal Credit and identified solutions that the Department cannot implement quickly. It is unclear how these issues and the implementations of solutions are prioritised and timetabled.

A good example of this is the Landlord Portal, a delivery change that could improve payment timeliness and claimant experience which we, along with others, called for the expansion of. DWP rightly accept it is necessary to help those in social housing by allowing these housing providers to more easily verify and confirm costs. At present, the portal is partially rolled out to 215 social housing providers, but we understand it will take a significant allocation of resources to expedite the rollout. We currently have no insight into where this sits on the DWP's priority list, or how its development relates to

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<sup>1</sup> Citizens Advice [Delivering on Universal Credit](#) (July 2017)

wider rollout decisions.

A significant decision that has been made is the delay of rollout in parts of Wales with high proportions of Welsh language speakers. It is positive that the Department took action to delay rollout for these areas as it wasn't possible to make the changes needed to serve these claimants. Greater understanding of how decisions are made and which factors are considered in decisions about resource allocation and rollout readiness would allow a wide range of expert stakeholders to ensure their work is more helpful and responsive to the priorities of the Department.

The focus of the rollout of Universal Credit to date has been on new claimants.<sup>2</sup> One of the biggest tests to Universal Credit will be the process of moving existing claimants onto the new benefit with transitional protection - known as managed migration. This process is due to start next year and will require significant resources; from the support people need whilst transitioning, to ensuring the system works for the most vulnerable and processing transitional protection. With recent announcements that claimants will be required to make a full Universal Credit claim, this will also require significant work coach and DWP staff time to start and process claims, including agreeing commitments with groups who have previously not been subject to conditionality.

We have concerns about Departmental capacity to continue to rollout to 60 Jobcentres a month at the same time as making necessary fixes to existing delivery problems (discussed in Section 2) and preparing for, testing and building additional processes for managed migration.

### **Recommendations**

To ensure the effective rollout and delivery of Universal Credit the Department should:

- review the resources it has available, rollout readiness of the Universal Credit programme (including fixes which are needed), and the rollout schedule before it rolls out to more Jobcentres and moves to a new phase of rollout.
- share its decision making and prioritisation criteria for fixes to Universal Credit and greater rollout.

## **Part 2 - Impact of Universal Credit on claimants and third parties**

Good design, successful delivery and adequate support for claimants are all essential to meet the aims of the Universal Credit programme and ensure that claimants are not suffering hardship during the rollout of this new benefit.

A significant challenge for Universal Credit is the wait for first payment. The Department

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<sup>2</sup> This includes those making new claims as a result of a change of circumstance known as natural migration

has recognised that long waits for payments pose a significant challenge for claimants and has taken welcome action to tackle some of the design problems which led to long waits (discussed in Part 1). However, late and delayed payments continue to affect a significant minority of Universal Credit claimants. DWP data shows that 1 in 5 are not receiving a full payment within five weeks of making their claim, and the NAO notes that there is no expectation of a significant improvement in 2018.<sup>3</sup>

An estimated 7.2 million families will be receiving Universal Credit once it is fully rolled out.<sup>4</sup> This means that even challenges faced only by a significant minority will result in hundreds of thousands of people being affected each year. In 2018 alone, the NAO predict that more than a quarter of a million people will not be paid on time. Many Universal Credit claimants have little disposable income, as well as pre-existing debts, and therefore do not have the flexibility to respond to the income shocks. Delays to payment pose significant financial challenges and risk causing hardship amongst claimants.

The issue of payment timeliness appears to be driven by problems in the delivery of Universal Credit. Problems with evidence, a complicated claims process and inadequate support through Jobcentres and Universal Support are all contributing to the high rates of late payment.

## 2.1 Evidence requirements

Claimants must submit a variety of evidence as part of their online claim. We welcome measures being developed by the DWP to simplify the process of submitting evidence - such as an improved landlord portal and online evidence submission. However, we are concerned that these will not be fully in place before substantial numbers of claimants move onto UC.

DWP data shows that verification and evidence issues are the cause of two thirds of late payments.<sup>5</sup> Worryingly, this means that those with additional costs which must be evidenced are least likely to be paid on time. For example the NAO highlight that around a third (32%) of those who are working and need support with childcare costs are not being paid on time and one quarter of those deemed eligible for financial support for their caring responsibilities or housing costs also receive late payments.<sup>6</sup>

*“The main award tends to be on time but additional elements are slow to be processed and often late. For example the disability or child element, or correct housing element. Trying to get these things in place is a very slow process.” - Citizens Advice adviser*

Our advisors report that providing and submitting suitable evidence is one of the most difficult parts of a claim for their clients. Many clients do not have the required forms of

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<sup>3</sup> National Audit Office [Rolling out Universal Credit](#) (June 2018)

<sup>4</sup> Citizens Advice [Delivering on Universal Credit](#) (July 2017)

<sup>5</sup> Esther McVey [Universal Credit and Welfare Changes](#) Statement (June 2018)

<sup>6</sup> National Audit Office [Rolling out Universal Credit](#) (June 2018)

identification or evidence to hand, particularly proof of ID, tenancy and rent, or medical conditions. Some therefore need support to understand the requirements or access particular types of evidence.

### **Citizens Advice client case study - difficulty evidencing rent**

Ruth had been living in her current property for eleven years when she needed to provide her tenancy agreement as evidence of her rent liability to claim UC. She could not find her copy and she contacted the council (who had been paying her housing benefit for years) to request their copy, but they couldn't find it either. Ruth had unsuccessfully tried contacting her landlord. Despite Ruth's difficulties in providing her tenancy agreement, the Jobcentre refused to accept alternative evidence of the rent Ruth was paying - such as the proof of regular payment to the landlord, via direct debit. This caused a delay in Ruth receiving her housing element, as well as a lot of distress for Ruth.

Providing proof of additional costs often must be done in person. Whilst all claimants must visit the Jobcentre in person at least once before their first payment is made,<sup>7</sup> we see clients who are required to make additional visits in order to provide the necessary evidence. This can place a significant burden on people - particularly disabled people or those in rural areas - who may find it difficult or costly to travel to the Jobcentre. If they are unable to attend an appointment they may end up with late payments or even have their claim closed.

*"We have a project with a lot of cancer patients - they are being asked to take their evidence (which they have) to a job centre."* - **Citizens Advice adviser**

*"Clients are unable to maintain their claims because they can't afford to attend appointments, visit our offices, or attend courses and interviews."* - **Citizens Advice adviser**

Our clients also face problems completing online identify checks. DWP data shows that only 38% of claimants who attempt to use the Verify system to confirm their identity online are able to do so.<sup>8</sup> This is a particular problem for clients who are less digitally literate. Although it is possible to carry out identity checks in the Jobcentre, this adds additional confusion and complexity for claimants, as well as increased workloads for Jobcentre staff.

### **Recommendations**

Ensuring claims are evidenced is crucial to improving the proportion of payments that are made on time. The Department should make it simpler to submit evidence and provide support for claimants to do so by:

<sup>7</sup> In exceptional circumstances a home visit can be arranged if a claimant has been identified as being vulnerable or having complex needs.

<sup>8</sup> National Audit Office [Rolling out Universal Credit](#) (June 2018)

- rolling out the landlord portal fully to make it easier to prove housing costs
- reviewing the collection of medical evidence early in claims and provide support for claimants with complex evidence requirements
- developing a centralised system to help claimants evidence their childcare costs

## 2.2 Making a Claim

Both Citizens Advice and DWP evidence shows the complexity of the Universal Credit claims process is causing difficulties for a substantial number of people. Current support provision in this area is inconsistent, insufficient and not meeting demand, which is only serving to compound the problem. This is leading to additional delays in people submitting their initial claim, with the knock-on effect of longer waiting times before they receive their first payment.

### Making a claim online

Universal Credit is the first benefit to be delivered entirely online. Claimants are expected to manage their claim, record their job-seeking activity and complete basic tasks by logging into their account on a computer.

The most commonly cited issue from our advisers is clients struggling with digital access and capability. In addition, a survey of our Universal Credit clients in full service areas found nearly half (45%) had difficulty accessing or using the internet - or both. Only 1 in 3 (33%) had access to the internet on their mobile phone or through their local job centre or library.<sup>9</sup> Recent DWP evidence also shows while the majority of claimants do not struggle with the process of claiming online, almost a third find claiming online very or fairly difficult.<sup>10</sup>

### Citizens Advice client case study - challenges with digital access

Moses doesn't have a computer at home so he relied on his local library to make his Universal Credit claim and manage his online journal. However, when he found a job his working hours clashed with the library's opening hours.

This meant that Moses was unable to manage his online journal while working, and his claim was closed because he was unable to accept his in-work claimant commitment.

When Moses' work ended a few months later he then had to reopen his old claim. Moses had potentially missed out on a Universal Credit payment to top up his wages

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

<sup>10</sup> DWP, [Universal Credit Full Service Survey](#) (June 2018)



due to his difficulties accessing the internet.

Some support exists for claimants to help them with their online claim through Universal Support Assisted Digital. Through this, funding is given to local authorities to provide support. This is seen as helpful by advisers, but provision is inconsistent and signposting is not always in place or provided at the right points for clients who need it. Even for those claimants who do get digital support, our advisers see many cases in which the online claim process is not completed in a single sitting, so assistance is often required at several points during the claim. The coverage and accessibility of these services is often regarded as insufficient as explored further on in this submission.

### **Complexity of the claims process**

Applying for Universal Credit is a complex, multi-step process which places a substantial administrative burden on people. Claimants are required to take a number of actions from registering their claim and opening an account, to completing a claim, evidencing their identity and circumstances, agreeing and starting to meet the requirements of a claimant commitment, and getting relevant Advance Payments and Alternative Payment Arrangements in place (when applicable). All of these things are difficult for some claimants and as they move onto Universal Credit many are also grappling with monthly budgeting and other features that will be new to them.

Advisers often see clients who face stress and anxiety caused by struggling to complete their claims successfully, and see cases where potential claimants miss out on significant amounts of income. For some, difficulties making claims and navigating this complex process mean they are dropping out of Universal Credit altogether. The NAO found more than a third of claims are closing before the first payment is made.<sup>11</sup> While ineligibility will be the cause of some of this, it suggests a significant proportion of claimants struggle with the requirements of making a claim.

### **Citizens Advice client case study - complex claims process**

Jamie tried to claim Universal Credit on several separate occasions. He had multiple claims closed for a number of different reasons to do with the claim process, including missing an appointment during a hospital stay. During this time, Jamie received 8 separate Advance Payments and he estimated he owed around £2000 because of this. This added to numerous other debts, totalling nearly £18,000, and Jamie was struggling to manage these because he still wasn't receiving any Universal Credit payments months after his initial claim attempt.

Jamie's aunt had been supporting him financially, but this was starting to cause her financial difficulty as well - she was in Council Tax arrears, and was threatened with bailiff action. Both Jamie and his aunt became reliant on food bank vouchers.

<sup>11</sup> National Audit Office [Rolling out Universal Credit](#) (June 2018)



The difficulty that he experienced in applying for Universal Credit prevented Jamie from managing his existing debts and made his debt situation worse. This caused extreme financial hardship for both him and his aunt, as well as stress and anxiety for them both.

Once you have completed your Universal Credit claim you must call the Universal Credit helpline and make an appointment for your initial claim interview. Failure to do this within 7 days will result in a claim being closed. Our advisers see cases where clients have claims closed due to missing these deadlines, who then have to begin the process again, delaying payments which are not backdated to the initial claim. These claimants will not appear in payment timeliness statistics. Many of our advisers do not believe that enough is being done to make claimants aware of the whole process for applying for Universal Credit and the deadlines involved at the start of a claim to avoid these additional delays.

*“Clients often need an intense period of support that they are not aware they need at the outset” - **Citizen Advice adviser***

## **Recommendations**

The current complexity of making a claim presents difficulties, particularly for claimants without good digital access and skills, as well as those who have complex claims. To improve the claims process, the Department should:

- review the claims process and look to reduce complexity and improve support for claimants, including exploring improvements to up front communications about claims, and reviewing the policy of closing claims
- ensure systems are in place to minimise the requirements on people to attend the Jobcentre in person

## **2.3 Debt and budgeting**

There are features of both the design and delivery of Universal Credit which can make it harder for some claimants to manage their money. Changes introduced in the November budget are welcome and seek to alleviate at least some of the problems our clients have faced with Universal Credit so far. However, alongside delivery issues meaning payments are still late for 1 in 5 claimants, people are also struggling to cope financially due to deductions from their Universal Credit payment and problems with monthly budgeting, particularly for those with fluctuating incomes.

Clients we help with Universal Credit issues are more likely to be struggling financially. Many claimants are moving onto Universal Credit with existing debt problems, which can be exacerbated by delivery issues. We published research last year showing that a quarter (26%) of the people we helped with Universal Credit also needed help with debt,

compared to only 19% for legacy benefits.<sup>12</sup> Universal Credit clients we help with debts are also more likely to have priority debts than clients on legacy benefits. In addition, a recent DWP survey of Universal Credit claimants showed that 4 in 10 were facing financial difficulties whilst claiming Universal Credit.<sup>13</sup>

## Delays to payment

Universal Credit claimants often have little financial flexibility and struggle to manage a sudden loss of income. Our survey of Universal Credit clients in full service areas found that only 1 in 6 (17%) were able to rely on their own resources from savings or final wages during the initial wait for payment.<sup>14</sup> As a result, people are borrowing or falling behind on bills in an attempt to cope. 1 in 3 (35%) were juggling their finances by not paying rent, energy or other household bills, while 28% had visited a foodbank. We cover issues with payment timeliness in more detail above.

## Deductions

Money owed by Universal Credit claimants for a range of priority debts can be deducted directly from their monthly payment. This includes Advance Payments which must be repaid over an agreed period of up to 12 months. As nearly two-thirds (60%) of new claimants receive an Advance Payment<sup>15</sup>, most new claimants to Universal Credit will have money deducted from their full entitlement each month.

*"The deduction rates for arrears/debts/fines and advances is crippling for clients, we have seen some clients being left with under £45.00 per week once deductions are taken, this is not a level of income that is sustainable." - Citizens Advice adviser*

Under UC, up to 40% of the standard allowance can be deducted to repay debts. In January 2018 6% of all Universal Credit claimants had a deductions at this level.<sup>16</sup> Many more will have had smaller deductions. We regularly see clients who are struggling to make ends meet once deductions are applied and their income is reduced. Deductions also make it harder for claimants to plan, as they are sometimes applied without the claimant's knowledge, and the flexibility decision makers have to reduce or delay deductions is limited and used inconsistently.

### Citizens Advice client case study - large and unpredictable deductions

June's employer misreported her income, which meant that June received less Universal Credit than she was entitled to. She therefore struggled to pay her rent.

June's landlord arranged for direct deductions from her Universal Credit to address

<sup>12</sup> Citizens Advice, [Universal Credit and Debt](#) (Sept 2017)

<sup>13</sup> DWP, [Universal Credit Full Service Survey](#) (June 2018)

<sup>14</sup> Citizens Advice, [Universal Credit and Debt](#) (Sept 2017)

<sup>15</sup> [PO136419](#), (April 2018)

<sup>16</sup> [PO130822](#), (March 2018)

her rent arrears. As well as receiving less money due to her employers error, June was now also having additional money taken out of her Universal Credit each month. Because she wasn't notified about the deduction in advance, June couldn't budget for it and was consequently unable to buy food that month.

## **Budgeting**

Issues relating to Universal Credit assessment periods mean it can be hard for claimants to estimate how much they will receive each month, making it difficult to budget effectively. Universal Credit payments are assessed each month and adjusted to ensure households have the financial support they need. In theory, this means that Universal Credit will be more responsive to changes in income.

However, this system can cause problems for people who are not paid on a monthly basis or whose incomes vary significantly from month to month. For example, if a person is paid every four weeks, they could at some points during the year have two pay packets recorded in a single monthly assessment period. This could take their earnings over the eligibility threshold for UC, causing a significant reduction in their income, and would require them to reclaim the following month.

For people with fluctuating incomes, the timing of wage payments relative to UC's monthly assessment periods can make a huge difference to whether the new benefit helps to smooth monthly income fluctuations or add additional volatility. Assessment periods are set arbitrarily in relation to when the initial claim was made. Where they are aligned with wage payments - i.e. beginning a few days after payday - the Universal Credit payment will top up earnings from the previous month. Where they are not aligned, Universal Credit is likely to exacerbate fluctuations in income, making it more difficult for claimants to budget effectively.

The timing of a claim can also be a challenge for people at the beginning of their claim. We continue to see problems for those who receive their final wage payment or other final payments, such as owed annual leave, at the beginning of their first assessment period. This income is then used to calculate a claimant's first payment - potentially reducing it to very low levels or nothing at all. Claiming Universal Credit a couple of days too early can result in claimants having to wait an additional month before receiving their first full payment of Universal Credit. Whilst in the first month they have the income from work, this then means they have no income for the following month whilst they wait for their next payment.

## **Reduced income**

Many households will gain when they move to Universal Credit. However, those who lose out are likely to find it difficult to manage the drop in income. The IFS has estimated that whilst some households will see and increase in their benefit support, 2.1 million

working families will lose an average of £1600 per year.<sup>17</sup> This is largely because of cuts to the work allowance, resulting in workers seeing a reduction in the amount of hours they can work before their Universal Credit payment starts to decrease. Lone parents and two-earner couples are likely to lose out the most from this change. We found that 1 in 4 workers (26%) said they would not be able to increase their income through employment even though they might need to, with 1 in 3 (33%) of those saying they work full-time already.<sup>18</sup>

Self-employed people could also lose out under Universal Credit. This is due to issues with the Minimum Income Floor, a rule that assumes everyone claiming Universal Credit who has been self-employed for a year or more is earning the equivalent of 35 hours per week at the National Minimum Wage (NMW). In months where self-employed workers earn less than the NMW, their Universal Credit payment won't make up the difference. But if the next month their earnings go over the NMW, their benefit payment will be reduced accordingly. Our recent report looked at an example of a self-employed worker who could lose out by up to £630 a year compared to an employee on the same benefit whose income was consistent, even though their annual earnings are identical.<sup>19</sup>

## Recommendations

Some elements of Universal Credit design and delivery are contributing to the hardship of some claimants. The Department should be working towards fixing these by:

- ensuring people aren't waiting longer than 5 weeks for their first payment
- clarifying regulations on deductions to ensure the overall cap of 40% of standard allowance includes all relevant debt recovery, including advance payments, budgeting loans, overpayments and hardship payments, and increasing flexibility for claimants who are suffering financial hardship
- evaluating the impact of UC on debt and work incentives. This should look at issues such as deduction rates and Alternative Payment Arrangements and their impact on wider employment prospects.
- Review how the system is working for claimants in non-traditional forms of employment, following the recommendations Citizens Advice made in *'Universal Credit and Modern Employment'*<sup>20</sup>

## 2.4 Support for claimants

The support claimants receive alongside their Universal Credit payments is vital to its success - from help looking for work, to developing skills needed to adapt to Universal Credit and help making and completing a claim. This support comes from two main sources, the Jobcentre and third party support through Universal Support. Both are

<sup>17</sup> Institute for Fiscal Studies [Green Budget](#) (2016)

<sup>18</sup> Citizens Advice, [Universal Credit and Modern Employment: Work incentives](#) (April 2018)

<sup>19</sup> Citizens Advice, [Universal Credit and Modern Employment: Non-traditional work](#) (April 2018)

<sup>20</sup> Citizens Advice, [Universal Credit and Modern Employment](#) (April 2018)

necessary to ensuring claimants have the help they need, however both currently face challenges with inconsistency and the level and type of support available are inadequate. This contributes to capacity challenges in Jobcentres and can potentially impact on helping people with work.

## Support from Jobcentres and DWP

Relationships with work coaches, the Universal Credit helpline and the online journal, play a key role in providing support for claimants to make and manage their claim as well as to support those who can work or increase their income from work. It is important that this support is available across channels and that this can be flexible to a person's needs.

### Work coach support

The primary role of a work coach is to provide claimants with support looking for and increasing work. Often this is accessed face to face in Jobcentres.<sup>21</sup> However, work coaches are increasingly playing a role in helping people access adaptations to their claims such as direct payment to landlords and access support outside of the Jobcentre.

Across the country, we see inconsistency in this support and how adaptations are applied. Some of our advisers report supportive and expert work coaches who are empowered and have capacity to help clients with their individual needs. Others see delayed responses and work coaches who either are not able, or do not have time to address them.

*"We need more consistency between work coaches - some are very good, others not. Some work coaches are more prepared to be flexible / use their discretion whilst others are not. There needs to be more support - particularly for the vulnerable clients"* - **Local Citizens Advice Chief Executive**

*"The process of resolving payment difficulties is very slow, in spite of work coaches or service centre staff agreeing that an element is missing or late they are unable to resolve it."* - **Citizens Advice adviser**

This mixed picture is consistent with the NAO's reporting of DWP research that finds some work coaches struggle due to lack of time, lack of confidence and feeling overwhelmed by volumes of claimants with health problems.<sup>22</sup> With work coach and service centre caseloads set to increase over the remainder of rollout, it is unclear whether there is sufficient capacity available to provide adequate levels of support.

There have been improvements to work coach training, with the introduction of coaching skills and national conference calls on specific topics. However, the increasing

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<sup>21</sup> For some, this is available through home visits and telephone appointments for those who need it.

<sup>22</sup> National Audit Office [Rolling out Universal Credit](#) (June 2018)

and generalist role of a work coach requires access to large amounts of information in a timely way to ensure cases can be escalated when needed or so that work coaches are empowered to act and quickly address issues. Across our local Citizens Advice we see cases where this is not currently working, leading to delays to a person's claim where they are waiting unnecessarily for a decision maker or where incorrect advice has been given.

## **Universal Credit helpline**

These issues are mirrored on the Universal Credit helpline. The Universal Credit helpline is a vital source of support for claimants, particularly where digital skills and computer access are limited. We welcome the decision to make it free as this makes support more accessible to everybody making a new claim. However, advisors report that the information and support available is not always complete and does not meet the needs of all claimants.

*“The DWP call centres are not equipped to deal with this issue. Often when you call them on behalf of a client you are told that they cannot see that side of the system and all they can do is email the caseworker who will update the journal, which doesn't happen”* **Citizens Advice adviser**

Challenges also remain with long waits before calls are answered, and some instances where claimants are completely unable to get through. This can be particularly frustrating for our advisers whose only communication channel is the Universal Credit helpline. Further challenges exist as advisers are now required to get explicit consent when contacting DWP on behalf of a client. Although this can be given through a Universal Credit journal, many of our advisers report clients forgetting their login details and therefore being unable to do this - leaving the Universal Credit helpline the only way to give this consent. Long waiting times add to the amount of time an adviser spends with a client, reducing the number of clients we are able to support.

## **Online Journals**

The final channel of support for claimants from DWP is through the Universal Credit journal. Here, claimants who are able to repeatedly log into an online journal receive vital information about making their claim. However, advisers see many who, even if they can get help to make the claim online, do not then have the regular access to notifications through the online system. As a consequence, some clients have problems with their claim and do not know what has gone wrong with it.

Not seeing notifications about actions needed to complete a claim can cause serious problems such as delays to payments and the closure of claims. Advisers widely share the view that the reliance on a single online channel of communication is unlikely to ever be sufficient for a significant proportion of the people they help unless the scope and coverage of support available is drastically improved.

## Universal Support

With such diverse groups of claimants all entering a new system at pace and needing to adapt to its new requirements some will need more support than others. Third party organisations that already provide support to those who may need this additional support are well placed to assist with this. Both in terms of help to make and complete a claim and help to adjust to the way Universal Credit works.

The Department have acknowledged the need for and value of third party organisations being involved with Universal Credit by putting in place Universal Support. Through this, funding is given to local authorities for Personal Budgeting and Assisted Digital support. However, this support is currently inconsistent and inadequate.

### Inconsistent service

Funding levels for Universal Support are agreed individually with each local authority. It is then down to each local authority to determine what services are needed locally and whether to deliver these support services in-house or through other local support and advice providers. Services range from newly commissioned local Universal Credit support services, to services delivered in house by the local authority, or wrapped up in existing local services not clearly promoted as for Universal Credit support.

Whilst this approach allows for local flexibility, a lack of published minimum standards of support means that there is no common understanding of what support should be available in each local authority, and delivery can vary by area. This also means that both for claimants, third parties and Jobcentre staff, it is difficult to have a clear expectation of what coverage and availability Universal Support offers.

Whilst there are benefits of having a service that reflects local differences, there are also issues common to every area. It is clear that locally determined services and individually agreed funding arrangements with local authorities mean that claimants in some areas are offered support that is insufficient. .

*“Our local authority currently holds Universal Support contract, but has publicly stated that it will not give hands on help with Universal Credit online claim process. Where does this leave the claimant / client?” - **Local Citizens Advice Chief Executive***

### Inadequate scope

The scope of support available is limited to Personal Budgeting and Assisted Digital support and there is a need to widen this. In particular, there is little available to help people with the issues discussed above such as completing claims or with debt.



Currently the focus of much support is on upskilling and adapting to Universal Credit rather than making and completing a claim. The support available to make a claim focuses on the initial online claim only. However, as discussed in part 2, it is clear that people are struggling more widely with making and completing their claim. This support needs to mirror the steps claimants have to take, whether online or not, and ensure that people are given help to manage their finances while they wait for their first UC payment.

Whilst debt advice currently exists outside of Universal Support, local Citizens Advice told us that often these services are already under pressure and struggle to meet the needs of existing clients as well as increased demand from Universal Credit. Problem debt does not only have a negative effect on the individual involved. It can have knock on costs to the state and it can prevent people from making important life decisions such as decisions about work.<sup>23</sup> In order to achieve its aims, Universal Credit must therefore support people to deal with their debts.

### **Ineffective referrals**

Referral mechanisms for Universal Support can be ineffective, meaning people are unable to access the support they need. Currently only Jobcentres, local authorities or Universal Support delivery partners are able to refer claimants to support. This means those who have been identified by other agencies as potentially benefiting from this help either miss out, or have to go back through the Jobcentre to request it.

Combined with the issue of knowing what support is available in an area discussed above, local Citizens Advice report this means low numbers of claimants are being referred to support, and in many cases clients do not understand what support they were going to get or fail to attend their appointment.

In some areas, Universal Support services are better than others, but the narrow scope and inconsistency of Universal Support services undermine the effectiveness of the programme. Some areas simply lack provision of necessary support. Claimants, jobcentre staff and local organisations also find it hard to know what is available, which undermines partnership working and referrals in some areas.

### **Recommendations**

The support available alongside Universal Credit is vital to achieving its principles through helping people look for and increase their hours at work and overcome barriers to work and independence such as digital and financial exclusion. To ensure this support is consistent and adequate, the Department should:

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<sup>23</sup> Citizens Advice, [A Debt Effect](#) (Aug 2016)

- Build on the progress made in reducing waiting times on the UC helpline by ensuring resources continue to match increasing demand as roll-out continues.
- People’s support needs and whether they are met by the support on offer should be subject to ongoing review as new claimants join full service Universal Credit. Resources should be available to provide accessible, multi-channel support to all UC claimants who would benefit. This should include reviewing the channels and sources of support and information available for different claimant groups
- Ensure people have access to a minimum, consistent standard of Universal Support to help them adapt to Universal Credit, which is published. This should, at a minimum, include
  - a) Ensuring all UC claimants are made aware of, and can access budgeting support and digital support which is appropriate to their needs and;
  - b) Expanding the scope to include help to make and complete a claim with support available to help people manage their finances whilst waiting for their first payment
  - c) Making funding available for free impartial debt advice to meet existing increases in demand as a result of Universal Credit.
  - d) Ensuring that, no matter where claimants present with the need for Universal Support, they are able to receive it. DWP should seek to include a “no wrong door” policy as far as possible for referrals and ensure that warm referrals are quick and efficient for the claimant.

## 2.5 Relationships between DWP and third parties

We support the recommendation made by the NAO to improve relationships with third parties. Both at a national and local level, the Department has *‘started to recognise the needs of third parties and work more closely with organisations such as... Citizens Advice’*. But more can be done to realise the potential of this approach.

During the rollout of a new benefit, the impacts on claimants can be unpredictable. As an organisation that sees the equivalent of 12% of new Universal Credit starts each month<sup>24</sup>, Citizens Advice is in a prime position<sup>24</sup> to understand issues as soon as they emerge and share these at a national and local level.

### Local relationships

The role of Jobcentres is central to the delivery of UC. Successful implementation depends on them developing good working relationships with local advice services and other key stakeholders in their area. Across our network, Citizens Advice has been working to build such relationships by ensuring regular and effective communication about individual claimant issues, frequently occurring or systemic issues, and strategic planning and local priorities. System changes under Universal Credit means many old

<sup>24</sup> Citizens Advice, [Delivering on Universal Credit](#), (July 2017)

relationships and contacts under the legacy system, often built up over many years, are having to be replaced or rebuilt.

Advisers report improving, but inconsistent relationships with local Jobcentres. A survey of our network undertaken last summer found 1 in 4 (27%) local Citizens Advice said they had a strong relationship with their local Jobcentre. Anecdotally, the picture has improved in the last year, with many local Citizens Advice recently reporting positive relationships with their local jobcentre and work coaches.

Local Citizens Advice note that the best working relationships between Citizens Advice and Jobcentres are often personal. Some offices have staff colocated in Jobcentres while others have named contacts they can go to with individual client or systemic issues. Where these personal connections have been made, they tend to work well.

*"I'd love to be able to ring a named person local directly if the info on the online account is unclear. Sometimes I call in with clients and am assisted but I can't do this for everyone who has a problem."* - **Citizens Advice adviser**

*"We have a good relationship with our local JCP - we have an escalation process in place, we have even visited and sat in with clients"* - **Local Citizens Advice Chief Executive**

Despite improvements and positive experiences, our network still report there are challenges in some areas. This risks effective case resolution taking longer than necessary and being less successful, as well as missed opportunities to learn from frequently occurring issues and plan local services.

Relationships do not only vary from place to place, they differ depending on the issues advisers are dealing with. Generally, local Citizens Advice note that there tends to be more positive engagement on individual claimant issues that on systemic ones.

Last summer, our local Citizens Advice reported discussions to resolve issues individual claimant cases were effective in two thirds (67%) of Jobcentres. Of those who felt discussions were effective, 59% said they contacted Jobcentre managers to resolve individual issues<sup>25</sup>. This suggests it can be important for local Citizens Advice and other local organisations to have direct contact with someone at a managerial level within the Jobcentre to enable effective resolutions to take place. This is particularly true if a complex case needs to be escalated.

Despite the relatively effective resolutions to individual issues, offices say advisers are frustrated by instances where they are not accepted as representatives of clients. Unlike under the legacy system 'implicit consent', which allowed supporting organisations<sup>26</sup> to act on behalf of a client without the need for written consent or the claimant being present, has been replaced with a system of 'explicit consent' for UC. This can cause

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<sup>25</sup>From April 2017 Citizens Advice research of relationships with Jobcentres covering 174 Jobcentre areas

<sup>26</sup> With the exception of MPs helping constituents

significant challenges for advisers, particularly when helping individuals with complex support needs. Such challenges were acknowledged in the NAO report.

*“The biggest problem for me as an adviser is to be able to understand what is going on. Typically, there is no formal written decision that a client can bring to the adviser. Instead, the information is in the client's online account, which means that they have to print out the communication from Universal Credit or state what the problem is (which can be incorrect or confusing), or they must log onto their account in our office, which takes time and means going to a number of screens to track Journal entries. This takes time and requires client signing into account during the advice session which can sometimes be awkward.”* - **Citizens Advice adviser**

*“The removal of implicit consent has hampered our access through the public helpline.”* - **Local Citizens Advice Chief Executive**

Local offices often see recurring issues and are keen to identify and share issues and concerns at the local level. Despite this over half (56%) of respondents to our network survey last summer said reporting recurring issues was currently ineffective and did not appear to bring about change. This risks missed opportunities to address local delivery problems and strengthen relationships.

### **National relationships**

The role of Citizens Advice is recognised at both an official and ministerial level, with regular meetings and data sharing that are welcome and often constructive.

Clear communication between ourselves and the Department is critical for us to raise issues that are apparent on the ground and for the Universal Credit programme to make use of the data and insight we have. Likewise it is also useful for us to have early sight of research the DWP undertakes. The Department has recently improved how it shares some of its own data, with events giving early sight of unpublished data. This allows us to corroborate, question or add additional insight to their evidence at a stage that is useful for the department.

Publically, the Department has been sceptical about the information that third parties provide. We see some truth in the NAO's claim that the Department *'dismiss evidence of claimants' difficulties and hardship instead of working with [organisations that represent and support claimants] to establish an evidence base for what is actually happening'*<sup>27</sup>. We recognise that the DWP has its own data and resources to commission robust studies, and data provided by third parties will in many cases not be sufficient to base decisions on alone. However, third party evidence and data can provide expertise on particular groups and insight to the impact an issue might be having. It can also be useful to stimulate further research by the Department itself into an identified pinch point or problem.

The improvement in data sharing channels suggests that the Department does recognise the expertise of organisations working with claimant groups, but challenges

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<sup>27</sup> National Audit Office [Rolling out Universal Credit](#) (June 2018)

still exist on receiving feedback on what the Department finds helpful, information about where in the department third party data goes or how it has been used, if at all.

Administering a complex rollout where decisions constantly need reviewing in light of emerging information makes it important that the DWP has open channels for outside organisations to raise issues. The success in building these with Citizens Advice means emerging issues affecting claimants in rollout are raised in a timely way with the Department. This success could be built on further by a greater openness about the Department's decision making processes and priorities as discussed in Part 1, and a feedback loop which would allow us and other organisations to ensure our data and insight is helpful to the Department.

### **Recommendations**

It is important that Jobcentres and the Department work even more closely with other support services and third parties to ensure claimants can access the help they need and insight on how Universal Credit is working and fixes needed can be shared early. To do this, the department should:

- continue to develop local relationships with Jobcentres and third parties to ensure regular and effective communication about individual claimant issues; frequently occurring or systemic issues and strategic planning and local priorities.
- return escalation lines and implicit consent whilst steps are taken to find a longer term solution to balancing data protection and the support needs of vulnerable UC claimants.
- in the longer term, introduce a third party support portal. This would improve security by verifying authentic agencies, reducing the need for explicit consent. This portal should include a mechanism for advisers to escalate issues, view an example Universal Credit journal and claim, and receive updates on any changes to the Universal Credit system.
- continue to discuss and share its evidence regularly with stakeholders prior to publication so that third parties can provide additional evidence and insight as well as stimulating additional research from the Department.
- introduce a feedback loop to third parties who are sharing their evidence and insight so they know how it is being used and to help shape future evidence shared
- share its decision making, and prioritisation criteria for fixes to Universal Credit and greater rollout.
- Share its plans and timetable for implementing fixes to Universal Credit.

## **Part 3 - The longer term aims of UC**

Universal Credit has ambitious aims to simplify the benefits system, and to improve employment outcomes by making every additional hour of work pay. Citizens Advice supports these aims. However, we are concerned that the design and delivery issues of the new benefit risk undermining them.

Universal Credit seeks to encourage people to get into and increase hours of work, particularly through strengthened work incentives. Whilst financial work incentives are strengthened overall through Universal Credit, changes to work allowances now mean work incentives are no longer strengthened *for all* groups compared to the legacy system.

Financial work incentives play an important role but in our recent report looking at Universal Credit and Work Incentives<sup>28</sup> we highlight how in the real world, it is difficult to predict the impact these purely financial incentives have. Evidence and insight from our advice giving suggest people consider a wide range of factors when making decisions about work - from the practicalities of their childcare to caring responsibilities, travel arrangements and factors related to the job itself.

Consideration of work incentives is often focused on a steady state of work and benefits. In reality, delivery issues, errors, delays and fluctuations can also impact on the decisions people make about employment. As discussed in Part 2, the current process of making Universal Credit claim can be complicated with multiple hurdles which a claimant must overcome. This can mean delays to both the start of a claim and to payments, risking claimant hardship. For many challenges continue throughout their claim and the financial support available can be hard to predict - particularly for those who have fluctuating incomes.

To understand more about how the design and delivery of Universal Credit can support people with increasing their income from work we will be exploring the realities of people's decision-making processes about work in research later this year.

So far comparative analysis of employment outcomes from Universal Credit which has been published has focused on single jobseekers and took place pre-work allowance cuts yet to be published. Therefore, the impact Universal Credit has on employment outcomes across the different groups of claimants is still unknown.

## **Recommendations**

To ensure Universal Credit meets its longer term aims of simplifying the benefits system, and to improving employment outcomes the Department should:

- focus on developing UC in a way that reduces the risks and burden of administration and ensure it works for all modern jobs.
- given the complexity and variety of relevant factors, further research and evaluation of the employment impact of UC is needed to inform the policy and design response.

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<sup>28</sup> Citizens Advice, [Universal Credit and Modern Employment: Work incentives](#) (April 2018)