



8-country peer review on take up of social assistance benefits; Summary of UK response to Questionnaire on eligibility, conditionality and take up

Helsinki 12-14 March

Introduction (*note – additional information for those interested is in boxes and appendices*).

The UK social assistance system for working age people is a general, tax-financed regime of non-contributory incomes of last resort, paid conditional on income tests and work conditionality. The Ministry responsible is the Department for Work and Pensions (DWP), though 'top-up' benefits for those in low wage work are paid by Her Majesty's Revenue and Customs (HMRC). Box 1 below, summarises benefit claimant numbers for various benefits.

Box 1: Benefit claimant numbers

- There were 20 million benefits claimants in Great Britain in August 2017, 6.8 million of them of working age.
- Some people are claiming one benefit, others are claiming several benefits.
- About 3.6 million people were on income-tested 'out of work benefits' (*combining out of work new Universal Credit claimants and claimants of the remaining 'legacy' benefits for people out of work – see below*).
- Thus 3.3 million people who claimed benefits were in paid work, claiming income-tested top-up benefits, i.e. Working and Child Credits (both currently being replaced by Universal Credit).
- 3.9 million of the 6.8 million claimants received income-tested housing benefits support;
- 2.4 million people also claimed Incapacity Benefits (no new claims are payable; it was replaced by Employment and Support Allowance (ESA) for new claimants), and 2.1 million claimed non-means-tested Personal Independence Payment (PIP) or Disability Living Allowance (DLA) (which is being replaced by PIP for people aged under 65).
- These are 'point' estimates. Over the course of the year the flow of people on and off benefits means much larger numbers of people and their families will have experience of claiming benefits (see *DWP Quarterly Benefits Survey (21 February 2018)*; data to August 2017 accessed at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/682581/dwp-quarterly-benefits-summary-february-2018.pdf).

The Coalition government from 2010 and the current Conservative government aim to substantially reduce spending on social protection. After tackling working age unemployment benefits for those fit for work, three more recent areas of working-age benefit reform have been to lower the amounts and tighten the conditionality attached to claims that had grown most and/or had the largest number of claimants: those related to disability, housing benefit and in-work income top-ups ('Tax Credits').

The government is now making a revolutionary change in the social assistance regime. A single benefit called **Universal Credit** (UC) is replacing the six main working age benefits. These are now called, collectively, 'Legacy Benefits'. UC further integrates the tax and benefit system. It is intended to streamline benefits administration and make it simpler and more responsive to changes in claimant circumstances. It aims '*to reduce poverty, by making work pay, and to help claimants and their families to become more independent*' (Department for Work and Pensions DWP January 2018). There are no restrictions or thresholds on hours of paid work. The benefit is income-tested only. The other main instrument to incentivise labour market participation is behaviour modification through an enhanced conditionality regime with lower benefits and tougher sanctions. In 2016 the National Living Wage (the statutory minimum wage for people aged over 25), was substantially increased. But it remains below the MIS and the wage increase for many in paid work is substantially outweighed by loss of benefits.

The six **Legacy Benefits** are: Income Support; Job Seekers Allowance; Employment and Support Allowance; Working Tax Credit; Child Tax Credit; Housing Benefit. UC is less generous than the system it is replacing. It is intended to save £2.5 billion, on some estimates, £3 billion per year. Since April 2016 there is a four-year benefits' freeze in place for working age benefits which saves a further £3 billion per year.

see Box 2 below for progress on UC roll-out and Box 3 following for data on claims and starts on UC.

Box 2: Roll-out of Universal Credit

- Roll-out was piloted for the simplest claims, initially in the North-West of England, in 2013. Roll-out was sequentially stepped up to more complex categories of claimant and other areas; the pace of implementation, post code by post code, is now speeded up.
- Full roll out will not be completed for new claimants till 2019 and for existing claimants till 2022. 'Migration' is used to describe transition from legacy benefits to UC. '*Managed migration*' will start in 2019. Beneficiaries of legacy benefits will have them mandatorily terminated and replaced with a claim for UC. Transitional protection will apply for those whose UC award is lower. '*Natural migration*' happens when the claimant's circumstances change, and they are obliged to make a new claim; this claim is to UC (the rules vary in 'live' and 'full service' areas). No transitional protection applies. A change of circumstances can mean as little as a change of address.
- There are implementation problems with the progressive roll-out of UC not least because DWP is running Legacy Benefits, 'Live' areas and 'full service' areas at the same time. There are also issues with the real time information system that links HMRC earnings data to DWP benefits. There are concerns about access to information for claimants and the adequacy of training for those who will deliver the support, both within DWP and in local municipalities and NGOs.
- The context for implementation is almost a decade of 'austerity' including severe cuts to local authority budgets for local support services (local authority budgets are now about 50% lower than in 2010), central public service cuts etc. with much more to come.

Box 3: Data on claims and starts for UC

- There are data on claims and starts, compiled from local offices and records of UC paid by DWP. The DWP publication: *Universal Credit statistics: data to 14 December 2017*, was published on 28 January 2018. It is 'official experimental data'. It shows that since UC was piloted in April 2013 there have been 1.7 million *claims* and 1.2 million *starts* up to 14 December 2017. The full service is now available to all claimants in some areas.
- In the month of December 2017, there were 700,000 people on UC. 42% were in employment and 45% were women. Most UC starts are in the 'searching for work' conditionality regime. But data on

the mix of people on benefits and the regime they are under are hard to make meaningful, both because of the nature of the roll-out and because of policy changes to the conditionality regime. For example, from April 2017 there were changes to the regime for single parents and lead carers, leading to a fall in May 2017 in the numbers on the 'planning for work' regime.

Q1 State of play on eligibility and conditionality for Universal Credit

Please note that the description below refers to England and Wales. Within the UK, there are some differences in the scheme operated in Northern Ireland (see www.nidirect.gov.uk/articles/universal-credit) and some limited flexibility in Scotland (mainly over payment period and payment method).

Eligibility for UC

People aged 18-65 with insufficient income are eligible. UC is income tested and is paid to people in paid work and not in paid work. There is no restriction on hours of work. (Box 3 below provides information on the progress of claims and starts for UC).

Some key features of UC in comparison to the system it replaces (the six 'Legacy Benefits')

1. UC is a single claim from a household paid to the lead claimant's bank account. Since this is most likely to be a male claimant, there are gender equality concerns.
2. UC is paid monthly in arrears and the minimum wait for first payment is 5 weeks. There is an assumption of budgeting capacity as for monthly salary paid workers. However, many claimants are/have been, paid weekly or fortnightly, others are /have been, part-time and so have not got a month's worth of full-time income to see them through the month; others have transferred from a mix of other benefits onto UC. A lot of people have debts. Some people have experienced payment delays, of up to 11 weeks, perhaps because they have not understood to claim promptly, or there have been administrative delays. There are significant concerns about risk of absolute poverty during this waiting period and the link to rising usage of food banks.
3. Contact is on-line after initial interview, with few exceptions for vulnerable people. On-line contact can be an advantage for some people with a disability, or in rural areas, but access to IT and the internet can be limited by low incomes and debt, poor broadband infrastructure and the closure or restricted service of libraries and other publicly accessible IT and broadband sources. There are some reports of poor responsiveness to electronic contact with advisors and while the information on-line is clear, DWP does not offer advice for claimants and some people find difficulty in navigating through the system, or in dealing with lengthy forms.
4. The income taper rate is 63p (formerly 65p) but the amounts ([see Appendix 1](#)) and access to them are less generous than the Legacy regime. Working Age benefits largely provide incomes below the 60% median income poverty threshold and below the Minimum Income Standard (MIS, [see Appendix 2](#)). (MIS research is sponsored by the Joseph Rowntree Foundation. It is based on a consensus approach to deciding minimum budget needs for social participation).
5. There is an improved childcare offer of 85% of costs, for working parents only, but as childcare providers have not been fully funded to deliver it, there is a dearth of places relative to demand.
6. Advance and Hardship payments and support for paying mortgage interest, have been replaced with loans repayable deducted from benefits, increasing the risk of indebtedness from other, higher interest sources, to maintain spending.
7. Eligibility has been tightened and premiums for various disadvantages removed (e.g. those for people with some limited capacity for paid work).
8. Eligibility for Work Allowance (essentially an earnings threshold) is restricted to people with a disability and carers and the amounts allowed are significantly lower.
9. Housing costs are reimbursed only for the bottom 30% of rents in an area; those aged under 35 are expected to share a house.

10. Self-employed people have several limitations to their access. As well, after one year of self-employment, for calculation of UC entitlement, the DWP allocates them an assumed income according to a metric. Actual income below the assumed income is not topped up.
11. Social assistance conditionality has tightened repeatedly since 2012 and again under UC. UC also extends conditionality to people in paid work deemed to have insufficient earnings/ too few hours
12. The biggest hit compared to previous benefits incomes is to people with mid-level disabilities, single parents and larger families.

Conditionality

The core of the conditionality regime is the record of agreement contained in the Claimant Commitment, individually tailored but involving the whole household, extended to those in paid work claiming income top-up benefits, and with tougher sanctions than the legacy regime; see below, Box 4.

Box 4: Claimant Commitment: extract from DWP (2016) *Guidance: Universal Credit and your Claimant Commitment*, updated 11 April 2016, see <https://www.gov.uk/government/publications/universal-credit-and-your-claimant-commitment-quick-guide/universal-credit-and-your-claimant-commitment>

- When you claim Universal Credit, you will need to accept your Claimant Commitment.
- In most cases your Claimant Commitment will be drawn up during a conversation with your work coach at your local jobcentre.
- Your Claimant Commitment will set out what you have agreed to do to prepare for and look for work, or to increase your earnings if you are already working. It will be based on your personal circumstances and will be reviewed and updated on an ongoing basis. Each time it is updated, you will need to accept a new Claimant Commitment to keep receiving Universal Credit.
- The Claimant Commitment is your record of the responsibilities that you have accepted in return for receiving Universal Credit, and the consequences of not meeting them.
- Your Universal Credit payments may be cut if you don't meet your responsibilities.
- If you have a Universal Credit online account, you will be able to view your latest Claimant Commitment online. You will also be able to update your progress on your goals using that account.
- If you claim Universal Credit as a couple, both of you will need to accept a Claimant Commitment. You will each have your own Claimant Commitment, and yours may be affected if your partner starts work or their circumstances change.

The enhanced conditionality regime: key features and some concerns

1. Conditionality is extended to more groups, more strongly, including those in work who are deemed to be not earning enough/ doing too few hours of work. People fit for work must spend 35 hours per week on work search and related activity and must also complete their on-line information and communication journal of appointments, training, activities, queries etc. There are limited reductions in commitments for those with mid-level disabilities and caring responsibilities. Only those 'prevented from working' by severe disability or caring 35 hours or more for a severely disabled person are excluded, as well as mothers of infants aged under one year.
2. The standard for conditionality is 'all reasonable steps'. This is interpreted at a higher level of commitment than in the past. Destitution is a real risk. Sanctions are similar to JSA but tougher. The minimum sanction for a first 'offence' for someone 'fit to work' is 28 days removal of 100% of the Standard Allowance. It goes up to 3 years for 3 'offences' in 52 weeks. For people in the most vulnerable groups, the first sanction is a 40% cut in the basic allowance. 'Offences' can be minor errors or omissions, can be implemented consecutively, and there can be 'run on' penalties from the sanction after compliance is proved.
3. There are in-built issues with the severity of the regime and limited exclusions and support for vulnerable people. 100% of people on legacy benefits for 4 years or more have been sanctioned (Webster, D (2017) *Benefit Sanctions Statistics: JSA, ESA and Universal Credit*, February, accessed at

www.gla.ac.uk/schools/socialpolitical/staff/davidwebster). This is expected to worsen sooner under UC.

4. There are misunderstandings and sometimes misinformation around the detailed regulation on claims, mandatory reconsideration and appeals. There is fear, especially amongst some disabled people's groups, at the powers of Work Coaches around the Claimant Commitment, its fulfilment and decisions to sanction.
5. Some groups of people with a disability believe that chronic illness (as opposed to disability, where some people are well, not ill) is not properly addressed in the design and regulations of the benefits system, leading to confusion and poor decisions, especially for variable conditions and mental ill-health or disability.

Q2 Data on take-up

Universal Credit

There are no data on UC take-up and none are expected this year. There is a Strategy for the release of all types of statistics on UC, last updated in January 2018: see www.gov.uk/government/publications/universal-credit-statistics-background-information.

Legacy benefits

There are annual data from DWP on legacy benefits. The most recent is September 2017. It does not include data on top-up benefits (e.g. Working Tax Credits) for those in paid work. The next publication is May/ June 2018.

The data are estimates based on a sample survey. Working age benefits show significant variation in take-up, by benefit. The lowest take up is for JSA and working tax credits (see later). There is an overall trend of decline in take-up from 2012 to 2016.

Note: The DWP publication says they do not have the data in their modelling to explain take-up. They state the following potential reasons for non-take-up: the attractiveness of the benefit; lack of awareness of the benefit or the application procedure; lack of awareness of entitlement.

Table 1: DWP Income related benefits: estimates of take-up: data for financial year 2015/2016. Published 14 September 2017

Benefit	Caseload: i) % of eligible persons who claimed their benefit; ii) number of entitled families who did not claim benefit	Expenditure: i) % of total amount that could have been claimed that was claimed ii) amount unclaimed
Income support (IS)/ income related Employment and Support Allowance(ESA)	80% take up 0.5 million families did not claim	86% £2.7 billion unclaimed (ave. £5000 per year per family)
Income based Job Seekers Allowance (JSA)	60% 0.5 million families did not claim	59% £1.6 billion unclaimed (ave. £3,000 per year per family)
Housing Benefit	80% (77% in 2016) 1.60 million families did not claim	85% £4.8 billion unclaimed (ave. £3,500 per year per family)

Detailed data breakdown are available at www.gov.uk/government/statistics/incomerelated-benefits-estimates-of-takeup-financial-year-201516

Box 5: Trends and patterns in take-up

Income Support (IS)/ Income related Employment Allowance (ESA). Over the 4 years 2012/13-2015/16 there has been a 2 percentage points decline in caseload and expenditure take-up of IS and ESA combined.

Housing benefit (HB) caseload take-up for working age households has declined over the four years 2012/13 to 2015/16 by 4 percentage points. There is significant variation by housing sector. Take-up declined from 86% to 85% in the social rented sector, but from 72% to 64% in the fast-growing private rented sector. Expenditure take-up declined from 88% to 85%. The decline was 92% to 91% in the social rented sector and 83% to 76% in the private rented sector.

Case load take-up of HB was greatest for singles with children and lowest for couples with children, where it has declined to 59%. Expenditure take-up was also highest for singles with children and lowest for couples with children where it declined to 77%. Single adults without children fared between the two and showed the same but smaller (2 percentage points) decline.

Income based Job-Seekers Allowance (JSA). These are the only statistically significant changes and they are large changes. Case-load take up for JSA declined 11 percentage points from 67% in 2012/13 to 56% in 2015/16. There was a 3 percentage points fall from 2014/15 to 2015/16. Expenditure take-up declined 12 percentage points over the 4 years: from 71% to 59%. There was a 5 percentage points fall in the last year. The interpretation of these figures is challenging. The DWP publication notes that the roll-out of UC means fewer people eligible for the legacy benefit that is income-related JSA. They say also that in a high employment environment, given the conditions attached to claiming JSA, people may choose not to claim and hope to find a job quickly. They say there may also be other factors, not stated.

Tax Credits: Working Tax Credit (WTC) and Child Tax Credit (CTC): There is a relatively old (2011) report on tax credit take-up for HMRC: Breese, H., Maplethorpe, M., Toomse, M. (2011) *Take up of Tax Credits, HM Revenue and Customs Research Report Number 144* published by the National Centre for Social Research. The data are from 2 panel surveys. The Report showed that take-up estimates for 2008/9 were much higher for Child Tax Credit than for Working Tax Credit. 80% of eligible families claimed CTC and only 58% claimed WTC.

The Report combined questions on the 2 types of tax credit, for reasons not stated. 84% of eligible non-recipients had heard of tax credits, but 78% of those who were eligible, had heard of them and had not taken them up, because they did not think they were eligible. The 15% of eligible non-recipients who would not take up tax credits for other reasons were concerned about privacy – linking of earnings and social security records, and the small amounts that would be gained meaning the complexity of applying was not worth it. But 92% of recipients of tax credits would recommend tax credits to someone who was eligible and not claiming.

The report suggested that increasing take-up is not easy because eligibility and entitlement criteria for tax credits are 'quite complicated'. WTC claims were rising at the time of the report, but the authors say they 'did not have a good understanding of the factors that drive that increase. The authors thought one thing HMRC could do was address concerns about the risks and impact of overpayment. But these fears seem to have migrated from legacy benefits to UC.

Exclusion from benefits on eligibility grounds and for failures to comply with the conditionality regime

The focus of this Peer Review is individual take-up, but equally, Government policy has cut access to benefits by repeatedly tightening eligibility and reducing awards. This is the case for individual and household income and asset thresholds, work allowances, reduction or removal of premiums for categories of claimant, and the conditionality regime. The overall benefits cap breaks any link between need and meeting it. The household benefits cap has caused particular concern in London. The removal and reduction of work allowances and disability premiums has caused widespread concern. An egregious example of exclusion is the two-child policy for support for children, with rare exceptions including the non-consensual sex clause (evidence required, though modified after public disquiet).

People can be excluded from benefit by a severe, challenging and complex conditionality regime, including many people who have been wrongly disallowed benefits. A government sample audit reported by John Pring in Disability News Service on 8 February 2018 found that up one-third of disability assessments by Capita for Employment and Support Allowance, are significantly flawed and one in fourteen are so poor as to be 'unacceptable'. (see <https://www.disabilitynewsservice.com/the-pip-files-nearly-one-in-three-capita-assessments-were-flawed-reports-reveal/>)

The shortcomings of many Work Capability Assessments are indicated in the rate of success on challenge. According to fullfact.org, (8 November 2016) one quarter of initial challenges (mandatory reconsideration) result in the decision being overturned. For those that get to the appeal stage, the success rate is three-fifths. But the number of appeals is falling significantly since mandatory reconsideration was introduced in October 2013. Unlike the appeals stage, this stage does not involve external judgements. (See <https://fullfact.org/health/appealing-fit-for-work-decision/>)

Gail Ward, a well-known disability activist, has said experiencing the benefits system is like '*living with an abusive partner*'.

Q3 Suggestions to improve take-up

1. The Scottish Government take up campaign (part of Fairer Scotland) is strongly based on the principle that benefits are a right and government must proactively inform people of their right to benefits and work to end stigma. This can be a model of good practice for the rest of the UK.
2. Better information and public awareness campaigns about *eligibility* (see Box 5, the panel survey on tax credits, above).
3. Simpler eligibility criteria.
4. A greater focus on claimant need rather than administrative convenience would make the system more responsive and easier to access, which would itself increase take-up.
5. IT: UC general information from DWP on-line is very clear and the date and payment are clearly provided. The requirements in the Claimant Commitment are also more clearly expressed than in the Legacy Benefits. But the on-line application system can be a barrier to access, the on-line journal can be a challenge and some people have difficulties with navigation and responsiveness.
6. As a trusted source some trades unions could do more to support low paid and part-time members to improve awareness of eligibility and to help with completion of claims. But a more creative trades union membership drive is needed, unionisation is low in the sectors and groups most likely to be eligible for top-up in-work benefits.
7. Better training for DWP and agency staff: there is too much risk of misinformation around eligibility and relevant benefits – especially during transition from legacy benefits where wrong information or advice can mean the claimant can receive a significantly lower benefit. There is a strong feeling amongst some groups that there is also disinformation and DWP must do more to ensure this is seen to be baseless.
8. Reverse local authority cuts to enable reasonable resources and more independence of action by local municipalities and local support organisations to provide information and support at all stages from initial claim to appeal. There is now increasing mistrust especially amongst people with a disability, of large organisations contracted by government to support them or to deliver programmes.
9. Rebalance the benefits regime to ensure more positive support instead of a punitive regime of behaviour modification. It seems likely that take-up of JSA is affected by the conditionality regime (see Box 5 above on take-up). As well, the potential of Work Coaches to provide positive mentoring and support has been compromised by their sanctioning powers. Especially for more vulnerable groups, there is no evidence that it works and increasing evidence of distress. A more positive approach would improve mental health, aspirations and engagement with the system, including take-up.
10. Recent research has indicated that poor work is worse for health than no work (see Chandola T. and Zhang N. (2017) Re-employment, job quality health and allostatic load markers: prospective evidence from the UK Household Longitudinal Study, *International Journal of Epidemiology*, 1-11, accessed at: <https://doi.org/10.1093/ije/dyx150> This should be considered in redesigning labour market and benefit regimes.
11. Forecasts for the future of work suggest further loss of traditional jobs, especially at the less skilled end of the labour market. Transitions between work status as employee, worker or independent contractor, with very different employment and welfare rights, are expected to be more common and more frequent. Labour Market and welfare regimes must better deal with this potential future.

Appendix 1: UC awards

UC is made up of a basic 'standard amount' and extra amounts in specific circumstances. The tables below are drawn from www.gov.uk/universal-credit/what-youll-get. There is no benchmark of adequacy.

Standard amounts

Circumstances	Monthly standard allowance
Single and under 25	£251.27
Single and over 25	£317.82
Couple both under 25	£398.20
Couple one partner over 25	£498.89

Extra amounts for eligible clients

Circumstance	Extra monthly amount
First child	£277.08 (born before 6 April 2017) £231.67 (born on or after 6 April 2017)
Second child	£231.67 Per child
Help with childcare costs ¹	85% of costs up to £646.35 for one child and £1108.04 for two or more children
Disabled or severely disabled child	£357.78 to £649.38
Disabled or with health condition that prevents applicant working ²	£318.76
Caring for a disabled person	£151.89

Larger families: An applicant can only get help for a third child or further children in the following circumstances: the child was born before 6 April 2017; the applicant was already claiming for more than two children; the applicant was claiming for more than two children but stopped within the last six months; the child was born because of 'non-consensual conception' (e.g. domestic violence or rape). Families with three or more children will migrate to UC in late 2018.

Housing costs: Help with housing costs includes rent, mortgage interest (Support for Mortgage Interest (SMI) is paid as part of the housing element of Universal Credit, but now after 39 weeks rather than 16), some service charges and interest on a loan secured against the applicant's house. The amount depends on age and circumstances.

Work Allowance: UC is withdrawn as earnings rise. For every net £1 earned, UC is reduced by 63p (formerly 65p). In certain circumstances, there is an allowance of earnings before the taper operates, viz., if the applicant has a child or a disability or health condition that affects ability to work. The amount that can be earned before the taper operates is called a 'Work Allowance'. The taper was previously a bit steeper (65%) but Work Allowance

¹ See www.gov.uk/help-with-childcare-costs

² See www.gov.uk/universal-credit-eligibility

rules are applied to more groups formerly than it does under UC regulations and many fewer people are eligible for Work Allowance. Since April 2016 amount of Work Allowances (essentially earnings thresholds) are significantly lower.

Work Allowance

Circumstances	Monthly work allowance
Applicant has help with housing costs	£192
Applicant does not get help with housing costs	£397

Appendix 2: Figure 40 Composition of working age households below MIS, by employment status, from Padley, M. Martinez, LV. and D Hirsch (2017) *Households below a Minimum Income Standard: 2008/09-2015/16*, Joseph Rowntree Foundation, November, p36

