



# Welfare Conditionality

SANCTIONS, SUPPORT AND BEHAVIOUR CHANGE

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## Written evidence from the Welfare Conditionality: Sanctions, Support and Behaviour Change Project

### Submission to Work and Pensions Select Committee inquiry: Universal Credit rollout

October 2017



## **1 Introduction**

2.1 Our project [Welfare conditionality: sanctions support and behaviour change](#) (WelCond) is a five year (2013-2018) programme of research funded by the Economic and Social Research Council. It brings together researchers working in six English and Scottish Universities - University of Glasgow, Heriot-Watt University, University of Salford, Sheffield Hallam University, University of Sheffield and the University of York, which acts as the hub for this partnership.

2.2 Within social security benefit systems the application of a principle of welfare conditionality links eligibility to continued receipt of work related benefits to claimants' engagement with mandatory, work focused interviews (WFIs), training and support schemes and/or job search requirements, with failure to undertake such specified activities leading to benefit sanctions.

2.3 A key aim of WelCond is to develop an empirically and theoretically informed understanding of the effectiveness of conditional welfare benefits (that mix elements of sanction and support) in promoting and enhancing engagement with the paid labour market over time. Three elements of fieldwork inform the project; including interviews with policymakers and other key informants and focus groups with policy stakeholders. Additionally, at the heart of the project, is a large qualitative, longitudinal repeat panel study conducted with a diversity of welfare service users (WSUs) to enable data grounded in the perceptions, experiences and expectations of those subject to welfare conditionality to inform future policy and practice.

2.4 Within the repeat panel study a total of 1,083 interviews have been undertaken with people from cities and towns in England and Scotland including Bath, Bristol, Edinburgh, Glasgow, Inverness, London, Manchester, Peterborough, Sheffield and Warrington.

2.5 Our final research findings will be available in 2018. The evidence offered here is drawn from our ongoing analysis of repeat interviews conducted with 59 Universal Credit claimants. We also attach two indicative case studies which highlight some of the ongoing fundamental problems related to Universal Credit discussed below. This submission was prepared by Professor Peter Dwyer, University of York, and Dr Sharon Wright, University of Glasgow.

## **2 What have been the effects of the introduction of full Universal Credit service in areas where it has replaced the live service?**

2.1 Our repeat interviews with UC claimants were conducted in the following areas in a period stretching from Winter 2014 to Summer 2017: Bath, Greater Glasgow, Inverness, Greater Manchester, Salford and Warrington. The majority of these locations are now UC full service areas.

2.2 Our interviewees reported frequent financial hardship both in and out of work (one in-work claimant had to use a foodbank), poverty, unmanageable debt, rent arrears and evictions. Anxiety and depression were widespread. The strong emphasis on sanctions was not balanced by effective support. Many of our interviewees reported a lack of support and impersonal contact with Jobcentre Plus (although there were examples of empathetic work coaches), which some interviewees experienced as intimidating, dehumanising and disempowering, *'just all threats'* (UC recipient, male, England).

2.3 In the context of very limited face-to-face contact and a focus on sanctions, mandatory online self-help use of Universal Jobmatch was the main source of 'support' for most of those we spoke to. This 'support' was not 'personalised' in any meaningful sense and several claimants found it unfit for purpose. The requirement for claimants to use the system every day did not match the flow of vacancies, which was less frequent. Applying for a vacancy often involved linking to an external website, but this was not necessarily logged as job search activity (because of the limitations of the Universal Jobmatch system). This meant compliant claimants could be sanctioned because of inadequate IT system design, rather than their own lack of effort.

*'It's the same ones [vacancies], but they're just taking it from different sites and they don't... update them as regularly as the other sites.'* (UC recipient, female, England)

2.4 The high cost of UC telephone support is also problematic:

*'When I got put on the Universal Credit, that cost me a tenner on the first week just to get things sorted because everything is a premium rate line. I don't get that. They're giving you money and then you're paying a bill... Why is it not an 0800 number? Why is it not freephone? Why are they giving you money to give away to other companies? Surely, that money they're giving you should be money for yourself to keep you going.'* (UC recipient, male, Scotland)

### **3 How long are people waiting for their Universal Credit claim to be processed, why, and what impact is this having on them?**

3.1 Several of our UC respondents reported waiting up to 10 weeks in total before receiving their first payment. More generally, our study has found the long waiting period for an initial payment to be processed (5-6 weeks) in combination with payment delays meant many claimants (both in and out of work) did not have sufficient income for basic necessities. Since the payment includes child and housing components, this caused significant hardship and distress.

*'That was absolutely terrifying. As soon as you start getting in debt, when you get into arrears like hundreds of pounds you start getting nasty letters from your landlord and possibly eviction as well... I was like a nervous wreck.'* (UC recipient, male, England)

#### **4 Is the advance payment system appropriate and is there adequate awareness of its availability?**

4.1 Since UC is means-tested, claimants are likely to be living in poverty when they begin their claim, which worsens during any waiting period and when payments are delayed. Advance Payments are meant to reduce such risks. According to the DWP about half of all new UC Full Service claimants receive an Advance Payment prior to receipt of their initial personalised UC payment. The fact that approximately 50% of UC claimants need such an advance is perhaps indicative of a more systemic failure within current policy.

4.2 While Advance Payments are made available to help tide people over during the waiting period, they are discretionary and only available as repayable loans deducted from any future payments (set at below-poverty rates). As recipients pay back their Advanced Payments incrementally, out of subsequent UC payments, many people are having to live on a reduced income moving forward, potentially worsening budgeting problems and increasing debt in the future.

4.3 Many of our interviewees did not know about the advance payment system.

#### **5 How are claimants managing with being paid Universal Credit monthly in arrears?**

5.1 Many of our respondents struggled to manage the switch from fortnightly to monthly payments. They found the move to UC being paid monthly in arrears to be highly problematic because the level of payment was insufficient to meet all basic needs. While waiting, people are routinely left with little or no money for basic necessities like food and rent payments and consequently fell into debt. Our data show negative consequences including financial hardship (food bank use), debt, ill health, rent arrears, evictions and eviction threats and increased risks of homelessness.

*'Hate this monthly pay. I don't know how people survive on it. It was easier when you were getting paid fortnightly. At least you just had to get fortnight to fortnight. Getting it monthly, and then you've got all your bills coming out of it a month, and then you're looking at £80-odd, or £100 for the month.'*

5.2 In contrast, a minority of interviewees had adapted to monthly payments and were making it work for them. One young man stated:

*'It's good because it teaches you, it installs it like when you're at work you're paid monthly at your job. So it kind of mimics that style of pay rather than fortnightly, to*

*Jobseeker's. So I think it teaches you to manage your money better, because you've got to wait longer if you use that up quickly.'* (UC recipient, male, England).

## **6 What impact is Universal Credit having on rent arrears, what effect is this having on landlords and claimants, and how could the situation be improved? Does Universal Credit provide people in emergency temporary accommodation with the support they need? If not, how could this be improved?**

6.1 Payment of the housing element of Universal Credit directly to the claimant, rather than the old system of directly to the landlord, has significantly increased rent arrears among vulnerable people. While a number of respondents reported they had no problem with the housing element of UC being paid directly to them (as they had set up a direct debit to pay their rent), others found payment of the UC housing element directly to them to be more problematic.

6.2 Those UC recipients in our study who found direct payment to them problematic expressed a strong preference for the housing element of UC to be paid directly to the landlord through APA-type arrangements. This assisted with their budgeting decisions as they struggled to balance the competing costs of meeting housing and other basic needs (e.g. fuel and food) whilst living in poverty. Payment of the housing element of UC directly to the landlord provided peace of mind in respect of paying their rent and maintaining security in respect of their tenancy.

6.3 Linked to the above, direct payments to landlords of the housing element were seen as being especially beneficial in potential crisis situations such as those triggered by the application of a benefit sanction. On such occasions benefit recipients reported the necessity of using their remaining 'rent money' to meet other basic needs, exacerbating rent arrears and placing tenancies at risk.

## **7 What effect will the scheduled Jobcentre Plus closure and relocation programme have on the operation of Universal Credit?**

7.1 Two effects are likely. First, face-to-face, locally available support in relation to job search is likely to diminish. Many respondents valued such support and believed it to be more effective in helping them move into employment. Second, linked to this, UC is a digital by default system. Where face-to-face support is replaced by online systems those without the digital skills and resources required to access such systems will face further disadvantages in their search for work.

## **8 Is the roll-out schedule appropriate?**

8.1 While we support the heightened calls for a pause in the rollout of Universal Credit, a more systematic rethink of Universal Credit is required for it to be able to address the detrimental outcomes and issues highlighted by our ongoing analysis.

## 9 In-work UC recipients

9.1 We should also like to draw attention to another aspect of UC that was particularly criticised by participants in our research. In-work UC recipients believe they should not be subject to similar sanctions as those UC claimants who are unemployed, particularly in relation to missing Job Centre appointments due to work commitments.

9.2 Our evidence demonstrates a mismatch between the design of conditionality and its application to in-work claimants of UC. The job search requirements on them currently do not fit their lived experience, as they already provide evidence of their willingness to work by being in paid employment. A further mismatch exists with the fluctuating expectations of employers and changing workforce norms (including zero hours contracts that make exact working hours and times unpredictable) and the inflexible requirements of conditionality.

*'All the first employers want you to be available at the snap of a finger for the zero-hour contracts... So when you go for a second job, if you're in retail everybody's going to want you on a Saturday, aren't they? If you go, 'Oh no, I'm at such-and-such that day' they're going to go, 'No'.'* (FG3, Universal Credit, Scotland)

9.3 In addition, the post-2016 erosion of work incentives in the UC system means work pays less than originally intended, does not guarantee an escape from poverty and there are financial disincentives for second earners (likely to impact disproportionately on women and increase the likelihood of poverty in the short- and long-term).

9.4 In respect of variable monthly payments, a minority of in-work UC claimants interviewed reported that the system was functioning appropriately, and that they were able to manage their finances as their employment status changed and they moved in and out of paid work.

*'As soon as I start with them I ring up Universal Credit... If they think I haven't earned too much or whatever then they'll top it up. Like I say if I've earned too much then I won't get a payment... personally I find Universal Credit actually it's quite good if you're actually working, but when you're not working it's awful.'* (UC recipient, male, England).

9.5 That said, many of our UC respondents were also struggling to get to grips with monthly variations in their Universal Credit payment due to ongoing fluctuations in money earned from paid employment. Because UC is paid in arrears, based on earnings for the previous month, the system assumes that moving forward any earnings from work will be at the same level the next month, with the amount adjusted up or down depending on previous monthly earnings. However, this is routinely not the case for a lot of people. One in-work recipient of Universal Credit in Bath told us:

*'I've got rent arrears [£2,500] and just trying to sort of like survive, I can't do it on my weekly payments... that's when I'm working... I'm not sat on benefit waiting to get benefits... I've got no Universal Credit this month because apparently I earned too much.'*

9.6 Requiring those already in work to attend interviews with job coaches under pain of sanction is plainly counter-productive. It does not meet with the needs of employers who want people to be at work rather than discussing options in Jobcentres, and it is a nonsense for a policy that is supposed to encourage engagement with paid employment to be sanctioning people for not attending interviews because they are working.

*'I rang them up to say that I couldn't come in because I was working full-time. So they said that was all right. Then I got a letter saying I'd missed my interview and they've taken me off Universal Credit. So I thought, you know what, just stuff you. I can't be bothered with them anymore... So, basically, mostly I've struggled because I just can't be doing with them.'* (UC recipient, female, England).

**10 In June 2017, the Scottish Government published its response to the consultation on introducing new flexibilities to Universal Credit claims and payments in Scotland. In light of this publication, the Committee also seeks submissions on the following points:**

- **What steps are Scottish local authorities taking to prepare to implement the new flexibilities, and do they anticipate any difficulty in doing so?**
- **What is the anticipated impact of the new flexibilities on claimant and housing provider experiences with Universal Credit?**
- **Is there a case for introducing the flexibilities elsewhere in UK?**

10.1 Sections 29 and 30 of the Scotland Act 2016 allow Scottish Ministers to introduce flexibilities in relation to UC with regard to the person to whom, and the time when, UC is to be paid. These are:

1. having the option of being paid UC twice a month rather than monthly;
2. having the option of any UC housing element being paid direct to social and private sector landlords;
3. the power to vary the amount of housing costs paid to people in receipt of Universal Credit; and
4. the power to split payments between members of a household.

10.2 As previously noted above, evidence from our study indicates that:

- a. many UC recipients have struggled with the switch from fortnightly to monthly payments.

- b. payment of the housing element of UC directly to the claimant, rather than as previously to the landlord, has significantly increased rent arrears among vulnerable tenants.

10.3 We believe that there is a strong case for the wider adoption of the Scottish flexibilities 1. and 2. elsewhere in the UK and that this would help to mitigate some of the negative impacts of UC, improve claimant experience, and reduce the likelihood of rent arrears and increased debt moving forward.

## 11 Our recommendations

- **Make the Universal Credit telephone support line a free number**, so that claimants do not incur unaffordable financial costs for essential support.
- **Adopt a flexible approach in respect of UC payment** allowing recipients to be paid fortnightly or monthly in line with their preferred choice.
- **Allow the option for the housing element of UC to be paid directly** to social and private landlords (with claimant choice to receive the housing element directly).
- **Within joint claims routinely make payments of UC the main carer**, rather than the main earner (with claimant choice to opt in for main earner to receive the payment on request).
- **Introduce entitlement to a basic level of UC from day 1 of new claim** payable as a benefit rather than loan. This will incentivise the need for new claims to be processed quickly and help avoid the poverty and increased debt that currently often ensue as UC claimants wait for an initial personalised payment or as when Advanced Payments are deducted from future UC benefit.
- **Recalibrate the operation of in-work UC** to remove the threat of financial sanction from those already in paid employment and ensure that claimants are not sanctioned for: non-attendance at Jobcentre Plus interviews due to their existing paid or unpaid work (e.g, caring) commitments; or inability to apply for extra employment when that is incompatible with existing employment contracts.

### More broadly we urge the UK government to:

- **Undertake a fundamental review of the appropriateness of applying welfare conditionally** in general and benefit sanctions in particular to disabled people, lone parents with young children and in-work recipients of Universal Credit.

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Further information is available from:

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## Appendix 1: case study

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### **Mark – a life-long worker claiming UC a wage top-up for the first time, who feels ‘criminalised’**

Mark\* is in his fifties, working part-time, and claiming Universal Credit as a wage top-up. He previously worked full-time in a warehouse for 15 years, until he was made redundant. Before the introduction of UC, he would have claimed tax credits to top up his low-waged full-time work. This would have meant that he was free from conditionality and he would not have had to attend Jobcentre Plus appointments.

Mark worries about sanctions, although he has never been sanctioned, and says that there are threats about having benefits stopped on all the UC paperwork. As a life-long worker, he had not previously claimed benefits and says that he does not understand the benefit system. He says:

‘The first moment I walked in to the Jobcentre, I felt criminalised [...] you’re looked down upon, burly security staff who don’t seem to be doing a lot ... But they’ve got the authority to tell you to do this and to do whatever... to me it was as if I’m signing up to prison or something... you feel like a criminal. I’ve always worked and so I think I should have been treated a little bit differently rather than just being stuck up as another unemployed person. I needed sort of like special help because I’ve never been sort of like on these benefits and I haven’t got a clue.’

He feels that he was an in-work ‘guinea pig’ for UC. He has been required to use computers, especially Universal Jobmatch, to conduct and record his job search (to increase his hours from part-time to full-time) but describes himself as ‘computer illiterate’. He says:

‘I haven’t got a clue about computers... I don’t even like touching them, they frighten me sort of thing. I can’t see for a start, that’s why I’ve never bothered. I couldn’t see the little writing and all that... to me it was just too bewildering. It’s too much.’

There was a long delay in receiving his first UC payment, which, along with an additional administrative error, caused three months of rent arrears. He requested that the housing element of UC (which previously would have been Housing Benefit) be paid to his social landlord directly, but that did not happen. He has been taken to court for rent arrears and felt ‘everything was looming over my head’. He has depression and anxiety and was recently hospitalised for a serious chest infection.

\*Not his real name

### **The compliant but ‘scared’ unemployed Universal Credit claimant experience – sanctions outweigh support**

James\* is claiming Universal Credit whilst out of work. He is afraid of being sanctioned:  
‘I’m scared to death of getting sanctioned because God knows what I’d do, for my rent if nothing else. Sometimes you’re down to your last round of bread before, you know, you’re asking your friends to borrow you a tenner until the week after and things. So if they started taking more money off me, yes, God knows how I’d live. [...] I think it’s hard enough on benefits as it is.’

He does not feel that he needs to be threatened with a sanction because he wants to work.  
‘I’ll do whatever they ask me to do. I don’t want to get in to the sanctions you hear of and you hear people getting sanctioned and all that. I can’t afford that, I’m barely living as it is so I don’t want to lose any more money. I do want to find a job. So whatever they want me to do for me to find work I’ll do yes.’

When he first applied to UC, there was a delay of five weeks before he received his first payment. He has previously been on the Work Programme, but now is unsure what support he will get to find work. James has a long history of work, but since having a back injury and other health problems, has found it difficult to find or sustain paid work. He is ‘not very confident at the moment’ about finding work, despite applying for ‘five to six jobs a day’:

‘I’m applying for anything that’s out there... I just want to get off benefits and get back to work.’

In James’ case, the threat of sanctions is unnecessary because he is keen and active to find work:

‘I want to find a job. I don’t need people to tell me what I have to do and threaten me with taking money off if I don’t do it. I want to find a job as quickly as I can.’

James’ experience is that the frequent threat of tough sanctions is not balanced with effective support to find a job:

‘The Jobcentre used to try and help you find work, you’d go in and they’d get on the computer and say ‘Oh we’ve got that many jobs today’. That doesn’t happen anymore. They don’t really help you to find a job. They just help you to sign on every two weeks. You know, you go in and they say ‘Right, come back in two weeks’... They don’t really help you to find a job anymore.’

\*not his real name