
Universal Credit

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Welfare that Works

“ Universal Credit will mean that people will be consistently and transparently better off for each hour they work and every pound they earn.

It will cut through the complexity of the existing benefit system to make it easier for people to get the help they need, when they need it. ”

Iain Duncan Smith

Universal Credit: Welfare that Works

November 2010

Reform is needed

Dependency

- 28% of working age people receiving out-of-work benefits have done so for nine of the last ten years
- Financial gains to work are slight

Complexity

- Lack of transparency makes transition to work too risky
- Thirty benefits
- Three delivery organisations
- 10,000 pages of guidance

Cost

- £3.5bn to administer
- £5bn a year is lost to error and fraud
- £95bn forecast for working age spending in 2010-11
- Human cost – wide ranging and intergenerational

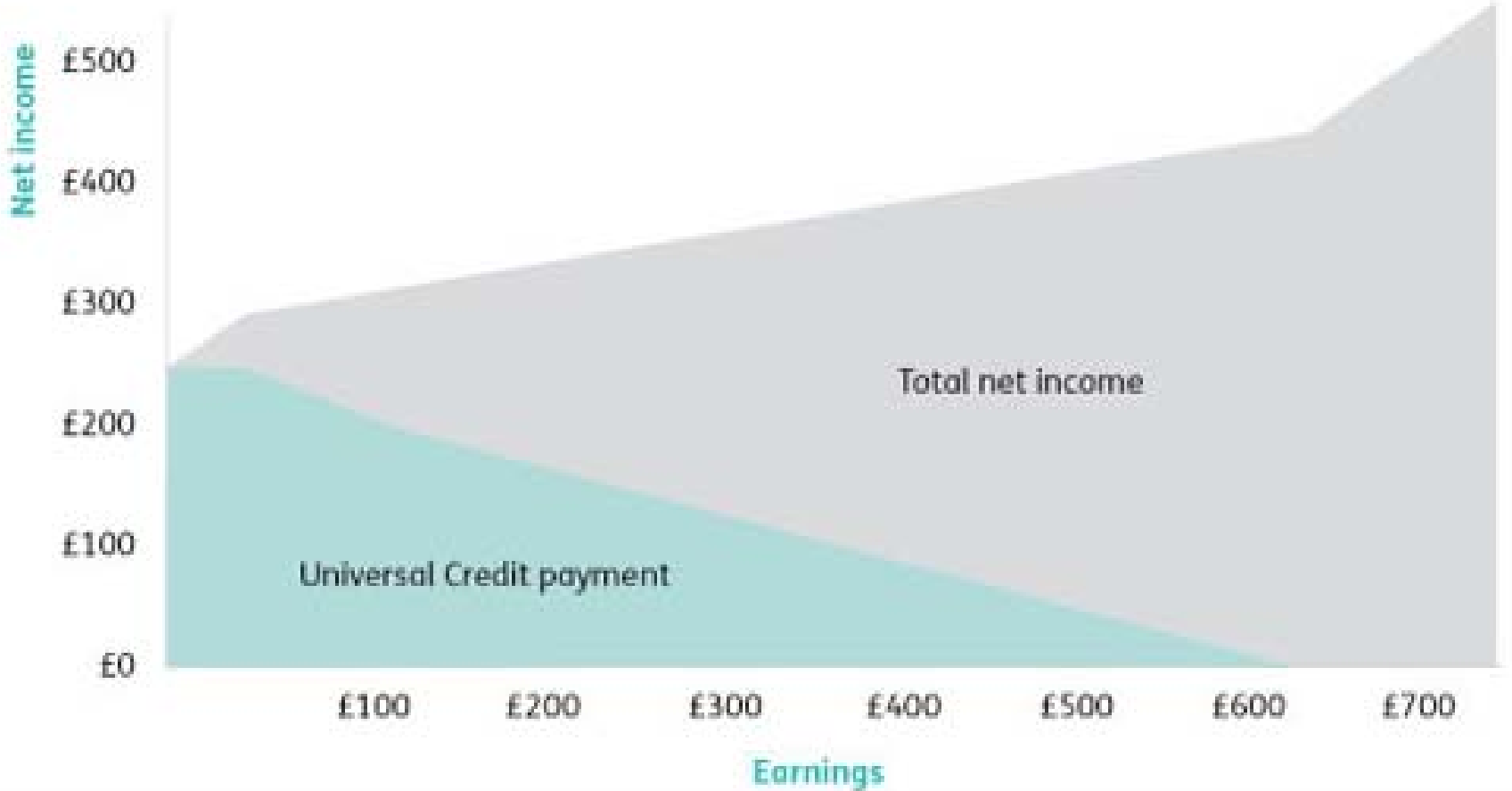
Universal Credit is

A policy	intended to produce behavioural change
A benefit	with a single taper and set of rules
A gateway	managing access to employment support <ul style="list-style-type: none">• work programme• job search
A platform	enabling the modernised delivery of future benefits
An ambition	reforming welfare to support social justice

Changing attitudes to work

- Clear incentives
 - Integrated benefit and a single taper means more work results in more household income
 - Increased financial incentive to work
- Simplified processes
 - Interruptions and uncertainties inherent in having to switch between benefits go away
 - Increased incentive to take short term work and try jobs out
- Reducing differences
 - Make financial management as similar as possible in and out of work
 - Increased readiness for managing money independently

Changing attitudes to work




Designing the Universal Credit service

- Universal Credit is being designed from the outset to
 - Support policy outcomes, helping more people to become more self-sufficient
 - Support efficient delivery, cutting out unnecessary paper and processing
 - Provide high quality service, understanding and meeting claimants' needs
- The service will be
 - Digital by default, reflecting changing patterns of service in areas, but supported by other channels for those who need them
 - Automated, to reduce processing costs and increase responsiveness
- Everything we are doing is based on practical understanding
 - Claimants and front line staff, have been involved in designing the service from the outset

Focused on claimant journeys – and tested as we build

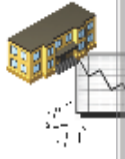
Universal Credit

Storyboard - Jack Williams - Reduced Earnings



Name / Age	Jack Williams / 32
Employment	<ul style="list-style-type: none"> checked assistant at supermarket earns minimum wage paid via PAYE paid monthly
Family	<ul style="list-style-type: none"> single no children
Living	<ul style="list-style-type: none"> rents privately rent = £100 a week receives UC for full housing support paid directly to Jack lives in Newbridge, NB1 7GB
Finances	<ul style="list-style-type: none"> no savings no debts receives UC for housing
Universal Credit history	<ul style="list-style-type: none"> receives UC for rent conditionally group BEFORE: NO conditionally conditionally group AFTER: FULL conditionally UC paid monthly
Health	<ul style="list-style-type: none"> no disabilities good health
IT Literacy	<ul style="list-style-type: none"> owns laptop owns smartphone does online banking online shopping
Hobbies	<ul style="list-style-type: none"> social networking sites games consoles skateboarding
Goal	<ul style="list-style-type: none"> I'd like to find a way to earn more money supplement my newly reduced income with UC


1 Jack's earnings are reduced



Jack is working 40 hours a week at local supermarket earning £1000 a month.

At the end of April his work is reduced to 15 hours a week. This reduces his earnings to £225 a month.

2 Hello Jack, it's your latest payment



Latest Payment: 2100.00
Payment amount: £225.00
Payment cycle: monthly


Universal Credit £683.54 per month
Credit

Personal allowance £260.00 per month
Housing support £420.00 per month
TOTAL £683.54 per month

6. Jack checks his latest payment. Jack is also alerted in his latest payment has been reduced.

He checks his payments and sees a detailed breakdown of his payment.

7 Jack books appointment & uses additional services




Jack books an interview appointment & uses additional services

Jack books an interview appointment and provides information that will be relevant during his interview

Jack is also guided to various Universal Credit resources that can help him find and apply for a job

These include tailored job searches, a personal skill profile from which he can create an online CV, tips for attending interviews, and available training courses

8 Jack works 15 hours a week & searches for jobs




Jack works 15 hours a week and searches for jobs

Throughout June Jack works 15 hours a week and additionally does what is outlined in his claimant commitment.

He also goes into the Universal Credit office on the agreed day and confirms that he is available for additional work.

With regular job alerts coming in, Jack uses the self service job support to create an online CV so that he can immediately apply for suitable jobs. His Universal Credit account notes his efforts and he is able to add additional information, e.g. applications via local newspapers.

9 Jack gets paid UC



10. Jack gets paid

At the end of June, Jack is paid his UC entitlement.

hours and £xyz


new UC that his income had compared to £ automatically C entitlement.

Jack's earnings, single threshold, disability has new in order to ent.

the job view

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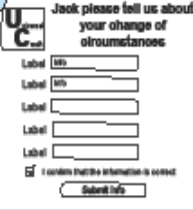
4 Jack is alerted to sign into his account



4. Alert by Email

When his UC is recalculated, Jack receives an email notification to check his account and update his circumstances.

5 Jack please tell us about your change of circumstances



5. Gather new information

Jack signs into his UC account and he is prompted to answer a few basic questions about why his hours were reduced.

Because this is a long term change, he will have to attend a job focused interview to help him find a way to earn more money. Jack confirms that no other relevant changes to his circumstances have happened.

And planning implementation and transition

- Migration from the old system to the new is a big challenge in its own right
 - Converting 19 million claims to 8 million household accounts
- Many claimants are eager to use online services, but many also who will need encouragement and support to make the change
 - We are developing a channel migration strategy and working closely with Raceonline 2012 and others to help people get online
 - Designed for future flexibility
- Flexibility and continuous improvement are being designed in from the outset
 - We are building a 21st century welfare system, with Universal Credit as its foundation
- DWP will lead delivery, drawing on tax credit and housing benefit expertise
 - But we are keeping options open for approaches to delivery in the longer term

Universal Credit: welfare that works