

# **REVIEW OF THE PROGRESS BEING MADE TOWARDS THE IMPLEMENTATION OF UNIVERSAL CREDIT**

## **MEMORANDUM BY THE DEPARTMENT FOR WORK AND PENSIONS**

### **Introduction**

1. On 10 July 2013, the Secretary of State for Work and Pensions presented oral evidence to the Work and Pensions Select Committee alongside Lord Freud, the Minister for Welfare Reform; Howard Shiplee, Universal Credit Director General; and Suzanne Newton, Real Time Information Programme Director from HM Revenue and Customs.
2. At the hearing the Secretary of State explained the Department for Work and Pensions' plans for the extension of Universal Credit from October 2013. This included the national roll out of components to drive a cultural shift under Universal Credit, such as the claimant commitment, and improving access to digital services across Jobcentre Plus. At the same time, Universal Credit would be extended to the regions through establishing 6 hub Jobcentres across England, Scotland and Wales.
3. The Secretary of State also explained that whilst the Pathfinder had showed the Universal Credit IT worked, in parallel, the Department was assuring the existing IT and exploring the possibility of enhancing it in the longer term. This work was being led by Howard Shiplee and he would report with his conclusions in the autumn.

## Recent Parliamentary scrutiny

4. Since the hearing, reports by the National Audit Office (NAO) and the Public Accounts Committee (PAC) on Universal Credit were published in September 2013 and November 2013 respectively.<sup>1</sup>
5. It is important to note that both of these reports were entirely historical, based on largely the same evidence and covering the same timeframe. They did not refer to the significant developments the Department has made since April 2013, including the launch of the Pathfinder in Greater Manchester, the progress on the IT challenge, and latest plans for expansion from October.
6. Nor did these reports reflect progress under new strategic leadership following a significant reset of the programme undertaken at the Secretary of State's instruction. This process that was explained at the last Work and Pensions Select Committee hearing, culminating in the appointment of one of the country's leading project management experts, Howard Shiplee. Under this new leadership, the Department had already taken comprehensive action to address issues subsequently cited in both the NAO and PAC reports, including strengthening governance, improving supplier management and tightening financial controls. In fact the PAC report was based to a great extent on the findings of an independent review commissioned by the Secretary of State in 2012, and the PricewaterhouseCoopers internal report commissioned by the Department.
7. The recommendations by the NAO were accepted by the Department in their entirety; indeed, action has already been taken to address all of them. Likewise, the Department is in the process of examining the PAC's recommendations, with a formal response to be published in due course. The Department remains confident that it has taken, and continues to take, the

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<sup>1</sup> National Audit Office, *Universal Credit: early progress* (HC 621, Sept. 2013), <http://www.nao.org.uk/wp-content/uploads/2013/09/10132-001-Universal-credit.pdf>; Public Accounts Committee, *Universal Credit: early progress* (HC 619, Nov. 2013), <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmpublicacc/619/619.pdf>.

right remedial steps to address past issues in the Universal Credit Programme. The NAO itself concludes that Universal Credit can go on to achieve considerable benefits for society, as much as £38 billion between 2011/12 and 2022/23.

## **Progress with Implementation**

8. Since the oral evidence hearing, the Department for Work and Pensions has successfully put into action the plans presented to the Committee. On 28 October 2013, Universal Credit went live in Hammersmith, the first Jobcentre Plus outside of the North West. It has since been further extended to Rugby and Inverness on 25 November, and is on track be rolled out to Harrogate, Bath and Shotton by spring 2014.
9. In parallel, the new Claimant Commitment began rolling out nationally from 14 October 2013. New claimants to Jobseeker's Allowance will now need to sign a Claimant Commitment which sets out more fully what they need to do in order to receive state support. The Claimant Commitment is being introduced in around 100 Jobcentres a month, until it is in place across the country by the spring. It is on course to be rolled out to half of all Jobcentres by the end of 2013. 25,000 Jobcentre Plus staff are receiving additional training to deliver the Claimant Commitment.
10. To further support the cultural and business transformation through Universal Credit, 6,000 new computers in Jobcentres are being installed across the country, making it possible for claimants to look and apply for jobs online, as well as make online claims. From October we started implementing Digital Jobcentres, beginning in Hammersmith. The Department will continue to roll this out across the whole Jobcentre Plus network, with all sites converted by October 2014.

11. Moreover, 11 in work progression pilots are also up and running – testing ways to help claimants on a low income increase their work hours and income in order to reduce dependency on benefits. A range of new activities are being trialled in Hammersmith to help claimants prepare for work at the very start of their claim.

## **Evaluation of Pathfinder**

12. On 29 November 2013 we published our first evaluation of Universal Credit claimants. The Department has continually reiterated to the Committee the importance of testing and assessment throughout the roll-out of Universal Credit and set out its broad intentions in December 2012 in the Universal Credit Evaluation Framework.<sup>2</sup>
13. This first evaluation comprised a survey of claimants in North West England.<sup>3</sup> It showed that the experience of claiming a benefit was more positive for claimants under Universal Credit than Jobseeker's Allowance. Of those that have previously claimed Jobseeker's Allowance, 65 per cent agreed that it was easier to understand the obligations they had to meet in order to receive their benefit. 65 per cent also felt that that Universal Credit provided a better financial incentive to work.
14. This behavioural change – encouraging and incentivising claimants to look for work more intensively – is a central aspect of Universal Credit. Therefore it is promising to see that Universal Credit claimants are spending almost twice as long looking or preparing for work than a comparable group of Jobseeker's Allowance claimants (27.1 hours compared to 13.6). People claiming

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<sup>2</sup> *Universal Credit evaluation framework* (Dec. 2012), [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/180879/universal-credit-evaluation-framework.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/180879/universal-credit-evaluation-framework.pdf).

<sup>3</sup> *Universal Credit pathfinder evaluation: interim results from the Universal Credit claimant survey, wave 1* (Nov. 2013), [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/262093/uc-report-final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/262093/uc-report-final.pdf).

Universal Credit also apply for more jobs per week, typically submitting 16 applications for work while Jobseeker's Allowance recipients apply for 11.

15. The move towards monthly benefit payments is a unique feature of Universal Credit. Almost four in five claimants (78 per cent) feel confident about their ability to budget with monthly payments.
16. Results also show that 90 per cent of claims were being made online, with the majority of these completing their application at the first attempt. In general, claimants felt that the advice and support they were offered by their adviser matched their personal needs and that they were being encouraged to find work or to increase the amount they were working.

### **National Roll-Out – Next Steps**

17. Over recent months, the Department has been working with the Government Digital Service to assess the options for the next stage of Universal Credit delivery. This work has explored the use of the latest digital technologies and also assessed the utility of the work produced to date, through the Universal Credit Pathfinder, going forward.
  1. On 5 December 2013 a Written Ministerial Announcement from the Secretary of State will set out the conclusions of this work and the next stage for Universal Credit delivery.
  2. As part of the wider transformation in the development of digital services, the Department will further develop the work started by the Government Digital Services to test and implement an enhanced online digital service. This will be capable of delivering the full scope of Universal Credit and make provision for all claimant types.

3. Meanwhile, the Department will expand the current service and develop functionality so that from next summer it can progressively start to take claims for Universal Credit from couples and, in the autumn, from families. Once safely tested in the 10 live Universal Credit areas, the roll-out will be expanded to cover more of the North West of England. This will enable us to learn from the live running of Universal Credit at scale and for more claimant types, including the more vulnerable and complex.
4. The current planning assumption is that the Universal Credit service will be fully available in each part of Great Britain during 2016, having closed down new claims to the legacy benefits it replaced; with the majority of the remaining legacy caseload moving to Universal Credit during 2016 and 2017. Final decisions on these elements of the programme will be informed by the development of the enhanced digital solution.
5. These steps – test, learn, implement – continue the same progressive approach that the Department has always taken in implementing this flagship programme, prioritising safe and secure delivery.