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Article:

Sainsbury, Roy Derek orcid.org/0000-0002-1217-6818 (2014) Universal Credit:the story so far ... The Journal of Poverty and Social Justice. pp. 11-13. ISSN 1759-8273

<https://doi.org/10.1332/175982714X13875306538881>

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Special themed section editorial: Universal Credit, the story so far....

Roy Sainsbury

This is a post-peer-review, pre-copy edited version of an article published in Journal of Poverty and Social Justice. The definitive publisher-authenticated version Sainsbury, R. (2014) Universal Credit: the story so far ..., Journal of Poverty and Social Justice, 22, 1, 11-13.. is available online at:

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A recent government White Paper characterised the UK social security system in 2010 as...

...an array of benefits, each with its own rules and criteria, interacting in complicated ways, creating perverse incentives and penalties, confusion, and administrative cost. (Department for Work and Pensions, 2010: 7)

This is a picture which few, if any, would argue with and for at least 25 years, and probably longer, successive Secretaries of State have had the dream of radically simplifying social security and reversing the seemingly irresistible tide of more and more benefits of ever-increasing complexity. Now, in 2013, we have the latest and arguably the biggest and boldest attempt to make this dream a reality - Universal Credit, which is currently going through the very early stages of a long-term programme of implementation.

Universal Credit can genuinely be claimed as a radical *simplification of the social security system* purely on the grounds that it replaces six of the main means-tested benefits/tax credits for working age claimants (Income Support, (income-based) Employment and Support Allowance, (income-based) Jobseekers Allowance, Housing Benefit, Working Tax Credit and Child Tax Credit) with a single benefit that will be paid to people out of work and to those in low-paid work. Simplification is at the heart of Universal Credit. However, whether Universal Credit is in any way *simpler* than its predecessors (i.e. in its substantive rules and regulations or in its claiming procedures) is a different question that remains to be answered.

Not surprisingly Universal Credit has been described as one of the flagship social policies of the Coalition Government (alongside the Work Programme) and perhaps unusually for a major piece of policy, has attracted (and continues to attract) broad support across the political spectrum. This support is based on a number of its features. It has been seen as welcome that under Universal Credit people will no longer have to switch between out-of-work benefits and in-work tax credits as they move into and out of work. There will also be no need in the future to apply to different agencies for different benefits. A single claim to Jobcentre Plus will replace multiple claims to Jobcentre Plus, HMRC and local authorities. The less severe benefit withdrawal rates for many (compared with current benefits and tax credits) and the more generous earnings disregards are design features that will make the

financial gains of working greater than in the past for large numbers of people. Universal Credit is also paid regardless of the number of hours worked (unlike tax credits, which are paid only when hours worked pass 16 per week for some groups and 30 for others). The overarching aim is to remove financial barriers for people wanting to start work and to make it more worthwhile when they do. Provisions such as these reinforce the explicit employment focus of Universal Credit.

Universal Credit ... will ensure that work always pays and is seen to pay.
(Department for Work and Pensions, 2010: 1)

This is a benefit therefore whose rationale is explained as supporting people's transitions into work, rather than being principally aimed at addressing the problem of poverty.

There are too many aspects of Universal Credit (some of them novel) to cover in a brief editorial (though see Royston, 2012) but, writing in November 2103, it would seem odd not to mention IT. One major innovation in Universal Credit is that it is intended to respond to changes in earnings in *real time* through a new integrated PAYE and benefits computer system, though the process of delivery of this system has been heavily criticised from within Whitehall by both the National Audit Office (NAO, 2013) and the House of Commons Public Accounts Committee (2013) for failures of management and financial control. Original plans to pilot Universal Credit were scaled down over the summer of 2013 and the national roll out (due to begin in October) has been delayed. Both reports contain numerous recommendations for resolving current problems, but though critical neither argues against the policy direction and aims of Universal Credit. On the contrary, the Public Accounts Committee states clearly the purpose of its critique as follows:

Universal Credit is an important programme with cross-party support... Our recommendations are designed to help get the programme back on track... We believe strongly that meeting any specific timetable from now on is less important than delivering the programme successfully. (House of Commons Public Accounts Select Committee, 2013: 3)

Whilst criticising DWP on (lack of) value for money grounds the NAO similarly endorsed the policy:

Universal Credit is a key programme for the Department, and it is still entirely feasible that it goes on to achieve considerable benefits for society. (National Audit Office, 2013: 9)

Having said that the aims and broad architecture of Universal Credit have been broadly welcomed there have also been concerns and criticisms about its core assumptions about social security claimants and the labour market, and some of its operational detail. Wiggan (2012), for example, argues that Universal Credit reflects a view that unemployment is principally an outcome of individual choices and behaviour rather than the result of broader economic and structural forces. Others are not convinced that Universal Credit will be sufficiently simple to enable claimants to make their claims easily and efficiently (Lakhani, 2012), or draw attention to the risk of greater economic dependence of women created by the ways in which

Universal Credit will be calculated and paid (Bennett, 2012). Seddon and O'Donovan (2013) argue that the highly top-down approach to reform will not lead to workable delivery mechanisms at local level.

Two other specific areas of concern – the decision to make payments of Universal Credit monthly, and the tougher regime of conditionality and sanctions – are addressed in this special themed section of the *Journal of Poverty and Social Justice*.

Inherent in the design of Universal Credit is the intention to pay the benefit monthly in most cases. The stated rationale is to bring Universal Credit payments into line with most people's experiences of receiving monthly payments of wages. (It is of course also more administratively efficient for DWP to operate in this way.) However, as Yvette Hartfree shows in her article monthly payments may not suit the budgeting requirements and preferences of some claimants, particularly those on low incomes who have adopted different strategies for managing their incomes.

Peter Dwyer and Sharon Wright tackle a different but highly controversial aspect of Universal Credit – conditionality and sanctions. Neither of these is new of course. Conditions have been imposed on recipients of social security benefits since Beveridge. However, the conditionality and sanctions regime attached to Universal Credit is, as Dwyer and Wright argue, the toughest and most extensive yet seen in the British social security system affecting not only out-of-work claimants but also people in work.

The third piece in this themed section (which appears first in the running order) departs from the usual model of an academic journal article. In it, Roy Sainsbury writes an account of an interview held in July 2013 with Lord Freud, the Coalition Government Minister with responsibility for the implementation of Universal Credit. Lord Freud talks about how benefit simplification was transformed from an idea into the reality of Universal Credit, thus providing us with an intriguing insider's account of policy-making in contemporary government. He also discusses the problems of putting policy into practice and of evaluating such a massive and ground-breaking piece of social policy.

These articles add to our knowledge and understanding of Universal Credit but it will only be from the perspective of history that anyone will be able to judge whether it lived up to its promise of transforming the social security system in positive and constructive ways, or whether the eternal dream of simplification proved as elusive this time as it did in the past.

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