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We are responding as academic colleagues collaborating on the same ESRC-funded research project - *Couples balancing work, money and care under the shifting landscape of Universal Credit (2018-2021)*, ESRC ES/R004811/1 - a three-year (2018 - 2021), two phase, qualitative, longitudinal research study being conducted by the Institute for Policy Research (IPR) at the University of Bath, and the University of Oxford¹.

We are happy to be contacted for further information and for our response to be made publically available.

Our response addresses the following questions:

- DWP's objectives in providing employment support (and how it works with other parts of government to meet these objectives)
- how DWP delivers its support, including through its network of jobcentres, and the support people can expect from schemes
- the challenges and risks DWP may face in delivering value for money in this area in the coming years

The DWP system of employment support

The DWP's employment support objectives are to "*build a more prosperous society by supporting people to enter into, and progress in, work*" (Department for Work and Pensions Single Departmental Plan, 7 February 2020).

It is often assumed that the barriers to entering and progressing in work for unemployed and low-paid people, and therefore the employment support interventions needed to help them, rest solely or mainly with claimants and low-paid workers themselves (and to a lesser extent, the people and organisations who employ them). Our research, which is exploring the decisions Universal Credit claimants make around work and care, suggests that the barriers to work and employment progression can be as much to do with the way in which the Universal Credit system works as they are to do with the motivations and aspirations of claimants themselves.

Findings are based on two waves of interviews conducted in 2018/2019 and 2020 with a sample of 90 people (53 households) who were currently claiming or had formerly claimed Universal Credit. In just under half the households (24/53) at least one adult was in work, and

¹ *Couples balancing work, money and care under the shifting landscape of Universal Credit (2018-2021)* ES/R004811/1 <https://www.bath.ac.uk/projects/couples-balancing-work-money-and-care-exploring-the-shifting-landscape-under-universal-credit/>

in 31 households UC was the main or only source of income. A total of 186 interviews were carried out; 123 face to face interviews were conducted in wave 1; and 63 telephone interviews were conducted in wave two. Further details about the research can be found in the summary² and main phase 1 report entitled, *Uncharted Territory: Universal Credit, Couples and Money*.³ Amongst other things, the research explored decisions around work and care, the extent to which participants had progressed in employment, and the content and effectiveness of any DWP employment support received. Findings are also drawn from PhD research being conducted by Levana Magnus, which included interviews with Universal Credit work coaches in 2020.

Here we highlight four key areas which emerged from our interviews which are relevant to the call for evidence. Many of the issues are elaborated in our phase 1 report:

1. The Universal Credit conditionality and labour market regime
2. Employment support from Jobcentre Plus work coaches
3. Universal Credit's incentive structure
4. The childcare element of Universal Credit

1. The Universal Credit conditionality and labour market regime

Conditionality rules for couples claiming Universal Credit jointly, which often determine their work-related commitments and employment support, are fiendishly complex - being based on the personal circumstances and individual earnings of each partner, but at the same time taking into account the couple's combined monthly earnings (using what the DWP terms an individual 'conditionality earnings threshold' (ICET), an 'administrative earnings threshold' (AET), and a household conditionality earnings threshold (HCET) and household administrative earnings threshold (HAET).⁴ This raises particular issues regarding the frequency of contact and the content of employment support which the partners in couples are able to access. In couples in which the earnings of one partner are sufficient to take the couple above the household conditionality earnings threshold (HCET), the couple is considered to be 'working enough' and both partners will be in the 'no work-related requirements regime', even if one partner has no or very low earnings.

If household earnings are above the HCET, but one partner earns below their individual conditionality earnings threshold, then they will both be placed in the 'light touch' group. In these instances, even though one partner is not working, or is earning below their ICET, there is no mandatory requirement for either partner to attend interviews with a Jobcentre work coach or to engage in any work related activity. In our research, the lower-earning or non-

² <https://www.bath.ac.uk/publications/uncharted-territory-universal-credit-couples-and-money-summary/attachments/Uncharted-Territory-Summary.pdf>

³ <https://www.bath.ac.uk/publications/uncharted-territory-universal-credit-couples-and-money/attachments/Uncharted-Territory-Universal-Credit.pdf>

⁴ For a more detailed explanation of conditionality rules for couples, see 'In-work progression and Universal Credit: A study by the Social Security Advisory Committee', Occasional Paper No. 19, DWP, November 2017': https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/657842/ss-ac-occasional-paper-19-in-work-progression-and-universal-credit.pdf

working partner in working couples (typically the woman) often had little or no contact with a work coach. Some who would have liked to access employment support to help them to obtain work, a different job and/or increase their earnings were unable to do so. This tended to affect women more than men, as they were less likely to be in (well-)paid and full-time work than their partners.

Work-related requirements are a central component of Universal Credit's conditionality regime and labour market activation strategy. Claimants who are placed in the intensive work search conditionality regime, and who have no recognised caring responsibilities, are often expected to look for work for 35 hours per week, which is intended to mirror a full-time working week. Claimants subject to these requirements are expected to log their work search activity on their Universal Credit online account, and these actions are then reviewed by a work coach to ensure these requirements are being upheld. Following the first UK COVID-19 lockdown, conditionality requirements were paused until July 2020, and during this time intensive work search requirements did not have to be met. These were then reintroduced with a 'light touch', as we understand it, taking into account the situation in the COVID-19 pandemic. When we interviewed our cohort at phase two of the project, in September and October 2020, most of those in the intensive work search group were still not being expected by their work coach to complete mandatory work search hours.

As conditionality requirements continue to be re-instated, and we consider what employment support is needed going forward, it is important to reflect on whether mandatory work search hours are conducive to finding employment and/or progressing in work. Our findings from phase one of the study showed that the majority of those subject to mandatory work search hours worked diligently to comply with these requirements, and to log their actions on the Universal Credit journal. Some claimants went to considerable lengths to ensure that their commitments were completed. In cases where people did not have a computer or internet access at home, they would travel to the Jobcentre or local library to complete their job searching and log their actions on a journal. Others relied on their partners, who often did not have conditionality requirements themselves, or other family members, to help complete these tasks.

Many described the heavy burden of adhering to full-time job searching, and were often worried about receiving a sanction if they failed to comply. There was also frustration amongst others who found that there were not enough jobs to apply for to do 35 hours of job searching in their local area. An unintended consequence of the mandatory work search policy was that some claimants were more focused on the appearance of their work search evidence (passive compliance), rather than spending their time on quality job applications or training. Applying for jobs they were not qualified for, or would be unable to accept if (in the unlikely event) they were offered them, was both demoralising and wasteful of their time. In spite of the time and effort expended in complying with these strict conditions, very few of our participants who had moved into work had done so as a result of this mandatory activity.

2. Employment support from Jobcentre Plus work coaches

Jobcentre Plus work coaches are responsible for delivering employment support, and are key to the success of the DWP's new employability programmes launched in response to the COVID-19 crisis. Our findings suggest that high caseloads, sometimes in excess of 200 people, and restricted resources, mean that the amount and content of employment support they are able to offer claimants is often quite limited. People reported there was minimal personalisation and that work coach interactions rarely moved them closer to the labour market. There was too much focus on monitoring work searching activity and limited time afforded to useful employment support that would help them to find work. Work coaches were said to have insufficient time and expertise to offer personalised advice and support. Tailoring was largely absent, with interviewees feeling that family and parenting responsibilities were often not fully recognised. There was also little help on offer suitable for self-employed claimants, or those interested in becoming self-employed.

Externally delivered provision, to which many unemployed claimants were mandatorily and repeatedly referred, was often felt to be poorly targeted and of poor quality. Full-time courses in CV preparation and cleaning, for example, rarely appeared to result in employment, while security and fork lift truck driving courses, to which male claimants were often referred (generally based on the length of time they had been claiming benefits), may have resulted in an oversupply of applicants for the few local vacancies on offer, potentially depressing wage rates. On the other hand, recognised training courses that would enable people to access better paid jobs and better quality employment were rarely on offer through the Jobcentre, according to our participants.

A related barrier to employment progression among claimants, many of whom cycled between different insecure, low-paid and part-time jobs, was the lack of flexibility in the conditionality regime to enable them to take up longer and higher quality training courses. Some felt that work coaches placed too great an emphasis on finding any job, rather than addressing people's low level of skills and qualifications. Getting a nationally recognised qualification which gave them access to better-paid jobs in sectors offering progression opportunities was often the only realistic way for unemployed people and low-paid workers in our research to progress and secure higher earnings. However, conditionality rules and the low level of training on offer via Jobcentre Plus did not generally help them to access this kind of help.

Work coaches confirmed that meetings were often short, generally limited to 10 minutes, and often experienced as little more than 'checking in'. Large caseload sized limited the time they were able to devote to individual claimants, and employment support provision delivered by external contractors was felt to be generally entry level and generic.

2.1. Relationships between Work Coaches and claimants

The Universal Credit model of employment support relies on establishing a relationship of trust between work coaches and claimants. However, work coaches' responsibility for ensuring that conditionality requirements are met can place barriers in the way of building a

good relationship. In our research, those who were subject to work conditionality felt that meetings with a work coach were largely taken up with reviewing actions in their claimant commitment, and some were very worried about receiving a sanction. This was the case even for the many people who broadly spoke of their work coach in positive terms, as there were concerns that work coaches needed to abide by regulations. High staff turnover or organisational restructuring also meant that a claimant's work coach could often change to someone less understanding of their personal circumstances. The onus on work coaches to monitor conditionality requirements and to deliver employment support with limited tools and resources was an obstacle in creating confidence in Jobcentre services.

During our phase two interviews, carried out in during the autumn of 2020, a combination of the effects of conditionality regimes and Covid-19 restrictions meant that most people had limited contact with a work coach. If it took place at all, it was by telephone. Some were unsure who their work coach was and uncertain how the Jobcentre could help them to navigate the rapidly changing labour market. As social distancing measures ease, how relationships between claimants and work coaches are rebuilt, and how employment support can best be delivered, will be key areas for the DWP to develop. Getting the right balance between face-to-face and online interactions, alongside use of the journal and telephone communications, will be important considerations.

3. Universal Credit's incentive structure

The aim of adjusting Universal Credit monthly using one withdrawal rate (taper) is to make the financial gains from paid work more transparent, with the intention of incentivising claimants to enter work and earn more. In our research, contrary to this policy intent, some claimants found the 63 per cent taper 'demotivating', seeming to penalise rather than reward additional hours and earnings. Among those with children, if the net increase in monthly household income from working longer hours was relatively small (which it usually was), extra time spent with children often trumped higher earnings. The taper was found to be particularly demotivating for second earners in couples (a majority of whom were women) because, with only one work allowance, the Universal Credit payment is normally reduced by 63 pence for every pound of net earnings for the second earner (as the first earner has already used up the work allowance)⁵. At some earnings levels, access to free school meals and help with prescription charges can also be lost. Eligibility for council tax support is also means-tested and reduced or eliminated by earnings.

Knowing that the Universal Credit payment received by their partner would be reduced or might cease altogether if they earned more could also disincentivise the main earner from working additional hours. This was because in couples, the non-waged or lower-earning partner - generally the woman - tended to also be the payee for Universal Credit. It was therefore often the woman's income that fell when (their partner's) earnings rose.

Month to month fluctuations in the Universal Credit payment in response to changes in earnings could also be hard to predict and to budget. It was often difficult to anticipate drops

⁵ Single claimants and couples without children generally have no access to a work allowance.

in the payment and to set aside 'surplus' earnings, and even harder to cope with in dual-earner couples with two sets of wages to contend with. The fear of a reduced payment in future months or of losing entitlement to Universal Credit altogether meant that some wage-earners in families were reluctant to work more hours, take on extra shifts or accept offers of overtime.

In these different ways, monthly assessment - resulting in the benefit being adjusted immediately at the end of each month on receipt of wages - could undermine Universal Credit's policy goal of incentivising higher earnings, thereby impeding employment progression, particularly among mothers. A stable floor on which to build without an immediate reduction of benefit income if monthly earnings increase would be more motivating.

4. Childcare element of Universal Credit

The design and delivery of the childcare element of Universal Credit (available to lone parents as well as couples with two earners) also proved to be a potential barrier to job entry and employment progression, particularly for women. Childcare costs must be paid upfront and reclaimed monthly in arrears, which is difficult enough for low-income parents to manage; indeed, many were put off accessing the financial help on offer for this very reason. The way the scheme works means that low-income parents must find and pay for two months' child care before they are reimbursed - money they frequently simply do not have.

For the few parents who took up the childcare offer, having to evidence childcare costs each month was a significant administrative burden on the working parent with responsibility for organising and paying for childcare – who was typically the female partner. The maximum contribution of 85 per cent (subject to monthly cost caps) was also considered to be insufficient in some cases, given that 15 per cent still needed to be paid from net earnings, a not inconsiderable sum given the high cost of child care and the additional cost (of travel, for example) of longer working hours.

Contributions towards childcare costs are also included as part of the monthly assessment of entitlement for UC, something which parents found difficult to understand and manage in practice. With childcare contributions absorbed within the monthly payment and tapered away as earnings rose, some working mothers lost the childcare contribution to which they assumed they were entitled. Unable to pay their childcare fees, some got into debt with their childcare provider. Contrary to the policy intent, such issues led some of these working mothers to reduce their hours of work or give up jobs altogether, hampering their ability to progress in work.

A number of mothers in our research got into debt with their nursery provider because of the inconsistency and unpredictability of the childcare contribution received. One mother who gave up her full-time job found that the Universal Credit payment stabilised and the stress eased. Several months later she returned to work; but she had given up on using paid child care, preferring instead to work part time. Those with experience of claiming childcare costs under tax credits contrasted Universal Credit's complexity and the upfront payment of childcare fees required, with the simplicity of the legacy system, which did not require the

monthly evidencing of payment and reclaiming of fees via benefit, and could be relied on to pay a consistent monthly amount for a year.

Risks and Challenges

Our research has highlighted the following challenges and risks faced by the DWP in delivering effective employment support:

- Ensuring that employment support is genuinely personalised and tailored to the needs of all claimants, regardless of the conditionality and labour market regime to which they and/or their partner may be assigned.
- Equipping work coaches with the skills and resources needed to deliver employment support that helps people to access and progress in employment.
- Providing employment support that encourages productive work search activity and facilitates the take-up of quality training.
- Ensuring that externally contracted research is of high quality and effective in meeting the needs of claimants and local labour markets.
- Ensuring that there are adequate financial incentives for low-income people to enter and sustain work, particularly for second earners.
- Ensuring that low-income parents are able to pay and, if necessary, receive recompense, for childcare costs in a transparent, administratively simple and timely way.

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