



Department  
for Work &  
Pensions



# Understanding how Universal Credit influences employment behaviour

Findings from qualitative and experimental research  
with claimants

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September 2017

## Research Report No 943

A report of research carried out by NatCen on behalf of the Department for Work and Pensions

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First published September 2017.

ISBN 978 1 911003 69 4

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# Summary

Universal Credit (UC) represents a major reform of the current welfare system. It is replacing six legacy benefits: income-related Jobseeker's Allowance (JSA); income-related Employment and Support Allowance; Income Support; Housing Benefit; and Working and Child Tax Credits. UC first began a staged roll out in 2013 starting with single claimants. From 2015, some pilot areas extended UC to families with children, initiating a claim for benefits while job seeking. UC seeks to strengthen incentives to enter any paid work, and amongst those who are already in work, to increase hours or earnings. It is designed to remove barriers to temporary, flexible and part-time work, while also ensuring claimants are not worse off in work. UC encourages a wider range of employment seeking behaviours to diversify the types of roles considered by claimants.

This piece of research sought to deepen the Department's understanding of how far the principal components of UC were driving behaviour change and had the potential to shape labour market behaviours in the future. The research explored the experiences of the different claimant groups in scope within UC at the time. This included people with single, couple and family claims.

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# Acknowledgements

We would first like to thank the claimants and staff who generously gave up their time to contribute to this evaluation.

We would also like to show our gratitude to NatCen Social Research staff involved in the various aspects of the evaluation. For their work on the qualitative components we would like to acknowledge Margaret Anderson, Hashim Ahmed, Kelsey Beninger Mehul Kotecha and Chris Farrell. We would like to acknowledge Ellie Roberts, Sarah Frankenburg, Lydia Marshall and Jonathon Paylor for their involvement in the deliberative workshops. We are also very grateful to Rakhee Patel for her contributions to the online consultation and laboratory experiments.

We would like to thank colleagues in the Telephone Unit and Programming department for support with the recruitment of interview, workshop and experiments participants. Specifically Alessio Fiacco, Malisha Beg, Leticia Rushaija, Sonia Shirvington and all our telephone interviewers.

We would particularly like to extend thanks to Alison Herrington of the Department for Work and Pensions, who managed the research on behalf of the Department and provided a wealth of expertise and guidance.

# The Authors

**Nilufer Rahim**, NatCen

**Jenny Graham**, ResearchAbility

**Zsolt Kiss**, ZK Analytics and

**Malen Davies**, NatCen

# List of abbreviations

|             |                                   |
|-------------|-----------------------------------|
| <b>CC</b>   | Claimant Commitment               |
| <b>CTC</b>  | Child Tax Credit                  |
| <b>DWP</b>  | Department for Work and Pensions  |
| <b>ESA</b>  | Employment Support Allowance      |
| <b>HB</b>   | Housing Benefit                   |
| <b>HMRC</b> | Her Majesty's Revenue and Customs |
| <b>IS</b>   | Income Support                    |
| <b>JSA</b>  | Jobseeker's Allowance             |
| <b>PAYE</b> | Pay As You Earn                   |
| <b>RTI</b>  | Real Time Information             |
| <b>UC</b>   | Universal Credit                  |
| <b>WA</b>   | Work Allowance                    |
| <b>WTC</b>  | Working Tax Credit                |

# Executive summary

## Context

Universal Credit (UC) represents a major reform of the current welfare system. It is replacing six legacy benefits: income-related Jobseeker's Allowance (JSA), income-related Employment and Support Allowance (ESA), Income Support (IS), Housing Benefit (HB), and Working Tax Credits (WTC) and Child Tax Credits (CTC). UC first began a staged roll out in 2013 starting with single claimants. From 2015, some pilot areas extended UC to families with children, initiating a claim for benefits while job seeking.

UC seeks to strengthen incentives to enter any paid work, and amongst those who are already in work, to increase hours or earnings. It is designed to remove barriers to temporary, flexible and part-time work, while also ensuring claimants are not worse off in work. UC encourages a wider range of employment-seeking behaviours to diversify the types of roles considered by claimants.

This piece of research sought to deepen the Department for Work and Pensions' (DWP's) understanding of how far the principal components of UC were driving behaviour change and had the potential to shape labour market behaviours in the future. The research explored the experiences of the different claimant groups in scope within UC at the time. This included people with single, couple and family claims.

UC has several different components, which are grouped into three categories below (further details on each component can be found in Chapter 3):

- **Conditionality components:** the Claimant Commitment (CC), in-work requirements and Work Coach support stipulate job search and acceptance requirements for those in and out of work as well as obligations to attend the Jobcentre.
- **Flexibility components:** the 16-hour rule removal, Real Time Information (RTI) link and open claim are geared at addressing barriers to work over 16 hours, short-term and flexible work.
- **Financial components:** the Work Allowance (WA) and earnings taper are aimed at ensuring claimants are better off in a given job. The childcare costs element enables working parents to reclaim some of the costs of childcare.

## Methodology

This study was designed as exploratory and iterative. It employed a flexible research design; each element building incrementally on findings from earlier phases of the work. The four main research phases included:

- **In-depth interviews** with 21 single claimants; nine couples without dependent children and 17 families. Interviews explored personal circumstances; work aspirations; understanding of UC; and employment behaviour under UC.
- **Two deliberative half-day workshops** with 27 single and 34 family claimants. Workshops explored understanding of UC, decision-making about work under UC and whether the UC components had a hierarchy of influence.

## Understanding how Universal Credit influences employment behaviour

- **An online staff consultation** with responses from 124 Jobcentre Plus Work Coaches about their perceptions of UC's influence on claimant behaviour.
- **Laboratory experiments** with 80 participants, seeking to test the impact of particular types of message about UC.

The study explored the relationship between experiences of UC and both anticipated and actual impacts on behaviour, building on DWP's theory of change. The research was premised on Stern's ABC theory of behaviour change (further details on theories of change can be found in Chapter 1).

## Findings

### Behavioural response to Universal Credit

Amongst those who reported a change in labour market behaviour as a result of UC, changes included:

- **Job search:** Spending more time on job search, in some cases applying for more jobs, and a more diverse range of jobs. Some couples in joint claims reported job searching more collaboratively. In some circumstances (explained further below) job search was lengthened with unproductive activities and lower quality job applications were produced.
- **Job entry:** Taking up jobs that would previously have been ruled out and which were perceived as stepping stones to desired jobs or careers.
- **Hours or earnings progression:** Seeking and in some cases taking up extra hours or jobs on top of existing part-time hours.

The influence of UC was more limited among people already demonstrating strong motivation to work or a willingness to take any job (UC does not seek out behaviour change here). Likewise, UC had a more limited influence where personal barriers were too great at the time, for instance due to sickness; and those for whom administrative issues and lack of understanding of UC limited behaviour.

### UC drivers of labour market behaviour change

Labour market decisions were informed by an interplay between personal circumstances and attitudes, and contextual factors including UC.

### How UC components drove behaviour

- **Conditionality components:** These components were generally the strongest drivers to behaviour change, often overriding the influence of personal preferences and circumstances. However, where conditionality, particularly the requirement for full-time jobsearch, was the only UC component driving behaviour change the compliance gained was not fully productive; as described above. In-work conditionality was seen as a push in the right direction by individuals who were already motivated to earn more while others, particularly families were opposed to in-work requirements, preferring to spend time with their children.

## Understanding how Universal Credit influences employment behaviour

- **Flexibility components:** while conditionality has been the key driver of behavioural changes, the removal of the need to sign off and on, RTI link and in-work payment also prompted claimants to consider part-time, short-term and flexible work. For people who had always taken short-term or flexible work, the flexibility components made this easier. While singles said these components would make them more likely to change their behaviour, barriers remained for families as continuity of income and availability of childcare were key priorities.
- **Financial components:** The in-work payment and WA<sup>1</sup> influenced singles to consider part-time and short-term work. These components lessened financial barriers to such jobs, and were viewed positively due to their potential to lead to full-time, permanent work in future. Despite this, the overriding factor for singles was being better off in work. The financial components were weaker drivers for families who weighed up spending less time with children by working when they thought they could earn a similar amount job searching out of work on UC and viewed the earnings taper as a financial penalty.

### Interplay with other factors

A range of factors described below either facilitated or constrained the effects of UC in influencing labour market behaviour.

### Awareness and understanding of UC and its implications

Awareness and understanding of UC and its components affected its potential to affect behaviour. Conditionality came across as the strongest driver to behaviour change and this was also the component with the best awareness and understanding. In contrast, low awareness of components such as the in-work payment created a barrier to flexible work due to concerns about being financially worse off in work. Low awareness of the child element meanwhile may be contributing to lower uptake of this option and a lack of awareness of the open claim creates a barrier to short-term work for families.

There was evidence that misunderstanding or misinterpretation of components such as the WA and RTI link was creating false barriers to the take up of flexible work and additional hours, and therefore limiting the influence of UC. The perception that the earnings taper penalises earnings also worked to disincentivise full-time work. Here, the comparison to the legacy system was leading to skewed perceptions of these components.

Participants who had been in work were more likely to be aware of the range of different components (though their understanding was not always correct). Participants in this research who had come to understand elements of UC through their employment experience, felt that an earlier understanding could have influenced their work-searching behaviour from the outset.

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<sup>1</sup> Some Universal Credit claimants are eligible for a WA. This is the amount a claimant can earn before the single taper rate of 63 per cent is applied to their earnings. Claimants who don't have limited capability for work, or do not have responsibility for one or more children or a qualifying young person(s), are not eligible for a WA. In any other case, one of two WAs will apply:  
£192 per month for those with housing costs.  
£397 per month for those without housing costs.

## **Understanding how Universal Credit influences employment behaviour**

Work Coaches were the main source of information for UC claimants. Some claimants' perceptions of limitations in Work Coaches' own understanding and the overwhelming amount of information given in a first meeting were seen as reasons for a lack of understanding of UC beyond the CC.

Findings from cognitive interviews and the laboratory experiments, which tested the effect of different messages on respondents' understanding of UC, identified a tension. Respondents seemed to prefer simpler messages containing less information (e.g. only a description of components) because they thought they were easier to understand. However, the results also indicate that messages that contained more information actually provided the opportunity for behaviour change. Specifically, messages that not only described the components but also explained how the components (particularly the removal of the 16-hour rule) could help claimants to be better off were more likely to prompt claimants to think they would be better off working.

### **Personal factors**

Decisions around work and work search ultimately depended on a balance of personal preferences and circumstances, wider contextual factors such as local labour markets and transport links, and UC. Across groups, the acceptability of a particular job was a key consideration, in terms of whether it offered adequate pay, meant being better off and was within reasonable commuting distance.

It appeared that personal factors exerted a stronger influence on families who were more constrained by working hours and location and a perceived lack of acceptable childcare. In families where one parent was caring for young children and not subject to full job search conditionality, there were indications that personal factors such as conforming to traditional gender roles and aversion to formal childcare could create barriers to labour market engagement in the future.

The influence of some UC components was more dependent on its interaction with personal attitudes and circumstances than others. While conditionality had the power to override many personal preferences, though sometimes unproductively, the flexibility and financial components were weighed up with personal attitudes.

### **Concepts of being 'better off'**

The financial components of UC if understood correctly were viewed largely positively and were seen as having the potential to incentivise work. However, claimants who construed the earnings taper as a deduction of earnings, considered extra hours less worthwhile particularly when the other costs associated with earning a wage would increase, such as rent for social housing and other benefits.

The influence of these components, however, interacted with concepts of being 'better off'. This encompassed not only pay differentials but also factors such as the quality of life offered by a job and the predictability and stability of income. For families, the trade-off between spending time with children and the in-work requirements applicable for part-time work was also important.

## Understanding how Universal Credit influences employment behaviour

A widespread perception among families was that they would be worse off on UC if they entered work. This may be a misconception resulting from administrative issues with payments or lack of accuracy in their perceptions of their income, which for the first time under UC covers all elements including housing costs. It also influenced views about the affordability of childcare which was thought to be better on tax credits.

The laboratory experiments show that using a more in-depth explanation about in-work payments and the removal of the 16-hour rule (that explains the implications of these changes) makes single claimants more likely to think they will be better off in work under UC compared to under JSA.

### Implementation of UC

Claimants were motivated by a supportive and encouraging approach from Work Coaches compared to a policing or monitoring role, which fostered less productive job search. Issues experienced with the payment process could either increase determination to enter work and sign off benefit or create reluctance to work by undermining confidence in the accuracy of in-work payments.

## Conclusions

UC has the potential to (and did) encourage a broadening of employment behaviours and willingness to take on a wider range of work. Meaningful changes in behaviour were brought about by coupling compliance elements with a strong understanding of the more 'enabling' elements of UC – the financial and flexibility components.

The findings suggests that if the components of UC and their implications, especially the financial and flexibility elements, are highlighted at appropriate points throughout a claim and explained more strongly, we may see greater labour market engagement. Improved messaging and explanation, particularly of the earnings taper may help to address negative perceptions of UC stemming from comparison to legacy systems such as tax credits. Emphasising the removal of the 16-hour rule may also be particularly important to increasing the belief that you can be better off in work under UC compared with JSA and therefore driving employment behaviour.

Though increasing awareness and understanding is important it may not necessarily drive behaviour change alone. UC influences behaviour more meaningfully (rather than 'compliance only' behaviour) when it is administrated smoothly, supported by positive Work Coach interactions and where people's personal circumstances mean that working in a wider range of more flexible employment is seen as appropriate.

# 1 Introduction and methods

## 1.1 Policy context

Universal Credit (UC) represents a major overhaul of the current welfare system, simplifying the benefits system by replacing six legacy benefits: income-related Jobseeker's Allowance (JSA); income-related Employment and Support Allowance (ESA); Income Support (IS); Housing Benefit (HB); Working Tax Credits (WTC) and Child Tax Credits (CTC).

UC first began to roll out in April 2013. This was to a limited number of Pathfinder sites in the North West of England. Further roll out and expansion continued during 2014, and in February 2015 national roll out to new single claimants commenced across Great Britain.

The Extended Gateway<sup>2</sup> for UC was rolled out gradually to cover more 'complex' singles cases, predominantly those eligible for housing support, from May 2014 onwards. From June 2015, some pilot areas, concentrated in North West England, extended UC to families with children initiating a claim for benefits while job seeking.

Universal Credit is now available in every Jobcentre across the country, covering all Local Authorities, and supported by 22 Service Centres. UC is being introduced gradually, and was initially introduced from April 2013 in certain areas of the North West, known as Pathfinder sites. Initial eligibility criteria focused on single, unemployed, non-home-owning claimants without any children. In February 2015 the service started national rollout to new single unemployed claimants across Great Britain. By April 2016 Universal Credit was available for new claims from single unemployed claimants in all jobcentres across the country and also for couples and families in 96 sites across the North West of England. This phase of UC rollout was known as UC Live service.

In May 2016 DWP started expansion of Universal Credit to a wider range of claimants, as with the rollout to single jobseekers, DWP have been doing this in a gradual, safe and secure way and the new Full Service is now available in 101 jobcentres around the country. From October 2017 DWP will begin to scale up to more than 50 jobcentres a month and the intention is that all cases are migrated, and a full service is available nationally, by March 2022. After the expansion process is complete, we will begin migrating claimants on other benefits to the Universal Credit full service from July 2019.

### 1.1.1 Universal Credit

UC is designed to support people into work, with the intention of 'making work pay'. Under UC, claimants will remain in the system until they have found sustained employment; this is intended to offer greater support and incentive to enter the labour market. In return, claimants are expected to take greater responsibility for their work search activities by signing up to a Claimant Commitment (CC), agreed between the claimant and the Work Coach.

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<sup>2</sup> The Extended Gateway refers to the expansion of UC eligibility beyond the initial 'Pathfinder' simple claims – comprising single people without dependent children. The Extended Gateway represents roll out to couples in joint claims from June 2013 and families from January 2015 as well as roll out several more areas as part of the national expansion of UC.

## Understanding how Universal Credit influences employment behaviour

Claimants are also given greater ownership over their own finances: under the previous legacy system HB was frequently paid directly to landlords, whereas the UC award (including any housing element where applicable) is paid direct to households. Claimants also receive a single monthly benefit payment under UC; previously, benefits such as JSA and WTC were paid fortnightly, or at different points in a month. The intention is to replicate how people are paid when they are in work, and to encourage more people to handle their benefits and rent payments.

It is acknowledged this may be challenging for some; hence Jobcentres delivering UC are able to signpost to budgeting support and to make alternative arrangements for rent payment (i.e. reverting to rent being paid directly to the landlord). Wherever possible, these alternative payment arrangements are time-limited and delivered in conjunction with appropriate support to help claimants successfully make the transition to monthly budgeting.

In summary, the main aims of UC are to:

- Encourage more people into work and to make even small amounts of work pay and be seen to pay.
- Smooth the transition into work by offering a single benefit that removes the distinction between being in and out of work.
- Offer simpler support, with one system replacing multiple systems, therefore reducing administration costs and the scope for fraud and error.
- Tackle poverty both through increased take-up since the system will be simpler and from increased rewards from employment.

### **The theory of change/logic model of Universal Credit**

DWP's UC evaluation programme, is driven by a 'theory of change' approach. Theory of change starts with the assumption that a policy operates in a changing economic and social context, and that the people involved in delivering and experiencing the policy are subject to variable choices and a variable capacity to act. It is the combination of the behavioural context and the policy levers which drive outcomes.

Applying a theory of change to the evaluation of UC involves unpacking the underpinning theories behind the policy. This can be used to help evaluate, shape and fine-tune UC with a better understanding of why UC may, or may not, drive the outcomes anticipated. It can also give early insight to the effectiveness of UC when robust outcomes can take time to measure. This approach is particularly important in UC, where a key driver of success will be changes in behaviours and attitudes as well as how the various elements of UC interact and drive such changes in behaviour.

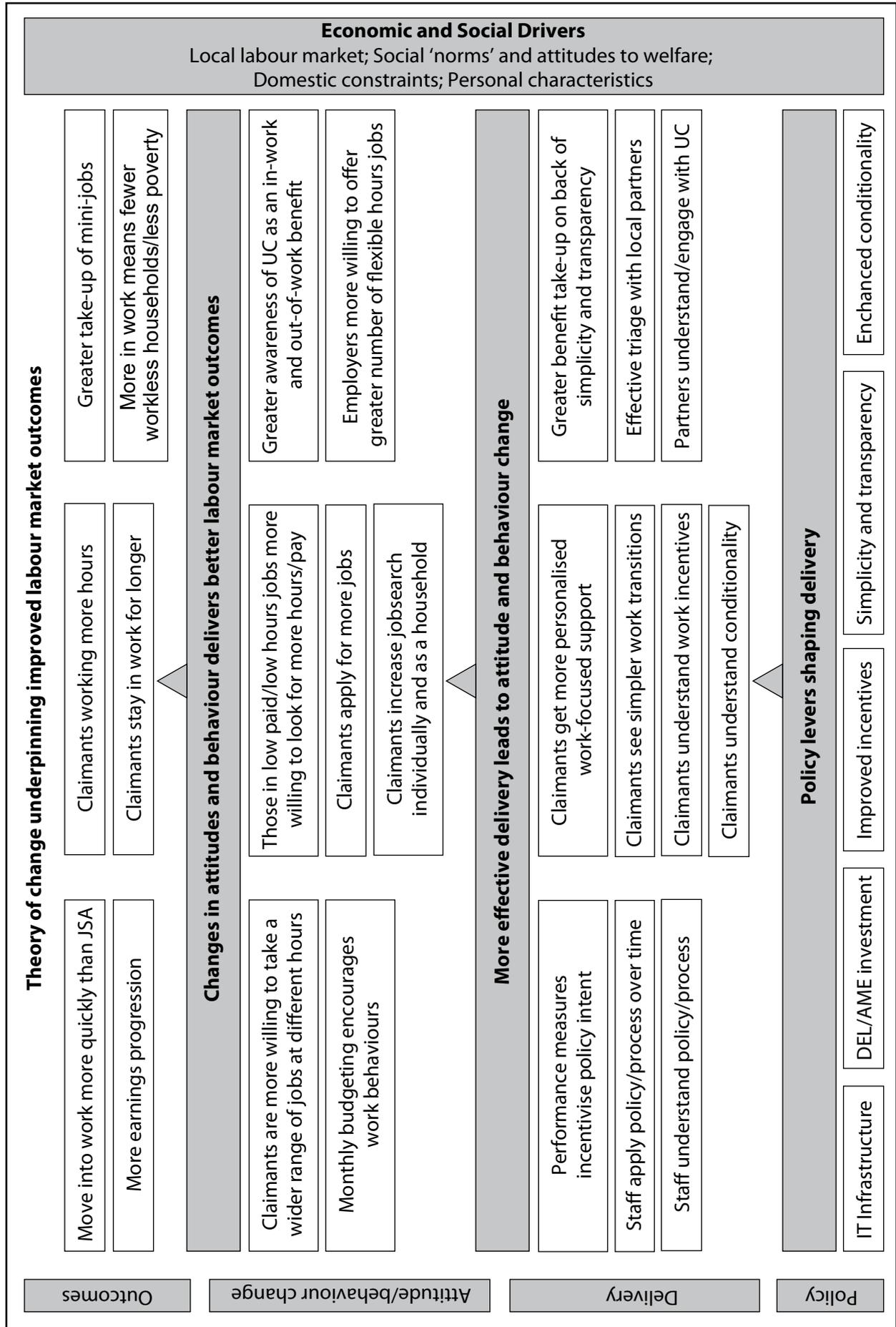
The main aims of UC are to increase incentives to work and work more hours. That is, UC is seeking to make these changes to increase movement into employment and wage/ hours progression for those in work. Employment is considered to be the main way in which claimants can increase their household income and reduce the likelihood of living in poverty. The overarching theory of change for UC is that it will transform the way in which claimants interact with, and perceive the benefits system, both in terms of in-work and out-of-work benefits.

## **Understanding how Universal Credit influences employment behaviour**

It is intended that by introducing a single in-work and out-of-work benefit, previous barriers to employment such as taking up temporary employment or fewer hours are removed, therefore making it easier for claimants to take up any work and changing claimant perceptions of work and welfare, and their employment behaviours, at an individual and household level.

Taking any paid work is believed to increase the likelihood of increasing and securing earnings from employment. So, for example, taking part-time work or a flexible hours contract will move a claimant away from reliance on benefits quicker than when a claimant only seeks full-time work or a permanent contract. The idea is that UC therefore encourages a wider range of employment-seeking behaviours – broadening and making more flexible the type of work people are prepared to take on, without making them worse off. It also seeks to remove the risks around moving into and out of paid work known to discourage engagement with the labour market under the legacy system.

Figure 1.1 DWP High level theory of change for UC



## 1.2 Aims and objectives for this research

### 1.2.1 Universal Credit programme evaluation

This piece of research was commissioned as part of the UC Test and Learn programme; a wider body of research, evaluation and analysis of UC.

The Test and Learn approach has seen UC rolled out in a managed way to a small number of sites at any one time, to incrementally more 'complex' claim types over time while investing in research and evaluation to test the process and impact of UC so that learning can be implemented prior to the next phase of roll out.

**This exploratory piece of research was commissioned as part of the overarching Test and Learn evaluation programme for UC. Its principal aim was to test out the behavioural assumptions set out in the model** and to provide early indications of the relative impacts of the different components of UC on different claimant groups, and to help us understand how the following elements of UC act together to inform decisions:

- a Removal of the 16-hour rule, so claimants take up work of any hours.
- b CC, enhanced conditionality and role of Work Coach.
- c Monthly combined payment of all benefits.
- d Awareness of how UC amount changes with level of work in real time with no need to inform Jobcentre Plus of changes in hours/earnings.
- e No barrier to short-term paid employment – no need for signing on and off.
- f Keeping claim open for six months<sup>3</sup>, once earning above the UC earnings threshold, enabling claimants to take on short-term or contract work.

In short, this piece of research sought to deepen the DWP's understanding of how far the principle UC components were driving current behaviour change and had the potential to shape labour market behaviours in the future. The research explored the differential experiences of the different claimant groups currently in scope within UC.

Alongside this project, other pieces of evaluation have been commissioned. These include:

- **A two wave claimant survey** to provide high level survey data on claimants' experiences of UC and their behaviours, attitudes to work and welfare and early outcomes. The survey will be longitudinal with the same claimants being interviewed in the second wave three months later. This will be accompanied by two waves of interviews with JSA claimants in matched geographical locations.
- **Two waves of qualitative research** exploring in detail claimants' experiences of UC processes and the reasons for their behaviours and attitudes.

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<sup>3</sup> A claimant can return to UC without the need to make a new UC claim as long as they meet the conditions for eligibility to UC and are returning within six months of their previous claim ending. This provides a simple route back onto UC for claimants who experience a short break in entitlement due to taking temporary work.

## Understanding how Universal Credit influences employment behaviour

The key aim for this work was to understand if, when and how UC influences claimants' behaviour in relation to employment amongst the following claimant groups:

- **Single** people with 'simple' UC claims. The definition of 'simple' covered those whose claim may include a housing element, but who would have claimed JSA under the legacy system and so were considered able to actively seek work, rather than those who would have claimed ESA, for example. It also excluded those who defined themselves as self-employed.
- **Couple** households without dependent children, also with 'simple' UC claims.
- **Families** in receipt of UC – both lone parent and couple parent families with dependent children who had applied for and been awarded UC under the new system and where one partner would have received JSA under the old system (so where the family were considered able to seek paid work).

The employment behaviour explored in this research was:

- **Initial work search behaviour**, for example, the time spent and approach to searching for jobs; and the kinds of roles, contracts and hours applied for.
- **In work behaviour**, where claimants moved into paid employment but still received UC as they were under the earnings threshold and were subject to UC in-work conditionality in order to raise their income (usually through increasing the number of hours worked). Along with the other evaluation activity underway in UC, findings from this research have fed into ongoing development of the UC offer, claimant communications and staff development.

### 1.2.2 Research design and methods

This study was designed as exploratory and iterative. It employed a flexible research design, each element building incrementally on findings from earlier phases of the work. It sought to explore, develop and understand the nature of behavioural changes driven by UC and how those drivers operate in the wider context of claimants' lives. It also sought to highlight areas for improvement in how UC could influence positive employment behaviour. As such it was not intended to be a process orientated study, or an evaluation of impact.

#### Stern's ABC theory: a theoretical framework

The study is designed to explore the relationship between experience of UC and both anticipated and actual impacts on behaviour, building on DWP's theory of change. The research was premised on Stern's ABC theory of behaviour change<sup>4</sup> as a framework that fits with this theory of change and gives a helpful framing to the research questions. According to Stern's theory, behaviour (B) is produced by a combination of attitudes (A) and context (C). Attitudes are shaped by 'personal factors' such as identity, beliefs, personal circumstances and ideas. Context is made up of factors in the environment that are 'external' to the individual.

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<sup>4</sup> Stern, P.C. (2000). Towards a coherent theory of environmentally significant behaviour. *Journal of Social Issues*, 56(3), 407-424.

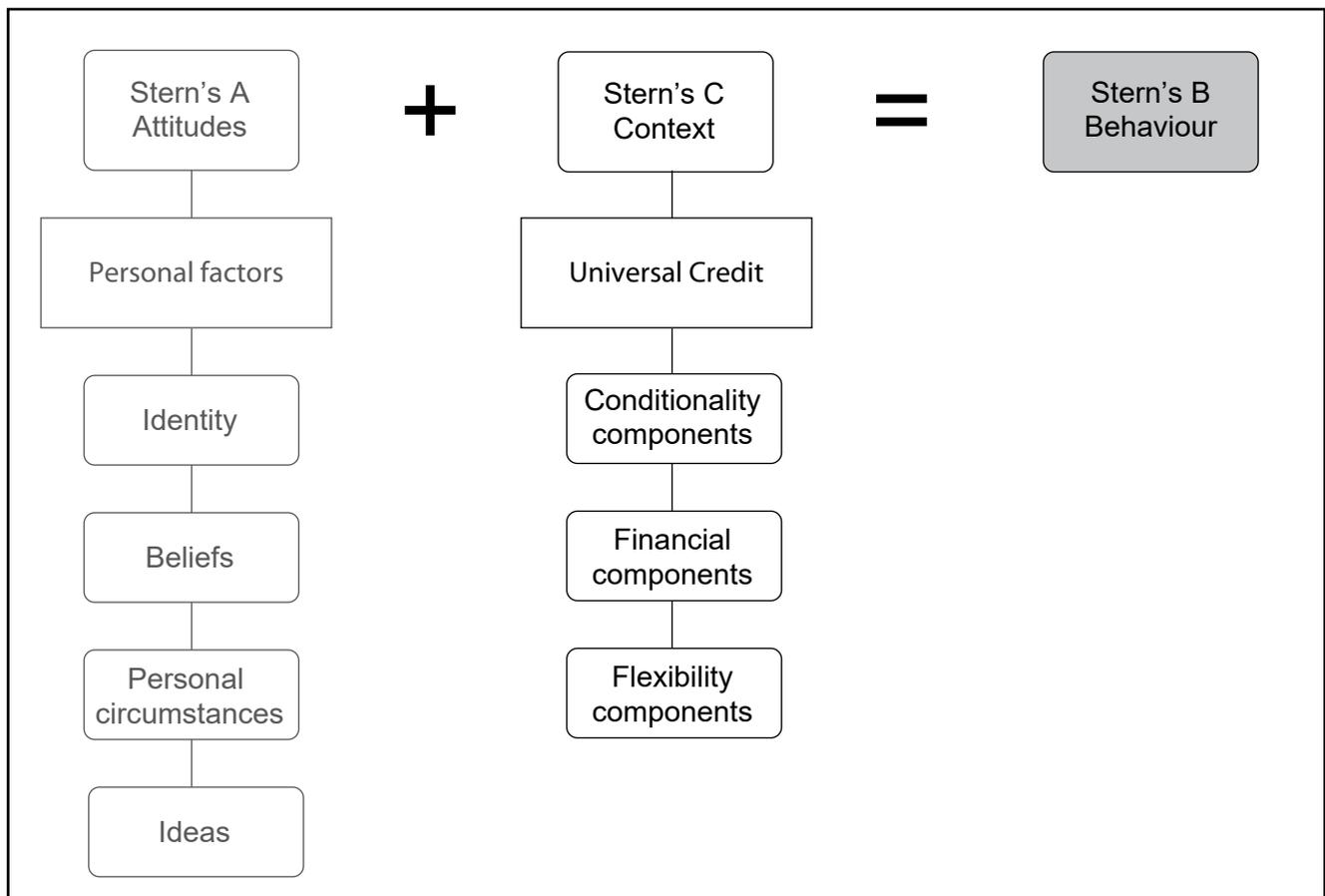
## Understanding how Universal Credit influences employment behaviour

Stern's theory offers parallels with the UC theory of change – UC is a particular (and multi-faceted) context that operates alongside claimants' own complex personal circumstances, attitudes and experiences. Because of its multi-faceted nature (e.g. conditionality, flexibility or financial components), it is assumed that UC could be both a driver and a facilitator of behaviour change. Using Stern's theory ensured that the interaction between UC and personal factors was fully explored in this study in order to explain the influence on behaviour.

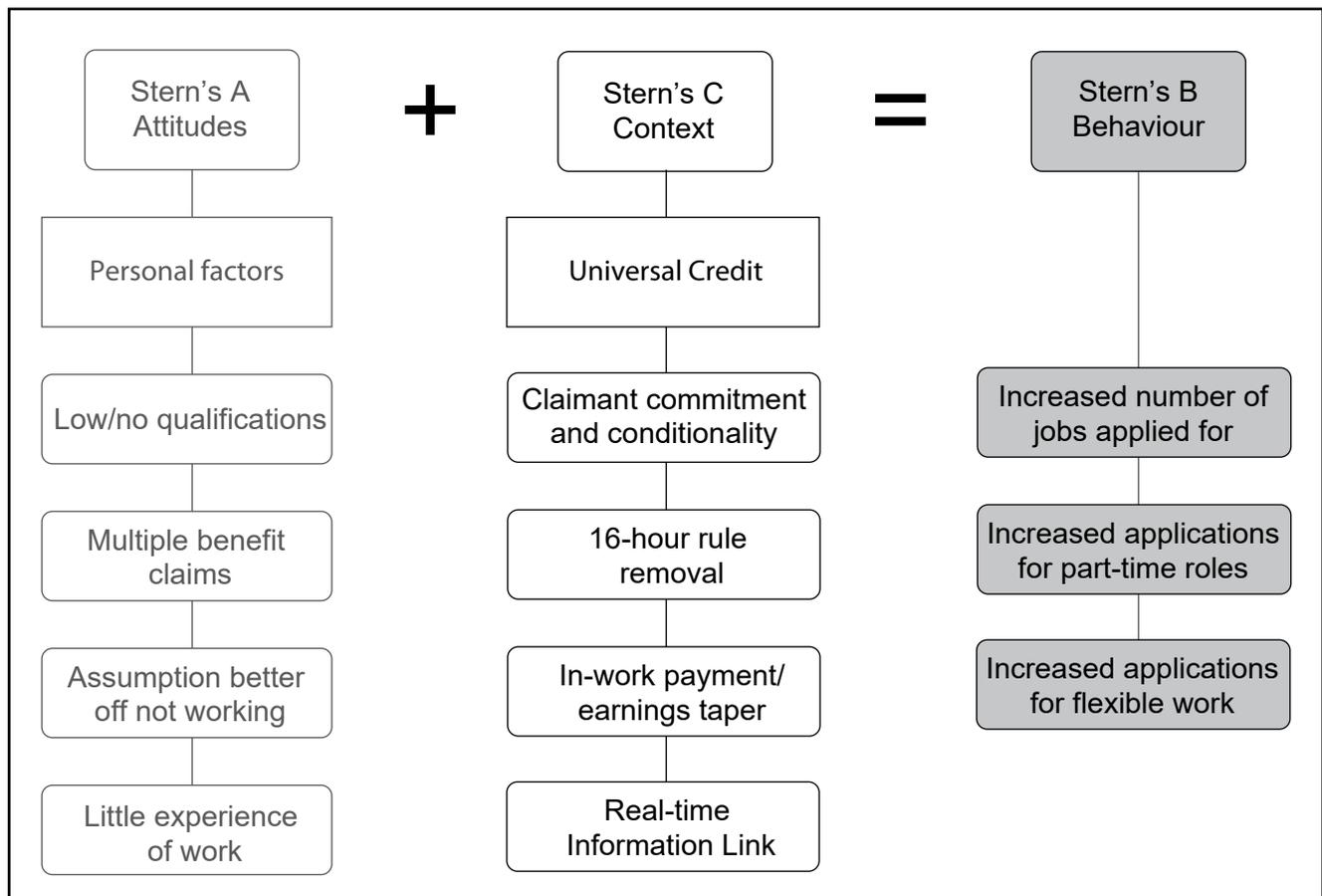
For the purposes of this research, the context (C) is UC and its component elements. In Stern's theory, the attitude-behaviour relationship is strongest where context is neutral. Where context is strongly negative or positive (to encourage or prohibit certain behaviours), the effect of attitude (A) is diminished. The stronger the effect of C, the less important is A in determining behaviour (B). UC seeks to influence B in relation to the labour market and improve labour market engagement.

The research approach was to work through an iterative research design that helped identify the elements of Stern's C, or UC here, that are likely to have the strongest positive impact on labour market behaviours and under what circumstances. It was also designed to understand when UC is less influential in increasing labour market engagement – and to explore the interplay of UC with Stern's 'A'; claimants' personal circumstances and attitudes.

**Figure 1.2 Stern's Theory of Change**



**Figure 1.3 Example of how Universal Credit could operate within Stern's Theory**



### 1.2.3 An iterative research design

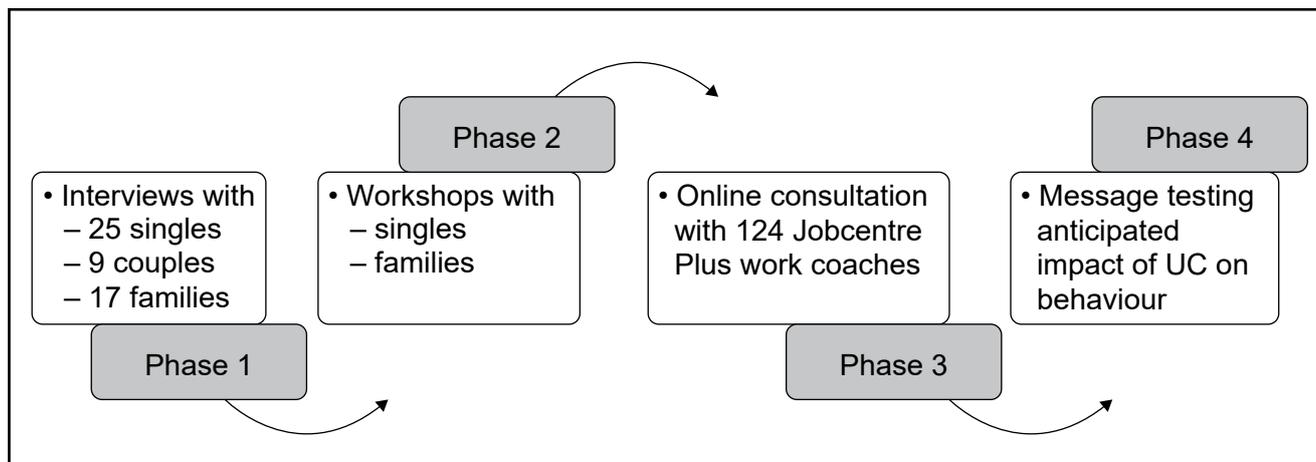
The research was designed over four phases, as illustrated in Figure 1.4. The research design began with in-depth interviews with those who had received UC from amongst the different claimant groups to ascertain and explore the issues influencing experiences and behaviour. The findings from this stage were presented to DWP. These findings and the policy context at the time were employed to shape the key questions for the workshops. These focused on claimants' understanding UC, the individual components of UC and explored whether the components had a hierarchy of influence.

As Work Coaches are the key vehicle for delivering UC and have the potential to influence claimants' understanding and interaction with the policy context, it was also seen as important to triangulate the findings with Work Coaches delivering UC. Claimants' understanding of UC was at the heart of the research.

The final stage of the iterative design sought to effectively test and measure the impact of different messages about UC, looking at how they may influence behavioural intentions. This stage was conducted in a social science laboratory and randomly assigned respondents to messaging groups in order to compare the efficacy of different messages.

## Understanding how Universal Credit influences employment behaviour

**Figure 1.4 Research phases**



Due to delays in the roll-out of UC to families, the Work Coach consultation and experiments took place before all fieldwork with families was complete. The timeline for the research is shown in Table 1.1.

**Table 1.1 Timeline for research phases:**

| Phase                          | Jan. 15 | Mar. 15 | May 15 | Jun. 15 | Sep. 15 | Oct. 15 | Dec. 15 |
|--------------------------------|---------|---------|--------|---------|---------|---------|---------|
| Singles interviews             | ■       |         |        |         |         |         |         |
| Couples interviews             | ■       |         |        |         |         |         |         |
| Family interviews <sup>5</sup> |         |         |        |         | ■       | ■       |         |
| Singles workshop               |         |         |        |         |         |         |         |
| Family workshop                |         | ■       |        |         |         |         | ■       |
| Work Coach consultation        |         |         | ■      | ■       |         |         |         |
| Lab – message testing          |         |         |        |         |         | ■       |         |

### Phase 1 – In-depth interviews

The first phase involved in 34 in-depth interviews with single claimants and some couples without dependent children. This phase used in-depth face-to-face interviews to look at experiences of employment-related behaviour under UC, awareness and understanding of UC and personal employment aspirations, experiences and attitudes.

Family interviews took place both face-to-face and by telephone. They included interviews with nine lone parents and eight couple families (made up of 21 participants. Some couples took part in separate interviews and some in a joint in-depth interview, according to couples' preferences and availability).

<sup>5</sup> Family interviews happened later in the research process due to a later roll out of UC to families and a need to wait for sufficient on-flow to be able to sample adequately in pilot areas.

Topic guides, designed in collaboration with DWP, were used with each claimant group. This ensured consistency of areas covered in interviews, although the time spent on particular topics and the relevance of each topic varied within interviews. Topic guides are reproduced in the technical report.

### Phase 2 – Workshops

The first phase interviews with single claimants highlighted limitations in the understanding of UC (beyond conditionality and the CC) but demonstrated that there were examples of UC influencing employment behaviour as well as examples where it appeared to have little impact. The findings were analysed in detail (and are presented throughout the substantive chapters of this report) to look at how, why and when UC did and did not influence behaviour.

As a result of findings around the lack of understanding of some elements of UC, the Singles Workshops (phase 2) focused on and explored claimants' understanding of UC and its specific components. The focus groups used a vignette-based approach<sup>6</sup> to ascertain what employment-related behaviour they would either recommend or take themselves in certain scenarios, in light of understanding each of the particular components of UC (which were explained by researchers where awareness was weaker). The second session sought to rank the components of UC in terms of their (likely) influence on behaviour and to explore claimants' experiences and recommendations around information-giving about UC.

Workshops took place over a half day and comprised two focus group sessions with each of five groups (a total of ten focus groups in the workshop, with 27<sup>7</sup> participants). The participants in this workshop were a mix of UC claimants and legacy (JSA) claimants.

The families workshop was held towards the end of the research period (December 2015) and used a similar approach, but focused on family decision-making around work and the personal circumstance and attitudinal factors that influence these decisions (the A in Stern's theory) in the first session, before then going on to explore in-depth claimants' understanding of UC and the relative importance of the different components on their employment behaviour.

Thirty-four participants attended the workshop<sup>8</sup>. These were a mix of adults from lone parent and couple parent households.

### Phase 3 – Staff consultation

The online consultation with Work Coaches responsible for delivering UC focused on Work Coaches' perceptions of how UC influenced claimants' behaviour and which elements have what kind of influence.

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<sup>6</sup> In this approach a fictional scenario or vignette is used to base discussions on a concrete scenario and how UC would or should impact behaviour in varying circumstances. The vignette used is included in the technical report.

<sup>7</sup> Forty-five were recruited, in the expectation that around 40 would attend. This low attendance rate was consistent throughout the project from the workshops onward.

<sup>8</sup> Fifty-six parents were recruited in the expectation that around 50 would attend.

## Understanding how Universal Credit influences employment behaviour

The findings from this phase were considered alongside findings from claimant groups and were used primarily by DWP to think about how Work Coaches understand and explain UC and how much emphasis is given to conditionality compared to the other elements of UC.

The consultation received 124 responses from Work Coaches.

### Phase 4 – The laboratory experiments

The research design included innovative laboratory experiments, seeking to test the impact of particular types of message about UC compared to the current UC Welcome Guide<sup>9</sup>.

The experiments<sup>10</sup> were comprised of two treatment groups and a control group with each participant being shown one of three messages. Participants assigned to the Control Group were shown a message that was an excerpt from the UC Welcome Guide in use at the time.

- In **Treatment Group 1**, participants were shown a presentation about UC that emphasised the implications of UC and focused on the ‘in-work payments’ and the removal of the 16-hour rule components of UC.
- **Treatment Group 2** were presented with details about UC that emphasised the implications of UC and focused on the ‘keeping the claim open’ component of UC. These messages were tested prior to the experiments using six cognitive interviews held in a Jobcentre Plus office.

The effects of the messages were measured using the answers collected via a questionnaire participants completed before and after being exposed to the messages. The questions were aimed at measuring behavioural and hypothetical outcomes related to job-seeking behaviour.

In total, 80 participants took part in the experiments that were implemented in October 2015 in Oxford.

### 1.2.4 Data analysis

#### Qualitative stages

Qualitative data was analysed using the Framework approach, supported within the software package NVivo 10. This uses a ‘matrix’ approach to conduct theme and case-based analysis, and was developed at NatCen for use with qualitative data collected during applied policy research. These matrices facilitate a systematic and comprehensive approach to interpretation. They allow the exploration of a particular theme across all, or groups of, participants while simultaneously allowing the full pattern of an individual’s attitudes and behaviour to be reviewed. They also display the range of views or behaviours described by participants, and allow the accounts of different participants, or groups of participants, to be compared and contrasted.

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<sup>9</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/458180/universal-credit-welcome-guide-0915.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/458180/universal-credit-welcome-guide-0915.pdf)

<sup>10</sup> A full methodological write up of the experiments is available in the technical report.

### The laboratory experiments

Data from the experiments, were analysed using descriptive statistics and significance tests to compare the outcomes in the various groups (e.g. chi2 tests). There were a small number (five) of UC claimants in the experiments sample and all analyses were performed with and without this group to ensure their prior knowledge was not affecting findings.

## 1.3 Interpreting the findings

This report presents findings from the qualitative research and from the experimental method.

Qualitative findings are presented without showing the numbers of participants who fell into a particular category. Qualitative samples are selected to represent range and diversity and because of this, the numbers in the sample do not 'scale up' to the population. Showing the numbers of participants in each analytical group would have no relationship to numbers in the wider population of UC claimants. Instead of offering prevalence measures, the purpose of qualitative research is to offer rich descriptive detail about the full range of views and experiences in the research population and seek likely explanations (both from participants themselves and inferred from data analysis) as to why experiences have occurred.

Quotes are taken from interviews and workshops. These are labelled in order to show their origin, but to preserve the anonymity of participants.

The experiments strand included fewer subjects than it had been designed for. As such, there were fewer findings that offered statistical significance (using the analytical approach above) than may have otherwise been the case. The findings included in this report are only those that did have statistical significance. Reference to the fuller findings, including findings that would have been statistically significant if the data were replicated on a larger scale, are included in the technical report.

## 1.4 Structure of the report

**Chapter 2** describes the personal factors and characteristics of participants from the qualitative stages (the 'A' in Stern's theory) including their work and benefit claiming histories, attitudes to work and current barriers to paid work.

**Chapter 3** describes participants' understanding and views of UC, both overall and of the component parts. This chapter includes findings from the laboratory experiments on preferences and ease of understanding in the three UC messages tested. It also lists the sources from which qualitative participants gleaned information on UC and their recommendations for improving their understanding of the policy.

**Chapter 4** details the behaviour changes seen when UC does influence behaviour. It also explores the circumstances in which UC did not influence behaviour and why this was the case.

## Understanding how Universal Credit influences employment behaviour

**Chapter 5** explains the drivers for changes in behaviour, looks at the influence of individual components of UC in behaviour changes and explores whether a hierarchy of influence exists amongst the component parts of UC. It also explores the relationship between the influence of UC and claimants' personal circumstances, attitudes and motivations (i.e. the interaction between Stern's C and A in driving behaviour). Findings from the laboratory experiments are included in this chapter.

**Chapter 6** draws out key implications and conclusions from the research. It provides a typology of the different claimant groups that emerged from the study and explains how UC drives labour market behaviour for each before drawing conclusions about improving the influence of UC on employment behaviour.

## 2 Claimant background and characteristics

This chapter details the backgrounds and characteristics of participants across the qualitative research. The theoretical framework for this project was Stern's theory of change, which states that behaviour is driven by a combination of the external context (in this case Universal Credit (UC)) and personal factors; comprising claimants' individual circumstances, beliefs and experiences. In Stern's theory, the stronger the external context (UC), the weaker the role of personal factors in driving behaviour. This research looks at the influence of UC, and personal factors on employment behaviour and the extent to which UC works with or can overcome personal factors to drive positive employment behaviours. This chapter describes those personal circumstances, attitudes and experiences amongst the research sample.

### 2.1 Singles

#### 2.1.1 Sociodemographic profile

There were 25 in-depth interviews with single claimants. In addition, 27 single claimants<sup>11</sup> attended the workshops in phase 2. This gives a qualitative sample of 52 single claimants, sampled from Department for Work and Pensions' (DWP's) benefits records. Overall the sample was biased towards younger males, reflecting the overall profile of the claimant group, which contains a larger number of young males. The sample was roughly split between those who had paid work since their claim started (although in some cases this had been temporary and short term), and those who had not had paid work since starting their current claim. In the workshops, 17 participants claimed Jobseeker's Allowance (JSA)<sup>12</sup> and 10 claimed UC.

In addition, interviews with nine couples without children were also conducted. From a policy perspective they have much in common with single claimants, except from the joint conditionality and so, data from these nine couples has been analysed as singles data, except for sections looking at joint conditionality, where their data has been analysed with that of couple families.

#### 2.1.2 Benefits and work history

Experiences of benefits and work history were wide ranging. Claimants fell into four broad groups of:

- **First time claimants with little experience of paid work.** These were typically recent graduates looking to begin their careers. They may have held part-time or seasonal work in the past during their studies but were seeking full-time employment while claiming UC following completion of their studies.

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<sup>11</sup> This was fewer than the intended 50. Despite over-recruitment, turnout was low on the day.

<sup>12</sup> JSA claimants were sampled for workshops for two reasons. One was to ensure sufficient sample in a small geographical area. The second reason was to look at whether reactions to and understanding of UC differed amongst participants who had no direct experience of the policy context.

## Understanding how Universal Credit influences employment behaviour

- **First time claimants with stable work histories.** This group included those with a range of qualifications from post-graduate qualifications to very few formal qualifications. They typically had held long-term jobs in the past, but had lost employment often through redundancies. They expected their claim to be a short-term deviation from an otherwise full employment history.
- **Repeat claimants, who have spent more time working than not working.** This group had a history of unstable or short-term employment. They described themselves as having spent more time in employment than claiming benefit, but often used benefit claims between shorter-term or unstable employment. One male participant, for example, described how he had never claimed benefits for more than a four-week period, but had done so several times over a two-year period. This group had lower qualifications and often worked in manual trades, retail and the service sector. For some, short-term agency work was their normal employment profile.
- **Repeat and longer term claimants with varied work histories.** This group was more unusual in the sample. It included JSA claimants with varied experiences of work and unemployment. The longest period out of work amongst this group was around five years. It included those who had spent periods in receipt of Employment and Support Allowance (ESA) in the past and unable to work.

### 2.1.3 Attitudes and barriers to work

Analysis of the in-depth interviews and task focused workshops showed two broad attitudes towards work:

The first was those for whom working was always better than not working, regardless of the role or income generated. This was often because it was seen as beneficial to mental wellbeing and helpful to finding better work (fitting with UC's theory of change). Motivation to work amongst this group was described by participants as strong, regardless of other circumstances or sociodemographic profiles. In the second group, there was a more ambivalent attitude toward employment, with a general preference to working, but only if that work ensured that a participant was, overall, better off.

Notions of being 'better off' were described not only financially, but also in terms of the balance of enjoyment of a job, the prospects of a particular role, the distance and time spent travelling and the costs involved in working (typically travel and food). For those in this group, there were sometimes calculations<sup>13</sup> that they were better off in part-time work. In this scenario, they often worked in low skilled minimum wage jobs with little apparent prospect and felt that a balance of top up benefits and part-time hours was preferable to full-time hours for an income that was only slightly higher.

Barriers to work varied according to work histories and experience. Recent graduates cited three key barriers: their lack of experience; a proliferation of other graduates with degrees competing for roles; and a contracted labour market due to the recent recession. This group had often lowered their short-term work aspirations and were prepared to accept or look for a wide range of roles while thinking about how to better achieve their longer term prospects. For others, aspirations were lowered without any clear path back to long-term goals.

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<sup>13</sup> Interviews took place prior to the removal of the Work Allowance (WA) for single claimants. The extent to which these claimants will be better off working part time without the WA is likely to vary in the future.

An example of this was a recent graduate working shifts as a health care assistant role in a local nursing home.

A lack of formal qualifications was described as a barrier in some circumstances, particularly where a participant had held a long-term role but recently become unemployed. In these cases being older was also felt to be a barrier. There were examples in this group too, of participants lowering their expectations in order to take a job.

The other barriers described were often related to the labour market where participants described fewer jobs with increased competition, or a larger proportion of work happening only via agencies, short-term or zero-hours type contracts rather than full-time and stable employment.

Ill health and caring responsibilities (for elderly relatives) were also cited as significant barriers to employment.

These personal circumstances, attitudes and experiences influence behaviour and interact with the context of UC. The relationship between these is explored in later chapters.

## 2.2 Families

### 2.2.1 Sociodemographic profile

Families took part in both in-depth interviews and in the families' workshop. A total of 17 families were included in in-depth interviews (split between nine lone parent families and eight couple families). Some couple interviews were conducted jointly, others separately with both partners and some with just one partner from the couple. Amongst these eight couples, 12 participants took part. In the workshop, there were 34 participants from families claiming UC in the six months prior to the workshop. This included lone parents (19) and couple parents (15). In total, 28 lone parents and 23 couple families took part in qualitative research stages.

Family circumstances were varied and complex. The sample included families who had been listed as couple parents at the outset of their claim but had become lone parents by the time of the research (and vice versa)<sup>14</sup>. Couple families ranged from those in stable long-term co-habiting partnerships and those with less stability, where co-habiting had not been constant or was very recent. All couples in the study were heterosexual. Some couple families were comprised of blended families, where one partner was not the children's biological parent. The degree to which partners were involved in step-parenting varied. There was also variation in whether a biological parent either wanted or felt it appropriate for her new partner to be involved in caring for her children. One lone parent was classed as such because her partner (not her child's biological father) was serving a prison sentence, but on his release she planned for him to move home and revert to a joint claim under UC.

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<sup>14</sup> There were also three couples who were listed as couples with dependent children but when interviewed, it was clear their children were no longer dependent (e.g. either over 16 and not in education or over 18). These couples have been included in the 'singles' analysis overall.

## Understanding how Universal Credit influences employment behaviour

There were also low levels of use of formal childcare in this sample, with parents generally relying on informal childcare, working around each other's working patterns (in two parent families) or having children old enough to care for themselves and each other for short periods (e.g. leaving teenagers to get up, get ready and get to school alone while a lone parent worked an early shift).

### 2.2.2 Benefits and work history

The profile of benefits and work history reflected the complexity and range of the families involved in the research. While participants can be grouped by their broad work history, their use and reliance on in-work and out-of-work benefits was more complex and no clear patterns were discernible.

- **Strong work history, use of in-work benefits and some repeat claims for out-of-work benefits.** Amongst stable long-term couple partnerships and some lone parent families, there were strong and either recent or current work histories. In couple families this had typically been where the male partner had usually worked since before becoming a family, but may have had short periods of unemployment. There was variation in how stable work had been for these (typically) male parents with some having worked in the same role or company for over 15 years and others having had permanent contracts for shorter periods of time as well as having experience of temporary work.

These couple families had varied in how much they used benefits in the past, dependent on the income level of the main earner. For some, they had not made any out-of-work claim prior to their recent UC claim and had not been eligible for in-work benefits. Others had received Working Tax Credit (WTC) as a household in the past as well as having claimed JSA.

Lone parents in this group described having almost always worked, except for having had short breaks in their working history when their children were young. In these periods they had claimed Income Support (IS) where they were already the sole adult in their household. In interviews, lone parents all had older children of at least primary school age. Reliance on in-work benefits was usual in this group, typically WTC and some Child Tax Credit (CTC) in the past.

- **Strong work history but some distance from the labour market. Varied use of benefits.** This group was made up of lone parents who had previously worked, but had struggled to find suitable employment after losing a particular job. It also included two-parent families where either a parent had moved out of paid employment to care for a young child or where a 'primary' earner had spent time away from the labour market due to ill health or caring responsibilities. One household of two parents had been workless for over a year at the time of interview.

Households in this group relied on out-of-work benefits (UC at the time of the research), or their partner's wages and some in-work benefits such as WTC.

- **Little work experience but varied benefits use within family.** This type of work history was typically described by female partners in two-parent families who had left school with little or no qualifications and had little experience of the labour market prior to having had children. In these circumstances their partner was the primary wage earner and these roles of full-time carer and primary earner were seen as optimal for the family while children were young. This had meant little reliance on out-of-work benefit until their partner was unemployed but the family may have used in-work benefits.

There was one two-parent household where both parents described little work experience prior to or since becoming parents. In this case the male partner described how he was due to start on the Work Programme and hoped this would help him find work. This couple were also being supported by their Housing Association in help with budgeting skills.

### 2.2.3 Attitudes and barriers to work

The attitudes and barriers to work were more complex amongst this group than amongst single claimants, meaning that families' personal circumstances, attitudes and experiences were more varied and complex than amongst singles. This in turn meant that there was a more complex interaction with UC in driving behaviour. This is explored in Chapter 5. The key difference centred around children – attitudinally about who should care for children and how much time participants felt a parent should be home with children (outside school hours) compared to in other settings. The cost, availability and lack of flexibility in childcare was seen as a significant barrier in some circumstances.

Participants can be described in three broad groups in their attitude towards work:

- **Prioritising caring for children full time** (and not seeking or wanting to seek paid work). This group was comprised of women in two different circumstances; those whose youngest child was under the age where UC would require them to seek work, and those where traditional gender roles (of a male partner working full time and a female partner caring for children full time) was the preference. This included women whose youngest child was school aged and who were required to spend periods work searching when their partner was out of paid work as part of a joint claim.

Across this group, all women talked about seeking paid work when children were older. There was variation in how old they expected children to be when they planned on seeking paid work and in how clear and concrete their plans were for the future

Barriers to work for this group included a lack of work experience or history (where women had left school without qualifications and had their families at a young age), a perceived shortage of roles that fit within school hours and term times and distance and time spent travelling to potential employers. Lack of qualifications was also an issue in some cases, although this was seen as a lesser barrier as it was felt qualifications could be studied for in the future.

- **Balancing paid work with childcare responsibilities.** This group comprised lone parents and partners in couple families where the other member of the couple had or sought a full-time role. Here, the ideal employment situation was described as part time, leaving enough time to be around to support and care for (typically older) children. Lone parents in this group described relying on informal childcare. Parents in couple families sought work that fitted around school hours or allowed them to work during hours when their partner would be home (opposite day and night shifts, working weekends or evenings) to optimise children's time spent with parents and keep any childcare costs to a minimum.

## Understanding how Universal Credit influences employment behaviour

Barriers to work in this group could either be seen as limiting the possibility of paid work per se, or of limiting just the type and skill level of work available.

The barriers here were related to children's needs and were strongest amongst lone parents; the cost of formal childcare (even with financial assistance available), the lack of appropriate formal childcare for older children outside school hours, a desire to work in school hours only and the distance travelled limiting the hours available for work. Other barriers included distance from informal childcare networks. Lone parents working part time amongst the depth interview participants relied on informal childcare or had older teenage children who were left to supervise younger siblings around working hours.

### **Case illustration (LP1, Female, Lone Parent, UC Recipient)**

One lone parent described having moved away from her previous area in order to accept appropriate council housing. Her children were 16 and 11 at the time of the interview. In the past she had worked part-time, relying on close family and a small number of friends for childcare around school hours. Her last job had been working for a care agency two or three days a week working 12-hour shifts. She described her children as being too old for any formal childcare on offer. She had worked in a wide variety of roles since being a lone parent, mostly in the retail and customer services sectors.

She did not have paid work at the time of the interview and although she was job hunting, she was apprehensive about her ability to find a job that fitted around her children now that she was too far away to use her informal childcare network.

- **Working full time as a priority.** This group included male partners in couple families and some lone parents. Here childcare was provided by the participants' partners, by informal childcare provided by extended family (lone parents) and formal childcare (lone parent). Barriers here were perceived around not being 'better off' (see below), a lack of appropriate job opportunities and time and cost of travel. For those in couple families with a traditional gender division of paid work and childcare, the desire to 'provide' for the family was a strong part of motivation to work.

Lone parents across the second and third groups described part of their motivation to work as wanting to set a positive example or provide a role-model to their children. For some female partners in two parent households, having access to an independent source of income was a motivation to work.

Part of the welfare reform changes brought in by UC involve changes in how payments are made (monthly and by a single payment). This has implications for how families organise finances and represents an important change in families where families apportioned different types of income to each partner and where one partner's individual income was comprised (as least in part) by WTC or CTC.

### Assessments of better off driving decisions around employment

Across the family claimant samples, attitude to work was often guided by an assessment of being **'better off'**. This was a subjective assessment based on a complex interplay of factors – income level, time spent away from children compared to time spent with children, the cost of any childcare needed, role-modelling work to children and the optimum balance between income generated through paid work and income from benefits and how this changed with variation in hours worked or salaries paid. The prospects and enjoyment of different roles was also a factor in some assessments of being better off. In some cases, assessments of being **'best off'** were working part time as the financial gains from working full-time were small compared to the time spent away from the children and family.

This assessment of being **'better off'** is crucial in driving employment behaviour (as reported in Chapters 4 and 5). It is also a complex interplay of both the external context of UC and people's personal circumstances, attitudes and experiences, meaning that the distinction between personal circumstances (the A in Stern's theory) and UC (Stern's C) is not always clear.

**Ill health, low qualifications and significant periods spent away from the labour market** were seen as barriers across groups. In one case, fulfilling a community service order was described as a temporary barrier to work searching. In addition, local employment markets were seen as limited and therefore as a barrier to work, particularly for women seeking part-time work around children's school hours.

For those working part time or caring for children full time, **childcare options were seen as a significant barrier to work**. This was about the cost as well as the availability of formal childcare (coupled with the lack of flexibility in formal childcare to accommodate changing shift patterns or hours) and the lack of appropriate care for older children. Finding and affording appropriate care in the school holidays was also seen as a barrier to work.

**Financial stability and predictability** was also a potential barrier in some households. This could either be to paid work in general or around specific types of work like flexible hours contracts, or short-term work. There was risk perceived in transitioning back to work – in the gap between benefits payment and a first wage packet and in the balance between what would be lost in benefit claims against what they could potentially earn. There was also risk perceived in short-term or flexible contract work around changing levels of income. It was potentially seen as better to have a predictable and transparent income rather than have peaks and troughs in income without knowing exact amounts. Gaps between income sources were seen as particularly detrimental to financial wellbeing and therefore higher risk. Again, this part of people's personal attitudes is important for understanding how UC does and does not drive their employment behaviour and why the incentives built into UC (like the Real Time Information (RTI) link on income) may have less influence on behaviour than might be hoped under UC's theory of change.

### 2.3 Chapter summary

- This chapter outlines the personal circumstances, attitudes and experiences around employment amongst the sample members. This is the A in Stern's theory and important for understanding in later chapters (4 and 5) how these personal circumstances interact with UC to drive employment behaviour.
- Single claimants fell into four broad groups in terms of their work and benefit histories. They included first time claimants with little experience of paid work; first time claimants with stable work histories; repeat claimants who had spent more time spent working than not working; and repeat and longer term claimants with varied work histories.
- They expressed two broad attitudes towards work: first that working was always better than not working, regardless of the role or income generated and second, that work was the preferred option but only if it meant being 'better off' in terms of the balance between income and expenditure, enjoyment and prospects of a particular job, and distance and time spent travelling.
- Barriers to work varied according to work histories and experience. Recent graduates cited lack of experience; competing for roles with rising numbers of graduates; and a contracted labour market as key barriers. In some circumstances a lack of formal qualifications was described as a barrier. Other barriers were often related to the labour market where participants described fewer jobs with increased competition, or a larger proportion of work happening only via agencies, and with short-term or flexible contracts.
- Participating families, including lone parents and two-parent families had a wide range of household and family circumstances. Work histories were also diverse within this group and their use and reliance on in-work and out-of-work benefits was more complex compared to single claimants with no clearly discernible patterns.
- The attitudes and barriers to work were more complex amongst this group than amongst single claimants. The key difference centred around children – attitudinally about who should care for children and how much time participants felt a parent should be home with children (outside of school hours) compared to in other settings. The cost, availability and lack of flexibility in childcare were seen as significant barriers in some circumstances.

### 3 Understanding and views of Universal Credit

This chapter draws on in-depth interviews and workshops with both single and family claimant groups. It describes participants’ overall views and opinions of Universal Credit (UC) before exploring participants’ awareness, understanding and views of the specific components. Findings from the laboratory experiments on how participants understood messages are also presented. This chapter also describes where participants accessed information about UC and their recommendations around improving information provision.

The findings from this chapter provide a broader understanding of how perceptions and experiences of UC have changed, or failed to change behaviours. The findings demonstrate the importance of messaging and communications in enhancing understanding of UC as well as the importance of ensuring messages are nuanced and tailored to different claimant groups.

As detailed in Chapter 1, UC is a major welfare benefit reform, combining six previous benefits into one. For the purposes of this research the elements of UC can be split into three groups – the conditionality components, the flexibility components and the financial components. These are summarised in the following table.

**Table 3.1 Overview of UC components**

|                                  |  |
|----------------------------------|--|
| <b>Conditionality components</b> | <p><b>Claimant Commitment:</b> A Claimant Commitment (CC) is the agreement drawn up between the claimant and Jobcentre Plus. It details the requirements made of the claimant around their work search (the hours spent, roles applied for, tracking their activities) and the obligation for the claimant to take any work offered. The CC also details the requirement to attend Work Coach appointments on time. These are the obligations a claimant must meet to receive their benefit payments. It also sets out what may happen if a claimant fails to meet their responsibilities.</p> <p><b>In-work requirements:</b> Claimants are required to supplement part-time work with additional hours of job searching. The number of additional hours claimants are expected to job search depend on the claimant circumstances and number of hours they are working. Once a participant is working 35 hours or earns over the threshold for top-up payments, they no longer have to job search. The requirement for lone parents is usually around 25 hours once their youngest child is in school<sup>15</sup>.</p> <p><b>Sanctions to UC payments:</b> If a claimant does not fulfil a part of their CC, they could have their UC reduced or stopped for a certain period of time. Reductions and stopping of payments increase in amount and duration for each time the CC is not complied with.</p> |
|----------------------------------|--|

Continued

<sup>15</sup> This will change to three-years-old in 2017 with the introduction of 30 hours of free childcare for three- and four-year-olds where parents are working.

## Understanding how Universal Credit influences employment behaviour

**Table 3.1** Continued

|                               |  |
|-------------------------------|--|
| <b>Flexibility components</b> | <p><b>UC claim kept open:</b> Once a UC claimant, in work, earns more, they will move above the threshold for UC payments, but if they need to return to UC within six months of the claim ending, the process is simplified.</p> <p><b>Removal of the 16-hour rule:</b> Under UC claimants can move into work that is for more than 16 hours a week and still receive UC, unlike under Jobseeker's Allowance (JSA), where benefits stopped when claimants moved into work of 16 hours or above. Benefits payments are reduced as earnings increase, until their earnings are greater than their UC maximum amount. Claimants can also take up small hours of work without the need to sign off and on.</p> <p><b>Real Time Information link:</b> UC claimants whose employer is registered on the Her Majesty's Revenue and Customs (HMRC) Real Time Information (RTI) system will not have to report earnings to the UC Service Centre. HMRC directly informs the Department for Work and Pensions (DWP), who calculate UC monthly payments taking into account net wages received each month. This enables claimants to work flexibly and vary hours without time spent informing service centres and ensuring payments link up. Those UC claimants who do not work for an employer linked to RTI must call the UC service centre to report the earnings that they have received.</p> |
| <b>Financial components</b>   | <p><b>Work Allowance:</b> This is an amount that can be earned before the level of UC payment is affected. At the time of the research, single claimants had a Work Allowance (WA) of £111 per month<sup>16</sup>. The level of WA for parents with children depends on whether they are a single or couple claimant and also whether UC includes amounts for housing costs, children and limited capability to work.</p> <p><b>In-work payment/earnings taper:</b> After a claimant's earnings exceed their WA, the earnings taper is the rate at which income from UC reduces as earnings increase (up to the maximum UC award for that claimant). In families with children the maximum amount is higher as UC incorporates additional amounts for children.</p> <p><b>Childcare costs:</b> there is also a childcare component to UC where, at the time of the research, parents could claim up to 70 per cent back on childcare costs (up to a limit of £532 per month for one child and £912 for two) when both parents are in work in a two-parent household or where a lone parent is working. This now stands at 85 per cent.</p>   |

The other key feature of UC (and one which influenced opinions that were held about UC overall) is that benefit income is rolled up into a single monthly payment. This includes Housing Benefit (HB) (where relevant). There were mixed reactions to UC. Whether participants held negative or positive views of UC overall depended on:

- The extent to which they understood UC.
- Their own assessments of whether or not they were better off under UC compared with legacy systems (such as JSA or Working Tax Credits (WTC)).
- Experiences of the administration of UC.
- The relationship between Work Coach and the UC claimant.
- The views and experiences of particular components of UC, particularly the CC, conditionality and experiences of sanctions.
- Views and experiences of the monthly payment system, budgeting and delays in receiving payments and the effect of delays.

<sup>16</sup> The 2015 July Budget announced the removal of this allowance in the future for single claimants and reduced the level for other claimant groups.

Behavioural responses were closely aligned with views relating to these factors; whether positive or negative. This is explored in detail throughout Chapter 5.

### 3.1 Understanding Universal Credit

Participants understood that UC was a major change to the welfare system and that it worked on the principle of 'earning' your benefit through time spent work searching. The requirements around evidencing work-searches were seen as deterring those who were '**messing around**' and this principle was broadly viewed as 'fair'. The change to a single monthly payment was also understood in principle to be emulating the world of work and as such was seen as 'fair enough' broadly, although it was an aspect that some claimants had particularly struggled with.

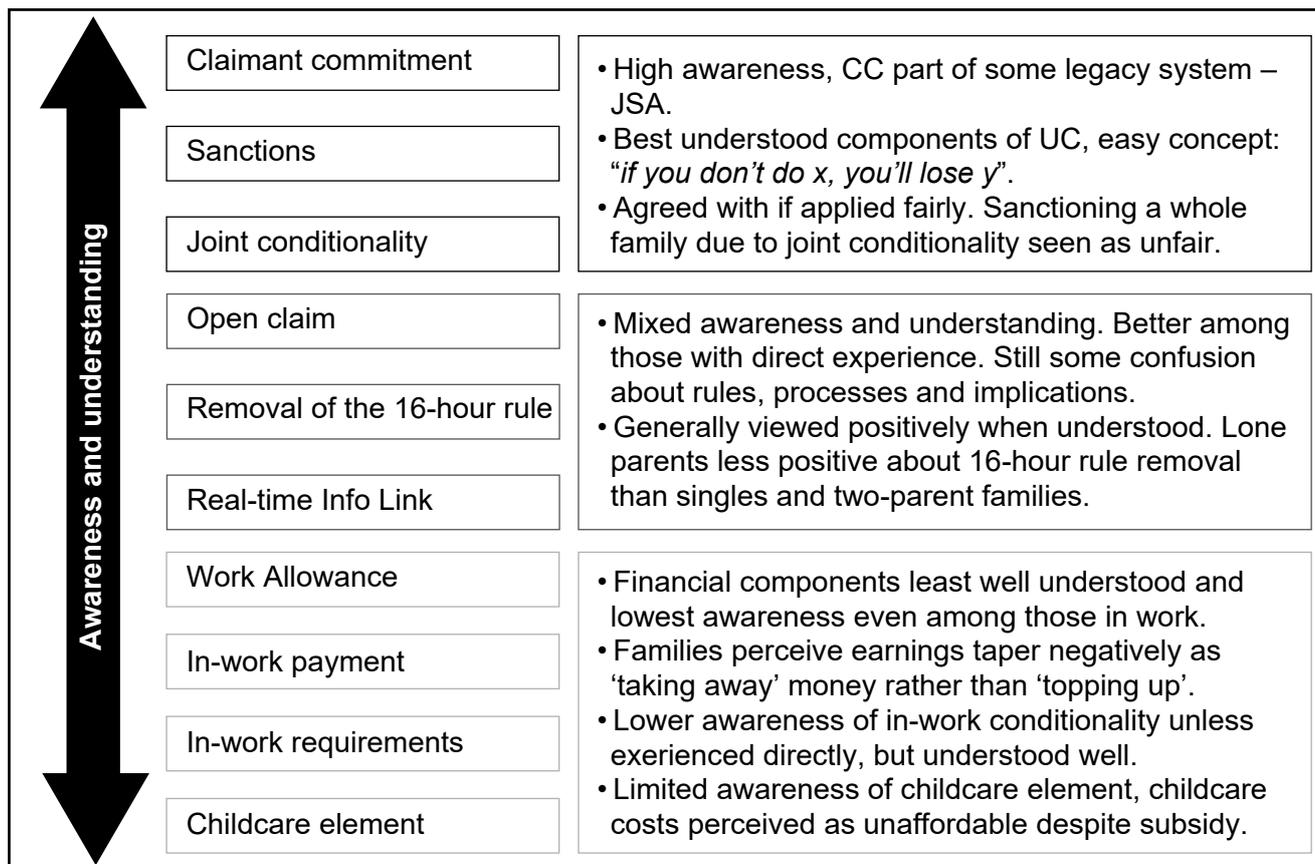
In more negative views, claimants understood the overall principles of UC but described its implementation as '**bullying you into work**' regardless of whether the jobs applied for or offered were appropriate, feasible for travel or reduced longer term earning prospects.

#### 3.1.1 Awareness, understanding and views of the component parts of UC

Awareness, understanding and views of the component parts of UC varied between those with direct experience of the components parts and those without, as well as between participant groups. These differences are illustrated in Figure 3.1 and discussed below. The extent to which claimants were aware of, and properly understood and interpreted the component parts influenced their resulting labour market behaviour. This is to be explored further in Chapter 5.

## Understanding how Universal Credit influences employment behaviour

**Figure 3.1 Awareness and understanding of UC components**



### Good awareness and understanding

#### Claimant Commitment and sanctions

Across single, couple and family claimant groups who participated in both in-depth qualitative interviews and workshops the CC and conditionality were the best understood components of UC. This remained the case even amongst those whose awareness and understanding of other components was poor and both those who had and had not experienced reductions or pauses in benefits.

These components were considered straightforward. Not meeting the requirements set out in the CC meant risking a reduction or break in UC payments. There were, however, unusual cases where participants misunderstood specific requirements, for example, the number of job search hours required of them.

While the principle of the CC was broadly seen as fair, the number of required weekly work search hours (35 for singles and couple families and 25 for lone parents) was sometimes seen as unreasonable. This was particularly the case where the requirement was for 35 hours and where appropriate job opportunities were restricted, for example if only local or part-time jobs were sought. These requirements were also particularly challenging for lone parent families during school holidays when they had to juggle job search with childcare. This finding was echoed by Work Coaches, of whom some also commented on the amount of hours being unfeasible. The behavioural effects of this are discussed further in Chapter 5.

## Understanding how Universal Credit influences employment behaviour

On the whole, there was agreement amongst participants that having UC payments stopped or reduced for not meeting the CC was reasonable, as long as it was applied fairly (see Chapter 5 for a fuller discussion of this).

### Joint conditionality

Awareness and understanding of the joint claim and conditionality requirements were good even in instances where one family member was not required to job search because their youngest child was under five. There was sound understanding amongst couple families in both interviews and the workshop that reducing or stopping UC payments for the whole claim could happen when one partner failed to meet their CC. However, it was something that not all participants felt clearly informed about at the outset of their claim. It was considered a very important aspect of UC for families and they felt it crucial that this aspect is clearly explained to both partners at the beginning of a new joint claim.

Though the joint claim rules were well understood once communicated, families felt that the concept of joint sanctions was unreasonable, particularly as it was seen to 'punish' the children within a household for the behaviour of one parent.

### Mixed awareness and understanding

Compared to the CC and conditionality, there was much less awareness of the in-work flexibilities, which include the removal of the 16-hour rule, keeping a claim open and the RTI link (see Table 3.1 for a summary of these). This is perhaps because more people experienced conditionality directly compared to the in-work flexibilities. Levels of awareness and depth of understanding varied across both singles and families and participants fell into three groups:

- Those who had both a good awareness and understanding of in-work flexibilities (these were mainly participants in work who had come to understand these elements as a result of working, rather than in advance).
- Those who were aware of flexibilities, but had confused or misinterpreted understanding of particular components.
- Participants who were neither aware nor understood the flexibilities.

It is important to note that full and proper comprehension of these elements of UC and their implications for job search is an essential driver to behaviour change. This is further explored in Chapter 5.

### Removal of the 16-hour rule

Single and couple families working part time were more likely to be aware of the removal of the 16-hour rule compared to participants who were working full time. However, across all groups, both in and out of work, there were participants who were not aware of this component who were unsure what would happen to their UC claim if they moved into a job that was 16 hours or more.

*'So if I do like 15 hours they'll still pay me my money. But if I go, if I do 17 hours then I don't think they would [pay UC]'*

(SNG1, Male, Single Claim, UC Recipient)

## Understanding how Universal Credit influences employment behaviour

Single and couple families who took part in both in-depth interviews and workshops were positive about the removal of the 16-hour rule and considered it to be a helpful component in comparison to the legacy system. For example, one participant explained that it provided people with the opportunity to take on work of fewer hours with a view to increasing their hours in the future:

*'The 16 hours, taking that away, I think's definitely done, done a good thing for people. It just encourages people to get work even if it is four hours a week, if it's a foot in the door then it might lead to more hours ...'*

(WSH1, Singles Workshop)

Lone parents were generally less positive about the removal of the 16-hour rule. Those who participated in the families workshop in particular highlighted that childcare was the biggest concern and flexibilities such as this tended to be considered less important than finding a job that fit within school hours (for more information see the section on the childcare cost element below).

### UC claim kept open

Once a UC claimant, in work, earns more, they will move above the threshold for UC payments, but if they need to return to UC within six months of the claim ending, the process is simplified. The flexibility of having a claim kept open for six months was viewed as a positive component of UC. Single and couple families, who had previous experience of the JSA regime were particularly positive about the flexibility it provided (although may have been less so if aware of the waiting period).

Across all groups, participants in work were more likely than those not working to be aware that their UC claim would be kept open for six months once they earned over the threshold where they no longer received top up payment. However, even for those aware of the component, there was some confusion about the length of the open claim. For instance, some thought it was indefinite while others thought it was for shorter periods of time such as a month or three months. While participants understood that this was available, there was very limited awareness that if they were to stop working and move back onto UC, there would be a five week wait for their first payment to arrive. Only one participant reported a direct experience of this; after their full-time Christmas temporary job had finished, they had to wait until the end of January for their UC to start again.

### Real Time Information link

Awareness of the RTI link was low across all claimant groups. However, both singles and families who were in work and had direct experience of this component, were more aware than others who were not working. In some cases, there was no awareness at all and participants explained that if they moved into work they expected to notify the Jobcentre of any changes to their hours, like they had done previously when claiming JSA.

Misunderstanding of this component prevailed even after it was explained in workshops. For example, during a singles workshop, participants assumed that employers would only be reporting hours of employees on UC to HMRC and as such identify employees as benefit claimants. This misinterpretation meant that there was concern that once aware of the employees' status employers might treat them differently. There was no awareness that the RTI link was part of the Pay As You Earn (PAYE) system for employers and so was completed for all employees.

## Understanding how Universal Credit influences employment behaviour

Proper awareness and understanding of this component is an important driver to work search and employment-related behaviour change as changes in earnings and hours under legacy systems previously resulted in the need to reclaim benefits, often multiple benefits for those who claimed more than one. The RTI link means that as hours and pay fluctuate, so does the UC payment; one of the elements of simplification that is intended to drive behaviours. These misunderstandings and their potential to limit positive employment behaviour highlight the importance of developing effective messaging to convey the benefits of the RTI link and possibly reinforce this through clarifications from Jobcentre Plus staff.

### Low awareness and understanding

There was lower awareness and understanding of the financial components under UC, which include the WA and earnings taper (see Table 3.1 for an explanation of these components). The childcare costs and in-work conditionality requirements were also less known and understood, and are also discussed below.

### Work Allowance

Across all the components of UC, the WA and earnings taper were the least well understood. This finding contradicts the views of Work Coaches responding to the consultation, who reported that claimants have a good understanding of these components. Lack of understanding was twofold; some participants did not understand that their UC reduced as their earnings increased. Others reported that a ‘**constant fluctuation**’ of UC made it difficult to predict their income. This finding is in line with the DWP UC Extended Gateway Evaluation, which reported a similar finding that UC claimants were more familiar with CC and less familiar with the financial incentives<sup>17</sup>.

Across single and family claimant groups there was a mixture of participants who were aware of the WA and earnings taper and those who were not aware. Unlike other components, having direct experience of being in work did not always influence participants’ awareness.

Among the participants aware of the WA<sup>18</sup>, some were able to explain the amount they were entitled to, while others gave a range of different amounts that were incorrect. Some two-parent families seemed unaware that the WA is a single rate that applies to the household. Where participants held a view about the WA, they were positive about it, seeing it as an important safety net feature:

*‘I thought well that’s good because ... if I only get a day or a couple of days in a week at least we know we’ll get topped up’.*

(CPL1, Male and Female, Joint Claim, No Dependent Children, UC Recipients)

### Earnings taper

While participants may have had some awareness of the earnings taper, there was little confidence about the specifics of how this worked. Families had more awareness than single claimants. Where it was understood, participants could explain that for every pound they earned their income from UC payment was reduced by 65 pence.

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<sup>17</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/481865/universal-credit-extended-gateway-evaluation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/481865/universal-credit-extended-gateway-evaluation.pdf)

<sup>18</sup> This research took place before WA changes.

## Understanding how Universal Credit influences employment behaviour

The policy intention of both the WA and earnings taper is to ease UC claimants into work and take away the 'cliff edge' removal of benefits experienced when moving into work of 16 hours or more as under legacy benefits. Singles who understood the concept, recognised that as their earnings increased their UC payments decreased, and they considered this to be generally fair.

Lone parent and couple families had more negative perceptions. They saw the earnings taper component as money being removed from them as their hours increased. UC was therefore perceived as 'taking away' money, whereas WTC, in contrast was seen as 'topping up' pay. While the amounts may not be very different, participants' perception of topping-up is and this highlights the importance of messaging in addressing inaccurate and negative perceptions arising from comparisons with legacy systems. Recent analysis by the Institute for Fiscal Studies does, however, indicate<sup>19</sup> that this perception could be reality for some lone parents in certain circumstances.

*[With WTC] they're not taking it away. They're actually giving you something extra. So that extra would make you want to work as well ... but with [UC] they're taking it away. They're using your wages to do your top-up which I don't think is right.'*

(LP1, Female, Lone Parent, UC Recipient)

The financial components of UC were seen as having made it difficult for families in particular to predict and manage their money. This is in part because the bundling up of the six benefits meant participants were no longer sure what amount of benefit they received for the different purposes they had previously assigned separate payments to. It was also seen as difficult to know which element of a claim varied when there was a change in wage-based income. Under the legacy system, families were given particular, separate payments for Housing Benefit (HB), WTC, Child Tax Credit (CTC) and JSA, which were staggered in multiple payments. These amounts had been assigned to particular costs in a families' budget. This, combined with a single monthly payment had made managing finances more difficult for some families. These challenges may lessen over time as families adjust to the new UC payment system. The difficulties experienced by these claimants nonetheless indicate the need for support to develop new budgeting and money management strategies in order to smooth the transition to UC.

### Childcare component

Families with children are entitled to claim back childcare costs. UC claimants, who receive the childcare element as part of their claim, who are in paid work and pay for childcare because of their work, were entitled to claim up to 70 per cent of childcare costs back, if they use a registered provider. As of April 2016, that figure is now 85 per cent. This is something parents are eligible for if they are in work.

Amongst both lone parent and couple families, there were low levels of awareness regarding this element of UC and confusion around eligibility. For instance, a lone parent explained they would only receive 40 per cent of their childcare costs regardless of hours worked.

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<sup>19</sup> IFS reported that some lone parents will keep eight per cent less of their earnings under UC compared to the legacy system of WTCs, <http://www.ifs.org.uk/publications/8135>

## Understanding how Universal Credit influences employment behaviour

Participants who were aware and understood the childcare cost element highlighted two issues with the support. Firstly, participants who had young children reported that childcare, mainly nurseries, required one month's payment, plus deposit, in advance. The childcare cost element can only be claimed one month in arrears and this created a significant barrier for families, reporting that this was an expense they could not afford during the transition from benefits to work:

*'You get 70 per cent towards your childcare. However, you have to pay for that yourself, then get it back, so if you haven't got it, you can't pay for it, so you're stuck.'*

(WSH2, Female, Single Claim, UC Recipient, Families Workshop)<sup>20</sup>

The second issue related to a lack of appropriate formal childcare options for older school children and difficulty sourcing childcare outside term time. Participants with older children reported that they recognised the potential advantage in this element, but it was not applicable or useful for those who had older children, for whom appropriate formal childcare was seen to be lacking. Claimants described a lack of appropriate settings available for older children.

### In-work conditionality

Unless they had experienced it directly having found a part time or low-paid job UC claimants were less aware of in-work requirements compared to the other elements of conditionality. There were instances of single participants in work, who in theory should have been subject to conditionality, but who seemed unaware of it. For example, a participant who took part in a singles workshop explained that when she moved into a 16-hour per week job she no longer job searched until she received letters from Jobcentre Plus explaining that she was required to continue with her job search for the additional 19 hours per week. Another participant, who had recently started a job of 30 hours a week had received a letter from Jobcentre Plus but decided not to open it, assuming he was 'finished' with them. When in-work conditionality was explained during the workshop, he thought it likely this letter had been about that.

Participants generally disliked the in-work conditionality. It was described as a situation in which *'you can't win – you find a job, but that's still not enough'*. Job searching while working was seen as practically difficult, as was attending Jobcentre Plus appointments around part-time work (especially if it was for significant number of hours, such as 30 hours a week). There were practical drawbacks too – the bus fare for attending appointments about a small number of remaining hours in the CC sometimes cost more than the UC top-up payment. There were also concerns that it may damage prospects with a new employer, by creating obstacles to increasing hours or flexibility because of a second job. There was, though, also a view that it could be a positive and motivating element in pushing earning potential.

For families, in-work conditionality was viewed as a **'harsher'** system than the legacy system of WTCs where they had received top up payments in part-time work, without the additional requirement (depending on their CC) to find more work or increase their earnings.

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<sup>20</sup> From April 2016 this figure has risen to 85 per cent.

## Understanding how Universal Credit influences employment behaviour

It should be noted that the findings from this research reflect experiences of a small group of claimants and are therefore useful for the ongoing development of the in-work support offer. In-work progression requirements are currently being tested on a larger scale and the resulting findings will build on the existing evidence base on in-work support.

### Monthly payment of UC

All UC claimants were aware they received payments on a monthly basis, this stemmed from direct experience of receiving payments. There was some understanding that monthly payments were in place to reflect how wages are often paid when working.

Competent budgeters and those who had experience of receiving wages on a monthly basis were comfortable with the monthly payments. In comparison, participants who were used to weekly or fortnightly benefit payments while claiming JSA or Tax Credits (or who had been paid weekly by employers) were less confident that they would be able to manage their money on a monthly basis. In some cases people reported experiences of borrowing money from friends and family, had used short-term loans and had visited a food bank when their month's money ran out.

### 3.1.2 Testing understanding: findings from the laboratory experiments on understanding the messages of UC

The interviews and task focused workshops indicate that claimants were aware of the messaging around conditionality and work search requirements, but were less aware of the other components of UC, including the removal of the 16-hour rule, the removal of the need to sign off and on, and the fact that a claim stayed open for six months after a claimant stopped receiving UC payments. When these elements were presented and discussed in the task-focused workshops, responses were positive. These elements were therefore used as the subjects of the message testing (please refer to section 1.4.2 for details about the experimental design).

Respondents were assigned to one of three messaging packages/treatments; the control message, drawn largely from the UC Welcome Pack<sup>21</sup> (at the time of the research); treatment one which focused on the removal of the 16-hour rule and the in-work payments and; treatment two which focused on the flexibility component of keeping a claim open. These were then tested for the effect the differing messages had on claimant understanding and intended behaviours. The text of the tested messages can be found in the appendix to this report.

One of the key findings from the experiments was to highlight a tension or trade-off between the complexity of messages and their informational content. The laboratory research indicated that simpler messages, which conveyed limited amounts of information, seem to be favoured (and perhaps better understood) by claimants. However, concurrently, the experimental tests also show that, actually, it is the more complex messages that have the potential to change behavioural intentions, potentially making single claimants more likely to search for a wider range of jobs.

In this chapter the findings relating to complexity and understanding of messages are described. Findings about the way messages influenced (intended) behaviour are discussed in Chapter 5.

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<sup>21</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/458180/universal-credit-welcome-guide-0915.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/458180/universal-credit-welcome-guide-0915.pdf)

## Understanding how Universal Credit influences employment behaviour

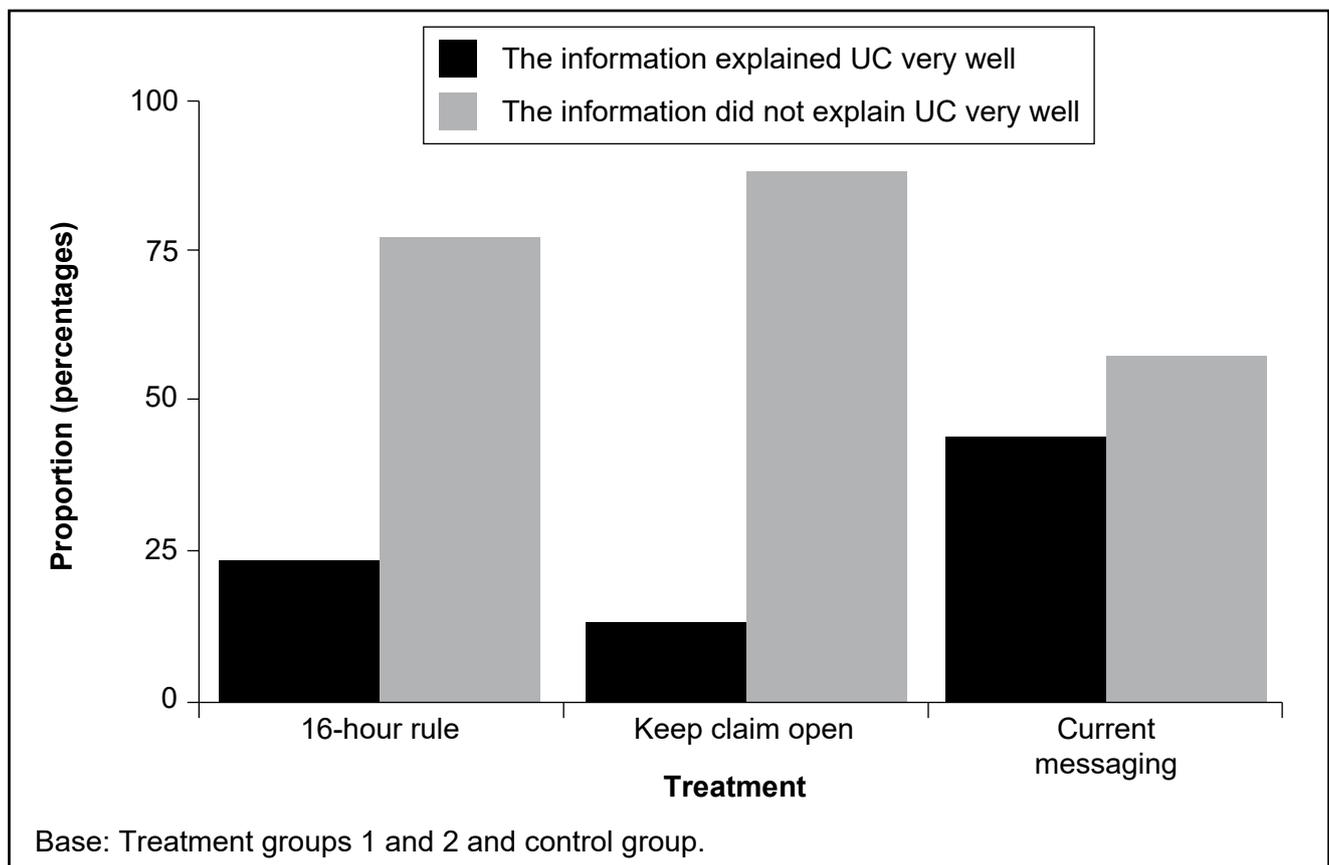
In the cognitive testing prior to the experiments there was a view that the control message drawn from the UC Welcome Guide was easier to read compared with the other two statements, as there was less text and it only covered the key points so was more succinct. It was also suggested that the two experimental statements contained too much information and their basic concept could be narrowed down to a couple of sentences.

Nonetheless, while highlighting that the experimental messages were thought to be complex, the cognitive interviews also showed that claimants found these more complex messages both more useful and more informative compared to the excerpt from the UC Welcome Guide. They were described as giving people a reason to be interested and seek further information about UC, especially the information about gradual removal of benefits compared to the legacy system withdrawal 'cliff edge'.

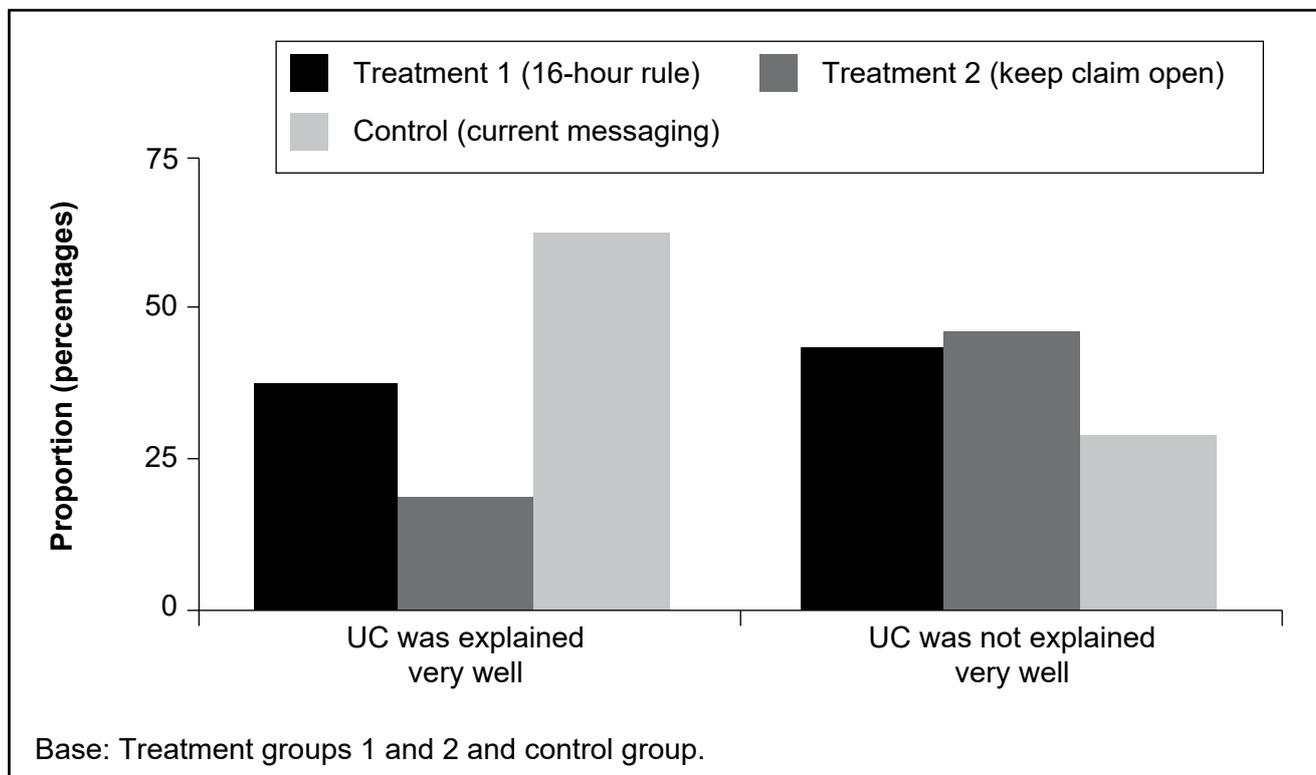
Comprehension of the messages was tested in the experiments themselves. The results of the experimental tests (see the technical report for full details) were consistent with the cognitive interviews and indicated that claimants thought that the current messaging contained in the UC Welcome Guide is the most accessible explanation of UC. It is important to note that the laboratory test participants were, mainly, single JSA claimants who had not claimed UC and so this was their first exposure to the materials on UC.

The results indicated that being exposed to the UC Welcome Guide statistically significantly increased a claimant's probability of thinking UC was explained very well compared to receiving a message focusing on in-work payments and the removal of the 16-hour rule. This finding was stronger again (and maintained statistical significance) when comparing the UC Welcome Guide to a message about keeping the claim open.

**Figure 3.2 Efficiency of UC messaging**



**Figure 3.3 Efficiency of UC messaging in explaining how UC would make people better off**



The message testing highlighted the value of presenting complex information in a concise way. Within UC, the most common way that claimants learn about the benefit is at initial interview, as discussed in the next section.

### 3.1.3 Sources of information and understanding

Participants in the qualitative research stages reported that information on UC was mainly accessed via Work Coaches during their first Work Coach interview. In a few instances, participants recalled reading the information pack they were given when they opened their UC claim. Other ways UC claimants accessed information included: word of mouth from family or friends, who were also claiming UC; from Citizens Advice advisors and also Housing Benefit officers. One participant also explained they had downloaded the Work Coach manual from the internet.

Particularly amongst family groups, claimants were sometimes frustrated by what they perceived to be a lack of understanding of some of the details of UC on the part of Work Coaches, particularly around the financial components and calculating income levels. As a consequence, participants felt they could not always access the detailed information they sought such as the precise value of their benefit entitlement and exactly how much can be earned before losing benefit. Information about the CC and conditionality was sometimes the only information participants recalled being given during their initial appointment. This message had been heavily emphasised in favour of other elements.

*'You're not really give any in-depth detail or anything just – I mean I suppose you could ask, but you're just basically told 'read what's on the sheet'. That's been my experience anyway.'*

(WSH3, Singles Workshop)

## Understanding how Universal Credit influences employment behaviour

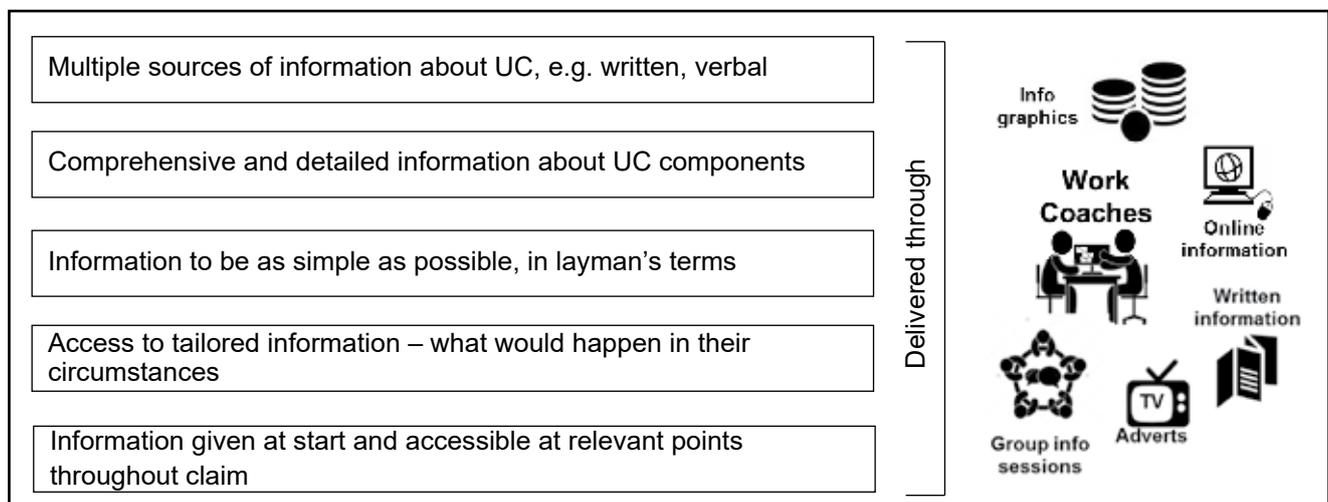
In the staff consultation element of this research, some Work Coaches themselves said they felt less confident about the financial elements of UC such as the WA and experienced difficulty explaining them.

Feeling overwhelmed during the initial appointment was a recurrent theme across participants' accounts. This may be a strong factor in why only information about the CC is retained. In these instances, the timing of information was important; participants would have preferred things to be explained in more detail at a slower pace over time, rather than all at once during the initial appointment.

Participants were asked how they would like to receive information about UC. Overall, positive interaction with Work Coaches was felt to be important in facilitating good understanding of UC and its components. Some felt the current system of being given information verbally via the Work Coach was the best option, but this could be improved by Work Coaches allocating a set period of time to provide an opportunity to ask questions, and take time to discuss their claim personally. It was also felt important to provide information this way to ensure that those who experienced difficulty reading and writing were not excluded.

Others preferred written information and said they would welcome a pamphlet or a website that explained clearly all the individual components and how they applied in practice. They felt this would provide clarity for people and limit any confusion in people's experience. Suggestions for improving information provision through UC, particularly in relation to the role played by Work Coaches, are summarised in Figure 3.4.

**Figure 3.4 Suggestions for improving information provision about UC**



## 3.2 Chapter summary

- Claimants' views and opinions of UC were shaped by the extent of their understanding of UC and its component parts; their own assessments of being better off under UC compared to legacy systems; and their experiences of UC, including relationships with Work Coaches and administration of the benefit such as the payment system.
- Awareness and understanding of the different UC components varied across and within claimant groups. Participants who had been in work were more likely to be aware of the different components, however, this did not mean in-work participants always correctly understood how components worked. This also meant that aspects of UC were only driving behaviours of those claimants once they had moved into work rather than shaping their attitudes and behaviours before making that move into employment.

## Understanding how Universal Credit influences employment behaviour

- There was widespread awareness and understanding of the CC and conditionality, less awareness and understanding of the in-work flexibilities and the financial components of UC as well as the in-work requirements were the least well known and understood.
- Views of all components varied among claimant groups. There were largely positive views of the in-work flexibilities. The CC and conditionality were considered fair if requirements were achievable and when underpinned by positive relationships with Work Coaches. Views about the different financial elements were mixed; views of the WA were positive, while the earnings taper received mixed views – families were more likely to hold negative views, primarily as it was seen as deducting as opposed to adding to earnings (as WTC was perceived to do).
- Other UC components were well understood – such as monthly payments, again this was largely because all participants had direct experience of receiving UC payments on a monthly basis, although had at times struggled in managing their income in this form.
- The laboratory experiments tested the effect of different messages on respondents' understanding of UC and their intended employment behaviour. Findings from cognitive interviews and the laboratory experiments themselves identified a tension; respondents initially preferred the simpler control group message and felt it was easier to understand. Their understanding of the workings of UC, however, was more limited when receiving only this message and more complex information provided the opportunity for greater levels of comprehension.
- Work Coaches were the main source of information for UC claimants. Some claimants' perception of Work Coaches' own limitations of understanding and the overwhelming amount of information given in a first meeting were seen as reasons for a lack of understanding elements of UC beyond the CC.

# 4 Behavioural response to Universal Credit

This chapter examines the ways in which Universal Credit (UC) has affected change in the labour market behaviour or intended behaviour<sup>22</sup> of single, couple and family claimants taking part in qualitative interviews and deliberative workshops for this research.

The findings indicate that UC can and does change behaviour, but this depends on personal factors; comprising individuals' circumstances and attitudes. This chapter discusses the range of ways UC affected labour market behaviour. It then explores situations in which it was not reported to have made a difference to behaviour and the reasons underpinning this. Stern's theory of change is considered throughout (section 1.2.2 summarises this theory).

The findings in this chapter show that where UC is a strong driver to behaviour (e.g. in the case of the Claimant Commitment (CC) and conditionality) it works in conjunction with personal factors too, rather than negating or cancelling out those factors.

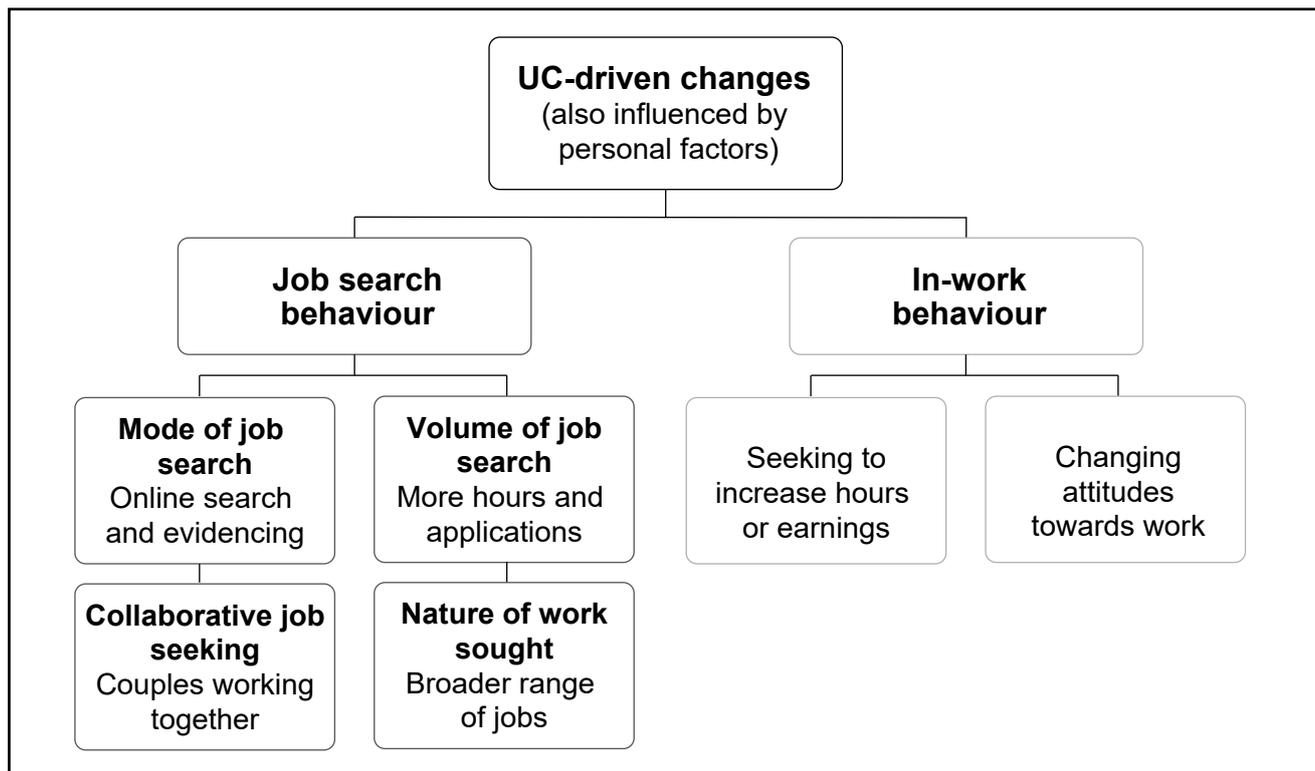
## 4.1 When UC changes employment behaviour

Among participants reporting differences in behaviour as a result of UC, a range of changes in job search and in-work behaviours were reported, as illustrated in Figure 4.1. While UC has encouraged the search for more hours or additional work among singles and families, for some families, particularly lone parents, it was described to have **decreased** motivation to take extra hours and full-time work. These changes are described in more detail below.

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<sup>22</sup> In some cases participants were yet to experience, e.g. those on Jobseeker's Allowance (JSA) participating in the singles workshop.

Figure 4.1 UC-driven changes in job search and in-work behaviour



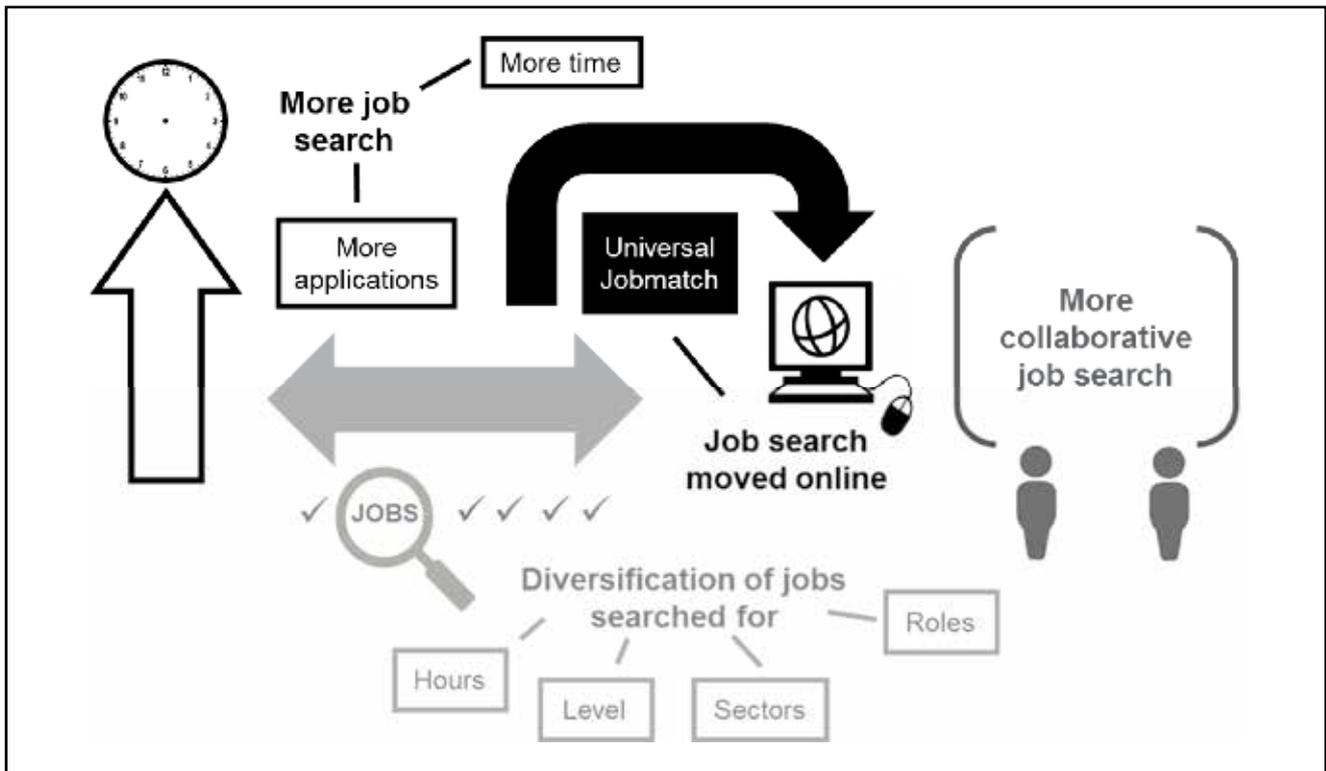
The extent of change prompted by UC depended on a range of factors such as claimants' previous approach to job search and personal motivations to work. It was not, however, always clear whether and to what extent UC **alone** drove behaviour particularly as some participants (often younger single claimants) had no experience of job searching prior to their UC claim and therefore had no point of comparison. Where participants were aware of the different UC components and principles behind them (e.g. that the open claim and in-work payments could support moves into short-term and part-time work), this did not always appear to directly inform or translate into behaviour.

### 4.1.1 Changes to the nature of job search

Among participants reporting differences in behaviour as a result of UC it appeared to have changed the nature of job search in the following ways, as illustrated in Figure 4.2:

- Increasing the time spent on looking for work.
- Diversifying the types of jobs searched for and in some cases accepted.
- Moving job search online.
- For some couples the joint claim also prompted more collaborative job seeking.

Figure 4.2 Changes in job search behaviour as a result of UC



### Time spent looking for work

According to the 2015 UC at Work policy paper<sup>23</sup> there is growing evidence that UC claimants are continuing to feel encouraged and incentivised to take greater responsibility for seeking work, and that this is in turn bringing them closer to the labour market and improving their chances of getting a job. This was a finding echoed by Work Coaches in the consultation for this research.

Among single, couple and family claimants participating in this research, UC has reportedly caused an increase in job search activity both in terms of time spent looking for work and the number of jobs applied for (though this is in contrast to findings from the UC Gateway evaluation in which the number of job applications was similar to those made by JSA claimants<sup>24</sup>). This increase was driven largely by the conditions of the CC (which requires full-time job search each week, or less depending on parental status and hours worked).

<sup>23</sup> DWP, (December 2015). *Universal Credit at Work*. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/483029/universal-credit-at-work-december-2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/483029/universal-credit-at-work-december-2015.pdf)

<sup>24</sup> DWP, (2015). *Universal Credit research with single claimants including those with housing costs*. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/481865/universal-credit-extended-gateway-evaluation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/481865/universal-credit-extended-gateway-evaluation.pdf)

## Understanding how Universal Credit influences employment behaviour

This has brought people closer to the labour market by leading to work outcomes among those accepting jobs they would not otherwise have applied for. For example, a graduate, aged 21 who wanted a job in IT security reported applying for jobs he was overqualified for in order to meet the full-time job search requirement. He was subsequently offered a job as a sales assistant for a computer retailer. Though not his ideal job, he saw it as a stepping stone because it enabled him to save for a car. Jobs related to his degree were typically based further afield so the ability to drive would allow him to apply for more career-relevant jobs in future.

However, the additional time spent on job search did not always increase productive job-search activity. Some participants reported lengthening or ‘padding’ job search activities to meet the required job search hours, for example, by intentionally taking longer routes to visit prospective employers, and deliberately spending longer browsing jobs websites. This ‘padding’ may explain recent evaluation evidence which found that although UC claimants spent more hours on job search than JSA claimants, they did not apply for significantly more jobs<sup>25</sup>.

In addition, while the job search requirements prompted some claimants to seek work more thoroughly, others lost interest and enthusiasm and put less thought into their applications because of what was seen as unrealistically high level of job search hours required each day. This apparently demotivating effect may be an unintended consequence of the intensity of UC’s job search requirements. The UC Gateway Evaluation<sup>26</sup> described less confidence about finding work over time in UC claimants compared to those on JSA, which is also presumed to result from the intensity of job search under UC.

### Increased flexibility in sector and level of job sought

Participants across the three groups reported diversifying their job search as a result of UC. This is in line with findings from the Extended Gateway Evaluation in which UC claimants appeared to be more flexible regarding the types of work they would consider compared to JSA claimants.

Though existing evidence suggests that claimants with degree level qualifications were more fixed on a particular type of job, dislike of conditionality rules, negative experiences of being on benefit and limited local labour markets combined to broaden job search among some graduates and encouraged them to think beyond initial preferences and ideas of work. This often resulted in take up of lower paid and lower skilled jobs and self-employment. For example, a recent politics graduate expanded her job search to retail and care work; sectors she would have ruled out prior to starting UC.

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<sup>25</sup> DWP, (2015). *Universal Credit research with single claimants including those with housing costs*. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/481865/universal-credit-extended-gateway-evaluation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/481865/universal-credit-extended-gateway-evaluation.pdf)

<sup>26</sup> DWP, (2015). *Universal Credit research with single claimants including those with housing costs*. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/481865/universal-credit-extended-gateway-evaluation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/481865/universal-credit-extended-gateway-evaluation.pdf)

### Changes to hours sought

Though limited, there were examples of single claimants who were incentivised by the open claim, real time information (RTI) link and in-work payment to consider part-time, short-term and flexible work, who would not have done so previously. For example, one participant felt able to take a job of 12.5 hours because the top-up from the in-work payment made this an affordable option. Another participant was more willing to take temporary work with fluctuating hours, because the open claim removed the need for reclaims and because the RTI links provided peace of mind that all working hours would be accounted for. There was no evidence, however, that the taper increased willingness to take on extra or flexible shifts, perhaps due to poor understanding or lack of awareness of this element.

### Online job search and evidencing

For some the move to UC meant greater use of the internet for job search compared to 'manual' techniques such as browsing newspapers, sending out CVs, calling or visiting prospective employers and using Jobcentre Plus job points. Websites such as Indeed, Monster and Reed were cited, as well as Universal Jobmatch; a free online service run by DWP. Universal Jobmatch doubles up as a tool for searching for and applying for jobs as well as recording job-search activity<sup>27</sup>, which Work Coaches can review to assess compliance with work-search requirements.

For these participants, online job search under UC reportedly led to faster and more comprehensive job searching, with the internet housing a large number of vacancies all in one place. Alongside this, the shift to Universal Jobmatch (plus reinforcement from a tougher conditionality regime) brought about more 'genuine job searching' because the checking process was considered more rigorous through Universal Jobmatch compared to paper-based JSA log books.

There were, though, also examples where the move toward internet searching was not felt to be beneficial or appropriate to a particular kind of work or industry, such as manual minimum waged labour sourced through agencies. One participant who was not confident with computers had always worked in short-term jobs, secured by face-to-face or telephone contact with employment agencies and found it hard to fulfil the full-time job search requirement.

*'I can't ring agencies for eight hours a day and I'm not well up on computers – I think it's a bit daft.'*

(SNG2, Male, Single Claim, UC Recipient)

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<sup>27</sup> <https://jobsearch.direct.gov.uk/help/help.aspx?k=/inline>

### Collaborative jobseeking

The joint claim in couples with a child under school age could cause frustration that one partner experienced all of the pressure to job search or face sanctions affecting the whole family. In one case this encouraged more collaborative job seeking between partners. In this example, the mother in a joint claim was exempt from job search because her daughter was 18-months-old. She was nonetheless looking for part-time work because she wanted to increase the household income for her daughter. Her partner was working 21 hours and was required to do an additional 14 hours of job search. She felt it was unfair for her partner to meet this requirement alone to avoid the family being sanctioned, particularly when he was already working.

*'I don't like the fact that they put it all down to Damian just because I've got a baby at home. I think it should be both of us, because we're both at home and we're still looking after Samantha, so why can't we both do the job searches? ... We try and help each other out as much as we can. 'Cause I don't think it's nice all the pressure being put on him, 'cause he's the one what's working, and he's still having to go to the Jobcentre.'*

(2P1, Female, Two Parent Family, UC Recipient)

#### 4.1.2 Seeking to increase hours or earnings

Recent evidence<sup>28</sup> suggests that compared to JSA, more UC claimants working part-time were trying to increase their hours or earnings. This was apparent among participants of this research who were working part time, some of whom reported attempts to increase their hours due to UC.

Despite some positive experiences, negative perceptions of in-work requirements were widespread because participants felt they should be left alone once they had entered work. This was evident in the Extended Gateway Evaluation, which found that being asked to 'top up' part-time work with job search caused frustration. Opposition to in-work requirements was perhaps most notable among parents who were already struggling to balance childcare responsibilities alongside work, and in some cases work search. This could lead to them applying for work purely to fulfil conditionality, but without the intention of taking up any resulting job offers.

Among families, perceptions of the UC earnings taper appeared to decrease motivation to enter work or increase hours. As discussed in Chapter 3, this component of UC was seen to penalise rather than reward work. This perception generally stemmed from a misunderstanding of the principles of the taper rather than actual experience.

Participants who held this view felt working more hours was pointless when fewer hours would be topped up anyway and when non-working hours could be spent with children instead.

*"'cause they take 60 per cent of your wage off you, it feels like all that what you've just been and done is for nothing. I could have sat at home and got that money if you get – 'cause I would. If I did 15 hours, they'd still up my wage, so what's the point me going out to do 30 hours?'*

(2P2, Female, Lone Parent Claim, UC Recipient)

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<sup>28</sup> DWP (December 2015) Universal Credit at Work.

This perception of in-work adjustments was also held by couples with joint claims and worked to disincentivise overtime and full-time hours among those in this group too. This occurred when the rules of the joint claim were misinterpreted, where it was assumed for example that if one partner earned more in wages the others' benefit would decrease. This demonstrates the way in which a lack of information and understanding can result in a misconception of how UC supports moves into work and leads to UC having a negative impact on behaviour. Better messaging around this element of UC could alter behaviour.

### Changing attitudes towards job search and working

In couple claims, changes in the circumstances of one partner can affect the job search requirements of the other. There was evidence among couple claimants of job search behaviour being altered as a result. In one case the job search requirements for one partner increased and this, combined with greater contact with the Jobcentre, raised her ambitions towards seeking a full-time professional job.

#### **Case illustration (CPL2, Male, Two Parent Family, Current UC Recipient)**

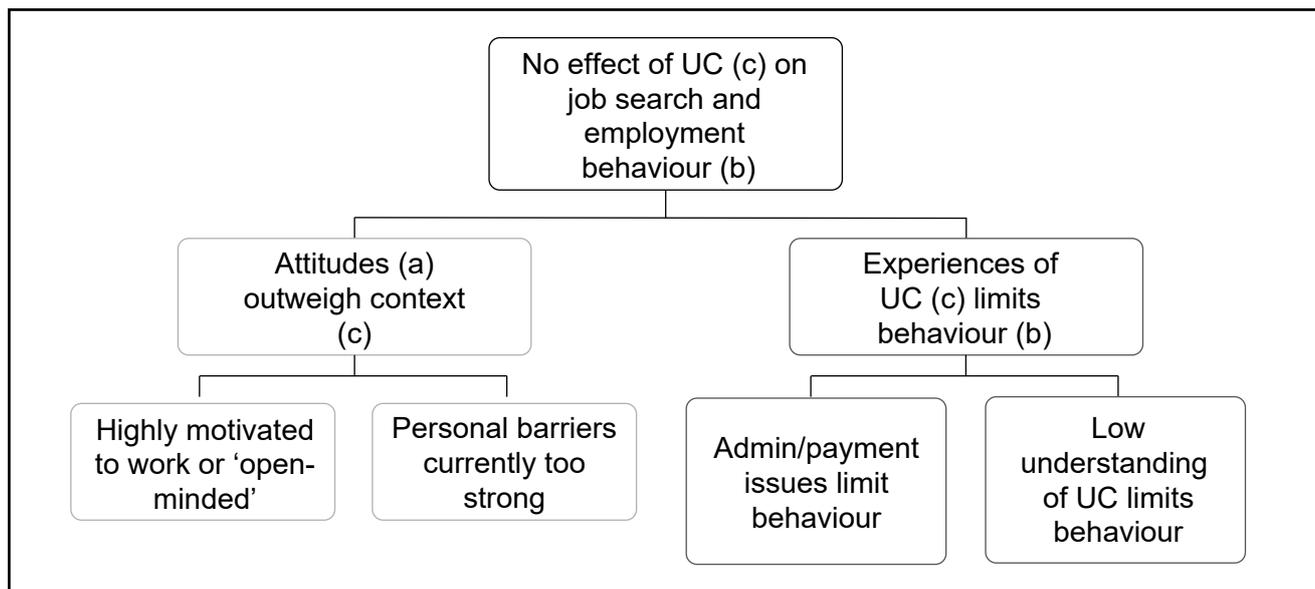
A couple with children aged 16, 8 and 5 started claiming UC because the male partner lost his long-term job and then could not start his new job because of an injury. The mother was working a few hours a week as a lunchtime supervisor in a school, earning 'pin money'. Though she described being 'pressured' by her Work Coach into increasing her hours and applying for unwanted jobs, she felt encouraged by the support offered and said it had slowly shifted her work ambitions, from looking for part-time work in retail to training to be a full-time paramedic. Her partner said,

*'Even though you don't like it I think, I think that the DWP have kind of coached her into thinking that, do you know what? It'd probably be better if I did have another job because we could afford more. [...] It's gradually motivated Helen back into wanting a career of her own, which is great. So for me and Helen and, and the rest of the family that's brilliant because if we can get two solid wages coming in, then we can increase the amount of money coming in that was coming in from before we put the claim in'*

## 4.2 When UC does not influence employment behaviour

Two discernible groups of claimants described in turn below, including both singles and families, did not appear to be affected by UC in terms of their labour market and employment behaviour. According to Stern's theory of change, UC could have the potential to override personal factors (such as individual circumstances and attitudes) and change behaviour. In the first of the two groups found here, personal factors were too strong and outweighed the power of UC. In the second, the influence of UC was undermined by administrative issues and lack of understanding of UC, and this limited behaviour. This is illustrated in Figure 4.3.

**Figure 4.3** Where UC had no influence on employment behaviour



### 4.2.1 Personal factors outweigh context

Within this first group of people for whom personal attitudes and circumstances outweighed the contextual conditions of UC, one subgroup included individuals already demonstrating the positive behaviours sought by UC but without this behaviour being attributed to UC. The second group comprised individuals whose behaviour did not change **despite** the presence of UC because their personal barriers were too great at the time. For these individuals, attitudes were stronger but in an arguably more 'negative' way.

#### Individuals already demonstrating the behaviours sought by UC

This first group included people who were highly motivated to find any work and who were therefore already demonstrating the positive behaviours sought by UC. As such, their job search attitudes and behaviours developed independently of any UC influences and would have done so in any other policy context, such as the JSA regime. Therefore, UC was no more or less likely to drive a behaviour change as any other benefit. This group of job seekers tend to move from unemployment to employment fairly quickly and often with limited support from Jobcentre Plus staff.

#### Already highly motivated

This group had a strong existing desire to enter work or increase their hours. They included professionals with previously stable work histories who were unexpectedly unemployed, graduates and people with Level 3 qualifications and younger, more recent graduates. These participants were generally employed at the time of interview or had been recently employed. UC was typically their first benefit claim, though some older claimants had brief spells of JSA in the past.

These claimants were motivated by clear career aspirations, underpinned by financial goals and responsibilities and described strong work ethics. Compliance with UC among this group was driven by strong motivation alone rather than by conditionality. These individuals said that regardless of whether they were on UC, JSA or no benefits at all they would have undertaken full-time job search each week, taken part-time and lower-paid work, sought to

## Understanding how Universal Credit influences employment behaviour

find alternative or additional employment to increase their hours or earnings and pursued qualifications. For parents, aspirations to work were motivated by their children; to improve their quality of life and provide children with positive role models. Unemployment was generally seen as detrimental to mental wellbeing amongst this group.

Although more experienced participants such as those holding professional positions previously reported being completely unaffected by UC, some younger and less experienced participants said they had benefited from the support provided by Work Coaches, for example with writing job applications. It is worth noting that while Work Coach support is not exclusive to UC and in these cases did not alter behaviour or decision-making, it nonetheless added value for these participants.

Due to the strong motivation to work in this group, where participants had only a basic understanding of UC this made little difference to their behaviour which was already positively oriented towards work. However, it may be that better understanding of some elements such as the in-work payment could have increased interest in a broader range of jobs such as flexible contracts.

### Already 'open-minded'

Within the group of participants already demonstrating the positive behaviours sought by UC were single and family claimants who were already open-minded about the sorts of jobs they would be prepared to do. The financial incentives and flexibility components of UC therefore made no difference to these participants, who had histories of short-term, part-time or flexible work and held the view that 'anything is better than nothing'.

Willingness to take any job was also underpinned by the belief that any work could lead to better work and the potential to progress. This is in line with the theory of change for UC.

*'But it's like my mum always said to me, once you're in one job, it always seems to be easier to get another one. So I kind of go from that.'*

(LP3, Female, Lone Parent Claim, UC Recipient)

Although these participants were clear that they would have taken these jobs regardless of UC, the in-work flexibilities of UC have the potential to improve the labour market experiences of these participants and further support decisions to take up short-term, part-time or flexible jobs in future.

### Strong personal barriers

Where personal barriers may be too strong, this can outweigh the power of UC to influence labour market behaviour. Within the participant sample only one claimant fit this categorisation. This reflects that the sample was taken from people who were fit and able to work (i.e. from claimants who would have received JSA under the legacy system and so were seen as fit to work). This participant had moved to the sickness element of UC since starting her claim due to severe mental health issues. She also had learning disabilities, arthritis and was a full-time carer. Despite this her motivation to work was strong and there was potential for UC to make a difference to her labour market behaviour once she was ready to search for work, as she said the in-work flexibilities of UC would make her more open to taking a zero hour contract. That said, this participant had a low understanding of some of UC's components, such as the in-work payment.

## Understanding how Universal Credit influences employment behaviour

Among two-parent families, there were indications that personal factors could obstruct the primary carer's future labour market engagement. In one family the female partner had failed to work search in the brief period her partner was out of work at the beginning of their UC claim. Her partner found new work quickly, which may explain why the family did not experience a reduction or pause to their UC payment as a result of her not searching for paid work. Their agreed family roles, with her as carer and her partner as earner reportedly overrode the influence of UC, although it is difficult to conclude whether this would be the case if her partner had not found work so quickly. This example illustrates the multi-faceted interaction of personal and contextual factors in shaping labour market decisions.

In other families, obstacles included a preference to avoid the use of formal childcare as well as a desire to maintain traditional gender roles combined with lower perceived earnings potential of primary carers, particularly where they lacked recent or any work experience, skills and qualifications compared to their partner.

### 4.2.2 Experiences of UC that limit behavioural impact

The potential for UC to influence behaviour was limited by three types of experiences related to implementation and administration:

- Late or interrupted payment due to administrative issues.
- Reduced or stopped payment due to sanctions (especially where sanctions were seen as unfair).
- Lack of understanding of the component parts of UC.

Participants who were not receiving any UC payments either due to administrative errors or sanctions did not abide by job search conditionality, because without payment they were getting nothing in return for complying with these rules. In such cases the financial and flexibility elements of UC did not incentivise work. For those wishing to search for work the lack of payment also meant they did not have money for phone calls, internet access and printing CVs.

As discussed in Chapter 3, participants did not always understand UC. Besides, understanding the rules alone did not mean they grasped the principles behind them or the implications for job search. Where the rules of UC were learnt through experience this knowledge was not timely enough to inform early work-search behaviour, for instance learning of the in-work payments only after entering work is not as helpful as knowing about it in advance, as this could expand the types of work originally applied for. This highlights the importance of timing information provision so it can inform employment decisions, in advance and at regular points.

In these cases, the lack of influence exerted by UC was also overshadowed by other external factors. For example, a lack of local jobs could act as a stronger driver to broadening job search than UC, but UC could help with those local jobs through the removal of the 16-hour rule, the taper and the removal of the need to sign off and on. In addition, living with parents provided a cushion and limited the power of sanctions to influence behaviour.

### 4.3 Chapter summary

- Claimants reported spending more time on job search as a result of UC, particularly due to the full-time job search requirement. This was sometimes increasing the number of jobs applied for and so arguably increasing the chances of finding work earlier. However, it is also leading to some people reporting 'padding' job search logs with potentially unproductive job search activities and in some cases lowering the quality of applications.
- Participants reported diversifying their job search, though sometimes with limited intention of accepting unwanted jobs. While conditionality has been the key driver to this change there was evidence that the open claim, RTI link and in-work payment prompted claimants to consider part-time, short-term and flexible work.
- UC has digitalised job search, making it more efficient for IT literate claimants. It has also increased the use of Universal Jobmatch through which it is possible to search for work and record job search activity. Though there was evidence of job search 'padding' elsewhere, Universal Jobmatch has reportedly led to more genuine job seeking because it is easier for Work Coaches to check job search activity through this platform.
- Among participants who were working part-time, the in-work requirements of UC combined with advice from Work Coaches had prompted them to seek and in some cases take up extra hours or jobs. Where viewed positively this was seen as a push in the right direction for participants who were already motivated to earn more. However, others, particularly families, were opposed to in-work requirements, preferring to spend time with their children. For some families and some couples, the perception that the earnings taper penalises earnings also worked to disincentivise full-time work.
- UC did not (and nor does it seek to) influence labour market engagement among individuals who already demonstrated strong motivation to work or a willingness to take any job. UC also had limited influence over individuals whose behaviour did not change because their personal barriers, such as sickness, were too great at the time; and individuals for whom administrative issues and lack of understanding of UC limited behaviour.
- UC has been encouraging more collaborative job searching among some of those in joint claims. Where the joint claim did not influence behaviour, this was because couples already made joint decisions about work or continued to make decisions independently regardless of UC. In families where one parent was caring for young children and not subject to full job search conditionality, there were indications that personal factors such as preservation of traditional gender roles and aversion to formal childcare could pose as barriers to labour market engagement in the future.

# 5 Where UC influences behaviour: the drivers of labour market behaviour change

This chapter draws on in-depth interviews and deliberative workshops with claimants and information provided by Work Coaches in an online consultation to explore the way in which the components of Universal Credit (UC) work to drive change in relation to employment behaviour. It first looks at how the behaviour changes described in Chapter 4 are driven by specific components of UC and then turns to look at how participants ranked the components in order of influence. The chapter then considers the factors that enhance or detract from the influence of UC's policy design to promote positive labour market behaviour. This chapter finally explores the way in which understanding of UC influences intended or anticipated behaviour using findings from the laboratory experiments.

The findings in this chapter indicate that after the conditionality elements of UC, the influence of other factors is mitigated and changed by personal factors; claimants' circumstances, experiences, attitudes and beliefs. Conditionality was the only element of UC that appeared to override personal factors to influence behaviour. Even then, the resulting behaviour could be 'compliance'-based. The other flexibility and financial components of UC had an influence on employment behaviour, but only in combination with personal factors. In addition, the influence of personal factors was usually stronger for families, except where there was a particular issue shaping the labour market behaviour of single claimants, such as ill-health. Findings from the laboratory experiments show that information provision and messaging can influence intended behaviour.

## 5.1 How the components of UC work to drive behaviour change

This section describes the effect UC has had on the behaviour of single and family claimants as well as views of likely behaviour in cases where UC or full job search conditionality had not yet been experienced. This includes single Jobseeker's Allowance (JSA) claimants participating in deliberative workshops and parents who were not yet required to job search due to the age of their youngest child.

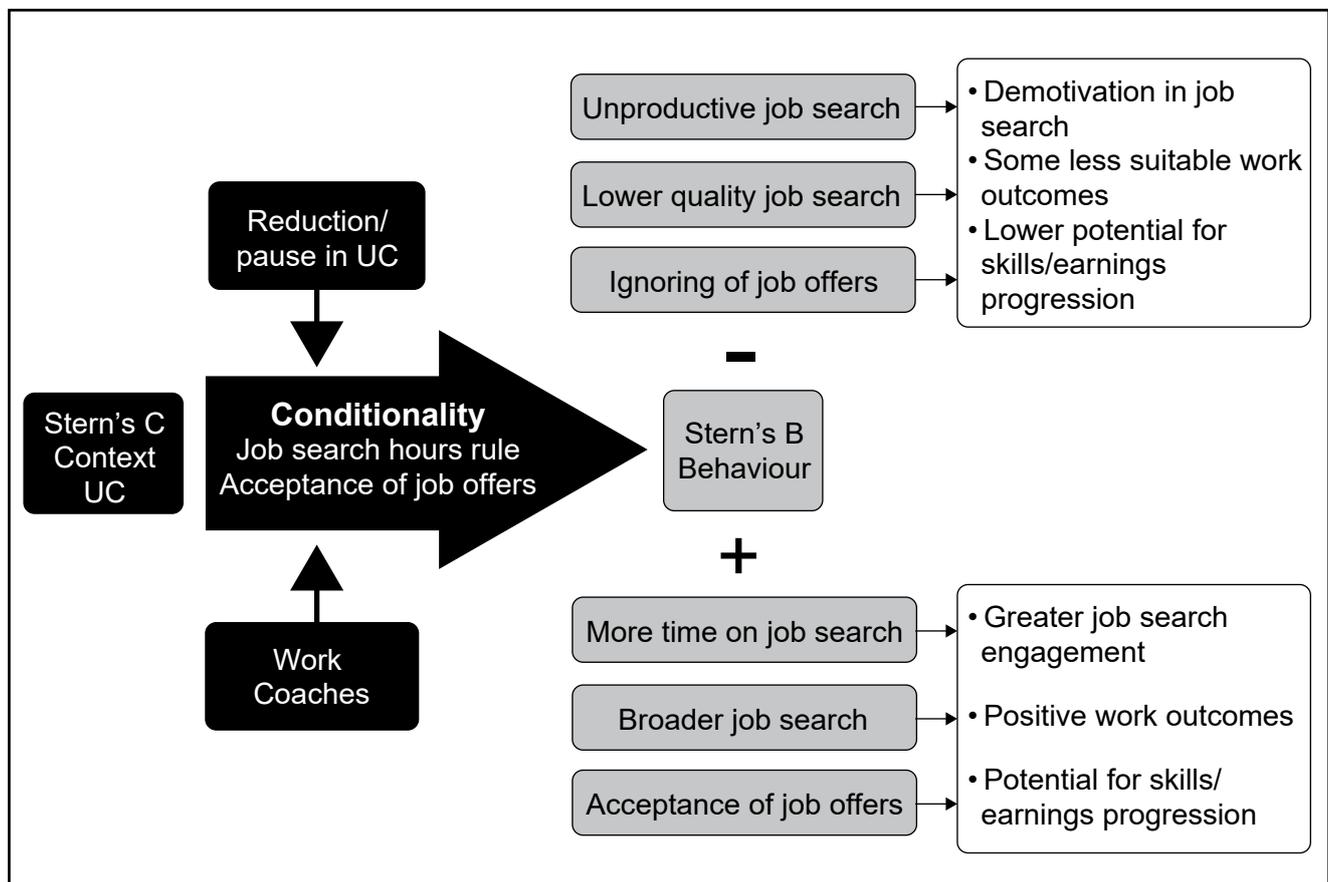
The findings show that UC influenced labour market behaviour or intentions. Where components of UC drove behaviour, either individually or in combination, they interacted with claimants' personal factors to do so. This chapter looks at which components influenced behaviour and under what circumstances. In this first section, as in Chapter 3, the components of UC are grouped into three categories: conditionality components, flexibility components and financial components.

### 5.1.1 Conditionality components

The conditionality components of UC, which include the Claimant Commitment (CC) and in-work requirements, generally emerged as the strongest drivers to behaviour change. The stipulation of the number of hours of labour market activity per week (including paid work or job search) and the obligation to accept work if offered were the most heavily emphasised aspects of conditionality. Compliance with these components was underpinned by Work Coaches and the sanctions regime.

As illustrated in Figure 5.1 and discussed in Chapter 4 these elements of conditionality drove a number of positive behaviours, such as increased job search activity, more diversity in jobs applied for and entry into jobs that claimants would have previously ruled out. However, the conditionality components also drove behaviour described as neither especially productive (such as lengthening or ‘padding out’ job seeking hours and putting less thought into applications), or helpful to longer term career aims. This is described in more detail below.

**Figure 5.1 Behaviour prompted by conditionality components**



Linking this evidence back to the UC theory of change, which is premised on any work leading to better work, UC is arguably bringing people closer to the labour market, and perhaps more quickly. This was also a finding in the Extended Gateway evaluation<sup>29</sup>. Furthermore, Work Coaches also thought the conditionality components were resulting in more positive behaviours such as more intensive job search and claimants taking more responsibility for finding work.

<sup>29</sup> DWP (2015) *Universal Credit research with single claimants including those with housing costs*. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/481865/universal-credit-extended-gateway-evaluation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/481865/universal-credit-extended-gateway-evaluation.pdf)

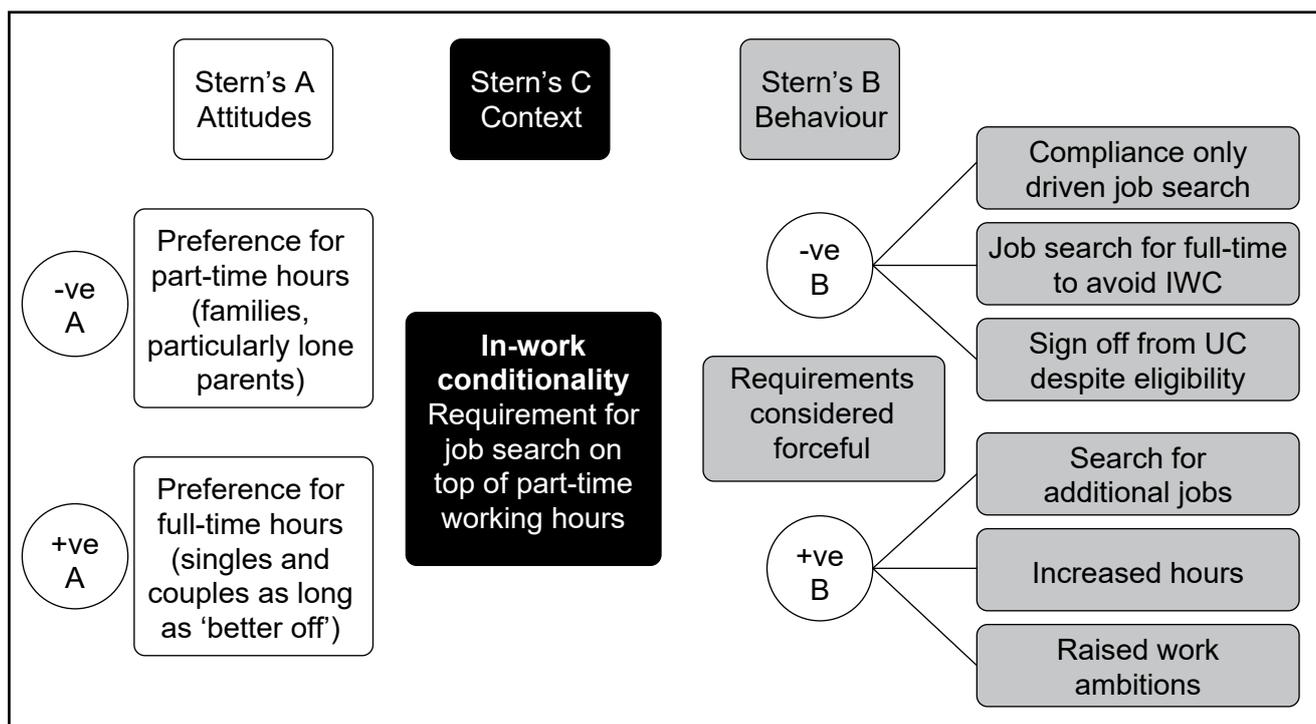
## Understanding how Universal Credit influences employment behaviour

UC does however appear to have led to some negative ‘compliance driven’ behaviours (see Chapter 4). These behaviours seem to have stemmed from an over-emphasis of conditionality (above the other UC components), combined with perceptions of an unfair sanctions regime (see Chapter 3) and a policing rather than supportive role played by Work Coaches. The requirement to accept jobs at odds with claimants’ work preferences and long-term career goals, was also seen to potentially limit job sustainability and future earnings and skills progression. In some cases, however, this provided a useful stepping stone to desired careers<sup>30</sup>. Amongst parents wishing to spend more time with their children, the stipulation to look for and accept work as soon as their youngest child turned five was viewed negatively and also drove compliance-based behaviour<sup>31</sup>.

### In-work conditionality

There was some evidence that in-work requirements were having the desired effect and overriding personal preferences for part-time work (as described in Chapter 4). The behaviour prompted by in-work conditionality is illustrated in Figure 5.2.

**Figure 5.2 Behaviour prompted by in-work conditionality**



<sup>30</sup> This is unlikely to be an effect limited to UC as under the legacy system, conditionality in JSA also requires claimants to take up any work offered or risk cuts or stops to their benefit payment.

<sup>31</sup> This is also a feature of JSA and is not new to UC. Lone Parent Obligations introduced this element, albeit for older children, in 2008. Increased work requirements for parents have existed since the New Deal for Lone Parents and the work focused interview regimes were introduced.

## Understanding how Universal Credit influences employment behaviour

It is important to note that more detailed evaluation is taking place around in-work conditionality and that as a new policy the evidence base is still limited. This behaviour, however, resulted from 'negative' perceived elements of UC; with parents describing being 'bullied into' full-time work, some participants applying for full-time work simply to avoid the 'nuisance' of in-work requirements while others avoided them by signing off UC, despite still being eligible for payment. In-work conditionality also led either to non-compliance or unproductive compliance driven behaviour among participants who felt strongly against increasing their working hours.

There was evidence that even where in-work requirements were perceived to be forceful they could lead to more positive labour market engagement, particularly when contextualised against the more positive flexibility components and financial incentives. This is described in the case illustration below. Here the negatives and positives of UC were more balanced and worked to enhance existing positive motivations to find work. The case illustration in Chapter 4 in which a mother working part-time as a lunchtime supervisor was looking to upskill and become a full-time paramedic also demonstrates the effects of encouragement from Work Coaches, alongside the full-time job search requirement of UC in changing attitudes and behaviours.

### **Case illustration (CPL3, Male, Joint Claim, UC Recipient)**

A single claimant living with his girlfriend in social housing had two cleaning jobs; one in the morning and the other in the afternoon/evening. He worked a total of 31 hours per week plus any available overtime so his hours totalled anything between 31 and 60 hours per week. In weeks with fewer hours his pay was topped up by UC. He preferred UC to JSA because the open claim and removal of the 16-hour rule mean he did not have to limit his hours and could avoid the hassle of re-opening a claim. He also liked that his earnings were monitored and that his UC payment was adjusted if his pay dropped below the earnings threshold and appreciated the help to cover bills during these periods.

He felt the CC on UC combined with the flexibility offered by the open claim and 16-hour rule removal as well as the financial security from the in-work payments and Real Time Information (RTI) link motivated him to do his job search and increase his hours. Though he felt pressured to job search for his second job, he agreed with the idea of having to spend non-working hours on job search in exchange for UC and was motivated to do this by his goal of buying a house with his girlfriend and wanting to start a family. Although he was more open to short-term, part-time and flexible work as a result, his ideal employment was a single job with full-time hours with opportunities for more pay and progression.

### **5.1.2 Flexibility components**

The flexibility components of UC are intended to remove barriers to short-term, part-time and flexible work; or work with fluctuating hours. They include the RTI link, the open claim and the removal of the 16-hour rule (see the introduction to Chapter 3 for a summary of these components).

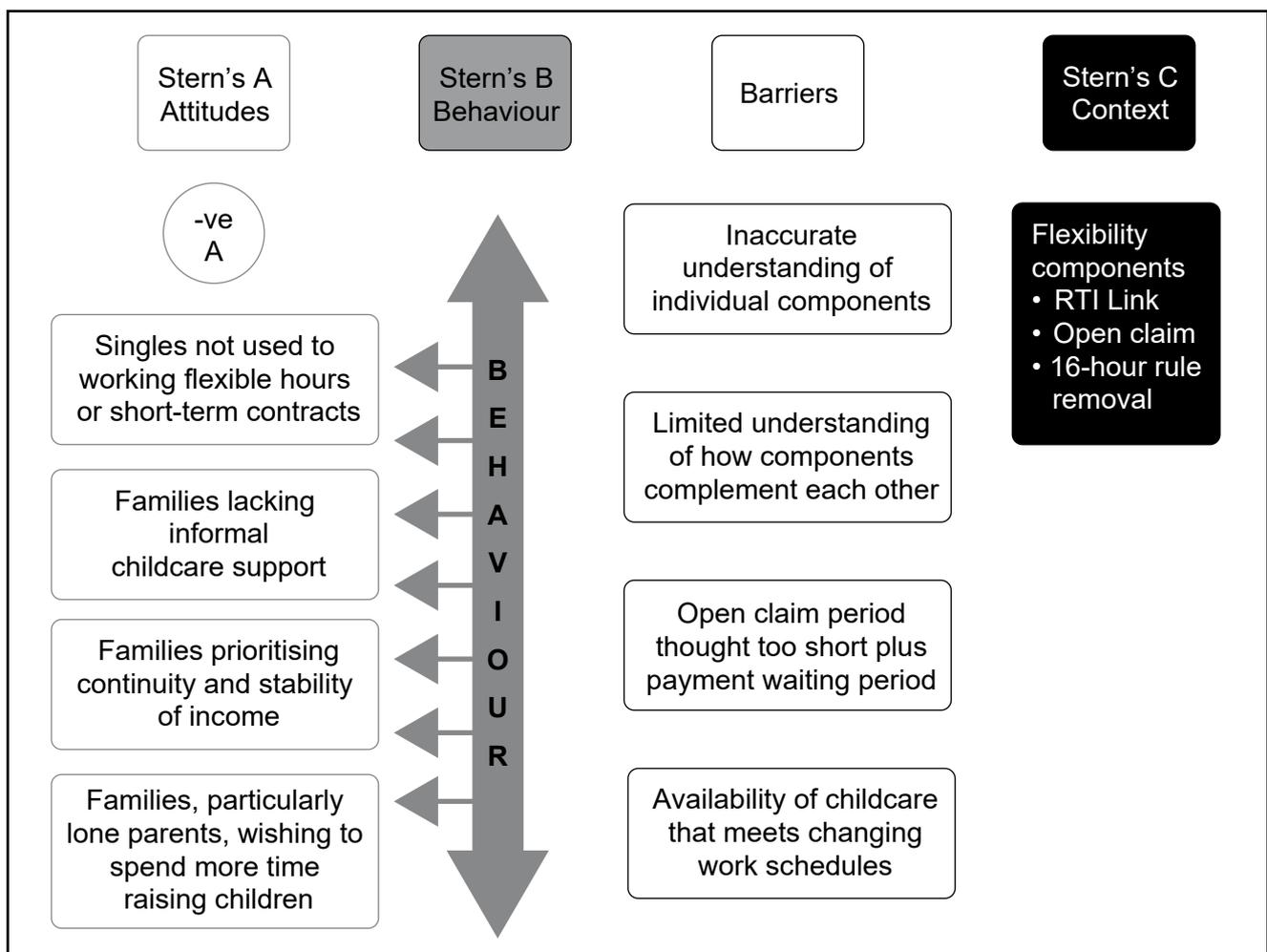
The effect of each of these components on participants' behaviour or likely behaviour is described in turn below. It is worth noting that the flexibility components were most heavily emphasised by Work Coaches as influential in driving behaviour. They were observed to encourage claimants to consider work they would have otherwise ruled out, made them more open to part-time, temporary and zero hours work and were thought to have proved particularly beneficial in areas with a lot of part-time and agency work. While there was only

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limited evidence of this effect from claimants, there were indications that for people who had always taken short-term or flexible work these components made it easier.

It is likely that a lack of awareness and understanding of these elements by claimants is obstructing behaviour change among those who had not previously worked in this way. Once the components were explained in group discussions, singles in particular said they would be likely to influence their behaviour in the future. For families, concerns remained about the gap between payments when restarting a claim (despite being left open) as continuity of income was a priority as well as availability of childcare. These components therefore had the potential to change behaviour but only if personal circumstances allowed for this; i.e. if factors such as availability of childcare and the need for financial stability could be overcome.

**Figure 5.3 Behaviour prompted by flexibility components**



### Real Time Information link

Perhaps due to a lack of awareness of this component, the RTI link appears so far to have had a limited effect on behaviour. Even when explained by researchers participants had mixed views of this component and their negative perceptions, which stemmed from a lack of understanding, appeared likely to limit intended behaviour.

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Among single participants with a better understanding of the RTI link, there were examples of it working in combination with other components to increase willingness to take fluctuating earnings. Alongside the in-work payment and open claim the RTI link acted as a 'safety net', providing reassurances that the UC payment would take account of earnings. However, for parents, particularly those lacking informal support networks, the convenience of the RTI link did not override challenges posed by flexible work in organising childcare that also had sufficient flexibility to meet a changing work schedule.

### Keeping the claim open

There was evidence that keeping the claim open for six months encouraged single claimants to accept short-term work when they would not have done so on JSA. These claimants felt that due to this component, UC made it easier than JSA to take temporary work because it meant avoiding the need to reclaim and helped maintain financial security if a job was short-term or did not work out.

*'Because you'd have to sign off, and then if you're doing a temporary job for a few weeks, or a couple of months, then it would be just the agro of signing back on and going through all the, you know, the signing on process.'*

(SNG3, Male, Single, UC Recipient)

Families on the other hand said the open claim plus the in-work payment would prompt them to consider short-term work, but only as long as childcare was available. Even among single claimants, the open claim presented two key constraints to short-term work. Firstly, the six-month period for which the claim would be left open was considered too short, particularly in relation to seasonal jobs which were said to last between six and nine months.

Secondly, the monthly UC payment could still leave a long gap between receiving wages and the next UC payment. One participant explained that he had to wait seven weeks after his temporary job ended.

*'However you only get paid once a month so you'd still have the long time waiting in between your next payment if you come out of work'*

(WSH4, Male, Single, UC Recipient, Singles Workshop)

### Removal of the 16-hour rule

A widespread view among Work Coaches was that the removal of the 16-hour rule was one of the strongest drivers to behaviour change.

*'The best feature of UC is the fact that claims do not have to close at 16+ hours.'*

(Work Coach)

*'Removal of 16-hour rule encourages claimants to consider work that they wouldn't on JSA because their claim would close and support would stop immediately.'*

(Work Coach)

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The removal of this rule increased willingness among some single claimants to consider additional hours and zero hours contracts. For some, this component made working additional hours more worthwhile, but only in conjunction with the earnings top-up offered by in-work payments.

*'... before, if it was 20 hours, then you'd think twice because you'd only just be earning what you would anyway, where now you can do, you can do 20 hours a week and still get your wage topped-up, so it is better in that way.'*

(SNG3, Male, Single, UC Recipient)

Families also viewed this component positively. Hypothetically, the removal of the 16-hour rule offered the ability to work a few more hours, while still allowing them to balance home and care commitments. However, other components such as the perceived deduction of earnings from the earnings taper and the in-work job search requirements worked to counteract the benefits of this rule.

Parents who had previously claimed tax credits, contrasted their UC experiences with that of Working Tax Credit (WTC) where they were under no pressure to increase hours in part-time work or have ongoing contact with the Jobcentre. This could encourage full-time work in order to avoid ongoing contact. In some cases, however, part-time work was still taken up and participants voluntarily signed off UC to avoid in-work requirements. One participant, for example, was working 30 hours a week and reported being pressurised by Work Coaches at the Jobcentre to increase to full-time hours. He was about to start college and did not want to increase his hours so instead, he decided to end his claim and forego the additional UC payment feeling it was not worth the 'hassle'. In this case the in-work payment of £6 was in fact exceeded by the costs of travelling to the Jobcentre.

### 5.1.3 Financial incentives

The financial components of UC, including the in-work payments, Work Allowance (WA) and childcare costs, did not appear to widely drive behaviour. This was mainly due to a lack of awareness or understanding of these components; as often people were not aware of them until they had directly experienced them. Among single claimants who had worked since the start of their claim, there were indications that experiences of being better off in work and on UC<sup>32</sup> as a result of these components may positively influence future labour market behaviour. These findings indicate the need for stronger communications with claimants about these components.

#### In-work payment/earnings taper

On UC, claimants who start a low paid or part-time job can still get in-work benefit payments. The rate at which they are paid falls gradually as earnings rise; so claimants can still get a UC payment when in work. There was evidence that the in-work payment has led some single claimants to take up flexible work and additional hours or jobs. In these cases it acted as a financial blanket; allaying anxieties about being worse off in work. It should be noted, however, these participants were already open-minded about the sorts of jobs they would consider, expressed a strong desire to work in order to achieve personal and financial goals and described being encouraged to seek more hours from their Work Coach.

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<sup>32</sup> The removal of the WA for single claimants, announced in the 2015 Budget, may reduce the extent to which claimants see themselves as 'better off' in work on UC.

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Single claimants who were yet to experience UC expressed positive reactions to the in-work payment. They said it would (hypothetically) prompt them to consider taking extra work as they would be less worried about supporting themselves financially, particularly compared to JSA. They speculated that not only would their pay be topped up if they worked more hours, but they would also be subject to fewer in-work job search requirements. What's more, if they impressed their employers the extra hours could lead to a full-time or permanent position and greater opportunity to develop skills and experience.

There were, however, two key ways in which the in-work payment disincentivised additional work. First, though mentioned by single claimants too, the in-work payment created a perverse incentive that was more notable in families to decline extra hours. This was because it meant spending less time with children in exchange for a roughly similar amount in income. This view was reinforced by the perception among families that on UC earnings (in excess of the WA threshold) were 'taken away' compared to WTCs which were seen to 'top up' wages; therefore penalising rather than rewarding work.

*'You shouldn't be penalised for working, there's no incentive to work more hours'*

(WSH5, Female, Families Workshop)

On top of this the potential advantages of extra or flexible hours, such as career advancement which attracted singles, were, often for families outweighed by difficulties sourcing childcare particularly as formal childcare which was perceived as inflexible to changing schedules.

Secondly, participants in both single and family claims said not knowing their exact in-work payment would put them off taking flexible work. For families who emphasised the importance of income stability in particular, the potential lack of predictability in the UC payment, as it fluctuated to reflect changes to hours, undermined willingness to increase working hours or take up flexible work. This did not discourage everyone; one family claimant said he accepted the extra hours and then contacted the UC service centre to find out exactly how much he would be paid in benefit.

### Work Allowance

If a UC claimant or their partner is in paid work, they can earn a certain amount before their UC payment is affected. The level of this WA varies depending on whether it is a single or couple claim and on whether the claim includes amounts for housing costs, children and limited capability for work<sup>33</sup>. It was announced in the July 2015 Budget, that the WA would be removed for single claims, but at the time the research with this cohort took place it was still applicable for this group.

Though single claimants could see the benefits of the WA it did not appear to be a deciding factor in relation to taking a job. There were nonetheless people whose decisions about taking a job or extra hours were informed by the WA in that it featured in calculations about whether and to what extent they would be better off or not in a particular job.

As mentioned in Chapter 3, there was no awareness that the WA applies to the household rather than individuals. As such, the behaviour of couples was not affected by this.

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<sup>33</sup> [https://about.universalcredit.service.gov.uk/kms/Pages/Earnings\\_taper\\_for\\_Universal\\_Credit.htm](https://about.universalcredit.service.gov.uk/kms/Pages/Earnings_taper_for_Universal_Credit.htm)

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### Childcare element

At the time of the research, the childcare costs element of UC allows working parents to claim back up to 70 per cent of paid out childcare costs up to a monthly limit of £532 for one child or £912 for two or more children<sup>34</sup>. This component was little used across the sample and as such had no discernible positive influence on behaviour.

Although awareness was lacking, the lack of take up was generally driven by two barriers:

- The upfront cost involved for parents (without financial help). Formal childcare usually requires payment a month in advance. The childcare component requires parents to pay for their childcare and then claim up to 70 per cent back later. UC is first paid after a gap of five to seven weeks and wages are paid in arrears. Participants who had taken up the child element had borrowed from family and friends to cover the upfront costs, as illustrated in the example below.
- Taking a job (especially low paid work) was considered less worthwhile where formal childcare costs were still perceived to be prohibitively expensive despite the help available with costs in this component.

#### **Case illustration (WSH2, Families Workshop)**

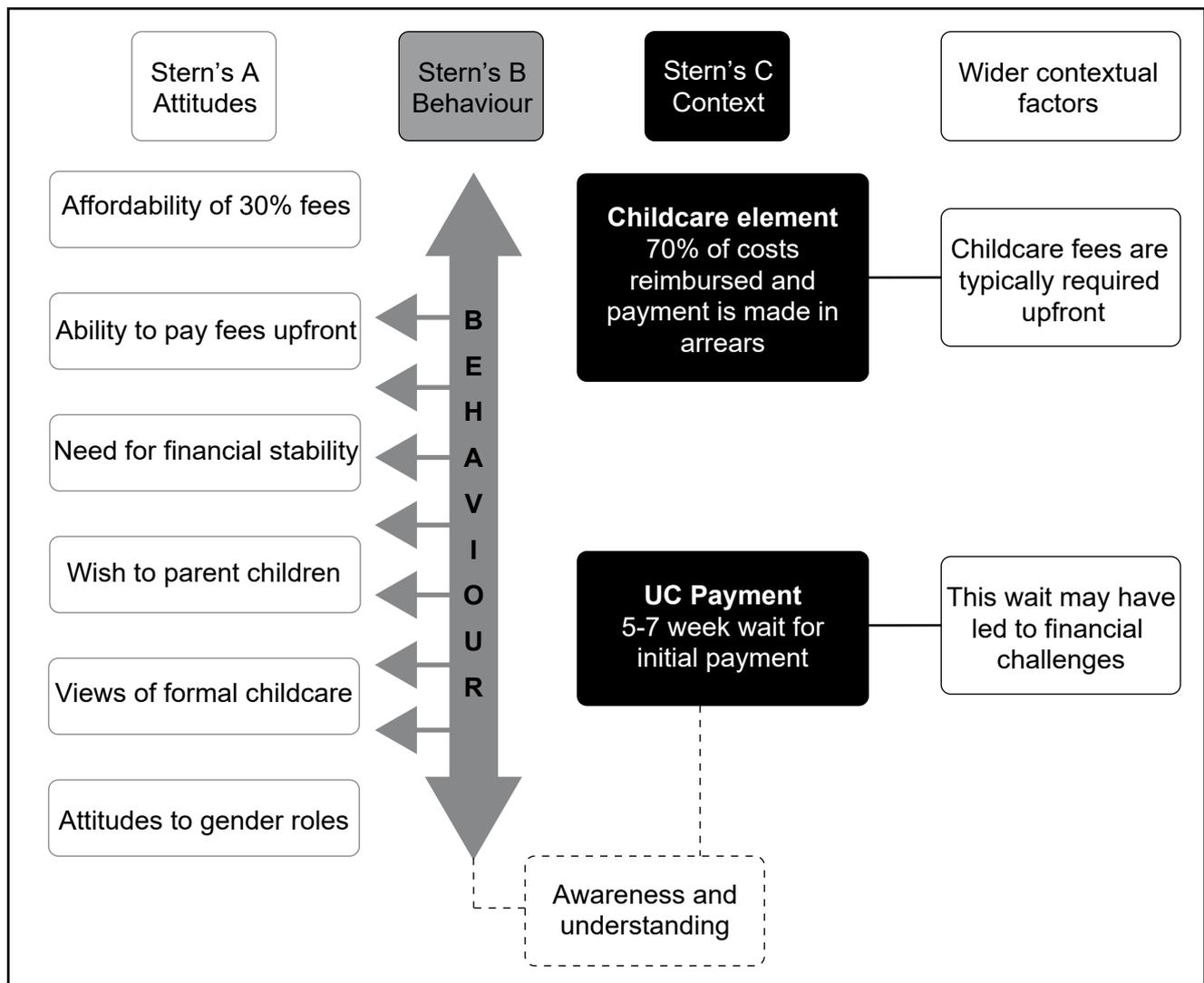
A lone parent was working in an afterschool club from 2pm-6pm, five days a week. She sought childcare for her son who needed looking after from the end of school until the participant reached home at 7pm. She used the childcare element to pay for a private nanny who charged £25 per afternoon. She found this hard to afford but it was her only option because her family and friends were unable to provide informal childcare support on such a regular basis. Her wages were paid at the end of the working month so she did not have the money to pay for the upfront childcare cost and borrowed from family instead<sup>35</sup>.

Negative experiences, in which the childcare costs were not administered as expected also served to limit uptake of this option. For example, when a lone parent tried to reclaim her childcare costs she received only a 20 per cent reimbursement because of problems verifying her payments. She subsequently lost her job, as she could no longer afford to pay for childcare and now has a negative view of this component.

<sup>34</sup> DWP, (2016). *Universal Credit and your family* [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/491027/uc-and-your-family-jan16.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/491027/uc-and-your-family-jan16.pdf)

<sup>35</sup> Jobcentre Plus can use the Flexible Support Fund to cover costs such as these.

Figure 5.4 Interaction between Stern's Attitudes and Context: Child Element



## 5.2 How the components rank in a hierarchy of influence

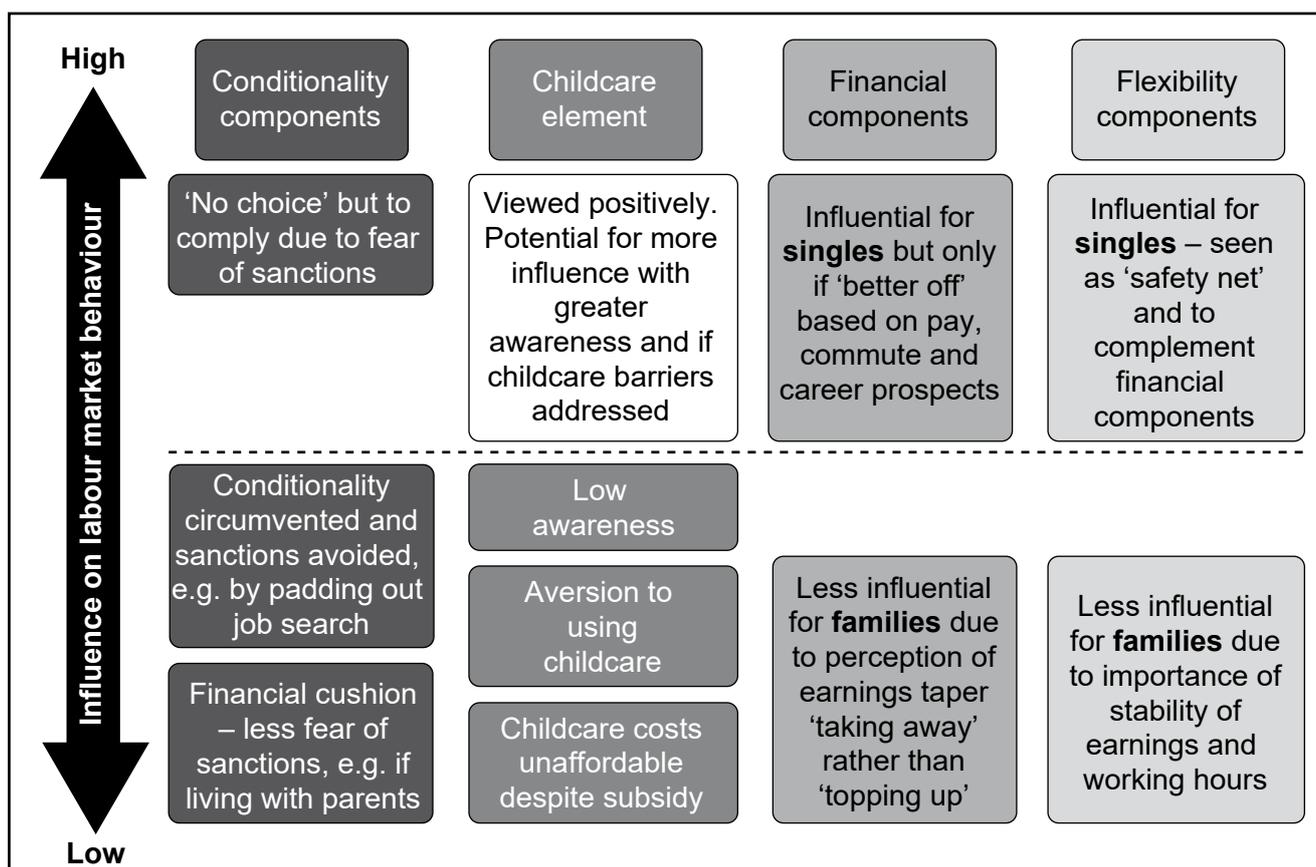
In both interviews and workshops participants were asked to rank the influence of the different UC components on their likely behaviour in relation to taking part-time, short-term or flexible work. In workshops with singles and families, participants were tasked with working as a group and creating a hierarchy of components, each of which was printed out onto individual cards. When considering what is presented below it is worth bearing in mind that this exercise resulted in a variety of different configurations perhaps in part due to participants sometimes listing the components in order of preference as opposed to likely influence on behaviour. In individual interviews it was difficult for participants to weigh up the influence of different components so the resulting data was sometimes limited.

What emerged from participants' reflections was that the conditionality components were the only ones that were stronger than personal factors in influencing behaviour, in that they drove compliance regardless of personal attitudes and circumstances. However the compliance achieved was sometimes not fully productive because conditionality could be viewed negatively, and at times lacked the desired cultural shift towards the view that any

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work could lead to better work and is therefore worthwhile. In contrast, the influence of the flexibility and financial components were seen as largely positive. As explained below, this influence was determined in part by their interaction with personal factors, which demonstrated the way in which personal factors and the external UC context interact to exert influence.

**Figure 5.5 Hierarchy of UC components**



- **Conditionality elements:** where the conditionality elements were ranked highest, and therefore most influential, by families and singles this tended to be in a negative way. Participants felt 'they had no choice' but to comply with job search requirements, particularly due to a fear of sanctions. For parents it stopped them from 'putting children first' particularly if they already worked part-time and wished to spend the rest of their time with children rather than on job search. The conditionality components were ranked lower if it was considered possible to 'soften' them by, for example, 'padding out' job search or being able to leave inappropriate jobs in a way that would not incur sanctions. Conditionality also had less of an effect where there was a financial cushion, for example, where single claimants lived with and were supported by parents.
- **Childcare element:** this component was ranked highly by families and in a positive way. This was because parents agreed strongly with the principle of subsidising funding to facilitate full-time work. This element was less influential among parents who preferred to undertake all childcare themselves; were less trustful of others caring for their children; found the costs of childcare prohibitive (even with the subsidy) and for whom the requirement to pay for childcare upfront created cash flow barriers to taking up this option.

- **Work Allowance and in-work payment:** these elements ranked more highly among singles than families. The in-work payment influenced singles to consider part-time work by alleviating financial worries and incentivising part-time and short-term roles in the hope of leading to full-time, permanent work in the future. The WA was also valued and incentivised the take up of any job. Despite this the overriding factor for singles was being better off in work. Notions of being better off were informed by a range of job-specific, personal and wider contextual factors such as pay, location, commute and potential for progression (discussed in more detail later). Though families could also see the benefits and disadvantages of both components, they were ranked as weaker drivers to behaviour change. Families debated the value of giving up time with children by working when they viewed the earnings taper as a financial penalty and when they could get a perceived top-up anyway if their time was spent job searching rather than working. The preference was to comply with conditionality instead.
- **Flexibility components:** both single and family claimants could see the benefits of these components in terms of accepting, part-time short-term and flexible work. Singles ranked these components in line with the financial elements, and saw how both sets of components could complement each other. For example the open claim and real time information link removed the need to reclaim and report hours while the in-work payment made short-term and flexible work less financially risky. Alongside the financial components, personal factors were just as influential (discussed below). Families were generally less influenced by these flexibilities. They were altogether less inclined to take on short-term and flexible work because they had stronger personal attitudes; stability in hours and pay were more important to them.

The interaction between the different components has had interesting effects on behaviour in that the elements could counteract, obscure, complement or enhance one another in participants' minds. For example, where the conditionality elements were the strongest drivers, they diluted the financial and flexibility incentives by removing any notions of choice in job search decisions. Feeling forced by conditionality meant these components were by-products rather than incentives and they therefore did not influence behaviour. In addition, conditionality elements such as the in-work requirements for part-time workers counteracted the advantages of flexibility components such as the removal of the 16-hour rule and the RTI link for those who wished to avoid continued job search and interaction with the Jobcentre. This could motivate people to seek full-time work instead, which arguably reflects the policy intent of UC by encouraging claimants to work more hours.

### 5.3 Influences on behaviour

A range of factors either facilitated or constrained the effects of UC in influencing labour market behaviour. They included personal or internal factors; awareness and understanding of the different component parts of UC; concepts of being better off and the implementation of UC. These factors are described below.

### 5.3.1 Personal factors: individual circumstances, attitudes and experiences

Across all participant groups labour market decisions were informed by a complex interplay between personal factors based on individual circumstances, attitudes and experiences and external contextual factors including UC and its constituent parts. Wider contextual factors played a role too, such as local labour markets and transport links. It appeared that personal factors exerted a stronger influence on families compared to single claimants, unless single claimants experienced strong constraints such as ill-health (this only applied to one participant).

As described in Chapter 4, a subgroup of claimants appeared to be unaffected by UC because their motivation to find work was a stronger driver to the positive behaviours sought by UC. Here, personal factors overpowered the influence of UC because this group were already open-minded about the jobs they would consider, believed any work was good work and were strongly motivated to enter work. The intended effect of UC was already in operation here and so effectively redundant and any policy change, whether UC or not, would have little influence on their behaviours.

Among participants who said they would take UC into consideration, the decision to take a job ultimately depended on a balance of different personal factors and preferences in conjunction with UC. Common across all groups, the minimum requirements for a job included paying minimum wage, being better off and being located within reasonable commuting distance from home. Though somewhat weakened by conditionality, decisions were also influenced by the nature of the job: the hours offered; pay and conditions, suitability to the job; and progression opportunities. These considerations guided decision making as much as UC did.

UC was sometimes at odds with the career aims of people with clear work-related ambitions, who often had higher level qualifications and a strong idea of the types of work they wanted. This points to potential tension with UC but it is important to note that this has also been a tension for the more qualified job seekers under other regimes.

For families, availability and costs of childcare as well as attitudes towards it played an important role and could weaken the effects of UC. Some parents for example were distrustful of formal childcare providers or feared missing out on their children growing up. Working hours and location were more constrained for families; they wanted to be able to reach home quickly in case of an emergency and to be available to their children. Families, particularly lone parents without informal and reliable childcare support were particularly constrained in this regard. For these parents the lack of breakfast/after school clubs was an issue and school holidays were a major concern.

The preference for stability in terms of income and working hours also appeared to override the influence of UC among families, particularly in relation to considering flexible work or short-term work. Linked to the above point, unpredictable hours made organising childcare difficult and created financial worries, even with the top-up from the in-work payment, the safety net of the open claim and potential to reclaim costs through the childcare costs element.

For some two-parent families preferred gender roles could weaken the effects of UC. For example, in a household where the male partner played the traditional breadwinner role and female partner stayed at home and raised the children, a role reversal or female partners' entry into work was not desirable,

*'I know society is different now. Some mums are different, they like to just go to work. My cousin, he's a stay at home dad. But that's just not us'*

(WSH6, Female, Two Parent Family, Families Workshop)

Among couples, the partners' circumstances could be just as important as UC if not more so in terms of labour market behaviour. Considerations include their health, working status, earnings potential and availability for childcare.

### 5.3.2 Awareness and understanding of components

Awareness and understanding of UC and its components appeared to influence its potential to affect behaviour. As illustrated in Figure 3.1 in Chapter 3, conditionality came across as the strongest driver to behaviour change and this was also the component with the best awareness and understanding. Participants were of the view that the conditionality components of UC were explained more confidently by Work Coaches and Work Coaches themselves said sanctions were emphasised more to claimants.

In contrast, low awareness of components such as the in-work payment created a barrier to flexible work due to concerns about being financially worse off. Low awareness of the childcare costs element meanwhile may be contributing to lower uptake of this option and a lack of awareness of the open claim creates a barrier to short-term work for families. Though increasing awareness of these elements is important it, alone, may not necessarily drive behaviour change alone. As discussed, other personal factors such as attitudinal barriers to childcare and the desire for stability would also need to be addressed before flexible work or components such as the childcare element are considered more widely.

There was evidence that misunderstanding or misinterpretation of components such as the WA and RTI link was creating false barriers to the take up of flexible work and additional hours and therefore limiting the influence of UC. Here, the comparison to the legacy system was leading to skewed perceptions of these components. It may be that improved messaging and explanation of these elements will be needed to address this issue.

### 5.3.3 Concepts of being 'better off'

Decisions around employment and views about the benefits of different components were influenced by concepts of being 'better off'. While the in-work payment, WA and earnings taper made a difference, being better off was also about perceptions of:

- **The 'worthwhileness' of work.** This encompassed:
  - Quality of life.
  - Distance travelled in terms of career progression.
  - The income differential for the hours worked in a job that was disliked.
  - For families, the trade-off between spending time with children and the in-work requirements applicable for part-time work.

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The perception of the earnings taper was relevant here too. Amongst those who construed it as a deduction of earnings, extra hours were considered less worthwhile particularly when the other costs associated with earning a wage would increase, such as rent for social housing and other benefits such as Housing benefit and Council Tax Benefit.

- **Predictability and stability.** As mentioned earlier, singles and families found it difficult to picture being better off through the WA and in-work payment without understanding exactly how much they would get in UC each month on top of their wages after living expenses and tax deductions. For these elements to truly act as an incentive this advance knowledge was felt to be needed but participants thought they were unlikely to know for certain until it happened.
- **Budgeting and apportioning money.** Participants who rigidly allocated different pots of money to different expenses perceived themselves to be worse off on UC. For example if they apportioned UC payments to rent and bills and then less was paid in UC as a result of increased hours, participants thought they could no longer afford these expenses if even if the additional amount in wages could be used to cover the shortfall. Interestingly this was a recurring perception among families taking part in workshops and may be another hangover from the legacy system.

It should be noted that a widespread perception among families was that they were worse off on UC or would become worse off on UC if they entered work. Families reported a lower overall income compared to legacy benefits and this influenced decisions about work, leading some to reduce their hours. This may be a misconception resulting from administrative issues with payments or lack of accuracy in their perceptions of their income, which for the first time under UC covers all elements including housing costs. It also influenced views about the affordability of childcare which was thought to be better on tax credits.

### 5.3.4 Implementation of UC

Issues surrounding the implementation of UC also either enhanced or detracted from its ability to influence claimants' labour market behaviour. There were two key areas of implementation that were influential; the role played by Work Coaches and the payment system.

#### Work Coaches

Findings from claimants indicate that the role played by Work Coaches could influence their job search and employment behaviour and that claimants responded better to a supportive and encouraging approach compared to a policing or monitoring role. Work Coaches under UC are intended to mentor claimants to help them achieve the requirements in the CC. The Government states that Work Coaches will both support and challenge claimants to increase their ambitions and self-confidence and help them to fulfil their potential<sup>36</sup>.

If Work Coaches were helpful, supportive and approachable this appeared to motivate participants to job search proactively. Even if this involved challenging participants beyond the sorts of jobs or levels of job search activity they initially had in mind, an approach that involved advice and encouragement was still valued.

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<sup>36</sup> DWP, (2016). *An introduction to Universal Credit*. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/515133/an-intro-to-uc.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/515133/an-intro-to-uc.pdf)

*'I think if you've got a nice adviser, that gives you intent to go and look for a job'*

(WSH6, Female, Families Workshop)

In contrast, claimants described how some Work Coaches reportedly played an exclusively monitoring role. Rather than providing advice, coaching and guidance, claimants explained that they simply checked job search logs and limited their role to enforcing conditionality. This approach was said to foster more negative attitudes towards job search, less productive job search and force people into unwanted jobs that they felt unlikely to keep.

The provision of information from Work Coaches was also important. Work Coaches were not widely seen by claimants to be knowledgeable about UC. Even if Work Coaches explained the different components, they did not necessarily explain their implications (which were not always obvious to claimants), and lacking an understanding of the implications seems to limit behaviour. Some Work Coaches themselves said they felt less confident about the financial elements of UC such as the Work Allowance and experienced difficulty explaining them.

### **The payment system**

As discussed in Chapter 3 participants' experience of the payment process could influence their behaviour. The sorts of issues experienced included lack of transparency about payment dates and elements, delays in the first and subsequent payments, incorrect payments and a lack of clear information about passported benefits (for example, whether there is a need to re-apply for free school meals under UC).

On the one hand, this alongside negative experiences of attending Jobcentre Plus offices appeared to increase singles' and families' motivation to find work or increase their hours in order to sign off the benefit and avoid the Jobcentre. On the other hand these issues have disincentivised work. The five to seven week wait for initial payment, for example, led to participants falling into rent arrears and other debts and even with the open claim there was reluctance to repeat this experience by entering work or taking up components such as the child element which required upfront costs. In addition, experiences of incorrect in-work payments due to the RTI link not working as intended, though limited across the sample, also served to undermine confidence in the system.

## **5.4 When understanding of UC influences intended or anticipated behaviour – findings from the laboratory experiments**

In Chapter 3, findings from the laboratory research highlighted that respondents expressed a preference for simpler information, even when it contained less detail on how UC worked. This section describes the findings from the experimental component looking at what impact different messages about UC had on (intended) labour market behaviour.

The experiments tested the comparative impact of three messages. The message the first treatment group was exposed to focused on presenting the in-work payment component of UC together with the removal of the 16-hour rule, and highlighted the implications these changes have for the claimant being better off in any kind of work. The second treatment

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group was exposed to a message that focused on the ‘keeping the claim open’ component of UC, while also illustrating the implications this change has on being able to take a wider range of work, such as short-term work, while reducing the risks associated with transition from wages to benefits.

The third group was the control group and its participants were exposed to an excerpt from the current UC Welcome Guide. The UC guide offers a brief factual account of the components of UC (including references to both in-work payments and keeping the claim open). However, it does not focus on highlighting the removal of the 16-hour rule, nor does it present the implications of the UC components for the claimants<sup>37</sup>. The two treatment groups deliberately focused on the implications to see whether this assisted comprehension and intended behavioural outcomes.

This was designed in response to findings about the lack of awareness of particular components in the qualitative stages of this research and resonates with results of other research into the effects and effectiveness of UC. The recent UC Extended Gateway Evaluation published by the Department for Work and Pensions (DWP) stresses the lack of awareness of the financial components of UC and concludes that there should be more emphasis placed on the positive aspects of UC as incentives to work<sup>38</sup>.

The results of the research are detailed in the following sections, which highlight the impact experimental treatments have on the relevant employment-related outcomes. Even though the experiment measured and tested a large number of outcomes, here we only refer to those outcomes where significant findings were observed<sup>39</sup>. The detailed design of the experiments and an in-depth explanation of the analytical strategy are presented in the separate Technical Report.

### Causal pathways

Assessments of ‘better off’ were shown to be important for employment behaviour in the qualitative research, which is why they were central to the behavioural model tested by the experimental research. Specifically, the experiments tested a behavioural model predicated on the view that messaging about UC influences the perception of being better off, which, in turn, has an impact on labour market behaviours and attitudes. This is why messages in both treatment groups highlight the implications of the relevant UC components for being better off.

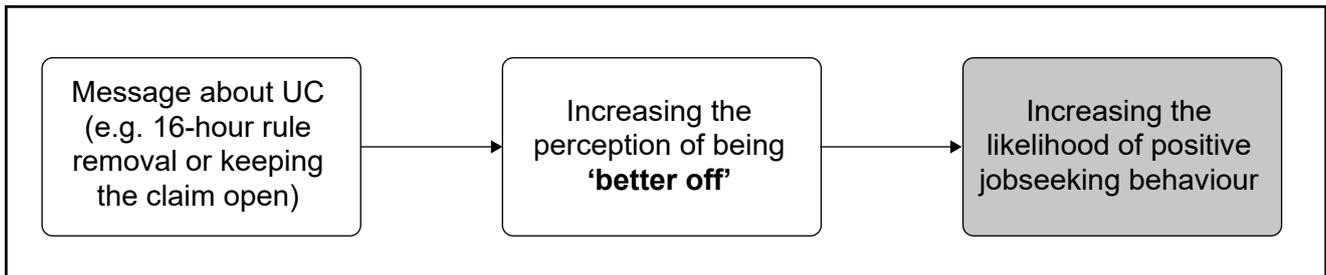
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<sup>37</sup> The full text of the three messages are included in the Technical Report.

<sup>38</sup> Universal Credit Extended Gateway Evaluation, published in December 2015, pg. 49. Bold in the original text.

<sup>39</sup> We implemented several analytical strategies to test the effect the treatments have on the outcomes. We report the findings that were shown to be statistically significant. Particularly we illustrate the cases where we find statistically different findings between either of the two treatment groups versus the control group. Finally, the very small sample sizes mean that regression analysis (to ensure against confounders) could lead to unreliable results.

**Figure 5.6 Causal pathway**



Perhaps the most important outcome of the experimental research is that it is possible to give credence to this two-step behavioural model. The findings show that the type of message claimants are exposed to can significantly affect the extent to which they think they would be better off on UC. Secondly, the results indicate that such messages have significant impacts on (intended) behaviour-related measures<sup>40</sup>.

Consequently, it is likely that to be able to induce changes to labour market behaviour, messaging about the UC components (particularly the financial ones) should be framed so as to increase claimants' perception of being better off.

### **Being better off on UC**

The results show that including clear references to the removal of the 16-hour rule and explaining the implications of this, increased the likelihood of claimants thinking they would be better off on UC.

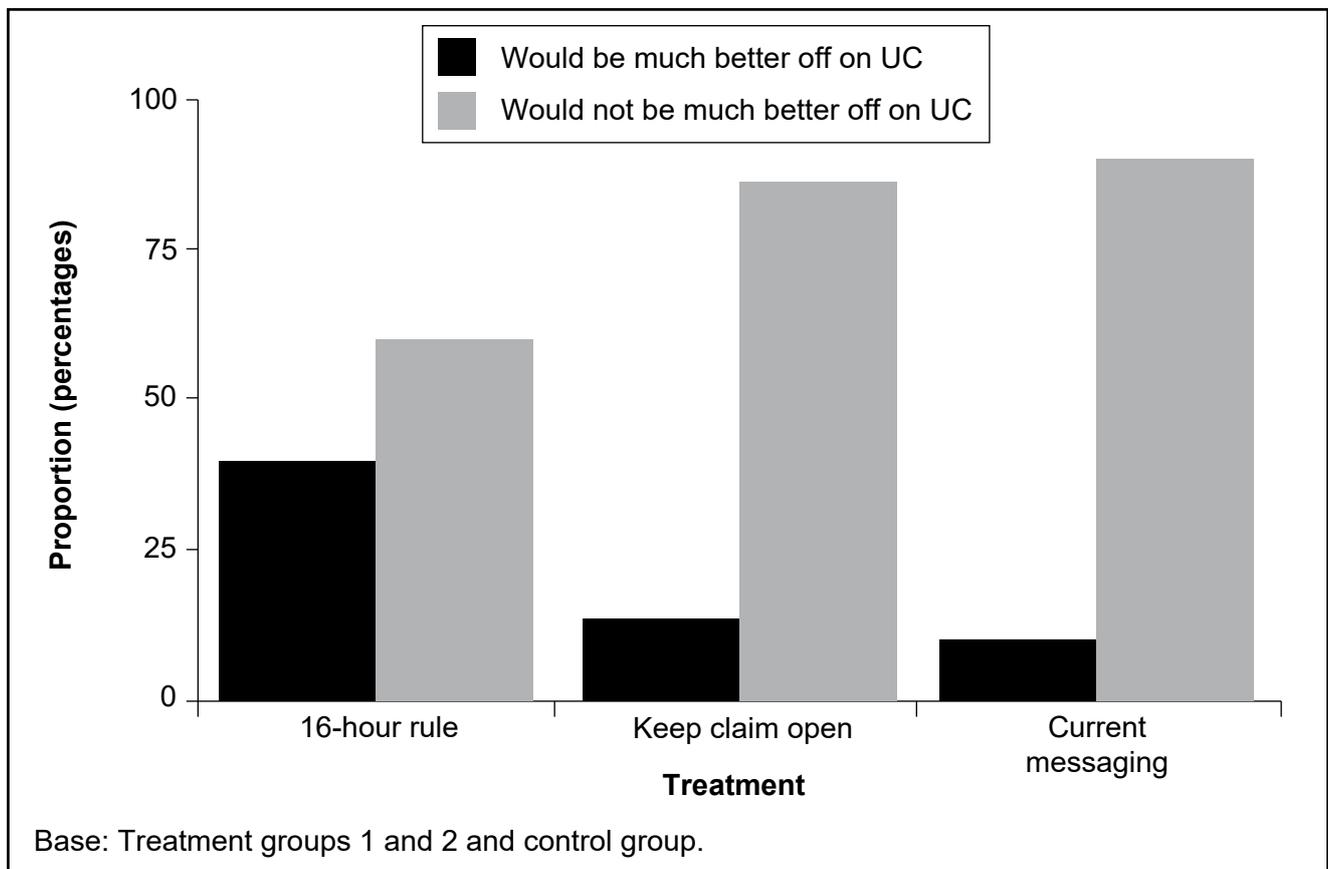
The results are displayed in the figures below and clearly indicate that, compared to the control group (UC Welcome Guide) and to the treatment group exposed to the message about keeping the claim open, focusing on in-work payments and the removal of the 16-hour rule induced a change in the assessment of being better off. This was also illustrated by a participant in the cognitive interviews undertaken prior to the experiments. This respondent stopped when reading the message focusing on the removal of the 16-hour rule and read out 'UC will not stop suddenly' and said that this phrase makes the best message, as that was what he wanted to know to understand the key difference between UC and JSA.

The results also show that there is no difference when it comes to perceptions of being better off of between the control group and the treatment group that focused on keeping the claim open.

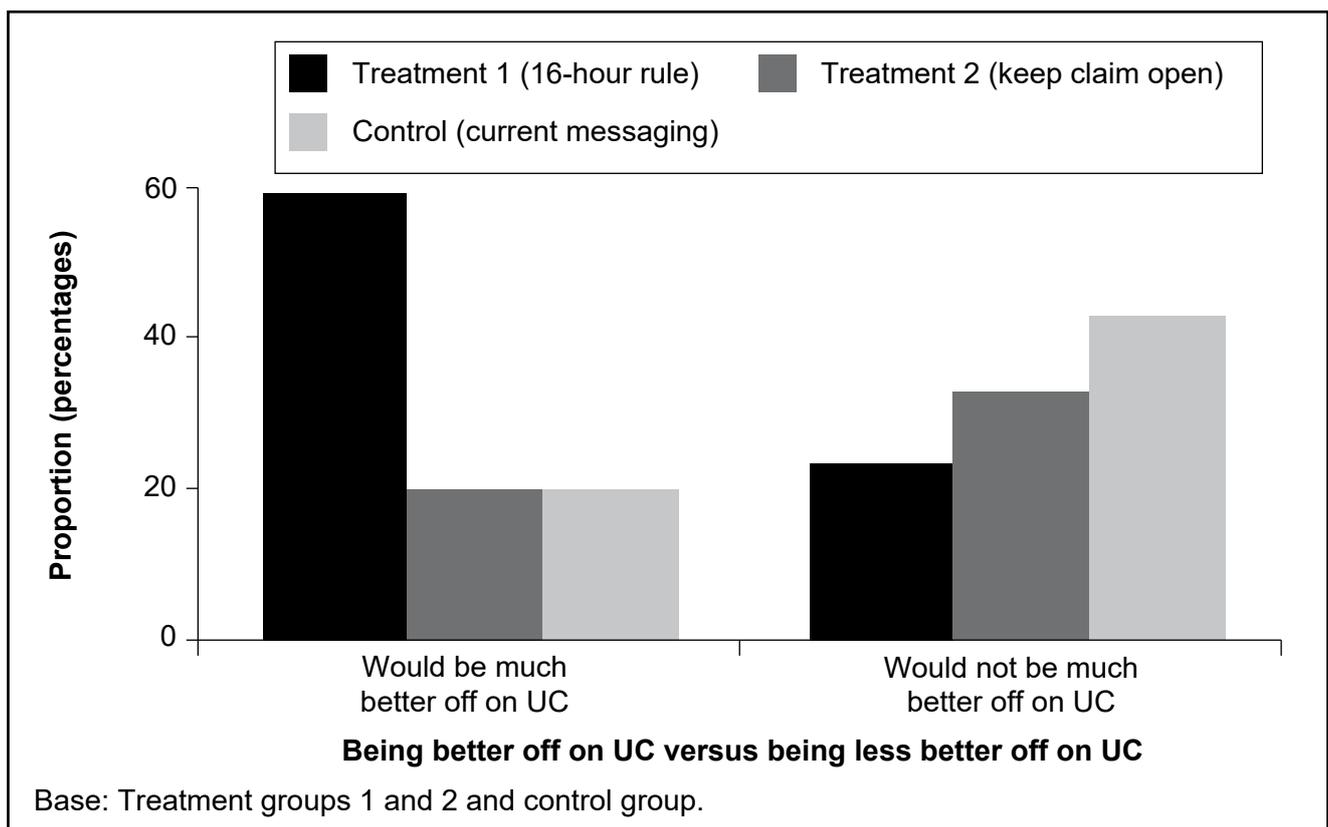
<sup>40</sup> Although, the low sample sizes somewhat restrict the scope of this analysis.

## Understanding how Universal Credit influences employment behaviour

**Figure 5.7** Perceptions of being better off on UC based on the 16-hour rule, keeping the claim open and current messaging



**Figure 5.8** Being better off versus being less better off

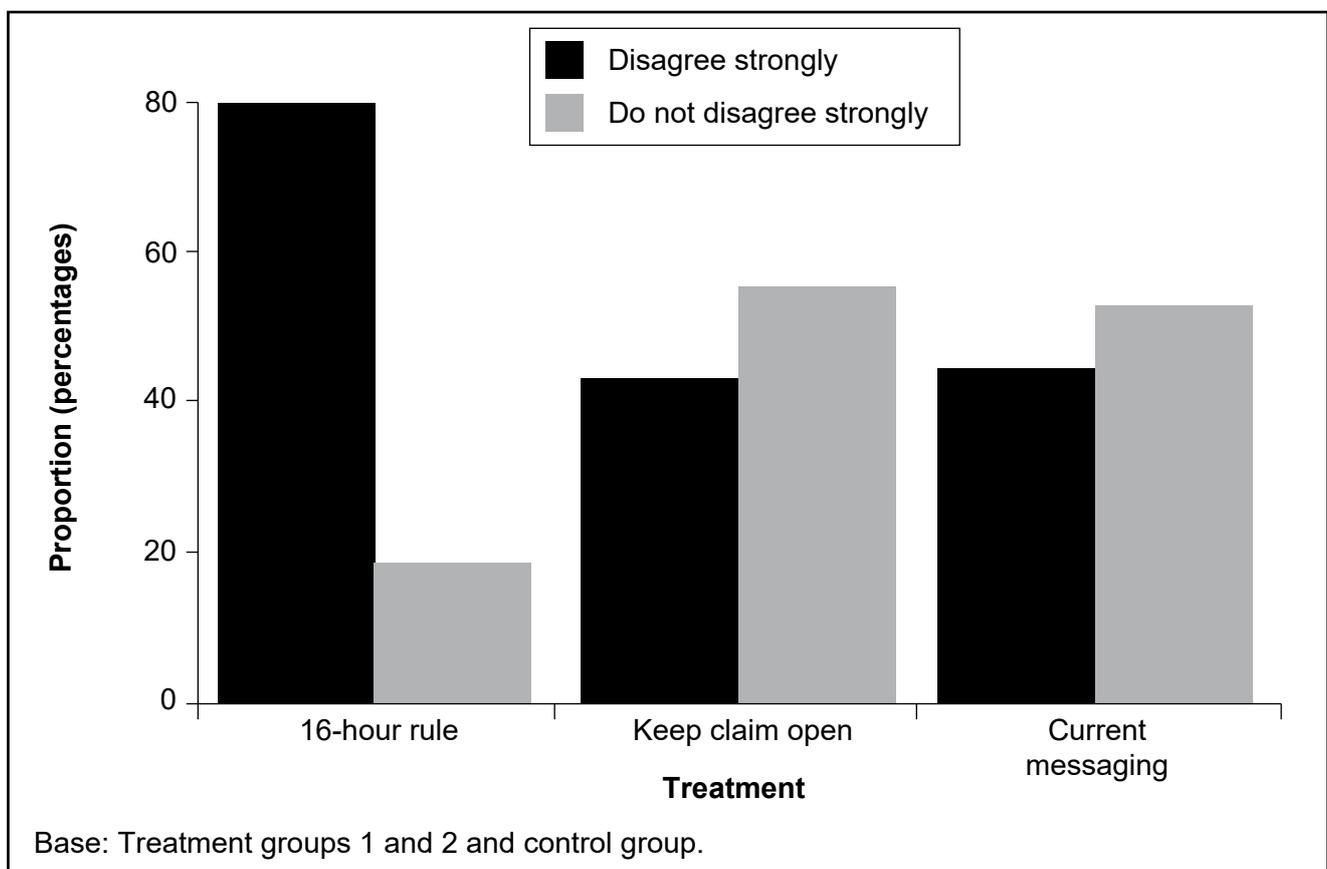


### Benefits do not provide more money than working

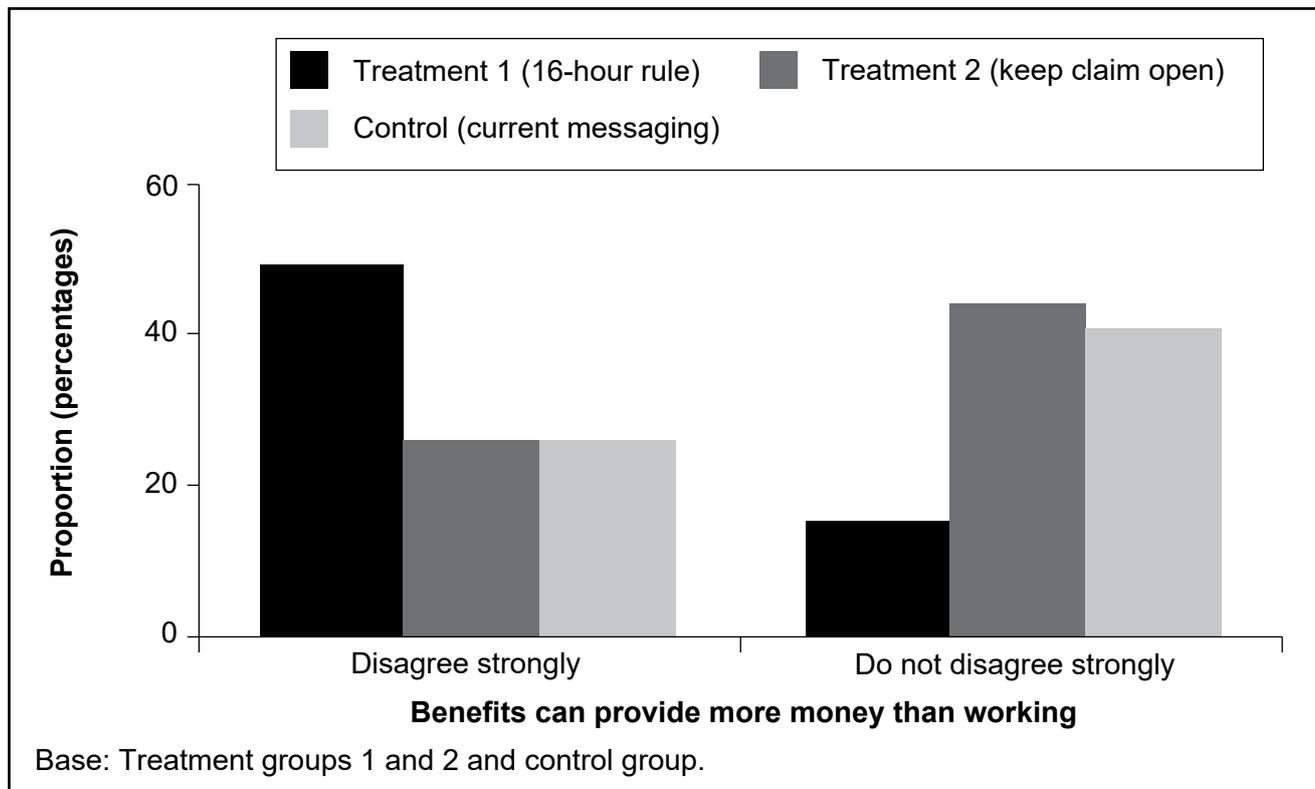
The second important finding is that highlighting the removal of the 16-hour rule and focusing on in-work payments changed people’s perception: that they would be more likely to reject thinking that benefits can provide more money than working.

The figures below present the results of the analysis and illustrate that there is no difference between the control group (UC Welcome Guide) and the treatment that focused on keeping the claim open. However, there seems to be a significant and large difference between either of these groups and the treatment group in which claimants were told about the removal of the 16-hour rule.

**Figure 5.9 Perceptions of whether benefits can provide more money than working**



**Figure 5.10 Perceptions of whether benefits can provide more money than working, differences between treatment and control groups**



The outcome measure analysed here is based on a question<sup>41</sup> taken from the survey in the Extended Gateway evaluation. The descriptive statistics on this question contained in the report<sup>42</sup>, shows that 16 per cent of UC and 11 per cent of JSA claimants in Wave 1 agreed that benefits could provide more money than working. This is consistent with the findings that overall (across all three experimental groups) 11 per cent of participants agreed with this statement.

### UC is a better financial incentive to work compared to JSA

The experiments also tested whether participants thought that UC was a better financial incentive to work, compared to JSA. The results included in the graphs below, show that one treatment had a similar effect to the control group, while the other actually induced a negative effect.

As such, it is apparent that there is no statistically significant difference between treatment one and the control group: being exposed to a message about the removal of the 16-hour rule does not make participants more or less likely to think that UC is a better financial incentive to work. However, being exposed to a message that focuses on keeping the claim open does appear to decrease the likelihood of thinking that UC is a better financial incentive to work.

<sup>41</sup> The question wording is: 'Benefits can provide more money than working'.

<sup>42</sup> Universal Credit Extended Gateway Evaluation, published in December 2015.

Figure 5.11 Perceptions of UC as a financial incentive compared to JSA

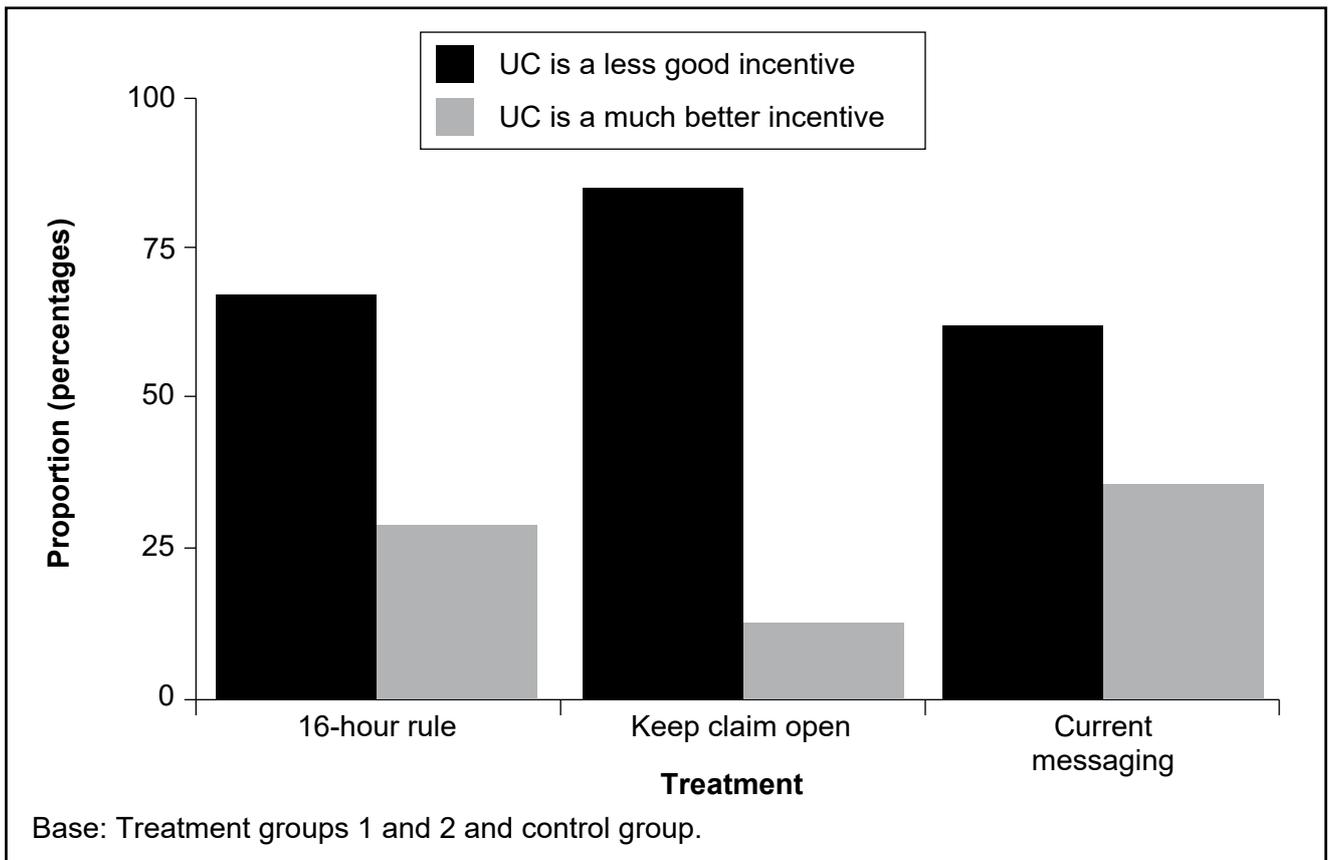
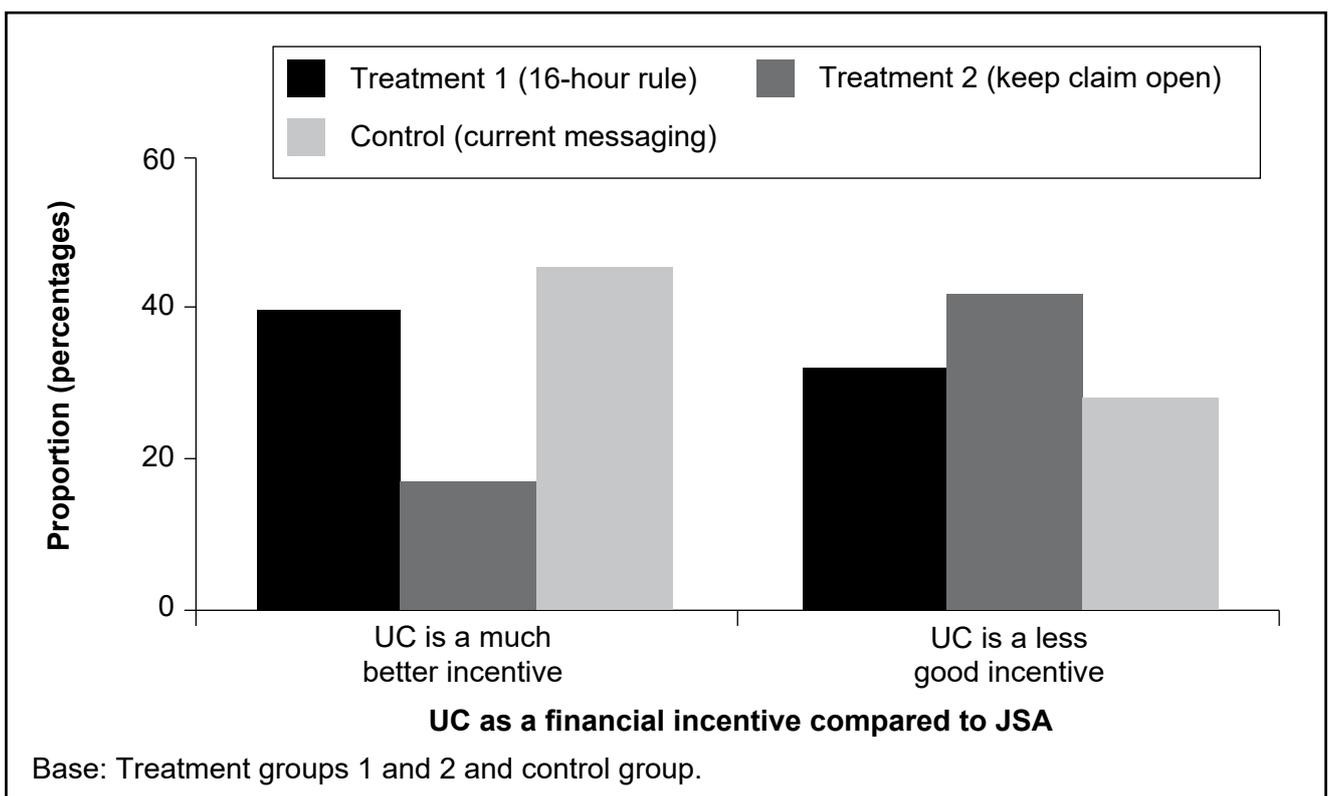


Figure 5.12 Perceptions of UC as a financial incentive compared to JSA, treatment versus control



### 5.5 Chapter summary

- There was no clear hierarchy of components in terms of their influence on labour market behaviour. However, conditionality components generally emerged as the strongest drivers to behaviour change. They were the only ones that were stronger than personal factors in influencing behaviour, in that they drove compliance regardless of personal attitudes and circumstances. However, the compliance achieved was sometimes not fully productive. The influence of the flexibility and financial components was determined more by their interaction with claimants' attitudes and personal circumstances.
- The flexibility and financial components did not appear to widely drive behaviour, mainly due to lack of awareness or understanding. Single claimants' experiences of being better off in work were important in positively influencing future labour market behaviour. Therefore, if these components and their implications are highlighted and explained more strongly, we may see greater labour market engagement. For people who had always taken short-term or flexible work the flexibility components made this easier. While singles said these components would make them more likely to change their behaviour, barriers remained for families as continuity of income and availability of childcare were key priorities.
- Labour market decisions were informed by an interplay between claimants' personal circumstances and attitudes and contextual factors including UC. Wider factors such as local labour markets and transport links also played a part. Attitudes and personal circumstances (such as wishing to spend time with children and barriers to using childcare) appeared to exert a greater influence on families than single claimants, unless singles experienced strong constraints such as ill-health.
- A lack of awareness and understanding of UC components limited positive labour market behaviour as well as concepts of being 'better off'. This encompassed both factors associated with UC and personal factors such as quality of life, the importance of income stability and approaches to budgeting.
- Claimants were motivated by a supportive and encouraging approach from Work Coaches compared to a policing or monitoring role, which fostered less productive job search. Issues experienced with the payment process could either increase determination to enter work and sign off benefit or behaviour or create reluctance to work by undermining confidence in the accuracy of in-work payments.
- The laboratory experiments support the qualitative findings, demonstrating that using a more in-depth explanation about in-work payments and the removal of the 16-hour rule makes single claimants more likely to think they will be better off in work under UC compared to under JSA.

## 6 Implications and conclusions

The evidence from all strands of this work shows that the influence of Universal Credit (UC) on employment behaviour varies under different circumstances. This chapter looks at different groups of claimants with different circumstances, to assist in policy planning and delivery. It should be noted that as UC rolls out more widely and further research is undertaken, there may be new issues to consider for claimant groups not covered by this analysis.

Overall, conditionality was the aspect of UC that most strongly influenced behaviour across the different groups (with the exception of the first group below) but could result in 'compliance only' behaviour. Awareness and understanding of the other arguably less familiar UC components was low at the time of the research. It may be a full and proper understanding of UC and its component parts, their implications and how they work together will help overcome personal barriers to positive labour market behaviour, though this is likely to be dependent on the strength of circumstantial and attitudinal barriers experienced by different groups.

### 6.1 How UC influences behaviour for claimant groups

**Group 1: Single claimants with either established and recent experience of the labour market; or those who have higher level qualifications and are strongly motivated to work.**

#### UC drivers

- **UC has no influence:** In this group, claimants with established or recent experience of the labour market were already behaving in a way that UC would seek to encourage. (This group is also very likely to be present in legacy caseloads so are not UC-specific.) The theory of UC that any work leads to better work was not always seen as appropriate to more experienced claimants who felt that a less skilled job could have a negative influence on their longer term prospects.
- **UC has some influence:** For younger claimants with higher level qualifications but less labour market experience, a positive relationship with a Work Coach was described as helpful in broadening employment seeking behaviour. This happened where Work Coaches helped with CV development or facilitated a claimant in thinking about different sectors or different types of roles that might be appropriate. In these cases interactions were described as supportive. This was in contrast to experiences where the interaction with Work Coaches was felt to only emphasise the conditionality components of UC.

**Group 2: Single claimants with mixed experiences of the labour market, who were usually less qualified, with a history of working in lower-skilled jobs. Motivation to work is contingent on being 'better off' in work.**

## Understanding how Universal Credit influences employment behaviour

### UC drivers

UC could influence behaviour amongst claimants in this group, particularly if the flexibility and financial elements of UC are promoted and understood by them. In-work payments, the removal of the 16-hour rule, Real Time Information (RTI) link and in-work conditionality all had the potential to ensure that a claimant was 'better off in work'. Because behaviour in this group is driven by the perception of being better off there were circumstances where there was a ceiling to the impact of UC. For example, one claimant worked out that he was 'best off' working a maximum of 24 hours a week as this gave him the optimum balance around income balanced against his lack of enjoyment of what he saw as a low-prospect role that he did not particularly enjoy.

The influence of UC was more limited where claimants were further from the labour market and did not see working in the immediate future as a possibility. Here conditionality drove compliance behaviour.

**Group 3: Lone parents with established and/or recent experiences of the labour market who were motivated to seek work.**

### UC drivers

Removal of the 16-hour rule, in-work payments and in-work conditionality were the elements of UC that could influence employment behaviour for this group, leading to claimants seeking to increase the hours they worked. These elements of UC could work to help claimants maximise their income and improve their families' financial standing. As such, increasing parents' awareness and understanding of these elements could help drive employment behaviours sought by the UC theory of change.

There were, though, also families where UC was described as having a negative influence on employment behaviour, where lone parents felt they were worse off when increasing their hours after a certain point. This perception of being worse off financially stemmed from a comparison drawn between experiences of UC and experiences of the legacy system of in-work payments (Working Tax Credit (WTC)).

The influence of UC was, though, dependent on access to age-appropriate (usually informal) flexible childcare that could help around school hours, including pick up from and drop off at school. It was also dependent on an assessment of being better off working more hours. This group typically had little financial or childcare input from their child(ren)'s other parent.

**Group 4: Lone parents with less established or recent work histories, but with motivation to work.**

### UC drivers

The UC drivers that allow lone parents to maximise their income (removal of the 16-hour rule, in-work payments and in-work conditionality) have the potential to drive behaviour in this group. As such, it may be helpful to increase awareness and understanding of these elements of UC amongst these claimants. However, other employment-related (non-UC) factors are equally important and indeed may be more important than the effect of UC on behaviour. These are the match of potential jobs to childcare responsibilities, especially in matching work to school hours and dealing with school holiday childcare needs. A lack of access to appropriate<sup>43</sup> childcare may be a stronger influence on behaviour.

Financial stability and predictability were also important to this group and therefore being able to calculate in advance the effect of potential jobs on household income is likely to influence employment behaviour. This was also the case for any potential changes in working patterns – e.g. increased hours. Helping lone parents calculate in advance what their rolled-up in-work UC payment will be in different employment scenarios is likely to be helpful.

There was also perceived risk in the transition from being out of work to being in work, in terms of when money was paid into a lone parent's bank account. Increased understanding and support in managing the transition are also likely to be helpful in encouraging the employment behaviour sought by UC.

**Group 5: Couple families where both adults were subject to job search conditionality and had recent experience of work.**

### UC drivers

The flexibility and financial elements of UC can influence employment behaviour in this group. Increasing these claimants' understanding of these factors may be helpful. There was, though, little awareness of the Work Allowance (WA) being applicable to the household. It is possible that increased awareness of this may not encourage the second partner to seek employment, as they assume they will be worse off.

Joint conditionality could also prompt couples to reconsider employment-related roles within their partnerships. In one example, joint conditionality was what prompted one second-earner to rethink her current expectations of work from having a small 'pocket-money' job, to seeking a career (full-time) role. Her partner's recent redundancy from long-term employment was also influential.

**Group 6: Couple families where only one partner is required to work-search (based on the age of their youngest child).**

<sup>43</sup> 'Appropriate' childcare refers to age appropriate care (e.g. childminders not seeming an appropriate setting for an 11-year-old and difficulties finding an appropriate setting for older children) and about access to the informal childcare support from family and friends.

## Understanding how Universal Credit influences employment behaviour

### UC drivers

Within this group there were examples of UC influencing the behaviour of the ‘main earner’ as well as having little or no influence. Where the main earner was strongly motivated to find work and provide for the family, UC had little influence on behaviour. Where motivation was less strong, the conditionality element of UC drove behaviour, as did the WA and in-work payments. In-work conditionality could encourage a claimant to increase their working hours.

In this group, aside from influences on employment behaviour, UC could also have a strong influence on how household finances were organised. Here UC had, in some circumstances, facilitated a shift of all income and household financial control to one partner. This, in turn, could drive a partner not required to work-search to think about returning to work earlier than planned in order to have some independent income<sup>44</sup>.

**Group 7: Couple families with agreed traditional roles of main earner and primary carer.**

### UC drivers

In families where there was an agreed arrangement that one partner took the role of providing the family income and the other of providing childcare and running the home, UC had the potential to influence the behaviour of the main earner, but was described as having no discernible effect on the primary carer.

For the main earner, financial and flexibility elements could have an influence on behaviour (as with other groups). Promoting understanding of these elements may be helpful to influencing employment behaviour. Conditionality and in-work conditionality were also seen as potential behavioural drivers, although most main earners in this group were already seeking full-time work and to maximise earnings.

The joint conditionality around work search for the primary carer, however, presents risks in this group. There were circumstances where primary carers did not understand why they were required to job search and had the main earner’s unemployment been sustained, there would be an increased risk of experiencing UC sanctions for this group who were asked to engage in behaviours in contrast to their agreed familial roles. It may be helpful for UC policy to reflect on how joint conditionality works in these circumstances.

Primary carer partners in this group planned to return to (or begin) employment in the future, when their children were older. It may be useful for UC to identify this ‘future point’ and to be able to influence pro-employment behaviour amongst this group at the point it fits with their familial role.

Couple families where neither partner had recent experience of working were under-represented in this research. Where there were examples, UC was seen to drive behaviour but this was sometimes compliance-based behaviour. While applying for work, concerns remained about transition in income level and timing, and about being ‘better off’ in work. Like the lone parent group, it may be useful to increase understanding of how the financial elements of UC work, offer budgeting support around transitions and help claimants calculate the income implications of jobs they are applying for.

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<sup>44</sup> This shift of household income was likely to have had other important impacts on a family in these circumstances. This work is focused on employment behaviour.

## 6.2 Improving the influence of UC on employment behaviour

### 6.2.1 Understanding and awareness of the components of UC beyond conditionality

Across all groups, the potential for UC to have a meaningful and positive impact on employment-related behaviour rested on claimants' understanding of all elements of UC, especially the financial and flexibility elements. Conditionality was well understood and while it did drive behaviour (e.g. full-time work searching per week) this was sometimes 'compliance only' type behaviour (e.g. padding work search reports and activities to reach the hours required). Improving the influence of UC on employment behaviour will require an improvement in awareness and a full understanding of the implications of the different elements of UC for employment behaviour and income.

Emphasising the removal of the 16-hour rule may be particularly important to driving employment behaviour. It was the most likely message of those tested in the laboratory to increase the belief that you can be better off in work under UC compared to JSA. It may also be the element of UC that represents a significant cultural shift in the implications for employment behaviour and as such, ensuring claimants understand this key difference is likely to be helpful to promoting positive employment behaviour.

Another key and important element of messaging on UC that would benefit from improvement was the perception that UC 'takes away' where WTC 'topped up'. This is likely to be because UC is a 'rolled up' benefit, so while there are in-work payments, especially for families on a low income, the perception was that the income from UC decreases as paid work increases. A clear contrast was drawn between this and the WTC system, where tax credits were paid 'on top' of wages. Working on messages to change this negative perception of UC may help shift the perception that working more pays less for families under UC.

Increasing understanding is likely to be a complex issue for UC. The experiments demonstrate respondents' preference for a simpler message (where UC was seen as better explained) but this simpler messaging alone was not sufficient to change views or behaviour intentions. Participants in qualitative research also emphasised feeling overwhelmed with information (that they did not retain) at their initial Work Coach meeting and feeling that the conditionality elements were sometimes the only elements emphasised in later meetings with a Work Coach.

To maximise influence on behaviour from the outset, promoting understanding should be focused on early in a claim (but not all in an initial meeting). It may be helpful for Work Coaches to explain and reinforce understanding of all elements in the context of applying for particular jobs (e.g. if a contract on an advertised job is short term, a Work Coach could explain how keeping a claim open for six months works in practice and what its implications are). Participants in this research who had come to understand elements of UC through their employment experience, felt that an earlier understanding could have influenced their work-searching behaviour from the outset.

## Understanding how Universal Credit influences employment behaviour

For families, help in understanding how different employment scenarios will impact their exact level of income was seen as desirable in managing financial risk and ensuring stability of income without getting into financial difficulty.

### 6.2.2 Relationship with the Work Coach and administration of UC

UC was described as having an influence on employment behaviour (particularly amongst single claimants) where they felt their relationship with the Work Coach was positive. This entailed feeling that a Work Coach treated them as 'a person' by being interested in them (by engaging with their work ideas, suggesting helpful new avenues or sectors to think about) and by feeling encouraged by a Work Coach in their work search. Where a Work Coach was described as focused on conditionality alone they were seen to have an 'enforcement' role. This could undermine claimant's willingness to engage with UC and result in 'compliance only' type behaviour. This was emphasised particularly where claimants felt sanctions had been unfairly applied (e.g. for being five minutes late for a Work Coach meeting when they were regularly kept waiting 15 minutes beyond their appointment time to see the Work Coach).

Accurate and timely administration of UC (in terms of payment amounts, reliability and transparency) were helpful to engagement with UC and therefore employment behaviour.

**Overall**, UC has the potential to (and did) encourage a broadening of employment behaviours and willingness to take on a wider range of work. Meaningful changes in behaviour were brought about by coupling compliance elements with a strong understanding of the more 'enabling' elements of UC – the financial and flexibility components. Future changes may have an impact on this (e.g. the removal or reduction of the WA impacting on assessments of 'better off'). UC influences behaviour more meaningfully (rather than 'compliance only' behaviour) when it is administered smoothly, supported by positive Work Coach interactions and where people's personal circumstances mean that working in a wider range of more flexible employment is seen as appropriate.

# Appendix A

## The experiments strand of the research

Table A.1 details the composition of each of the three messages used in the experiments strand of the research, indicating which sections are common to all three experimental groups and where the differences can be found.

**Table A.1 Commonalities to all three experimental groups**

| Description of the test component |   | Experimental stimuli ('the story') respondents were exposed to   |  |  |
|-----------------------------------|---|--|--|--|
| Section of the message            | Description   | TREATMENT 1 (T1)   | TREATMENT 2 (T2)   | CONTROL GROUP (C)  |
|                                   |   | <b>Test of implication of financial component #1: In-work payments</b>   | <b>Test of implication of financial component #2: Keeping the claim open</b>   | <b>Current presentation of Universal Credit (the UC Welcome guide)</b>   |
| Introduction                      | <p>Introduction to UC as per the UC Welcome Guide</p> <p><b>No experimental aim</b></p> <p><i>Text identical for all experimental groups (T1, T2 and C)</i></p> | <p>UC replaces a number of benefits including Jobseeker's Allowance (JSA) and Housing Benefit (HB), and has been set up to give you the support you need to find work and progress in work.</p> <p>Put simply, if you don't have a job but are doing all you can to find one, you could be eligible for UC. If you move into work and you're on a low income and are doing all you can to increase your earnings you may still be entitled to UC.</p> <p>UC is similar to a monthly wage – you'll be paid once a month into your bank account. The amount we will pay you depends on your circumstances.</p> | <p>UC replaces a number of benefits including JSA and HB, and has been set up to give you the support you need to find work and progress in work.</p> <p>Put simply, if you don't have a job but are doing all you can to find one, you could be eligible for UC. If you move into work and you're on a low income and are doing all you can to increase your earnings you may still be entitled to UC.</p> <p>UC is similar to a monthly wage – you'll be paid once a month into your bank account. The amount we will pay you depends on your circumstances.</p> | <p>UC replaces a number of benefits including JSA and HB, and has been set up to give you the support you need to find work and progress in work.</p> <p>Put simply, if you don't have a job but are doing all you can to find one, you could be eligible for UC. If you move into work and you're on a low income and are doing all you can to increase your earnings you may still be entitled to UC.</p> <p>UC is similar to a monthly wage – you'll be paid once a month into your bank account. The amount we will pay you depends on your circumstances.</p> |

Continued

## Understanding how Universal Credit influences employment behaviour

Table A.1 Continued

| Description of the test component                    |  | Experimental stimuli ('the story') respondents were exposed to  |  |  |
|--|--|---|--|--|
| Section of the message                               | Description  | TREATMENT 1 (T1)<br>Test of implication of financial component #1: In-work payments   | TREATMENT 2 (T2)<br>Test of implication of financial component #2: Keeping the claim open  | CONTROL GROUP (C)<br>Current presentation of Universal Credit (the UC Welcome guide)   |
| In-work payments and replacement of the 16-hour rule | <p>Claimants can still get UC when they start a job – their payment won't stop just because they work more than 16 hours a week. As claimants earn more their UC payments will be reduced gradually</p> <p><b>Experimental aim: test the effect of being told the implications of the 16-hour rule and Work Allowances (WAs)</b></p> <p><i>Text identical for T2 and C. Stimulus for T1.</i></p> | <p>Unlike JSA, the 16-hour rule no longer applies in UC. UC payments will not stop suddenly when you start earning more, but they will decrease gradually as your earnings increase. When you take up a job you can continue getting a UC payment, and as your income from work increases, your benefits will start decreasing. This means that when you start working you will earn more compared to just being on benefits.</p> <p>Remember, the 16-hour rule no longer applies. The more you work the more income you will have and along with the UC payment, the better off you will be. This means you would be better off because you could take on flexible or part-time work, or work with no fixed hours, without losing your UC payment. Taking on extra hours you're offered at work and taking on extra shifts works in your favour: you will earn more and you will not lose all your benefits.</p> | <p>Even if you take up a job you may be able to continue getting a UC payment. As long as you're doing all you can to earn more, we'll top up your earnings when you're on a low income.</p> <p>If the amount you earn each month changes, the amount of UC you get is likely to change too. But you'll always be better off working more – so you can apply for a wider range of jobs and get back to work sooner. You could also take on several part-time jobs, safe in the knowledge that you're better off.</p> | <p>Even if you take up a job you may be able to continue getting a UC payment. As long as you're doing all you can to earn more, we'll top up your earnings when you're on a low income.</p> <p>If the amount you earn each month changes, the amount of UC you get is likely to change too. But you'll always be better off working more – so you can apply for a wider range of jobs and get back to work sooner. You could also take on several part-time jobs, safe in the knowledge that you're better off.</p> |

Continued

## Understanding how Universal Credit influences employment behaviour

**Table A.1 Continued**

| Description of the test component |   | Experimental stimuli ('the story') respondents were exposed to  |   |   |
|-----------------------------------|---|---|---|---|
| Section of the message            | Description   | TREATMENT 1 (T1)<br><br>Test of implication of financial component #1: In-work payments   | TREATMENT 2 (T2)<br><br>Test of implication of financial component #2: Keeping the claim open   | CONTROL GROUP (C)<br><br>Current presentation of Universal Credit (the UC Welcome guide)  |
| Real time earnings link           | <p>There's an automatic link between earnings and UC payments</p> <p><b>No experimental aim (section could be deleted)</b></p> <p><i>Text identical for all groups T1, T2 and C</i></p> | <p>But don't worry – you don't have to tell Jobcentre Plus how much you earn each month we automatically update your records from what your employer's told Her Majesty's Revenue and Customs (HMRC).</p> | <p>But don't worry – you don't have to tell Jobcentre Plus how much you earn each month we automatically update your records from what your employer's told HMRC.</p> | <p>But don't worry – you don't have to tell Jobcentre Plus how much you earn each month we automatically update your records from what your employer's told HMRC.</p> |

Continued

## Understanding how Universal Credit influences employment behaviour

**Table A.1 Continued**

| Description of the test component |  | Experimental stimuli ('the story') respondents were exposed to   |  |  |
|-----------------------------------|--|--|--|--|
| Section of the message            | Description  | TREATMENT 1 (T1)   | TREATMENT 2 (T2)   | CONTROL GROUP (C)  |
| Keeping the claim open            | <p>For sixth months after a claimant's UC payment stops due to increased earnings, if they need to restart their UC claim, there is a rapid system that facilitates this</p> <p><b>Experimental aim: test the effect of being told the implications of easily re-opening UC claim</b></p> <p><i>Text identical for T1 and C. Stimulus for T2</i></p> | <p>Test of implication of financial component #1: In-work payments</p> <p>Once you earn enough yourself, you won't need UC payments any more. If you need to come back to UC within six months of your claim ending, we'll make reclaiming easy for you. So if your hours change, or your current job ends, you can easily get UC payments again. This means you can apply for a wider range of jobs than you may have considered before, including seasonal jobs.</p> | <p>Test of implication of financial component #2: Keeping the claim open</p> <p>Once you earn enough yourself, you won't need UC payments any more. However, if your hours drop or your job finishes within six months of stopping claiming UC, you will be able to quickly and easily re-open your claim. Unlike JSA, you can reclaim over the phone or online: if your circumstances haven't changed you won't need to see a work coach.</p> <p>Remember, your UC payment includes both out-of-work benefit payments and your housing allowance. This means that, unlike JSA, you only need to re-apply once to restart receiving the benefits that you are entitled to. This will make the process simple and quicker.</p> <p>Being able to reopen your claims easily if your income drops or your job finishes will allow you to take on short-term or seasonal jobs and be better off. You will be better off as you will receive a higher income because of working, and you will not lose out because you have six months in which you can easily restart your claim. You also won't have to worry about going through complicated processes to restart your claim.</p> | <p>Current presentation of Universal Credit (the UC Welcome guide)</p> <p>Once you earn enough yourself, you won't need Universal Credit payments any more. If you need to come back to UC within six months of your claim ending, we'll make reclaiming easy for you. So if your hours change, or your current job ends, you can easily get UC payments again. This means you can apply for a wider range of jobs than you may have considered before, including seasonal jobs.</p> |

Continued

## Understanding how Universal Credit influences employment behaviour

**Table A.1 Continued**

| Description of the test component |  | Experimental stimuli ('the story') respondents were exposed to  |  |  |
|-----------------------------------|--|---|--|--|
| Section of the message            | Description  | TREATMENT 1 (T1)  | TREATMENT 2 (T2)   | CONTROL GROUP (C)  |
|                                   |  | <b>Test of implication of financial component #1: In-work payments</b>  | <b>Test of implication of financial component #2: Keeping the claim open</b>   | <b>Current presentation of Universal Credit (the UC Welcome guide)</b>   |
| Ending                            | Ending of the info material (introduced to preserve realism)<br><br><b>No experimental aim</b><br><br><i>Identical for all experimental cells.</i> | To make sure your UC claim is accurate always tell the Department for Work and Pensions (DWP) about any changes to your circumstances as soon as they happen. | To make sure your UC claim is accurate always tell DWP about any changes to your circumstances as soon as they happen. | To make sure your UC claim is accurate always tell DWP about any changes to your circumstances as soon as they happen. |
| Summary                           |  | Remember!<br><br>The 16-hour rule no longer applies under UC.   | Remember!<br><br>You can reopen your claim quickly and easily under UC.  | Remember!<br><br>UC replaces a number of benefits including JSA and HB.  |

<sup>45</sup> From April 2016 this has increased to 85 per cent of childcare costs.

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