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# Why Universal Credit?

## **DWP 2012 impact assessment:**

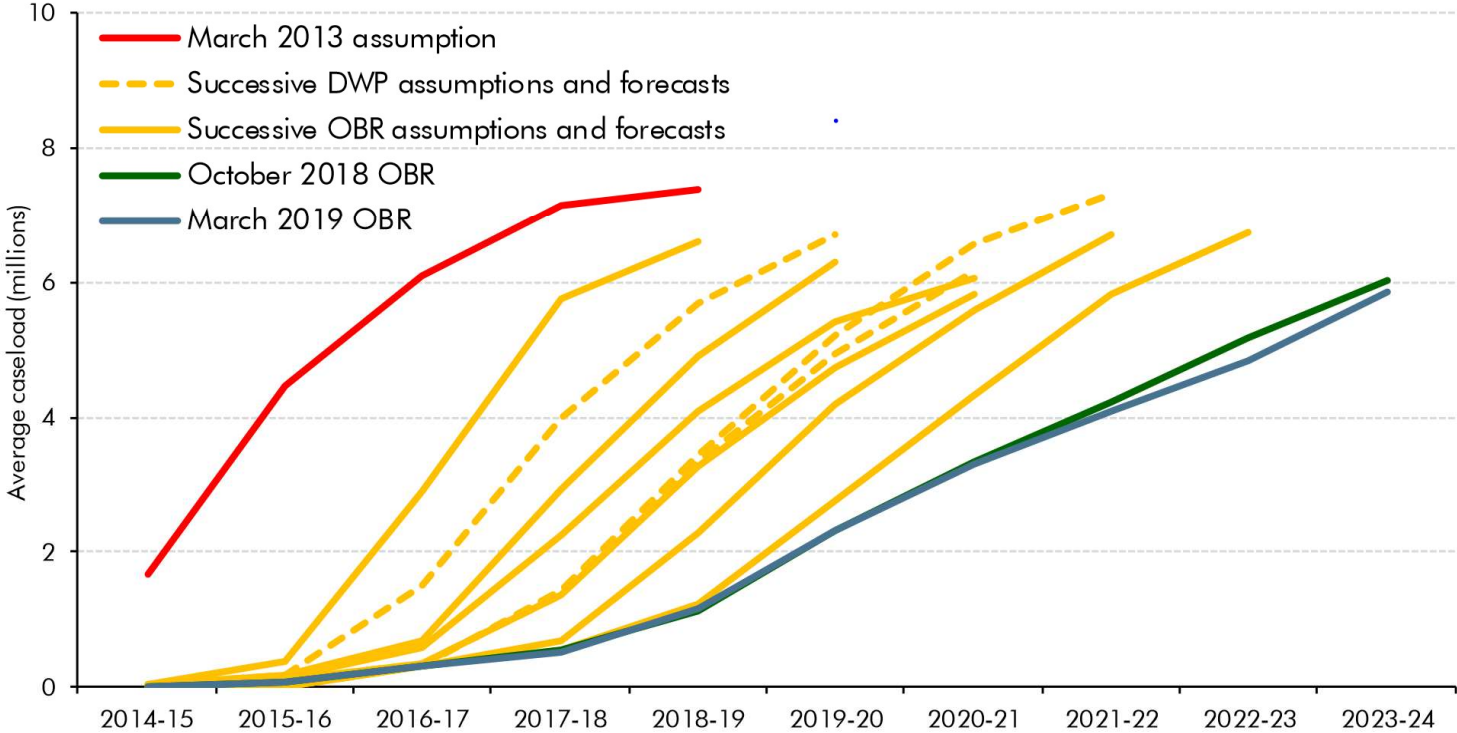
‘Welfare dependency’ a significant problem, partly due to poor work incentives & complexity

3.1m households will be better off, 2.8m worse off.  
Costs of increased take-up & admin offset by reduced fraud & error

Employment up 300,000; 1-2.5m more hours worked by those already employed

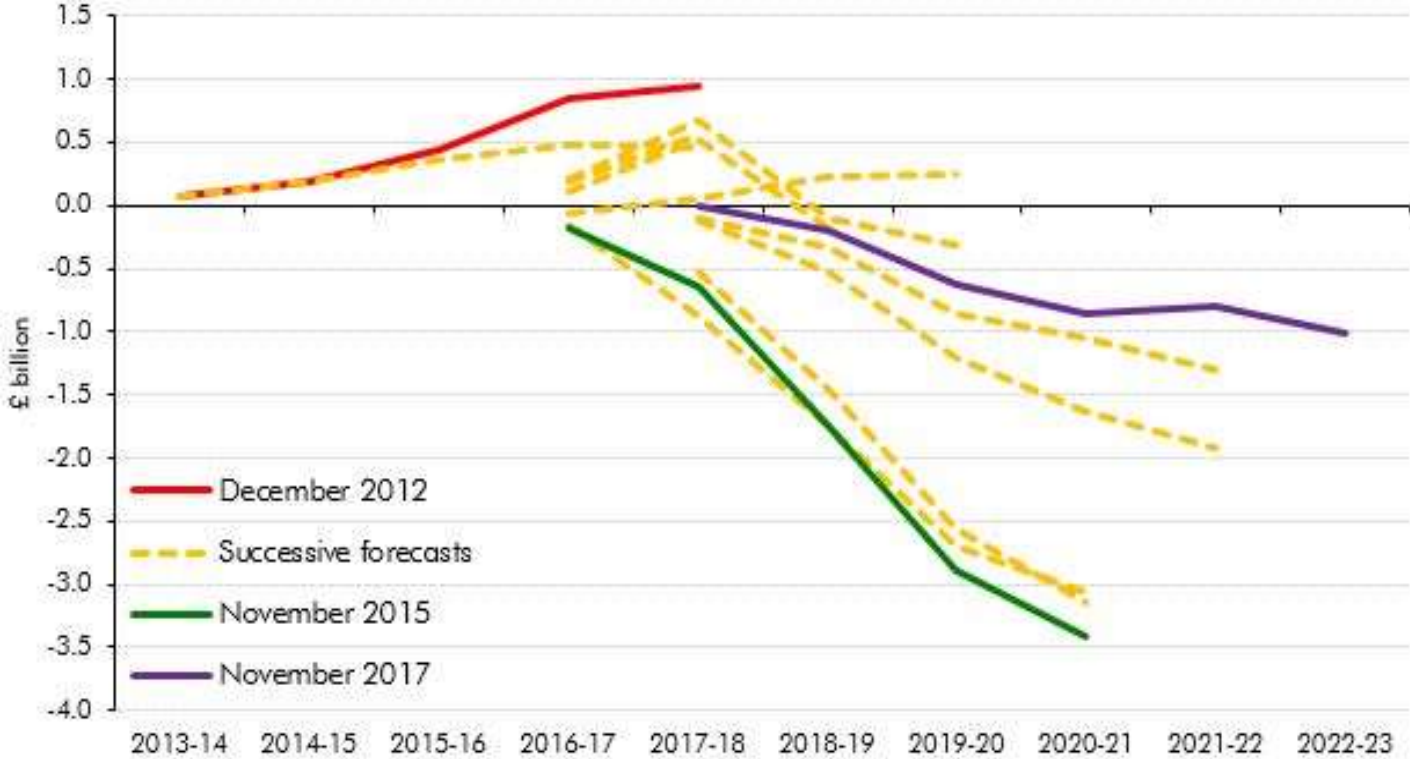
# In practice: rollout

Chart 4.3: Successive revisions to the universal credit rollout assumption



Source: DWP, OBR

# In practice: cost



Source: OBR

# Challenges

1. **Design & generosity.** 5 week wait & advances, work allowances, withdrawal rate, wider benefit cuts, caps, freezes etc.
2. **Employment & wider support.** Budgeting, skills, digital etc; claimant commitment
3. **Specific groups.** E.g. self-employed
4. **In-work progression.** Integrated support to help people progress / boost employer productivity
5. **'Managed migration'.** Of existing claimants (e.g. tax credits) to UC
6. **Data & service standards.** Knowing what's going on!

## Challenges (2)

**Amber Rudd:** “A shorter wait would be good. I would like to see if we can get more money into [Universal Credit](#) .

**NAO:** Both we, and the Department, doubt it will ever be possible for the Department to measure whether the economic goal of increasing employment has been achieved. This, the extended timescales and the cost of running Universal Credit compared to the benefits it replaces cause us to conclude that the project is not value for money now, and that its future value for money is unproven.

# Summary

1. In general a good idea to simplify benefits & improve work incentives
2. Significant issues with design & delivery of UC in practice
3. Positive steps by DWP in recent times. Can other issues be improved or are they baked into design? Are we too far down track to change?
4. What else should we focus on to improve employment & progression? Could these areas have bigger impact?