

Where next on Universal Credit?

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"At its heart, Universal Credit is very simple and will ensure that work always pays and is seen to pay."

Iain Duncan Smith MP, former Secretary of State for Work and Pensions

The above quote summarises the intentions of Universal Credit when it was first proposed in 2010. Put simply, Universal Credit (UC) is the Government's flagship programme promising to:

- Make work pay
- Personalise support
- Simplify the system

While Universal Credit was initially expected to be rolled out to all eligible claimants by 2017, the timescale was shifted and now looks to be fully delivered by 2021. Many single parents are concerned about how Universal Credit will affect them. We interviewed single parents already on Universal Credit to understand the real, lived experiences of those on Universal Credit and to answer the question, where next for Universal Credit?

"It is hit and miss what you get on Universal Credit."

Elaine, single mum to a 7 year old

Universal Credit is not working for single parents

It is vital that UC works for single parents because:

- **Over 90% of single parents** will be eligible by the time it's rolled out
- There are **increased expectations for single parents to move into work** on Universal Credit
- Without support, single parents face particularly high barriers to (re-) enter and progress in work, and **many struggle to make ends meet** in low-paid work

Our work tested the government's aims.

- Make work pay **X**
- Personalised support **X**
- Simplified system **X**

Universal Credit is failing to meet the Government's objectives, but this isn't inevitable. Policy makers can make better choices to support those on Universal Credit, which would make the system better for single parents and others. Recently, the Government [made some concessions](#), most notably scrapping the seven day waiting period to receive payments, and improving the advance payments system which means claimants don't have periods between receiving benefits without financial support.

But there's more work to do to mitigate the impact of Universal Credit on single parents. **One of the most damaging effects of Universal Credit to the single parent families we work with has been the instability it causes.** After the initial financial and emotional shocks of moving onto Universal Credit, debt, housing insecurity and job uncertainty is the norm for most families.

Universal Credit will impact a huge number of single parents. Currently, single parents make up approximately 1 in 6 of all claiming households, with 112,000 single parent families on Universal Credit.

“Without my brother I would not have survived financially.”

Frances, single mum to a 5 year old son on the south coast

Overall experience of Universal Credit is bleak

We spoke to parents across the country, to find out their experiences of Universal Credit, conducting interviews in person and by phone. During the first round of interviews, parents described moving to Universal Credit as a largely negative experience. And from these interviews, we could see that parents were facing similar problems:

Increased debt



Job insecurity



Rising stress



Housing insecurity



Unpredictability of income



Six months after these initial interviews, we spoke to the same single parents again to see how their situation had changed – but the problems persisted. Some did report stability when support was available, largely in the form of supportive work coaches and supportive institutions.

But more commonly, single parents reported frustration at a complicated system. Many were struggling to pay childcare costs which made returning to work a poor financial decision. The Government’s key principles of having a system that was easy to use and made work pay did not apply to most of the single parents that we spoke to.

“Universal Credit does not take some people's circumstances into consideration.”

Felicity, single mum of a three year old

The stubborn traps of Universal Credit

In-built payment delays and errors were common among the parents we spoke to. Many single parents still found themselves in debt.

- Significant waiting periods were the norm for single parents waiting for their first payment
- Errors in calculating the right payment occurred frequently resulting in delays, tax credit overpayments and rent arrears : *"it is hit and miss what you get on Universal Credit."* (Elaine)

One single parent, Gina, accessed debt support through StepChange who have seen [significant increase in single parents with acute needs](#). Advance payments, while in principle a useful tool to help claimants transition onto Universal Credit, don't always mitigate rising debt. We found that:

- Single parents were not always told about entitlements to advance payments, suggesting the already significant high take-up (around half of new claims; [DWP, 2017](#)) understates the actual need
- Single parents reported having to 'explain' their financial need to sometimes hostile advisers over the phone (who are meant to support the advance payment process), despite UC delays placing them in this position
- Those who did receive an advance payment were struggling to pay the money back. Although there is flexibility over the payment period of up to 1 year, parents are often given the default of three months – as a result, one parent was repaying £100 a month.
- Some changes were announced in November 2017 to administration of payments, but it's not yet clear whether they are making a difference.

"I had a really helpful and supportive work coach...she tries for all her clients."

Frances, on her work coach

Supportive work coaches matter

Supportive work coaches can make a huge difference to someone's experience of Universal Credit. Some work coaches flexed guidance to better support single parents. Here are some examples of single parents who had positive engagements with work coaches in the Universal Credit system:

- Caroline was referred to the National Careers Service for **support on her CV**
- Jessica had **job-seeking requirements suspended** while training
- Sally's work coach **supported her into a mini job** as a stepping stone into work

We know that some work coaches can be supportive and help parents better understand Universal Credit and what they're entitled to – but this knowledge is inconsistent, creating a postcode lottery where some support is robust and helpful, and other support severely lacking. The promise of a “personalised work coach”, as lauded by the Minister for Employment ([DWP, 2017](#)), remains unfulfilled.

Work coaches are meant to consider the ‘caring commitments’ of claimants, but single parents reported that this was often ignored, leading to unreasonable expectations of parents being available at short notice for interviews or being able to travel long distances for work.

Work coaches were often unable to provide accurate ‘back to work’ calculations with information often inconclusive or incorrect. Beccy pushed for a financial calculation to see if she'd be better off in full-time work. Her advisor suggested that “she waits and sees what she gets when she has started the job.” For others, work coaches suggested to parents to take the first job even when financial implications not clear. Work coaches often did not include the impact of other factors – such as council tax, childcare support – into better off calculations.

“Universal Credit is pushing claimants into debt.”

Laura, single mum to two sons

Alternative sources of support for single parents

Supportive institutions can also help and provide support. Parents cited councils and housing associations that stepped in to support. One single parent was allowed to pause her housing re-payments over Christmas, at cost to the housing association, and she had a job club within the association that provided emotional and practical support.

Other parents used tailored support from charities including [Gingerbread](#), [StepChange](#), [Mind](#) and [Citizens Advice](#), while some cited MPs as being helpful to navigate housing and debt issues. While some parents were fortunate in the external support they received, this isn't the case for everyone on Universal Credit. Consistency of information and treatment from work coaches is essential to making Universal Credit work for single parents.

“The transfer to Universal Credit was a nightmare.”

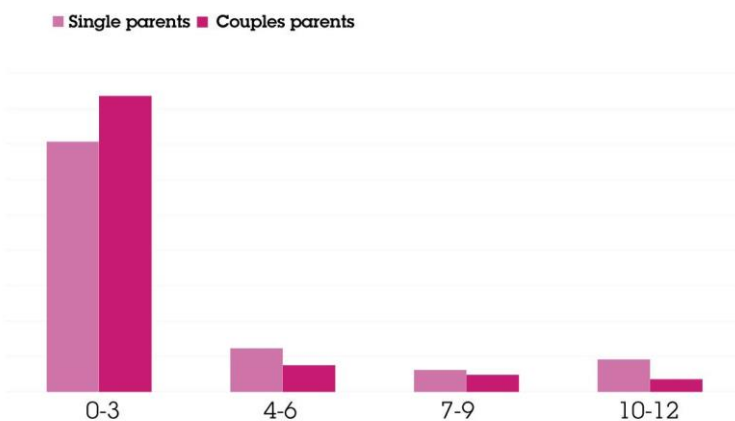
Gina, single mum to two sons

The knock-on effect of Universal credit – it’s not just about finances

Universal Credit does not just impact finances – we’ve seen detrimental impacts on single parents levels of stress and emotional wellbeing, with increased levels of stress, anxiety and depression common.

For single parents, this can also be exacerbated by other issues, such as a lack of child maintenance, and the emotional and financial toll of separation – an even bigger concern given that single parents are already at significant risk from mental health concerns (see GHQ graph below).

Proportion of parents by mental well-being (General Health Questionnaire (GHQ) score)



The unpredictability of UC leads to confusion. Parents told us that they receive different amounts every month even when their work situation is stable. Laura finds it difficult to budget. She has very little left at the end of the month and instead of it being supportive, Laura says that “is pushing claimants into debt.” To support her own budgeting, Sally would prefer fortnightly or weekly payments and to have her rent paid directly to her housing association. The latest data shows that 20% of renting single parents on UC are having their landlords paid directly.

Work doesn't pay

The Government should be worried that single parents are “*too scared to take the risk of moving into work.*” We heard from single parents that the risk of entering insecure and low paid work was often too high and the gains too low. For example, Lynne was working 12 hours a week when her daughter started school. Her shifts became more unpredictable and so she had to leave. When we spoke to her she was at risk of being sanctioned.

And it's not only that parents are worried that they will be worse off in work. Many “*can't make work work*”. Work simply does not pay after childcare costs are factored in. And administratively it's a burden. There is a significant knowledge gap on childcare – some work coaches are not aware of what it is or how it works, as noted in the DWP's own research ([2017](#)). Perhaps most importantly, childcare support paid in arrears means that finding monthly childcare costs upfront is problematic for most parents on a low- income (re)-entering work.

If that barrier is overcome, the burden of proof is on the claimant who needs to submit receipts – which is not very convenient when working. There is confusion from jobcentres on what constitutes proof of childcare. And we heard of some childcare providers charging parents to produce receipts. Even if delivery was adequate, the cost of childcare exceeds the support available through UC.

"It's up to you to work it all out."

Jessica, single mum to two children

How can Universal Credit be practically improved?

Gingerbread recommends a range of practical recommendations to help the Government achieve its objectives that include.

Making work pay

- Jobcentres to support parents with the upfront costs of childcare through an **Upfront guarantee** paid directly to the provider by using the Flexible Support Fund
- Allowing single parents who would need to move onto UC as a result of entering temporary work to remain on legacy benefits when a transfer would leave them worse off
- Reverse cuts to the work allowances under UC – without this, working single parents lose £800 on average and some over £2,000 a year

Personalised support

- Suspend new job-seeking requirements for parents of three and four year olds, until affordable and good quality childcare and flexible work is available locally
- Ensure entitlements are clear and single parents' needs are recognised in claimant commitments, for example that single parents can access training for up to a year

A simplified system:

- Supporting families to manage financially through further improving advance payments; better access to fortnightly payments and direct payments to landlords
- Provide mechanism to pay registered childcare providers directly (similar to tax-free childcare) reducing administrative burden

Universal credit is failing to meet the Government's objectives of a simplified benefits system and supporting families into work. Change is urgently required to make Universal Credit work for single parents.

Appendix: our case studies

This work on Universal Credit has been informed by interviews with single parents on Universal Credit. Read a [summary of their experiences on Universal Credit here](#).