



Fixing universal credit for families

Recommendations for the universal credit review

March 2026

Executive summary

Universal credit (UC) is fundamental to the health and wellbeing of millions of children. More than two in five children in the UK live in a household that claims UC. CPAG welcomes the UC review, which is the first system-wide review since the benefit was introduced in 2013. There are many issues to consider including system design, policy decisions and delivery.

The government has set out three key themes for the review:

- a) Tackling poverty and helping people manage their money
- b) Making work pay and improving work incentives
- c) Maximising UC's potential and its impact on customers

Tackling poverty and helping people manage their money

Preventing poverty must remain a central objective of the UK's social security system. UC, as the primary working-age means-tested benefit, plays a critical role in achieving that objective. While this review focuses on design and delivery, the adequacy of UC payments fundamentally underpins the system's effectiveness. Because the system does not provide adequate financial support to people, many wider reforms cannot succeed. From April, a single person aged over 25 will receive approximately £5,100 a year – just 13 per cent of median UK earnings. This is low by both historical and international standards. For many households, UC does not meet basic living costs. This is exacerbated for families who are subject to the benefit cap. Among our recommendations are that the DWP:

- Ensures that benefits rise by the higher of inflation and earnings growth each year.
- Increases the child element of UC.
- Abolishes the benefit cap.

In addition to its overall inadequacy, structural features of UC continue to create avoidable financial hardship. The five-week wait for a first payment, which results from the initial assessment period, remains a major driver of debt and food bank use among new claimants. While advance payments are available, these must be repaid which reduces income in later months. Nearly one-third of UC households are currently repaying advance debt.

- The five-week wait must be eliminated for new claimants.

There is also a need for greater flexibility in how UC is paid. Alternative payment arrangements are available but the eligibility criteria are too restricted. They should be available to all claimants.

Making work pay and improving work incentives

Another key objective of UC is to make work pay and support sustainable employment. While UC has reduced some work barriers when compared to the legacy system, significant structural barriers remain that limit its effectiveness in supporting parents and carers to work.

Childcare costs and the complexity of the childcare system are among the most significant barriers to parental employment. The current support is fragmented across government departments and the system needs to be improved in the round. Within UC, the requirement for parents to pay childcare costs upfront and reclaim them in arrears remains a major obstacle to entering work. The government has committed to addressing upfront costs, and this must be prioritised as a matter of urgency and embedded directly into the UC system. Even with 30 hours of funded childcare available for working parents (for 38 weeks of the year) and UC covering 85 per cent of remaining costs, many low-income families still face substantial childcare expenses. The combination of the UC taper rate, tax, national insurance contributions, travel costs and childcare costs can combine to mean parents claiming UC gain very little from working or increasing their hours.

Among our recommendations are that the DWP:

- Covers 100 per cent of childcare costs in UC.
- Builds a mechanism within UC to pay upfront childcare costs directly to providers.
- Extends childcare entitlement to parents in education or training.
- Reforms wider childcare eligibility rules to smooth transitions in and out of work.

Other measures that could help overcome barriers to work for parents include:

- Introducing a second earner work allowance.
- Increasing the work allowance for single parents.
- Improving employment support through dedicated parental employment specialists.

Despite it not being strictly within the scope of the review, we believe it is important to raise the need for reform of the conditionality regime. It currently prioritises getting claimants into any job, often at the expense of suitability or sustainability. The use of sanctions remains high, with significant financial consequences that can push already vulnerable households into hardship despite there being no evidence that sanctions improve employment outcomes. Case studies received by our Early Warning System highlight failures to properly account for caring responsibilities and disability in the conditionality and sanctions regime. Administrative failures, such as terminating claims when a claimant does not accept a revised claimant commitment, have also led to claimants' benefits being cut off, causing serious hardship.

Maximising UC's potential and its impact for customers

There are a significant number of areas in which UC can be better designed and administered to support claimants and improve efficiency.

One of the main aspects that should be improved is the dispute process. The system currently doesn't support claimants to navigate a dispute and exercise their rights. The absence of a dedicated function for requesting mandatory reconsiderations can cause confusion, delays and 'gatekeeping' practices that can lead to claimants losing out on support they are entitled to.

Among our recommendations are that the DWP:

- Introduces a 'Request a mandatory reconsideration' function in UC online accounts.

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- Allows for continued digital access to challenge decisions after a claim or award is terminated.
 - Faces time limits to complete mandatory reconsiderations.

There are also issues with decision making, including real-time information disputes (where earnings figures used by the DWP to calculate a UC award are not working). Officials need to better understand claimants' rights, their own legal duties and the severe consequences for claimants if the DWP gets something wrong. The design and administration of the system mean DWP decision makers do not always fulfil their duties, including to make enquiries and take reasonable steps to establish facts which could affect entitlement before making a decision. For example, the claims process should be amended to ensure all relevant questions for calculating entitlement, including exceptions such as entitlement to an extra bedroom, are asked. The DWP should also use data it already holds to calculate correct UC entitlement, such as automatically applying carer's element for claimants who receive carer's allowance. Many of these issues reflect the need for the system to be more claimant centred. Resolving them would also remove inefficiencies. People need clear and accurate communication of decisions, alongside the legal basis for all decisions, so that they can understand them and if necessary dispute them if they believe something is wrong.

Among our recommendations are that the DWP:

- Provides a single place within the UC account where decisions are listed.
- Rewrites decision notices and payment statements to provide detail.
- Improves the real-time information dispute process.
- Asks all relevant questions during the claims process and uses its own data.

We believe there is more the DWP can do to maximise the power of the data it holds to support families. This includes going further in making UC a passport to other support, and identifying claimants who are entitled to more support. This should include auto-enrolment of free school meals and other schemes.

Finally, although UC's digital-first design brings efficiencies, it can disadvantage some claimants without digital access or skills. Telephone claimants report poorer service and there is limited support available beyond making an initial claim. Increased funding for independent first- and second-tier welfare rights advice to support people to manage their claim is needed, and access to the telephone service, home visits and computers in the Jobcentre should be improved.

For a full list of recommendations please see the end of this document.

Introduction

1. Two in five children in the UK now live in a household claiming universal credit (UC). This underlines the critical role UC plays in preventing and reducing child poverty, and the importance of getting this system right. We warmly welcome the decision by government to conduct a review of UC. This is the first time a system-wide review has been carried out since UC was introduced in 2013, and there are lots of issues to consider.
2. CPAG's Secure Futures project set out principles and features that should be central to a social security system to ensure it works for children and families. The system should be simple, flexible and timely; promote individual autonomy; treat people with dignity and respect; give people a voice; maximise claimant incomes; and be rights-based. This will enable our social security system to meet the fundamental principles of preventing and reducing poverty, providing income security, and promoting social solidarity, creating a system that is for all of us.
3. Before getting into these issues, it is worth reflecting briefly on the stated aims of UC. When it was first introduced, it was promised as a new unifying benefit that would simplify the system by creating an 'all in one' streamlined payment, cutting through the complexity of the existing benefit system to make it easier for people to get the help they need, when they need it.¹ It combined in-work and out-of-work support, with the promise that this would make work pay and smooth interactions between employment and the social security system. It was also claimed that the digital technology would reduce administrative costs and minimise opportunities for error or fraud.
4. Progress has been made with some of these aims, and the way UC was quickly able to manage a rapidly increased caseload during the pandemic is a testament to the benefits of a digital system. There is no doubt that elements of UC work for millions of claimants, advisers who support them, and Department for Work and Pensions (DWP) officials responsible for administering the system.
5. However, the design of UC has been hampered by some poor policy choices, a failure to recognise the reality and complexities of life on a low income, and significant operational issues. CPAG's role as the leading second-tier welfare rights service in the UK gives us a unique insight into the day-to-day workings of UC and how it affects people's lives. It is clear that UC works well for millions of claimants with fairly straightforward circumstances, but far too many others – including claimants with more complex circumstances – find themselves trapped in illogical flaws built into the design or delivery of UC that can have major repercussions for their finances, health and ability to find work.
6. With over 8 million people claiming UC, even an issue for a minority of claimants can still affect a lot of people, not to mention the impact of issues that affect the majority. Many of the problems have been apparent for years as the system has been rolled out, with claimants bearing the brunt of any negative consequences despite an apparent 'test and learn' approach to UC implementation.
7. UC has also been subject to damaging budget cuts which have meant that it has failed in one of its principal objectives: to protect individuals and families from poverty and destitution. This makes it all the more disappointing that government has decided that the adequacy of the system is outside of the scope of this review. Providing a stable and secure income to prevent the debilitating effects of poverty underpins the very purpose of our social security system, and it is fundamental to families' ability to budget and meet their essential needs.
8. This report examines many of the current problems with the system, from major design issues that affect large numbers of new claimants – such as the five-week wait – to less common issues that

¹ DWP, [Universal Credit: Welfare that works](#), November 2010

nevertheless can have a major impact on claimants' lives. Some issues may require more fundamental changes to the UC system, while others could be easily rectified.

9. Alongside these technical changes, we should not underestimate the fundamental need to reset the culture across government and in particular within the DWP towards social security and the people who rely on it to survive. Ensuring that claimants are treated with dignity, respect and autonomy will lead to better outcomes and will improve the lives of millions of families who interact with this system every day. It is also important that claimants can access independent advice; action is needed to support an overburdened and under-resourced advice sector.
10. The government has set out three key themes for the review, and this report follows these themes:
 - a) Tackling poverty and helping people manage their money
 - b) Making work pay and improving work incentives
 - c) Maximising UC's potential and its impact on customers

Tackling poverty and helping people manage their money

11. Preventing poverty should be a primary purpose of our social security system. The recognition that people will need financial support at certain times in their lives, and some people will need it throughout their lives, is a founding principle of our welfare state. As the main working-age means-tested benefit in the UK, UC plays a significant role in ensuring individuals and families are protected from poverty and can meet their needs.
12. To tackle poverty, and support claimants into work, UC payments must adequately reflect households' needs. Although the issue of adequacy is out of scope of the UC review, it is fundamental to UC meeting its objectives and is essential to it being made fit for purpose. Any other issues are dwarfed and some are exacerbated by the fact that UC does not provide even a basic level of subsistence support for many people. Even with the welcome decision to uprate the UC standard allowance by more than inflation in April 2026, the standard allowance remains inadequate. A single person over 25 will get £5,100 a year from April 2026, only 13 per cent of the median UK wage.² This is very low historically³ and internationally.⁴ In fact, many agencies that offer debt advice now report that a significant proportion of their clients have a negative budget – their income is not enough to cover their basic costs.⁵ One way to address this would be to ensure that benefits (and associated thresholds) rise as a minimum by the higher of inflation and earnings growth each year.
13. For UC to meet its objectives, the amount of financial support it provides must match the cost of living for all households. When we look at the support available to families the system falls short in several respects. First, the UC child element is inadequate to meet the additional costs of a child. Second, the benefit cap compounds this inadequacy by placing a ceiling on the support people (disproportionately women) who are out of work or working a low number of hours can receive, breaking the link between need and entitlement. The two-child limit, which will soon be lifted, worked in a similar way and also had a devastating impact on families on the lowest incomes. The abolition of this policy is hugely welcome but any caps that arbitrarily break the link between need

² CPAG's calculations from: DWP, [Benefit and pension rates 2026 to 2027](#), January 2026; ONS, [Employee earnings in the UK: 2025](#), October 2025; and OBR, [Economic and fiscal outlook](#), November 2025

³ Resolution Foundation, [From safety net to springboard: Designing an unemployment insurance scheme to protect living standards and boost economic dynamism](#), September 2023

⁴ Institute for Fiscal Studies, [Options for unemployment insurance](#), October 2025

⁵ Citizens Advice, [The National Red Index 2025: negative budget households face a debt crisis like quicksand](#), October 2025; Money Advice Trust, [Broken Budgets: An analysis of people contacting National Debtline and Business Debtline](#), July 2024; StepChange, [Monthly client reports](#), December 2025

and entitlement must be removed from the system. Claimants under the age of 25 face additional problems as they currently receive a lower rate of standard allowance despite facing the same costs as older claimants.

14. Recommendations:

- Ensure that benefits (and associated thresholds) rise as a minimum by the higher of inflation and earnings growth each year.
- Increase the child element of UC.
- Abolish the benefit cap.
- Abolish the under-25 rate of UC so that there is a single standard allowance.

15. Although improving adequacy is the main measure that can support families to manage their budgets, other reforms that would help claimants include ensuring people receive support as quickly as possible and enabling claimants to receive payments in a way that works for them.

The five-week wait for new claimants

16. The five-week wait compounds financial instability for new claimants. UC should quickly step in and support households that find themselves in need of support, and ensure they can meet basic living costs. But the delay caused by the initial assessment period means claimants don't have adequate support when they need it, creating debt and stress that is only exacerbated over time.

17. While claimants can request an advance payment from the DWP during the five-week wait, the fact that they must pay this back through future deductions to their UC means that many face ongoing issues meeting their daily living costs over a lengthy period. Thirty-two per cent of all households on UC are repaying debt from an advance,⁶ reducing their income by an average of £41 a month.

18. While the five-week wait has been partially mitigated for claimants migrating to UC from legacy benefits through a two-week run on, it is still a major issue for new claimants. There are a number of possible solutions to the five-week wait:

- Making advance payments non-repayable grants – the simplest option to implement without potential complications for both the DWP and claimants.
- Backdating the start of the initial assessment period to the day after the last income a claimant received (mirroring the world of work by maintaining a rhythm of income without a gap), or at least backdating by a month using earnings reported to HMRC.⁷
- Using projected earnings to calculate an initial payment that could be provided to new claimants (using previous earnings reported to HMRC).

Alternative payment arrangements

19. UC is paid directly to claimants by default, a departure from the previous legacy system where housing benefit was paid directly to landlords. The DWP could support claimants by making more alternative payment arrangements (APAs) available. APAs are already available to some UC claimants. There are three types:

- Paying rent directly to a claimant's landlord, known as a 'managed payment'.
- More frequent payments: twice a month, or four times in exceptional circumstances.
- A split payment between partners in a couple.

⁶ DWP, [Universal Credit deductions statistics March 2024 to February 2025](#), December 2025

⁷ To prevent delays in claimants receiving support while backdated entitlement is calculated, advance payments could still be made available to claimants but be immediately deducted in full from the award made in the backdated assessment.

20. APAs are normally only granted if a claimant meets certain criteria, meaning their use is limited. The current high bar for qualification means that some claimants who may benefit from an APA are denied this option by work coaches, or are deterred from asking. For example, more frequent payments are restricted to households where there is a risk of financial harm.
21. In contrast, claimants in Scotland can choose to have their housing element paid directly to their landlord or their UC paid twice monthly. Since its introduction in 2017 this appears to have helped many claimants better manage their finances without being requested at such a scale as to pose a significant administrative burden.⁸
22. Recommendation:
 - Enable claimants to choose an alternative payment option rather than requiring exceptional circumstances, including payments directly to landlords, more frequent payments and split payments.

Making work pay and improving work incentives

23. One of the main aims of UC is to support claimants into work. Features such as the work allowance and taper rate have been effective at encouraging labour market participation. They have reduced marginal effective tax rates,⁹ ensuring that most claimants will be better off in work than out of it. There is, however, still room for significant improvement. Parents need more support to overcome barriers to work, including tailored employment support and more help with childcare costs. And certain features of the UC system make it harder for some claimants to enter work, increase their hours or progress at work.

Childcare

24. Many parents face issues navigating a complicated childcare system that straddles government departments, with different schemes designed in isolation rather than as a coherent whole. This complexity causes confusion, undermining the objective of supporting parents into work. It is important to reform the childcare system in the round if UC is going to be as effective as it can be at supporting parental employment. We welcome the recent commitment from government to undertake a childcare review.¹⁰
25. Parents having to pay childcare costs upfront and then be reimbursed (for up to 85 per cent of these costs) is one of the most significant problems within UC childcare, and can act as a substantial barrier to work. As part of the child poverty strategy, government has committed to addressing this problem, which is welcome. The fix must be implemented as soon as possible within the UC system itself, rather than by asking parents to apply to the flexible support fund. The flexible support fund (discussed further below) is a discretionary scheme work coaches can use to support claimants, particularly to overcome employment barriers including childcare. But many claimants do not know about it, and its discretionary nature means it is not an adequate solution to addressing upfront costs routinely. The UC childcare system could also be significantly simplified by giving the option to pay childcare providers directly rather than requiring parents to pay, which creates unnecessary administration for both claimants and the DWP.¹¹

⁸ See Scottish government, [Universal Credit Scottish choices: evaluation](#), March 2021

⁹ An effective marginal tax rate is the total percentage of tax and reduced benefit on each additional pound earned. This includes combining income tax, national insurance and the loss of any means-tested benefit award caused by earning more.

¹⁰ Cabinet Office, [Our Children, Our Future: Tackling Child Poverty](#), December 2025

¹¹ There is precedent for direct payments to suppliers in the wider childcare system. Learner Support for people on further education courses facing financial hardship can be paid to registered childcare providers. Alternatively, if direct payments are

26. In addition to addressing upfront costs, further improvements can be made to UC childcare to ensure parents have adequate support to balance work and caring responsibilities. First, parents on UC still face a significant cost for childcare. The combination of free childcare hours and UC only covering 85 per cent of remaining childcare costs often leaves a substantial gap between support and actual childcare costs. Paying the remaining 15 per cent of childcare costs, losing UC support as a result of the UC taper, and paying tax and national insurance contributions and any travel costs can combine to mean parents gain very little financially from working or increasing their hours.

The shortfall in childcare costs

27. In England,¹² working parents of children aged 9 months to 4 years are entitled to 30 hours of free childcare for 38 weeks of the year, provided they are working 30 hours a week and meet the minimum income thresholds.¹³ This entitlement covers 'term time', but as most working parents need childcare across the whole year this averages out at 21.9 hours a week for 52 weeks. After taking into account statutory annual leave entitlement of 28 days a year, inclusive of bank holidays, this equates to 24.5 hours a week of childcare for a full-time worker. This means that a parent or parents working full-time hours who need to have their child in full-time childcare (50 hours)¹⁴ for the whole year need to pay for 25.5 hours on top of their free childcare entitlement each week. The average total cost of full-time childcare in England is £341.36 a week¹⁵ (though it should be noted there is significant regional variation) meaning that on average the cost parents must pay each week is £167.74, or £726.86 a month. UC will cover 85 per cent of this cost, but this means that on average a family would need to find £109 a month (per child) from an already tight budget to pay for sufficient childcare to enable them to work full time.

Delays in accessing childcare costs

28. The additional, and perhaps most significant, issue parents seeking to work face around childcare is that eligibility for most of the support is predicated on being in work and earning over a certain threshold for three months after applying, with only a very limited grace period in case of job loss or a change of circumstances. While this problem exists outside of the UC system itself, it affects claimants. It can keep parents trapped on UC for longer by preventing them taking the risk of short-term contracts, which may help them re-enter or progress in the labour market. Additionally, there are only three starting points in the year for free childcare hours (1 January, 1 April and 1 September) which can leave parents unable to accept job offers if they cannot afford to cover the cost of childcare until the free childcare kicks in. For example, a parent who receives a job offer on 2 April will not get the free 30 hours for their child until 1 September. Some parents on UC, regardless of working status, are entitled to 15 hours of childcare, meaning they would need to cover the cost of the 15-hour shortfall for up to 5 months to be able to start work immediately. This will simply be unaffordable for many parents on low incomes, acting as a major barrier to taking up employment. Although this issue isn't strictly related to UC, the interaction between the rest of the childcare system and UC needs to be taken into account when considering barriers to work and designing appropriate solutions.

not possible, it could be beneficial to replicate the design of the tax-free childcare system where funds are paid into a dedicated account, after parents deposit their share. This account can then only be used to pay registered childcare providers.

¹² Childcare provision differs across the UK nations.

¹³ For further detail on Free Childcare for Working Parents eligibility see gov.uk/free-childcare-if-working/check-youre-eligible. Some parents may also claim through other means such as a [combination](#) of 15 hours through Free Childcare for Working Parents and 15 hours for [families who receive extra support](#) (ie, UC). This will also equate to 30 hours so for the purposes of the calculation 30 hours is used regardless of source of entitlement.

¹⁴ Considered as 'full-time' childcare to cover a typical full-time working week, including time to travel to and from work.

¹⁵ Calculated from Coram, [Childcare Survey 2025](#), 2025

Childcare gaps

29. Many parents also cannot find sufficient and appropriate childcare to meet their needs. Parents of disabled children, older children and parents who work atypical hours find it particularly challenging to find childcare that works for them. The lack of after-school childcare in many areas can make it very difficult for parents who need to work later than the end of the school day.
30. A further barrier for people looking to improve their career prospects is the exclusion of parents in education or training from childcare entitlement under UC (and wider childcare entitlement). UC recognises the value of career-related training by exempting claimants undertaking training from work-search requirements, but parents are unable to access the funded childcare hours to support them to complete their training.
31. Recommendations for UC:
- Roll out a mechanism to pay upfront childcare costs as soon as possible.
 - Build a mechanism into the UC system to pay upfront childcare costs directly to providers if requested by parents.
 - Cover 100 per cent of childcare costs under UC.
 - Extend childcare entitlement to parents preparing for work by undertaking education or training.
32. Recommendations for the forthcoming childcare review:
- Prevent eligibility for various childcare entitlements from being a hard cliff-edge for parents who move in or out of work, by allowing three-month run-ons.
 - Ensure that childcare mirrors the world of work so that parents can afford it throughout the year by funding free hours for at least 47 weeks a year.
 - Make eligibility for free childcare for working parents based on the date from which a household meets the criteria, instead of being tied to arbitrary term dates.

Second earner work allowance and increased support for single parents to work

33. One of the barriers to work for second earners within households claiming UC is that any potential increase in income can be outweighed by the financial and non-financial costs of entering work or increasing hours, such as needing to pay for additional childcare and travel, loss of UC through the taper rate and spending less time with children. As there is not a separate work allowance for second earners, everything they earn will be subject to the taper if the primary earner has used up the full work allowance,¹⁶ which is likely to be true in the majority of cases. This means that second earners lose 55p of UC for every £1 of take-home pay (after tax and national insurance contributions). Second earners face particularly high effective marginal tax rates while also grappling with the additional challenges, costs and logistics involved in balancing work and looking after children.

¹⁶ UC claimants with a disability or a child will get a work allowance, which means they are able to earn a certain amount before the taper rate comes into effect. The rate of work allowances depends on if a claimant receives help with housing costs. The higher rate is currently £684 a month for claimants who do not receive housing element, and £411 for claimants who do.

34. A household with a primary earner working full time on the minimum wage and a second earner starting a full-time job on the minimum wage after their child turns 9 months old, requiring full-time childcare, incurs an effective marginal tax rate of 66.4 per cent.¹⁷ This household keeps only £622.87 of the second earner's £1851.85 monthly earnings after tax, national insurance and the UC taper have been applied, and they've paid for 15 per cent of the remaining childcare costs after they have used 30 hours free childcare. The second earner working 35 hours a week leaves the family better off by only £143.74 a week minus any additional cost such as travel costs or childcare extras.
35. To increase parental employment, government should introduce a second earner work allowance that allows parents to keep a greater proportion of their UC. Introducing a separate work allowance at the same threshold for both primary and secondary earners would significantly reduce the effective marginal tax rate for second earners (by 12 per cent for a full-time worker on minimum wage). This is likely to be particularly useful for mothers who wish to re-enter the labour market after taking time to raise their children.
36. The UC system can track the individual incomes of earners within the household unit, so the work allowances should be applied separately to earners rather than just increasing a single work allowance on the total claim as soon as the second earner starts working. This will prevent a higher work allowance being applied to the primary earner's income if the second earner works just an hour.
37. Single parents face particularly high barriers to employment. They are currently twice as likely to be unemployed as couple parents, and twice as likely to be underemployed – wanting to work more hours but struggling to do so.¹⁸ The DWP should increase the work allowance for single parents.
38. Recommendations:
- Introduce a second earner work allowance.
 - Increase the work allowance for single parents.

Employment support

39. Finding suitable employment can be difficult for parents. Securing roles that fit with their caring responsibilities, such as part-time or term-time contracts, with suitable hours and a reasonable commute, is particularly challenging.
40. Parents may find it harder preparing for work, including carrying out any training or gaining qualifications that could be useful in securing jobs or advancing their career. This is particularly true for mothers, who may have spent a significant amount of time outside of the labour market caring for children. Many parents also face hidden costs, such as access to IT and transport, which act as barriers to employment.
41. Employment support through UC should aim to understand a claimant's circumstances, including any constraints they face as a parent, local labour market factors and any additional barriers. The current provision delivered by work coaches often falls far short of this. Parents need tailored and specific parental employment support that works with them to find suitable work in their local area.

¹⁷ Author's calculations based on annual salaries of £22,222.20 and assumed housing costs covered entirely by the housing element.

¹⁸ Gingerbread, [The Single Parent Employment Challenge](#), January 2023

42. Between 2021 and 2023, CPAG piloted an innovative employment support project called Your Work Your Way. The scheme supported 70 second earners (largely mothers) from low-income households in receipt of UC or tax credits, and operated in four pilot areas: Bury, Coventry, Luton and Taunton Deane.¹⁹ The key components of the project were a personal budget of £2,000 for any costs associated with looking for work or setting up self-employment, personalised employment support and welfare rights advice. Over 54 per cent of participants moved into work or self-employment and 49 per cent achieved sustained employment for 6 months or more. The scheme focused on quality work, so 76 per cent of clients were supported to access work-focused training that enabled them to realise their ambitions and often to secure better-paid work with long-term career prospects. Many participants were interested in self-employment because of the flexibility it offered around childcare commitments, and the welfare rights advice was particularly helpful for supporting participants to navigate the complexities of self-employment on UC.²⁰
43. There simply are not enough employers offering suitably flexible opportunities for parents. Although employees have the right to request flexible working, too few roles are advertised with part-time potential, and it isn't straightforward to request this during the application process. More employers need to be willing to offer and openly advertise more flexible arrangements that can accommodate the needs of parents, including part-time and term-time contracts. There are also opportunities for the DWP to work directly with employers on specialist into-work schemes, particularly with large employers.²¹
44. Recommendations:
- Introduce dedicated parental employment support workers or work coaches, who can offer specialist advice and provide financial support to train and gain qualifications, and to facilitate work search and preparation for self-employment.
 - Support employers to provide employment opportunities suitable for parents with childcare responsibilities (eg, part-time, term-time, flexible working), and to develop into-work schemes for parents.

Flexible support fund

45. The flexible support fund is a discretionary scheme locally managed by DWP service leaders. The fund enables work coaches to provide claimants with additional support for specific costs at their discretion. The flexible support fund is normally used to help with travel expenses (eg, to a job interview), training courses, equipment needed to remain or progress in employment, or clothing for interviews. The fund is relatively well used by some work coaches to remove barriers to work for claimants and provide training which will enable them to apply for a greater number of jobs. The discretionary nature of the scheme means it is not consistently offered to claimants who could benefit, and claimant awareness of the fund appears to be quite low. By expanding and promoting the flexible support fund, the DWP could enable more systematic ways of working that provide claimants with personalised support to overcome the barriers to work they face, without curtailing the benefits of a discretionary fund.
46. One important way the flexible support fund is currently used to support parents is for help with childcare costs. 10.5 per cent of funding is being used to pay for childcare to support parents with training and education, or to pay for upfront childcare costs.²² The need to use the fund for upfront childcare costs should be removed once the promised solution to this issue is implemented

¹⁹ For more learnings from the scheme see: E Batty and others, [Your Work Your Way: Final Evaluation Report](#), CPAG, 2023

²⁰ See note 19

²¹ Inspiration and learnings can be taken from schemes such as the [Kickstart Scheme](#) and [Marks and Starts](#).

²² DWP, [Letter to Debbie Abrahams, Chair of Work and Pensions Select Committee: Flexible Support Fund Expenditure 2023-24](#), May 2025

(discussed above), but the fund will still be needed for training needs unless childcare eligibility is widened to include parents who are in training or education.

47. If the DWP wishes to improve support for claimants to get into work and progress, it should expand the flexible support fund to help with the costs of entering work, increasing hours or progressing at work. This would be part of an approach that makes the most of the expertise and relationships work coaches may have with claimants to offer alongside more dedicated parental employment support. Eligibility for the fund should also be expanded to all conditionality regimes (see explanation in next section) as claimants who are in the 'working enough' regime may still face barriers or emergencies that could result in them losing employment, or they may find themselves unable to take advantage of promotional opportunities that could boost their income without this support.²³
48. Recommendations:
- Expand the flexible support fund, through increased funding and widened eligibility, so it can be used more comprehensively by work coaches as a tool to support people into work and remove employment barriers.
 - Promote awareness of the flexible support fund and what it can be used for among claimants and work coaches, to ensure it reaches more people in need of support.

Conditionality, sanctions and employment support

49. Conditionality in the social security system refers to the work-related requirements placed on claimants. When a claimant doesn't carry out their required conditionality, without good reason, they can be sanctioned, ie, their UC will be reduced. Conditionality might mean being available for work, looking for work, attending work-focused interviews, or looking for more work for a set number of hours a week. Some parents will have no conditionality (eg if they have a child under one).
50. Supporting claimants to find work is an important part of UC's purpose, but the conditionality regime is currently set up with an emphasis on getting as many people as possible into any type of work, regardless of the suitability of that work for the claimant. There is limited consideration of which roles actually match the skills and experiences of a claimant, the claimant's ability to carry out certain tasks, whether the role will work around their childcare or caring responsibilities, and the flexibility of hours within the role. The support given to claimants to meet their conditionality requirements follows a one-size-fits-all approach, and the onus is generally on the claimant to find work with limited guidance from work coaches. Many claimants would welcome genuinely meaningful employment support that helps them advance in their career, but instead of providing tailored employment support the system places financial penalties (the benefit cap and sanctions) on those who are unable to find work.
51. The number of claimants subject to sanctions is consistently high. In May 2025, 5.3 per cent of UC claimants who were in conditionality regimes where sanctions can be applied had a sanction.²⁴ In the year to April 2025, a total of 611,822 sanctions were imposed on 468,195 claimants. The consequences of a sanction are significant, with claimants typically losing 100 per cent of their standard allowance, or a portion of their standard allowance if one member of a couple is sanctioned, each day the sanction is applied²⁵ (additional elements such as housing and the child

²³ Lone parents can access support if they encounter a financial emergency within the first 26 weeks of work through the In Work Emergency Payment for Lone Parents, though awareness of this support is likely to be low.

²⁴ DWP, [Benefit Sanctions statistics to May 2025](#), November 2025

²⁵ There are circumstances in which different rates of sanction will be applied, for more information see: gov.uk/guidance/universal-credit-sanctions

element are paid as normal). The rate at which sanctions are applied combined with the duration of a sanction²⁶ can result in severe consequences for claimants, even for lowest and low-level sanctions, because their duration is open-ended until a claimant complies with requirements placed on them by the Jobcentre.²⁷ The financial impact this has on claimants and their families is disproportionate and is in fact nearly twice as severe as the average court fine for committing a criminal offence.²⁸ Our Early Warning System (EWS)²⁹ has heard from advisers about the impact of sanctions.

An adviser reached out to CPAG for support because of serious concerns about their client's wellbeing due to them being repeatedly sanctioned for several months at a time. The adviser told us the claimant feels subjected to repeated humiliation, intimidation and verbal abuse from her work coach, and described the claimant as being left 'utterly broken' by these appointments, disclosing suicidal thoughts. The adviser contacted the claimant's GP, and she has now been referred to the community mental health team.

The adviser has challenged every sanction and submitted multiple complaints, but no resolution has been reached. The adviser detailed how one sanction was imposed for failure to apply for a job, despite the claimant having provided clear evidence of the application. Another sanction was applied when the claimant arrived six minutes late to an appointment due to a delayed bus, although she had notified the Jobcentre about this on her UC journal as she was heading in. This resulted in the loss of an entire month's payment. (EWS, August 2025)

52. Sanctions are discretionary and are being applied to claimants with vulnerabilities because their work coach has neglected to notice or take heed of something they should have. The risk of this happening is heightened by large work coach caseloads. It can result in severe consequences for claimants.

²⁶ The duration of a sanction is dependent on the level of compliance failure and whether the claimant has previously been sanctioned in the past year:

- Lowest-level sanctions are applied for the number of days from when the claimant has failed to comply until they meet the compliance condition they were sanctioned for – the compliance period.
- Low-level sanctions are applied for the compliance period, plus 7-28 days depending on if a claimant has been sanctioned before in the last year.
- Medium-level sanctions are applied for 28 days, or 91 days if a claimant has previously been sanctioned in the last year.
- High-level sanctions are applied for 91 days, or 182 days if a claimant has previously been sanctioned in the last year.

²⁷ It has been calculated that the median length of a lowest-level or low-level sanction exceeds that of medium-level sanctions, at 36 days compared to a set 28 days. See: Public Law Project, [Sanctionable Failures: Universal Credit's failing sanctions regime and the harm it causes](#), November 2025

²⁸ See note 27 (PLP)

²⁹ The Early Warning System helps us get a better understanding of how changes to the social security system are affecting the lives of children and families. The information we gather from frontline advisers informs much of our policy, research and campaigning work, and also feeds into our advice services.

A vulnerable man experiencing digital exclusion was struggling to manage his UC award through his journal. The claimant was in receipt of PIP, which included points for needing help to read and understand basic information. The claimant received an open-ended sanction for failing to attend a commitments review meeting. The work coach noted there were 'no vulnerabilities or complex needs to take into account', so the claimant was referred for a sanction. The claimant received a further sanction for failing to attend a work-focused interview. He had again been struggling to access his account and was not aware of the meeting. The claimant was advised by his work coach to attend his local library for digital support; he was informed there are not enough resources at the Jobcentre to help him manage his account. The claimant was not made aware of the possibility of a telephone claim. His award has now been terminated due to a failure to accept an updated claimant commitment. (EWS, February 2026)

53. There is no evidence that sanctions improve employment outcomes³⁰ but they do create mistrust of the DWP, damage the relationship between claimants and work coaches, and push people into severe hardship – potentially causing significant harm to their physical and mental health.³¹ The impact of reducing benefit payments through a sanction is especially harmful in a system where the normal rate of payment is already inadequate for people to meet their daily living costs. A sanction can slow someone's progress into work as they deal with the consequences of losing that income, including the time and stress that entails.
54. Any conditionality placed on a claimant should be proportionate and helpful to their efforts to find work. In some cases, increasing conditionality requirements can be a hindrance to work, as this Early Warning System case study illustrates:

A lone parent with one child, living in homelessness accommodation, was managing to do some hours of agency work each week while looking for a job with more hours. During a period when she was required to have weekly work-focused appointments, she had to mark herself as unavailable for agency work and missed out on work opportunities. The appointments caused particular disruption when they were in person at the job centre or when she was called late by her work coach for telephone or video appointments. The claimant describes the appointments as being very short and superficial – 'I just tell them I'm still looking for work' – and said they did not improve her work search. She has recently found a 22.5-hour a week job on her own initiative. (EWS, March 2024)

55. CPAG is concerned that some work coaches are not adequately taking claimants' full circumstances into account when applying conditionality, leading to parents being placed at risk of sanction for being unable to meet unreasonable expectations:

A single mother living in a domestic violence refuge with her four-year-old son is having difficulty negotiating her work-related requirements. After being found fit for work, she has been asked to attend weekly work-search meetings at the Jobcentre. The claimant's health and unsettled living situation have not been taken into account, nor her history of domestic violence. (EWS, October 2025)

56. Sometimes DWP officials are not applying the right regulations with regard to conditionality:

³⁰ DWP, [The Impact of Benefit Sanctions on Employment Outcomes](#), April 2023

³¹ NAO, [Benefit Sanctions](#), November 2016

A couple care full time for their severely disabled son. Their son's condition necessitates constant care and it's not possible for one person to provide this. Dad is in the 'no work-related requirements group' on UC due to receiving carer's allowance. Mum is being made to attend the Jobcentre regularly and has work search and work availability requirements imposed on her. Although only one parent can claim carer's allowance, and only one carer element can be included in the UC award, there is a specific regulation allowing the DWP to impose no work-related requirements on a full-time carer otherwise not entitled to carer's allowance.³² The DWP can do this if they are satisfied it would be unreasonable to require the claimant to comply with the work search and work availability requirements. An adviser wrote a letter to mum's work coach, explaining their situation and asking that they apply this regulation. No response to the letter, or messages on the journal, has been received for three months. (EWS, July 2025)

57. Another issue CPAG is seeing is claimants having their awards terminated after failing to accept less stringent claimant commitments – ie, after getting a job or being assessed as having limited capability for work-related activity (LCWRA). This means that claimants are being punished for a purely administrative issue while maintaining the spirit of their agreements. For example, a claimant can secure a job, have their claimant commitment updated to remove work-search requirements, but unless they accept this new commitment, they can have their award terminated despite meeting the intention of their agreement.

A claimant with a new LCWRA element and a language barrier had their UC award terminated after failing to accept a reviewed claimant commitment. The new claimant commitment would not have included any work-related activity and would have been less onerous than the claimant commitment they had already accepted. The DWP has acknowledged this claimant has health conditions affecting their ability to work. They have been left destitute. (EWS, June 2025)

58. Recommendations:

- Conduct a review of conditionality in UC to assess which claimants end up in which work requirement group and identify types of claimants who are disadvantaged or other shortfalls with the strict conditionality regime to inform the development of a new model.
- Stop the use of sanctions, or at least substantially reduce their use.
- Specifically look at how to reform claimant commitments so that they adequately take into account parents' full circumstances and act as a proportionate agreement between claimant and work coach.

Monthly assessment periods

59. From the outset of the design of UC it was claimed that the benefit was meant to mirror the world of work, and this included a shift to monthly payments. At the time, most workers on low incomes were in fact paid fortnightly or four-weekly, and many still are – a third of low-income workers are not paid monthly.³³ This has meant that the monthly assessment periods baked into the design of UC can cause significant problems for people who are paid weekly, fortnightly or four-weekly, and for people who have more irregular working patterns that do not conform to a monthly cycle. These problems have been well documented.³⁴

60. A typical example is if you are paid four-weekly, you will receive 13 pay packets in a year. Once a year, two of your pay packets will be counted as earned income in your monthly assessment period

³² Reg 89(1)(b) Universal Credit Regulations 2013

³³ Resolution Foundation, [Listen and learn: Improving the way that Universal Credit works](#), January 2026

³⁴ See for example, CPAG, [Universal credit, benefit cap and those paid 4 weekly](#)

rather than just one. This is likely to lead to you not receiving any UC that month because you're considered to be earning too much, or your UC could be substantially reduced due to the taper rate. Situations like this not only create a budgeting nightmare for claimants but can also significantly reduce their overall income. There can be severe repercussions for a household's financial stability, including risk of crisis or arrears, and a claimant's mental and physical health.

61. This inflexibility within the UC system creates unacceptable arbitrary differences in entitlement between people with the same earnings but different working or pay patterns. While the system may work for most claimants, it is imperative that changes are made to ensure that all claimants, regardless of their pay cycles, can access reliable financial support from the UC system. Some claimants are also negatively affected by the rigid approach to monthly assessment periods if their conditionality requirements change because for one month they fall below the administrative earnings threshold (AET – the minimum monthly income a claimant must earn to avoid intensive work-search requirements) or conditionality earnings threshold (CET – which is based on the number of hours you can reasonably be expected to work or do work-related activities) despite being above these over the course of the year. This can result in claimants being forced into more intensive work-related requirements when they shouldn't be, and potentially a higher administrative burden for the DWP. Monthly assessment periods also create issues for self-employed people, discussed further below.

62. Recommendation:

- Review monthly assessment periods, and consider alternatives or mitigation, such as:
 - Tailoring the length of assessment periods to match the frequency at which claimants are paid. Claimants who are paid weekly, fortnightly or four-weekly could all have a four-week long assessment period.
 - Making monthly awards provisional and rectifying any discrepancies that have arisen due to differences in assessment period and pay frequency over a longer period – ie, every three months, six months or yearly.

Improving the system for self-employed claimants: the minimum income floor

63. The minimum income floor (MIF) works by assuming that self-employed workers are earning the equivalent of the minimum wage for the number of hours they are expected to work, regardless of whether their actual income is lower. It is used to calculate their UC entitlement. Individuals are given a 12-month grace period in which to achieve profitability before the MIF is applied. The MIF can penalise low-paid self-employed people, who are some of the poorest workers.

64. The MIF is intended to discourage people earning a persistently low income from self-employment from pursuing an unprofitable enterprise while receiving UC. But this is essentially replicating what the AET is designed to do. By applying the AET, self-employed people can still be subject to conditionality requirements without also restricting their support through the MIF. The MIF effectively automatically sanctions any self-employed person it is applied to by reducing the support they receive.

65. The monthly assessment period can also mean that many self-employed people fall foul of the MIF, despite having worked and earned enough, because they have not been paid enough in a single assessment period. This means they can receive substantially less support than someone who has earned the exact same amount over the course of a year through regular salaried employment.

66. Some self-employed workers can be doubly disadvantaged by the interaction between the MIF and the earnings limit. If they are paid at intervals outside the monthly assessment period, such as every six weeks or three months, then they can firstly fall foul of the earnings limit. This means they might receive £0 of UC in the first month because their earnings were high enough for it all to be

tapered away.³⁵ Then, despite having no earnings in the next assessment period, their UC will be based on the MIF and assume they have earned minimum wage for their expected hours.

67. The MIF can also punish self-employed workers who simply cannot generate more income because of the nature of their work, such as contractors who conduct regular work where additional hours will never be available. Concerningly, we've also seen cases where expected hours used for the MIF calculation have not been reduced following a change of circumstances:

A self-employed man had to cease work following urgent medical advice in February 2025. The DWP refused to adjust the claimant's expected hours to reduce the amount of income assumed by the MIF. The claimant was experiencing significant hardship as his UC payment was being reduced to £0, with a small portion being paid directly to his landlord. The claimant was eventually found to have limited capability for work and work-related activity, and the MIF was no longer applied. (EWS, November 2025)

68. Recommendations:

- Scrap the MIF.
- In the absence of fully scrapping the MIF there are some mitigations that could help:
 - Ensure that work coaches take a more considered approach to 'gainful self-employment' and don't apply the MIF in cases where self-employment is currently a claimant's main source of income due to lack of alternative income/employment, but where self-employed income cannot be increased.³⁶ Claimants who are only minimally self-employed and do not intend to increase this should be treated as outside the self-employment regulations and have work-related requirements applied as normal, taking account of unavailability for the length of time needed for self-employment (eg, reducing work-search requirements to four days a week for a claimant who is doing self-employed work for one day a week).
 - Tailor the MIF to allow for 'part-time self-employment' where the MIF is set at a rate based on fewer hours of self-employed working (eg, applying a MIF that equates to 15 hours of work rather than full-time work). This will support workers for whom self-employment will only ever form part of their earned income.
 - Taper the application of the MIF so that a hard cliff-edge isn't applied after one year.
 - Allow discretionary extensions to the 12-month start up period where claimants can prove growth but have not yet achieved financial sustainability.
 - Allow self-employed people to choose a three-month assessment period with monthly interim payments to make UC fairer when self-employed income does not follow a monthly rhythm.

Improving the system for self-employed claimants: self-employment support

69. People who want to set up their own business and start self-employment can face a steep learning curve – needing to understand the best ways of conducting business and all the rules they must

³⁵ In some instances, claimants may also be hit by the surplus earnings rule: if what they earned in the first assessment period was over their earning limit plus £2,500, they will have this excess reduced from their UC award until it has been exhausted or 6 months has elapsed.

³⁶ 'Gainful self-employment' is defined in regulation 64 of [The Universal Credit Regulations 2013](#). For a claimant to be gainfully self-employed for the purposes of UC, the DWP must be satisfied (a) the claimant is carrying on a trade, profession or vocation as their main employment; (b) their earnings from that trade, profession or vocation are self-employed earnings; and (c) the trade, profession or vocation is organised, developed, regular and carried on in expectation of profit. Whether self-employment is a claimant's 'main' employment should include consideration of how many hours are spent carrying out self-employment, how much the claimant earns, and whether or not self-employment is their 'main employment goal'. See [ADM Chapter H4: Earned income - self-employed earnings](#).

follow. Being able to navigate all the complexities involved, particularly within the UC system itself, can be a challenge and many claimants could benefit from better advice and support.

70. Some self-employed people have experienced being passed between departments within the DWP because only part of their income is from self-employment. One claimant was initially sent to the self-employment team only to be passed back when the DWP realised their self-employed income would not form the main part of their income. This entailed multiple short meetings with Jobcentre staff which focused on administrative issues rather than providing the claimant any support. Aside from the burden on claimants and inefficiencies for the DWP, this also limits the opportunities for claimants who wish to grow their self-employed income (while also relying on a PAYE salary initially while they grow their business) from benefiting from any advice offered by the DWP.³⁷

71. Recommendation:

- Improve self-employment support and make it more widely available to UC claimants.

Maximising UC's potential and its impact on customers

72. Our recommendations on UC's potential and impact, set out below, involve low or no-cost changes that will improve users' experience and make the system more efficient for the DWP. Many of the points are also made with further detail, explanation and evidence in CPAG's report [You reap what you code: Universal Credit, digitalisation and the rule of law](#).

Improving information for claimants about decisions and payments

73. UC is a public service with a series of legal entitlements set out by parliament. It is in everyone's interest for it to work in a clear, consistent and lawful way. UC is administered through a system of decisions. Decisions can be altered by revision (which changes a decision from when it had effect) or supersession (which changes a decision from some later date), or by a Tribunal. Decisions are final unless they can be changed by a further decision. Each type of decision is subject to specific statutory limitations and procedures. This is not made clear to claimants in their interactions with the UC system.

74. Once a claim for UC is made, the DWP must produce a decision on whether a UC award will be made and, if so, at what rate. That award then continues until that decision is revised, superseded or changed by a Tribunal. Given that the decision specifies the amount and period of entitlement to UC, and can only be changed by further decisions, it is vital that information given to a claimant enables them to understand the basis for the decision and how the decision can be challenged. The current design of the UC system does not easily enable a claimant to do this.

75. Making clear at all levels how UC works would improve the impact UC has on the lives of those who interact with it and change how the system is viewed. Firstly, a system that makes clear to its users how decisions which affect them have been made and how they can be changed allows claimants and potential claimants to identify when a decision might be wrong and, if so, what they should do about it. Secondly, such a system presents itself to claimants not as a confusing bureaucracy but as a fair system which they can understand and work with. It provides certainty to claimants so that they can act on the basis of what their entitlements will be in different situations. A system seen as fair and transparent by claimants increases the likelihood as well as ability of them to engage with the system, report relevant information and seek to correct mistakes. A fair and transparent system would maximise claimant involvement and improve outcomes.

³⁷ See [Frankie W diary entry, Changing Realities](#), December 2025

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76. We consider that many of the issues below undermine lawful decision making in the social security system and could be subject to legal challenge.

Decisions in multiple places

77. A first difficulty is that decision notices are not grouped into a single location within the UC online account. The monthly payment statements may communicate a decision (for example if an element has been added that month). However, other decisions are added to the journal via a brief note and a PDF letter. Not having a dedicated space within the online account where a claimant can see all the decisions made by the DWP in relation to their UC causes confusion.

Decisions with insufficient information about what has been decided

78. There is sometimes insufficient information included within a decision notice to enable a claimant to accurately determine what has been decided (let alone why). For example, a decision saying it has been accepted that a claimant has limited capability for work and work-related activity and is therefore entitled to that element of UC does not state *when* that element will be added. Similarly, decisions notifying a claimant that they have been overpaid give only the total amount of the overpayment and do not always identify the period over which that overpayment occurred.

A lone parent had been receiving UC since 2020. Following a review, her UC award was terminated and she received a letter stating she had been overpaid £38,000. There were no dates on the letter and it took CPAG and the adviser sifting through a 700+ page subject access request to work out what decisions had been made and why. (EWS, May 2025)

Decision notices and payment statements with insufficient information about why a decision has been made

79. Decision notices and payment statements should include the reasons for a decision and, if relevant, an explanation of the amount in question. This will enable claimants to better understand the decision, what their rights are and whether there is missing evidence and/or grounds to dispute the decision.
80. It has been suggested that there is a trade-off between the need for a decision notice or payment statement to allow claimants to find out clearly and simply how much financial support they will be receiving, and providing them with enough detail to allow them to work out if anything is wrong or missing. The perceived difficulty is that too much detail might get in the way of clarity and simplicity.
81. Currently this is managed by granting claimants a right to request reasons for a decision, and placing a duty on the DWP to provide those within 14 days or as soon as reasonably practicable. But in many cases, adequate reasons are not provided.

A claimant was concerned her disability premiums on tax credits had not been taken into account when she moved to UC as there was no explanation on the UC payment statement of how the transitional element had been calculated. The claimant made repeated requests for a breakdown but was not provided with a full explanation. The claimant submitted an appeal in the hopes of getting a calculation, resulting in a dispute over whether the Tribunal has jurisdiction. The claimant subsequently used CPAG's tool to request a breakdown and was advised by the DWP that it cannot offer a written statement of reasons for transitional element due to not having access to HMRC systems. (EWS, May 2025)

A claimant migrated from income-related employment and support allowance to UC and the adviser believed the transitional element was incorrect and that the claimant was losing over £370 a month. The adviser is unable to tell clearly if the decision is wrong as there is no breakdown of the transitional element readily available. A mandatory reconsideration was submitted in February 2025 requesting a breakdown of the transitional element calculation and revision of the UC award. In May, the adviser posted on the claimant's journal asking for the mandatory reconsideration to be expedited as the claimant is vulnerable and experiencing financial hardship. The claimant was subsequently told by a different DWP agent that "it will take as long as it takes". (EWS, May 2025)

82. The option to request reasons after receiving a decision is also inadequate because people don't have enough information to know that there might be a problem, so they don't take the option up.
83. It cannot be appropriate for either individuals or the system as a whole that reasons for administrative decision making are not written, understandable and shared as a matter of course. It should be possible to notify clearly the content of a decision or payment statement in a way that provides an obvious summary of the award for the relevant period, so that claimants can understand their income and budget for that month, and to explain how that decision has been arrived at. This can be done by separating a decision notice into two sections, 1) the headline details about what has been decided and 2) the reasons.
84. Reasons given should include more detail on the award calculation, including all the possible elements and exemptions or exceptions and whether they apply. Where necessary, reasons should explain the type of decision made and why. This will enable a more efficient dispute process. Claimants will be able to determine more accurately whether a decision or monthly payment is wrong. And in some cases it will potentially prevent a dispute by helping claimants understand at an earlier stage if there are no grounds to make one. This will also enable Tribunals to more easily untangle the circumstances that have led to a decision.
85. Importantly, this will increase the accuracy of decisions. It is commonly accepted that the process of having to consciously set out reasons for a decision leads to better decision making.

Communication of dispute rights

86. The communication of dispute rights should be improved. The current wording on decisions states that a claimant can dispute a decision within a month of it being notified. The wording does not make clear that if a person misses this deadline they may still be permitted to start a dispute as long as they do so within a further 12-month period (bringing the total period to 13 months from when the decision is notified). The failure to mention the possibility of appealing a decision outside the one-month limit can lead claimants to think they cannot dispute if this period has elapsed (even when they had a good reason for not bringing a challenge in that time and the DWP would have extended the time limit).³⁸
87. Recommendations:
 - Provide a single place within the UC online account where decisions affecting entitlement are gathered by date order.
 - Rewrite decision notices to:
 - Ensure they are accurate and provide reasons for a decision which explain their basis.

³⁸ *SSWP v TR (UC)* [2025] UKUT 1 (AAC) decided it was lawful for the secretary of state for work and pensions not to mention the possibility of a late request for revision but the judge did grant permission to appeal to the Court of Appeal commenting that this was arguably wrong and additionally that it was a point of exceptionally significant wider public importance 'in terms of [its] potential impact on the administration of a high-volume social security regime'.

- Contain more accurate details about claimants' appeal rights, including the possibility of a late request for revision.
- Rewrite payment statements so that they provide a summary of the award, plus a more detailed account of each element including any exceptions or exemptions that apply.

Use of incorrect terminology leading to confusion about rights and procedures

88. It is vital that consistent and accurate language is used across UC legislation, regulations, guidance, decision making and communications to claimants. At present, DWP training materials and operational guidance use incorrect terminology which confuses the specifics of decision making. Unsurprisingly this also results in the wrong terminology being used in communications to claimants, concealing the nature of the decisions that are being made about their awards and why.
89. The most stark example of this is the inappropriate use of the phrase 'claim closure'. The Judge in *PP v SSWP (UC)* [2020] UKUT 109 (AAC) commented that the confusion in the case before him was:

'Compounded by the way that the DWP's universal credit online system intersects with the legislative framework for its officers deciding claims and for claimants making appeals to relating to social security. It is not immediately obvious that the former was designed with an eye to the latter'.

Specific to that case was the use of the terminology that a 'claim' had been 'closed'. The representative for the secretary of state admitted in that case that:

'[The DWP's] training material and operational guidance for the new benefit ubiquitously describe both the termination of an award and any disposal of a claim (two different types of decisions) as the "closing" of a "claim". As a result, any attempt to understand the legal nature of any given instance of "claim closure" is obliged to have recourse to informed inference (or desperate guesswork)'.

90. Recommendation:

- DWP training materials, operational instructions and communications to claimants should be updated so that they use the correct statutory terminology to describe different decision-making processes within UC.

Gatekeeping of disputes

91. There is no specific digital function for a claimant to lodge a mandatory reconsideration (MR) request, the first stage in the UC appeals process. Lodging an MR is how claimants assert their legal rights and dispute a decision they believe to be incorrect, but there is no clear place within the UC digital system where this can be done. Instead, claimants must request an MR via their UC online journal, the UC helpline or post. This means that disputes about entitlement sit in the journal alongside messages about job opportunities and appointment arrangements. The lack of a dedicated space within the UC journal for managing disputes processes can make it hard to distinguish between formal requests and more informal messaging functions within the UC journal, further adding to the opaqueness of decision-making processes within UC and creating barriers for claimants wishing to challenge a decision.
92. Some decision making is done by case managers rather than staff with a 'decision maker' job title (such as processing simple changes to entitlement to an element of UC, for example when a family has a second child). DWP staff routinely do not see decisions made by case managers as formal decisions. This can lead to decisions not being seen as carrying dispute rights with a requirement to be formally notified.

A lone parent of two children, one of whom receives disability living allowance, is struggling to get the housing costs element included in her UC award. After leaving her previous property due to domestic violence, she made a single claim of UC and reported her new housing costs. The DWP will not pay the housing costs because the landlord advised the claimant was not liable for rent. The claimant provided evidence to the contrary and asked for an MR of the decision to not include housing costs. Instead of passing her MR onto a decision maker, the claimant was asked multiple times to redeclare her housing costs as a change of circumstances. The claimant did this and also asked for the MR to be passed to a decision maker. She was then misadvised there had not been an appealable decision yet and no MR could be raised. The claimant has not received housing costs for four months. (EWS, November 2025)

93. A related issue is that when a decision is made which ends entitlement to UC, a claimant's ability to add an entry to their journal is removed (the journal remains available to access but is frozen so the claimant cannot post messages). At the very time when the most serious type of decision is made from a claimant's point of view (ie, one which removes their entitlement completely), their ability to challenge that decision through the most commonly used method (putting a note on the journal) is removed.
94. It is common for claimants who request a revision of a decision on their journal to receive a reply simply stating that the decision is correct, or even to be told they are not entitled to a revision because the issue is 'policy'. In this way, frontline DWP officials discourage claimants from pursuing challenges without a decision maker ever having the opportunity to reconsider the decision, and before claimants are advised of their right to continue their challenge to the independent First-tier Tribunal.³⁹
95. One reason for refusing to register a revision request is that frontline DWP officials believe a UC decision to be accurate, but automated calculations generated by the UC digital system are not infallible. Even if the decision is correct, the claimant is still entitled to have the decision formally reconsidered by a decision maker.

A man with multiple health conditions was found gainfully self-employed and had the MIF applied as a result. He tried to submit an MR of the decision to apply the MIF but kept being told this was a 'policy' decision and could not be challenged by MR. He had no income for multiple months due to the MIF reducing his award. (EWS, November 2025)

³⁹ This is a longstanding issue that was acknowledged by the DWP in 2015 when it disseminated a memo to decision makers drawing attention to the numerous ways in which DWP officials were frustrating the revision process and a 'widespread misunderstanding of the disputes process' across all benefits. The memo acknowledged some DWP officials were advising claimants that their revisions or appeals would be unsuccessful, that the term 'mandatory reconsideration' was necessary for an application to be valid, and that a verbal and written explanation of a decision was required before the DWP could register an application for a revision. See DWP, [Gatekeeper Memo](#), March 2015

A man with severe social anxiety was sanctioned after failing to attend an appointment with Restart. The claimant asked how to submit an MR of this decision and was advised he could 'discuss' this at his next appointment – a month away. The claimant subsequently requested an MR through his journal and was told he needed to complete a specific form with the work coach instead. An appointment is made for the claimant to attend in person, despite his health needs. The claimant's work coach agreed to rearrange this to a telephone appointment; by this point the claimant had already lost more than £300 due to the sanction. The claimant continued to ask for an MR of the sanction decision. He was eventually told incorrectly that to request an MR he would need to attend the Jobcentre to end his sanction. As of December 2025, the claimant's MR had still not been passed to a decision maker. (EWS, December 2025)

96. A further issue is that without a dedicated space for managing disputes within the online journal it is difficult for claimants to track whether an application for a revision has been forwarded for consideration.
97. Claimants can face significant delays after they have made a revision request. At present there is no timeframe in which the DWP must respond to a revision request, but claimants are entitled to timely decision making in order to be able to exercise their rights to appeal to a Tribunal, and some claimants are experiencing unreasonable delays:

A couple with three young children are only getting the single standard allowance due to mum incorrectly failing the habitual residency test. The couple submitted an MR immediately but have not had a decision for three months. They are unsure how much longer they will have to wait for a decision. The loss of financial support is making it difficult for the couple to properly feed their children and provide them with appropriate winter clothing. (EWS, October 2025)

A woman was receiving UC, including the carer element. She was subsequently found to have limited capability for work-related activity (LCWRA) and had the carer element removed from her award and replaced by the LCWRA element. The claimant had a transitional element as part of her UC. When the LCWRA element was added her transitional element was eroded by the full amount of the LCWRA, making her worse off than before despite her needs increasing. Taking this approach to erosion was found to be unlawful by the Upper Tribunal so the claimant submitted an MR of the decision in February 2025. As of January 2026, she has not received a decision despite chasing it multiple times. (EWS, November 2025)

98. These delays can result in DWP staff time being taken up replying to chase ups from claimants or even chasing up themselves with decision makers. But more significantly they have a detrimental effect on claimants who may have to try and survive without income they are entitled to, and experience stress and worry while they await a decision.
99. The DWP must improve the dispute process in UC so that claimants wishing to challenge a decision can do so, and can track the progress of any dispute request and receive a decision in a timely manner. This includes ensuring MR processes are improved (to address issues like gatekeeping and delays), and digital options for requesting an MR on the UC online journal are explored.⁴⁰

100. Recommendations:

- Provide an option to 'Request a mandatory reconsideration' on the online account.

⁴⁰ CPAG, *You Reap what you code: Universal Credit, digitalisation and the rule of law*, 2023, pp147-157

- Either delay journal freezing for at least one month after claim closure to allow MR requests, or in conjunction with the creation of a function where MR requests can be made, allow claimants to use this functionality after a journal is frozen.
- Introduce limits on the amount of time the DWP can take to reconsider a decision, after which claimants can proceed directly to appeal.

Use of real-time information

101. 'Real-time information' (RTI) earnings figures are used by the DWP to calculate a claimant's award, but these will not always be correct. The process allowing claimants to dispute these figures is not working and needs to be improved. Claimants do not have a clear explanation of how to dispute the information and, when they attempt to do so, are often wrongly told HMRC has to change it. The DWP's refusal to comply with its duties here causes unnecessary delays for claimants experiencing hardship as a result of the error.
102. Most employed claimants have their earnings reported automatically to UC through HMRC's RTI system, following submissions made by their employers. The DWP must use the figure provided by the RTI feed when determining a claimant's employed earnings, except where: the DWP thinks the employer is unlikely to have reported earnings 'in a sufficiently accurate or timely manner'; the amount reported to HMRC by the employer is incorrect; or no information has been received from HMRC at all.
103. In these circumstances, the DWP has a duty to determine the amount of earned income received during the assessment period using evidence such as wage slips and bank statements. If claimants disagree with the figure used, they must ask the DWP to make a formal decision as to their earnings for the assessment period. This decision must be made within 14 days 'or as soon as practicable afterwards'. Claimants can then challenge this decision via MR and appeal.
104. In practice, if a claimant disagrees with the figure determined to be their employed earnings, a DWP agent raises an 'RTI dispute' to investigate the issue. Claimants can then challenge the outcome of these disputes if they still disagree. This process is not made clear to claimants and submissions to our Early Warning System suggest the DWP misunderstands and fails to comply with its legal duties in these situations. This creates inefficiency in the system and causes delays for claimants who, because of the RTI error, are often being underpaid.
105. Information on payment statements advises claimants to submit an MR if they disagree with their payment for that assessment period. It is not explained to claimants that if they disagree with the figure used for their employed income, they must first ask the DWP to make a formal decision or raise an RTI dispute. This is confusing for claimants who are being misinformed of the correct process for challenging employed earnings figures, fostering inefficiency and running the risk claimants apply for MRs pre-emptively, only to find their issue is not being resolved. Furthermore, claimants are not provided with decision letters following the outcome of RTI disputes that clearly outline their right to challenge that decision.
106. As well as failing to communicate the dispute process clearly to claimants, submissions to our Early Warning System suggest DWP officials are not always complying with their duty to determine a claimant's employed earnings using information other than RTI reports. We have seen instances where the DWP, having been presented with evidence that RTI figures are incorrect, informs a claimant it is unable to act independently of HMRC, or unable to use a different earnings figure until HMRC has updated its system.

A couple with two children had their UC wrongly reduced to almost nil over multiple months due to incorrect RTI information. HMRC acknowledged that the earnings reported were wrong and advised the claimant to ask UC to raise an RTI dispute. The claimant posted on his journal asking for this and submitted MR requests for the seven affected payment decisions. The claimant received a reply on his journal advising the DWP could not do anything until HMRC had amended its records. The adviser escalated this and cited the relevant legislation, asking the DWP to use its power to determine a claimant's earnings, instead of using RTI. The DWP replied stating the RTI investigation had concluded that the DWP couldn't take any action until HMRC changed its records. (EWS, January 2025)

A lone parent with three children had her UC payments repeatedly reduced for more than five months due to incorrect RTI reports. After raising an RTI dispute, the DWP agreed that the earnings reported for the first three months were incorrect and eventually paid the underpayment to the claimant. However, the RTI system continued to report incorrect earnings relating to the same company. When the claimant challenged this, a new RTI dispute was raised, and the claimant was told by the DWP that HMRC had been unable to contact the employer. No resolution was offered, despite the fact the claimant had uploaded proof of nil earnings, and it had already been acknowledged the claimant did not have employed earnings from this company. The claimant accrued substantial debt and rent arrears and the issue was only resolved after escalation by CPAG's legal team. (EWS, September 2025)

107. In these examples, officials are misstating the DWP's legal powers. It has the power and the duty to use information other than RTI reports to determine a claimant's employed earnings in specific circumstances. Incorrect RTI feed information often reduces the amount of UC a claimant receives, causing significant hardship. It is essential the DWP and its officials understand their duties in these situations and act accordingly without delay.

108. Recommendations:

- Automatically initiate an RTI dispute on a claimant's behalf if they have requested an MR prior to a decision being made.
- Ensure that decisions are made within the required 14 days.
- Explain the RTI dispute process to claimants through a linked guide on the payment statement if claimants think there is an issue with their reported earnings.
- Notify claimants of appeal rights in RTI dispute outcome decisions.
- Improve guidance and training so that decision makers comply with their duty to not use RTI information in specified situations, and to make a decision based on the evidence – including any provided by claimants about their earnings.

Failure to gather relevant information when a claim is made

109. The DWP has a legal duty to make enquiries and take reasonable steps to establish facts which could affect entitlement before making a decision.⁴¹ That makes sense – UC is a system where the DWP knows the rules and therefore what facts might be relevant. Claimants, on the other hand, will usually know their situation well but cannot be expected to know all the complicated rules surrounding entitlement so need help bringing the relevant aspects of their situation to the attention of the DWP.

110. However, the design and administration of UC do not always support compliance with this duty. This affects making decisions on initial UC claims and amending awards following a change of circumstances. Below, we give examples of situations in which DWP officials need to collect more

⁴¹ Kerr v Department for Social Development Northern Ireland [2004] UKHL 23, Secretary of State for Education and Science v Tameside MBC [1976] UKHL 6

information to determine entitlement, but systematically fail to do so, resulting in entitlement being calculated incorrectly. The result is that claimants are missing out on payments that they are entitled to, risking financial hardship. Many of the issues set out below disproportionately affect claimants with protected characteristics under the Equality Act 2010, including disabled people.

Backdating UC awards

111. In specific circumstances, awards of UC can be backdated by a month if a claimant could not reasonably be expected to have claimed earlier – eg, due to a disability or illness. The current UC claim form does not ask any questions that would help identify claimants who can have their UC award backdated. The onus is instead on claimants to request this.

112. In *SSWP v Miah [2024] EWCA Civ 186*, the Court of Appeal commented on the issue, stating:

'It is very unsatisfactory that the system for claiming UC does not offer claimants any opportunity to ask to have their claim backdated. I dare say, although we were given no figures, that the proportion of claimants entitled to backdating is quite small. But the absolute numbers will still be significant, and they are by definition people who could not reasonably have been expected to make their claim earlier and some of whom are specially vulnerable as a result of ill-health or disability; many will not have ready access to advice. Not all will have focused on the question of the date from which their entitlement will start; but even where they have, they may be unaware of, or uncertain about, the entitlement to backdate, and if the point is not raised as part of the online process they may well not pursue it. Even if they try to do so, the "Journal route" can hardly be described as obvious: inventive or well-advised claimants might take it, but it will certainly not occur to everyone.'

113. As far as we understand, the UC claim form still does not offer any opportunity to allow a claimant to ask to have their claim backdated and nor are those deciding claims asked to check whether the backdating conditions are met before making a decision.

Exemptions to the shared accommodation rate

114. The DWP should collect information in the UC claim form which would allow it to determine whether a claimant is exempt from the under-35 shared room rate for housing costs in UC (local housing allowance – LHA).

115. The general rule is that single claimants under 35 years old without children are only entitled to the lower shared accommodation rate of LHA rather than the higher one-bedroom rate when calculating the housing costs element of UC. However, there are several exceptions to this rule, including claimants with certain rates of disability benefits, care leavers between the ages of 18 and 25, and claimants who have lived in homeless accommodation for three months or more while receiving specific support. Despite these exemptions, claimants are not asked whether they meet any of these conditions during the UC claims process.⁴²

116. Instead, claimants must know about these specific exemptions within the UC rules, and raise their exemption with the DWP. This may happen where claimants are receiving welfare rights advice, but there will be many more claimants in these circumstances who are not accessing advice and will be unaware that they could be entitled to more support with housing costs.

Entitlement to an extra bedroom

117. The DWP should systematically collect information to allow it to determine whether a claimant in a household with a disabled person is entitled to an extra bedroom. To calculate the housing costs

⁴² Further gaps in the UC claim form questions and associated problems with the claim form design are explored in more detail in CPAG, [You Reap what you code: Universal Credit, digitalisation and the rule of law](#), 2023, pp36-42

element, claimants are determined to be allowed a certain number of rooms under the rules. The number of rooms allowed affects which LHA rate applies, or whether claimants have an underoccupancy deduction on their award. There are situations in which claimants are allowed an additional bedroom, many of which depend on a member of a claimant's household receiving a relevant disability benefit. However, if a claimant, or a member of their household, is awarded a relevant disability benefit and notifies UC of this, no enquiries are made as to whether a claimant is entitled to an extra bedroom following this award.

Amending awards

118. If claimants do self-identify as meeting any of the entitlement conditions in the examples above, they can face challenges getting awards amended. Our evidence shows that due to the lack of understanding of this duty within the DWP, UC awards are often only amended from when the claimant makes it known that they might meet the entitlement condition. If these circumstances applied when they first claimed UC (eg, they were a care leaver at the point of making a UC application), many of these claimants should have their original UC awards revised to correctly reflect their entitlement, rather than from the point they alert the DWP.
119. By their nature, these exemptions from the standard rules are designed to cater to those who might require different treatment (and in some cases the rules have been introduced because the courts have held it would be unlawfully discriminatory not to have them). Often, this is disabled claimants and carers. By failing to make the necessary enquiries, the DWP risks systematically discriminating against the groups of claimants it is intending to exempt from normal rules.
120. Recommendations:
- Amend the claims process to ensure all relevant questions for calculating entitlement are asked.
 - Ensure that where a claimant has a relevant change of circumstances all relevant enquiries are made to accurately determine entitlement.

Using information held across the DWP and devolved social security departments to calculate correct entitlement

121. The DWP should use information it holds to ensure initial awards are correct and that any new information, such as entitlement to a new benefit, is used to accurately amend UC awards from the correct effective date. This includes exploring automated solutions. Getting awards correct first time is not only fair for claimants, recognising that UC is a system based on entitlement, but relieves the administrative burden on the system and claimants by avoiding the disputes that claimants must pursue to get these entitlements added to their awards.
122. UC awards are higher if claimants also receive a 'relevant benefit' that entitles them to an additional element. This includes carer's allowance adding a carer element, and if a child in the household receives disability living allowance the household should also receive a disabled child element. Where claimants may be eligible for a higher award if they, or a family member, are entitled to a 'relevant benefit', the DWP should take account of information it already holds in order to spot this, and then amend awards from the appropriate date. Otherwise, claimants lose out unless they themselves notify the DWP, which would require them to:
- Know enough about the specifics of how UC works to know there are additional elements that may apply to their claim.
 - Know that they need to notify the DWP of 'relevant benefits' and this will not happen automatically, which is a reasonable assumption.

- Know how to raise this, possibly at the same time they are getting to grips with the UC system, or know the appropriate process to follow if they become eligible for a relevant benefit while already claiming UC – through the ‘report a change’ function.
- Be able to follow this process and find the time to do so when they may, for example, be caring for a disabled child.

123. The DWP should instead identify possible additional entitlement automatically using the information it holds. For example, if a claimant is receiving carer’s allowance, this information should be automatically made available at the time they claim UC (if already entitled) or when the claimant becomes entitled to carer’s allowance. It should then be used to ensure they have the carer element included in their award from the correct date. The DWP has managed to automatically reduce a claimant’s UC entitlement when they receive new-style employment and support allowance, so it should be able to use the same principles to increase their award.

Apply the rules on effective dates

124. In addition to exploring options for automation, the DWP must ensure it applies the UC rules on the correct dates, particularly where a relevant benefit is awarded, to ensure that claimants don’t miss out on elements of their UC award.

125. Submissions to our Early Warning System suggest awards are generally only amended starting from the point claimants notify the DWP of a change, and that the failure to amend from the correct date and pay arrears is systematic. When asking for arrears, claimants are often asked to provide reasons why they notified the DWP of the change late.

A lone mother caring for her disabled daughter is having difficulties getting her correct UC entitlement. When the claimant’s daughter was awarded disability living allowance, she informed UC of this. The carer element was added to her award, and, for some reason, the disabled child addition was added four assessment periods later. An adviser picked up on this and asked the DWP to instead add both elements from when entitlement to disability living allowance started, in line with legislation. In response, the DWP asked the claimant to explain why she was reporting this change ‘late’. The adviser reached out to CPAG for advice on giving reasons for lateness. (EWS, January 2026)

A lone mother with four children in Scotland sought help from an adviser to challenge her daughter’s child disability payment (CDP) decision after she was only awarded the lowest rate of the care component. The daughter was eventually awarded the highest rate care component after a revision. While assisting with this process, the adviser noticed significant underpayments on the claimant’s UC award going back over two years. The claimant had the lower disabled child addition included in her award but only from when she’d informed UC of the initial CDP award, not from when entitlement to CDP began. Similarly, the higher rate disabled child addition, which the claimant became entitled to once the CDP award was revised, had only been included from when the new decision on the CDP award was made. The carer element had also been included from a later date. Due to this, the benefit cap had continued to be applied for a period when the claimant should have been exempt as the carer of a disabled child. Despite highlighting the relevant legislation governing when UC awards should be changed following the award of a relevant benefit, the claimant continued to be asked why she had reported these changes ‘late’ and the issues were not resolved until appeal. (EWS, April 2025)

126. If awards are eventually corrected, claimants can be issued decision letters that use misleading language around ‘late changes’ and misrepresent the legal basis for the decision. One such example sent to the Early Warning System read: ‘The decision maker has reviewed the reasons for delay in notifying us of the change. On this occasion, it has been decided that special circumstances

apply and your Universal Credit will be adjusted from the date of change.' The letter finished with a warning to the claimant of the potential consequences of reporting changes late, including prosecution.

127. As discussed above, when a claimant, or a member of their household, is awarded a relevant benefit (such as carer's allowance or disability living allowance), they are often entitled to more UC. This can be by way of additional elements (such as carer element) or increases in existing ones (such as disabled child element), or because they now meet an exemption to the benefit cap. It is therefore essential that UC awards are amended from the correct date. The UC digital system as it is currently designed does not support this to happen.
128. Claimants awarded a relevant benefit must use the 'report a change of circumstances' function on their journal to notify the DWP of this. At present, the UC system only appears able to process a change as either reported 'on time' or 'late'. However, the rules around late changes of circumstances do not apply if the change is an award of a relevant benefit. Under the rules, if entitlement to the relevant benefit begins prior to the UC entitlement, the original UC award must be revised. If entitlement begins after UC entitlement, the UC award must be superseded from the beginning of the assessment period in which entitlement to the relevant benefit began. This is the case regardless of when the claimant notifies the DWP.
129. Failure to accommodate changes of circumstances relating to an award of a relevant benefit within the UC system is systematically leaving carers and families with disabled children without support they need. The DWP must build this process into its systems design and ensure decision letters to claimants accurately reflect the legal basis for such decisions.
130. Recommendations:
- Automatically apply entitlement to additional elements based on information the DWP already holds on relevant benefits.
 - Work with Social Security Scotland and NI Direct to ensure equivalent information is shared in relation to devolved benefits.
 - Create new internal agent to-dos for when claimants notify of a new or increased award of a 'relevant benefit', instead of using the inappropriately named 'late notification of a change in circumstances' to-dos.
 - Create new guidance around effective dates and improve training for staff around this issue.
 - Conduct a legal entitlements and administrative practices (LEAP)⁴³ exercise to identify underpaid claimants (eg, UC claimants who have been in receipt of child disability living allowance but not the disabled child element of UC). The DWP should correct these claimants' ongoing UC awards and pay arrears as appropriate.

Passporting: auto-enrolment

131. The extension of free school meals entitlement in England to all children in families claiming UC presents an opportunity for the DWP to use the information it holds to maximise income for families in need. The DWP should work with the Department for Education to implement a national auto-enrolment scheme for free school meals. This would be hugely beneficial to families on low incomes, ensuring no child misses out.

⁴³ 'LEAP Exercises' are the process under which officials (1) consider whether mistakes that affect a class of claimants should be corrected and then (2) if they decide they should, undertake that process. The same principles have been applied since 1979 and are set out [here](#).

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132. Auto-enrolment would remove issues around take-up rates and be more efficient for schools, local authorities, and national government – living up to a founding principle of UC as a unifying benefit.
133. A similar scheme of auto-enrolment could be applied to the Healthy Start scheme for families in England, Wales and Northern Ireland. Although the DWP would not be able to automatically identify claimants who were more than 10 weeks pregnant, it could auto-enrol any household with at least one child under four years old. Similarly, Sure Start maternity grants could be automatically granted to families once the DWP is notified of the birth of a child if the household has not already applied for the grant in the 11 weeks prior to the baby's due date.
134. Additionally, the DWP could support utility companies to ensure they identify customers who may be eligible for social tariffs and offer them support. This may include exploring appropriate information sharing.
135. Recommendations:
- Use the information the DWP and other departments hold to ensure families receive all the support they are entitled to through auto-enrolment, including:
 - Free school meals
 - Healthy Start
 - Sure Start maternity grants
 - Work with devolved governments to ensure they have the necessary data to allow auto-enrolment of any devolved support.
 - Work with utility companies to encourage them to identify customers who are eligible for social tariffs.

Digital exclusion

136. The digital-first design of UC has many benefits for claimants and the DWP. However, it can be detrimental to people without the digital skills or access to make a claim or manage an award. Ensuring adequate support for these claimants remains vital. The 'help to claim scheme' delivered by Citizens Advice offers some support to people lacking digital access or skills to make an initial UC claim, but there is limited provision to support claimants on an ongoing basis to manage their claims. The welfare rights sector has also been subject to severe funding cuts over the past 15 years following changes to legal aid and cuts to local authority budgets. The lack of available face-to-face support is a problem for vulnerable UC claimants, particularly those who are digitally excluded.
137. Some evidence suggests that those with 'telephone claims' experience a second-class service from the DWP. For example, our Early Warning System has received reports of claimants not being sent decision notices by post (meaning they have no access to vital information about their entitlement). A digital-first approach creates significant efficiencies, but the DWP must ensure claimants without digital skills or access aren't left behind.
138. Recommendations:
- Increase funding for independent welfare rights advice, so that claimants can access specialist support to make and manage UC claims.
 - Increase access to computers at Jobcentres.
 - Reduce telephone waiting times.
 - Improve and expand access to home visit services.

Moving to a model of transparency

139. The ongoing administration and development of UC requires effective collaboration with stakeholders. While CPAG is grateful for the existing opportunities to provide input, more efficient engagement is hindered by the lack of information available regarding the digital design and limitations of the UC system. This makes it difficult to understand the mechanisms underpinning UC processes and the feasibility of any proposed changes.
140. The UC system makes extensive use of digital technology both in terms of how, by default, claimants are expected to interact with the system and in terms of the automation of many aspects of claim and award processing and calculation.
141. However, the details of how this system works ‘underneath the hood’ are not routinely shared with stakeholders outside of the DWP. This makes it difficult for stakeholders to meaningfully contribute by suggesting realistic and achievable improvements to UC. It can be difficult or impossible to interrogate whether routine errors encountered by claimants and their advisers stem from an automated process or manual clerical issues. Where issues arise from clerical administration, stakeholders struggle to understand what barriers might exist to finding an automation solution. Similarly, where it is possible to identify issues arising from automation, it isn’t always possible to understand if proposed solutions will work without greater transparency on the technical capabilities of the system.
142. These difficulties have at times been exacerbated by limited or misleading statements by the DWP about what is possible in terms of changes to the UC system. It is not always clear what is simply impossible for the system to do and what is not a current priority for development – with a significant grey area in between based on how much development time a change may need. For example, witnesses for the secretary of state for work and pensions in *Johnson and Others v SSWP* [2020] EWCA Civ 778 described the task involved in providing an automated fix for the ‘non working day salary shift’ issue which arose in that case as prohibitively expensive. And yet such a fix now exists.
143. As an indication of this problem, in providing this response to the review of UC, CPAG has at times had to state that we believe a situation is systematic or caused by a feature of the digital design based on frequent reports of the same problem. If information about the design was transparently shared it is quite likely that we could make observations and recommendations more quickly and easily, possibly before claimants experience issues that are subsequently reported to us.
144. The DWP needs to move towards a model of transparency, making information on the system’s design publicly available and being clear in its statements about the feasibility of design changes. This will enable the welfare rights sector to provide more helpful suggestions for improvements based on a greater understanding of how it works, and what the IT issues and limitations are.
145. Recommendations:
- Make information on the system’s design publicly available, including making the source code for UC available, as is required by the Government Digital Service’s service standards.
 - Publish the guidance and training for officials on DWP digital systems, to enable external stakeholders to understand more about how the digital system is applied in practice.

Advice provision

146. A common theme which arises throughout this report is the importance of advice to help claimants navigate the system, especially if they encounter any issues. Unfortunately, the advice sector remains significantly underfunded and legal aid is restricted to the Upper Tribunal or higher

courts.⁴⁴ This hinders many claimants' ability to access their entitlement, especially where complex issues arise or claimants need additional support.

147. Recommendation:

- Increase funding for independent welfare rights advice, so that claimants can access specialist support to make and manage UC claims.

Conclusion

148. UC will soon reach an important milestone: fully replacing the legacy benefit system 13 years after it was first introduced. UC now forms the central pillar of our social security system and is the main form of means-tested financial support for individuals and families in the UK. 6.5 million children are living in households claiming UC, and improving this system should be a key priority for this government as they look to bring down child poverty levels as part of the cross-government child poverty strategy.

149. The UC review is a welcome opportunity to take stock and assess how well UC is working as a whole and in specific circumstances. Many aspects of UC's design work well for many, but claimants' lives are diverse and complex and many others fall foul of aspects of the system that have not been built well enough to accommodate their needs. 'Test and learn' has been integral to UC's delivery but many of the problems claimants face have been apparent for a long time. The UC review represents an opportunity to truly get to grips with these issues and find solutions that smooth out some of the hard edges of the system.

150. The adequacy of the financial support UC provides remains the most fundamental criteria for its success as a social security safety net – despite being out of the scope of the review. Unfortunately, since its outset the levels of allowances under UC have never been enough to meet the living costs that families face, with cuts, freezes and rises in the cost of living compounding this further for families. Properly linking benefit levels to need, something that has never been done in the UK, must sit alongside plans to improve the UC system as part of this review.

151. A number of the issues with UC outlined in this report are longstanding ones that have been present from its inception and relate to its design, particularly the monthly assessment period and associated five-week wait. Resolving the negative impacts of these design features should be a priority. Other problems arise because the system doesn't work well for claimants whose circumstances are less straightforward. This creates hard edges that can mean claimants lose out if their circumstances do not conform to what the system expects. Claimants who are paid at non-monthly intervals or who only carry out a small amount of self-employed work can fall foul of rigid rules. These problems need resolving. They may not be the most common experiences but in a system where over six million households are claiming they can still affect many people.

152. Increasing transparency for claimants in the system is a key priority. This includes redesigning aspects of the system and ways of working. And redesigning communications to ensure claimants can understand and exercise their rights, particularly regarding disputes. Adding functionality to the digital system to make requesting MRs an inbuilt process rather than something that has to be logged on the journal is an important step towards this. This will help support a cultural shift away from gatekeeping towards seeing handling such requests as an important part of respecting claimants' rights and meeting legal obligations.

⁴⁴ With the exception of the limited offer through the [Housing Loss Prevention Advice Service](#).

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153. Enabling employment is at the heart of the purpose of UC and of the DWP itself, but UC could be more effective at this. More can be done to remove barriers to work for parents, including taking a whole-system approach to childcare which accounts for the complex juggling parents are doing between looking after their children and paid work. Further investment is required to create a system that frees parents up to take up employment around their childcare needs. UC has eased some of the cliff edges in the legacy system that acted as barriers to labour market participation, but the taper rate can still act as a barrier to second earners who face little financial reward for returning to work or working more. A second earner work allowance could be significant in terms of encouraging more parents into work.
154. One of the main enduring challenges within the DWP is how to genuinely support people into work. DWP work coaches are meant to support people with their employment opportunities – understanding peoples’ needs and providing careers advice and training. This requires a major shift away from administering claims and conditionality requirements to becoming coaches. For parents, it requires coaches to understand their needs and the challenges they face – tailored support delivered by experts.
155. Many of these changes must be underpinned by the development of a culture that understands claimants, and one which promotes their rights and potential. This requires a shift from an administrative approach which appears and often is adversarial, to one which builds trust and relationships with the people the department is trying to support. Many work coaches may already treat their claimants with the dignity and respect they deserve but sadly this is not a universal experience. And it is not an approach that is fostered through aspects of the design of conditionality, including sanctions. A shift in culture must reach all claimants through training work coaches, decision makers and staff, with all claimants receiving universally good service regardless of who they interact with.
156. By creating a culture that is motivated by wanting to do the best for claimants and safeguard their wellbeing, there will be an impetus for further improvements. We need a culture that looks to identify solutions by starting from what claimants need not what the system looks like. This can also be supported by a move towards further transparency about what is technically achievable, how the system works, and where development is difficult or time-consuming. A more open approach will also lead to a more collaborative way of working with external stakeholders, tapping into their significant expertise and trusted relationships with claimants.

Summary recommendations

1. Tackling poverty and helping people manage their money

Adequacy:

- Ensure that benefits (and associated thresholds) rise as a minimum by the higher of inflation and earnings growth each year.
- Increase the child element of UC.
- Abolish the benefit cap.
- Abolish the under-25 rate of UC so that there is a single standard allowance for all eligible ages.

Five-week wait:

- Find a solution to the five-week wait for new claimants, such as:
 - Making advance payments non-repayable grants – the simplest option to implement without potential complications for both the DWP and claimants.
 - Backdating the start of the initial assessment period to the day after the last income a claimant received (mirroring the world of work by maintaining a rhythm of income without a gap), or at least backdating by a month using earnings reported to HMRC.
 - Using projected earnings to calculate an initial payment that could be provided to new claimants (using previous earnings reported to HMRC).

Alternative payment arrangements:

- Enable claimants to choose an alternative payment option rather than requiring exceptional circumstances, including payments directly to landlords, more frequent payments and split payments.

2. Making work pay and improving work incentives

Recommendations for UC:

- Roll out a mechanism to pay upfront childcare costs as soon as possible.
- Build a mechanism into the UC system to pay upfront childcare costs directly to providers if requested by parents.
- Cover 100 per cent of childcare costs under UC.
- Extend childcare entitlement to parents preparing for work by undertaking education or training.

Recommendations for the forthcoming childcare review:

- Prevent eligibility for various childcare entitlements from being a hard cliff-edge for parents who move in or out of work, by allowing three-month run-ons.
- Ensure that childcare mirrors the world of work so that parents can afford it throughout the year by funding free hours for at least 47 weeks a year.
- Make eligibility for free childcare for working parents based on the date from which a household meets the criteria, instead of being tied to arbitrary term dates.

Second earners and single parents:

- Introduce a second earner work allowance.
- Increase the work allowance for single parents.

Employment support:

- Introduce dedicated parental employment support workers or work coaches, who can offer specialist advice and provide financial support to train and gain qualifications, and to facilitate work search and preparation for self-employment.
- Support employers to provide employment opportunities suitable for parents with childcare responsibilities (eg, part-time, term-time, flexible working), and to develop into-work schemes for parents.

Flexible support fund:

- Expand the flexible support fund, through increased funding and widened eligibility, so it can be used more comprehensively by work coaches as a tool to support people into work and remove employment barriers.
- Promote awareness of the flexible support fund and what it can be used for among claimants and work coaches, to ensure it reaches more people in need of support.

Conditionality and sanctions:

- Conduct a review of conditionality in UC to assess which claimants end up in which work requirement group and identify types of claimants who are disadvantaged or other shortfalls with the strict conditionality regime to inform the development of a new model.
- Stop the use of sanctions, or at least substantially reduce their use.
- Specifically look at how to reform claimant commitments so that they adequately take into account parents' full circumstances and act as a proportionate agreement between claimant and work coach.

Monthly assessment periods:

- Review the monthly assessment period and adopt mitigations such as:
 - Tailoring the length of assessment periods to match the frequency at which claimants are paid. Claimants who are paid weekly, fortnightly or four-weekly could all have a four-week long assessment period.
 - Making monthly awards provisional and rectifying any discrepancies that have arisen due to differences in assessment period and pay frequency over a longer period – ie, every three months, six months or yearly.

Self-employment:

- Scrap the minimum income floor (MIF).
- In the absence of fully scrapping the MIF there are some mitigations that could help:
 - Ensure that work coaches take a more considered approach to 'gainful self-employment' and don't apply the MIF in cases where self-employment is currently a claimant's main source of income due to lack of alternative income/employment, but where self-employed income cannot be increased. Claimants who are only minimally self-employed and do not intend to increase this should be treated as outside the self-employment regulations and have work-related requirements applied as normal, taking account of unavailability for the length of time needed for self-employment (eg, reducing work-search requirements to four days a week for a claimant who is doing self-employed work for one day a week).
 - Tailor the MIF to allow for 'part-time self-employment' where the MIF is set at a rate based on fewer hours of self-employed working (eg, applying a MIF that equates to 15 hours of work rather than full-time work). This will support workers for whom self-employment will only ever form part of their earned income.
 - Taper the application of the MIF so that a hard cliff-edge isn't applied after one year.
 - Allow discretionary extensions to the 12-month start up period where claimants can prove growth but have not yet achieved financial sustainability.

- Allow self-employed people to choose a three-month assessment period with monthly interim payments to make UC fairer when self-employed income does not follow a monthly rhythm.
- Improve self-employment support and make it more widely available to UC claimants.

3. Maximising UC's potential and impact on customers

Communication of dispute rights:

- Provide a single place within the UC online account where decisions affecting entitlement are gathered by date order.
- Rewrite decision notices to:
 - Ensure they are accurate and provide reasons for a decision which explain their basis.
 - Contain more accurate details about claimants' appeal rights, including the possibility of a late request for revision.
- Rewrite payment statements so that they provide a summary of the award, plus a more detailed account of each element including any exceptions or exemptions that apply.

Use of incorrect terminology leading to confusion about rights and procedures:

- DWP training materials, operational instructions and communications to claimants should be updated so that they use the correct statutory terminology to describe different decision-making processes within UC.

Disputes processes:

- Provide an option to 'Request a mandatory reconsideration' on the online account.
- Either delay journal freezing for at least one month after claim closure to allow MR requests, or in conjunction with the creation of a function where MR requests can be made, allow claimants to use this functionality after a journal is frozen.
- Introduce limits on the amount of time the DWP can take to reconsider a decision, after which claimants can proceed directly to appeal.

Real Time Information (RTI) disputes:

- Automatically initiate an RTI dispute on a claimant's behalf if they have requested an MR prior to a decision being made.
- Ensure that decisions are made within the required 14 days.
- Explain the RTI dispute process to claimants through a linked guide on the payment statement if claimants think there is an issue with their reported earnings.
- Notify claimants of appeal rights in RTI dispute outcome decisions.
- Improve guidance and training so that decision makers comply with their duty to not use RTI information in specified situations, and to make a decision based on the evidence – including any provided by claimants about their earnings.

Duty of inquiry and using DWP-held information:

- Amend the claims process to ensure all relevant questions for calculating entitlement are asked.
- Ensure that where a claimant has a relevant change of circumstances all relevant enquiries are made to accurately determine entitlement.
- Automatically apply entitlement to additional elements based on information the DWP already holds on relevant benefits.
- Work with Social Security Scotland and NI Direct to ensure equivalent information is shared in relation to devolved benefits.

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- Create new internal agent to-dos for when claimants notify of a new or increased award of a 'relevant benefit', instead of using the inappropriately named 'late notification of a change in circumstances' to-dos.
 - Create new guidance around effective dates and improve training for staff around this issue.
 - Conduct a legal entitlements and administrative practices (LEAP) exercise to identify underpaid claimants (eg, UC claimants who have been in receipt of child disability living allowance but not the disabled child element of UC). The DWP should correct these claimants' ongoing UC awards and pay arrears as appropriate.

Passporting: auto-enrolment:

- Use the information the DWP and other departments hold to ensure families receive all the support they are entitled to through auto-enrolment, including:
 - Free school meals
 - Healthy Start
 - Sure Start maternity grants.
- Work with devolved governments to ensure they have the necessary data to allow auto-enrolment of any devolved support.
- Work with utility companies to encourage them to identify customers who are eligible for social tariffs.

Digital exclusion:

- Increase funding for independent welfare rights advice, so that claimants can access specialist support to make and manage UC claims.
- Increase access to computers at Jobcentres.
- Reduce telephone waiting times.
- Improve and expand access to home visit services.

Moving to a model of transparency:

- Make information on the system's design publicly available, including making the source code for UC available, as is required by the Government Digital Service's service standards.
- Publish the guidance and training for officials on DWP digital systems, to enable external stakeholders to understand more about how the digital system is applied in practice.

Advice provision:

- Increase funding for independent welfare rights advice, so that claimants can access specialist support to make and manage UC claims.

About CPAG

Child Poverty Action Group works on behalf of the more than one in four children in the UK growing up in poverty. It doesn't have to be like this. We use our understanding of what causes poverty and the impact it has on children's lives to campaign for policies that will prevent and solve poverty – for good. We provide training, advice and information to make sure hard-up families get the financial support they need. We also carry out high profile legal work to establish and protect families' rights. CPAG is a registered charity in England and Wales (294841) and Scotland (SC039339). cpag.org.uk