Kate Summers   David Young   October 1st, 2024

The perils of Universal Credit's simplicity

One key rationale behind the design of Universal Credit is administrative simplicity. But that apparent simplicity ends up concealing the complexity of people's different lives and circumstances, resulting in claimants of Universal Credit having to navigate and manage that complexity themselves. As the Labour Government embarks on reforms to welfare with their Back to Work Plan, it should acknowledge the complexity of people's different situations and help the system manage it, argue **Kate Summers** *and* **David Young**.

The new Labour Government is going full steam ahead with announcements around its Back to Work Plan. We are yet to see, however, how and when plans to review Universal Credit (UC) will be announced. Commentators have rightly emphasised some key considerations when reviewing UC: particularly, adequacy of payments, the role of assessments and the role of conditionality. One of the key underpinning principles of UC is administrative simplicity, whereby the processes of administering the benefit are simplified to create a more straightforward system that should be easier to navigate for claimants.

> ## *Aiming for simplicity runs the risk of not acknowledging the inherent complexity of some claimants' lives and circumstances.*

The risk (as we have discussed previously), is that this focus on simplicity can mask or shift complexity within the system and within the lives of claimants. For example, Universal Credit serves a very diverse group of claimants, some of whom have, for example, complex needs, disabilities or caring responsibilities. Financial circumstances of any claimant might change, affecting entitlement in multiple, perhaps unclear, ways. Aiming for simplicity runs the risk of not acknowledging the inherent complexity of some claimants' lives and circumstances. In turn, such a system risks passing on the responsibility for complexity to claimants, which can be very burdensome. We want to highlight a key consideration when thinking about directions of reform for UC: *where* is complexity within the system and *who* is responsible for managing it?

Simplicity and policy design

There is a common-sense appeal in simplifying policy. Indeed, what could be wrong with more simple policy? For benefits policy, this should mean that it is more straightforward to administer, to claim, is more efficient, and so on. Simplicity has been a central tenet underpinning Universal Credit, with many of the design decisions explained in terms of providing further simplification.

However, as we have argued before, striving towards simplicity can displace responsibility for complexity onto the shoulders of claimants. A benefit like Universal Credit is serving a heterogeneous, large, claimant group, who have vastly different circumstances and needs. Masking those different and complex circumstances under the banner of simplicity can sometimes lead to negative unintended consequences.

It is useful to think of complexity from two angles. One is from an administrative perspective: that is the processes involved in administering and delivering social security benefits. The other is in terms of claimants' lives: including household make-up, money management roles and decisions, changes to personal circumstances over time including emergencies. These spheres of course interact, for example, the delivery of social security benefits is contingent on various claimant household characteristics (including the amount you get, and then who the money is paid to). Claimants' lives are also (often inevitable) sites of complexity. Meeting the needs of claimants is therefore also inherently complex and despite the administrative simplicity of UC, there will remain some corresponding administrative complexity.

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Masking or displacing complexity

The main risk of centering simplicity as a policy goal or rationale is that it can mask or shift complexity within the social security system. Social security benefits are paid to different people, for different reasons. In law, a set amount is prescribed for ill health or dependent children for example. The amount that one receives depends on navigating a work capability assessment for ill-health and disability. For households with children, there are a series of eligibility rules depending on age of child, disability and health status of children, number of children in the household, and childcare support. Universal Credit is presented as a simple, single monthly payment per household, but that masks a series of complex interacting eligibility rules around the payment amount. Further, there is evidence that *who* the payments are made to can influence who within the household controls, organises and spends that money. Claimants also have to request and initiate "alternative payment arrangements" if a single monthly payment is incompatible with their budgetary and household management practices.

One of the main approaches to simplifying UC involves overhauling the "front end" of social security administration (often hand in hand with policy as digital-by-default and shifts to online administration), with a focus on the "user facing" components being more parsimonious. Complexity is shifted to the "back room", with some of the administrative processes and entitlement calculations and decisions moved out-of-sight of the claimant-facing parts of UC. There are positives to take from moving unnecessary administrative processes away from claimants, for example simplifying claiming processes by only asking relevant questions, but again, it is worth noting that masking complexity can lead to challenges with transparency and understanding among claimants. Access to, and understanding of, the rationale behind assessment decisions, or award amounts, become more limited, and claimants can find themselves with additional administrative burdens when trying to access or challenge such information.

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Concessions to complexity

Over the life course of Universal Credit, we have seen reforms, tweaks and refinements to the benefit. Many of the changes made to Universal Credit can be thought of as concessions to, or acknowledgements of, the inherent complexities of the system, where the simple overarching design has to be adapted and added to. Early on, we saw exceptions made to payment arrangements, whereby claimants with different household circumstances could, for example, request more frequent payments or direct rent payments to their landlord to support budgeting. There were also benefits that remained outside UC such as Council Tax Support and contributory Job Seekers Allowance and Employment and Support Allowance because of the complexity of integrating entitlements and processes.

Complexity and responsibility

One of the main risks of pursuing simplicity as a broad policy aim is that complexity is masked or shifted, and the related *responsibility* for managing that complexity is placed with claimants in a way that policymakers had not accounted for. As we set out in previous work, existing money management and coping strategies are upset or challenged as claimants react to and mitigate against some of UC's design features. For example, some claimants adapting to budget differently with a monthly lump sum UC payment when they were previously reliant on weekly or fortnightly payments.

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The administrative change to "digital by default" in the UC system has meant that less straightforward issues that cannot be solved using the online portal system must be chased up by claimants, usually through long winded telephone contact. Moves towards simplifying Universal Credit have created structural issues whereby claimants are tasked with responding to, and managing related complexities in ways that are not "seen" by the formal workings of the policy. While the system may work well for large numbers of claimants, some find themselves increasingly responsible for managing complexity.

As a new government sets out its social security policy vision, this is a crucial time to ensure future reforms of UC are guided by clear principles. Simplicity has dominated the design and delivery of UC since it was first legislated for more than a decade ago. However, complexity and responsibly for complexity are crucial considerations for those administering an effective social security benefits system. Too often simplicity merely shifts or displaces complexity to other parts of the system, including onto the shoulders of claimants. A first next step in any review of Universal Credit is to map sites of complexity from both an *administrative* and a *claimant* perspective in the system, decide how this complexity is recognised, and who is responsible for managing it.

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