

**Qualitative research to explore the information
needs of tax credits customers during their
transition out of the tax credits system**

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Glossary

BACs	Bankers' Automated Clearing Services (a system for the electronic processing of financial transactions)
CAB	Citizens Advice Bureau
CCE	Childcare Element of Working Tax Credit
CTC	Child Tax Credit
DWP	Department for Work and Pensions
ESL	English spoken as a second or other language
Giro	Girocheque (a system for paying benefits to claimants by cheque processed by the Post Office)
HMRC	Her Majesty's Revenue and Customs
JCP	Jobcentre Plus
SEG	Socio-economic group
TCO	Tax Credits Office
WTC	Working Tax Credit

Summary of findings

EXECUTIVE SUMMARY

- (i) Between 2013 and 2017 all tax credits customers will gradually move from the tax credits system to Universal Credit via one of three distinct transition pathways. After a small literature review, Ipsos MORI conducted 55 face-to-face in-depth interviews with tax credits customers, each focussing on one of these pathways, then a further eight follow-up depths. Additionally, six depth interviews were conducted with those working for organisations that support tax credits customers. These aimed to explore awareness of Universal Credit, identify the information needs of tax credits customers before and during their transition and establish the implications for claim management behaviours.
- (ii) Customers' information needs were influenced by: length of time in the tax credits system; size of claim; working status; and age. These last two factors also influenced media consumption and confidence in being able to find relevant information.
- (iii) Customers typically felt that tax credits are earned. While long-term tax credits claimants understood the tax credits system better and were best equipped to cope with the transition, they were the most resistant to any changes in their claim management.
- (iv) While most were confused by the name 'Universal Credit', participants were positive about the principles underpinning the reforms and accepted the move to online claim management. While those who were working were generally happy to receive a single monthly payment, this was seen as problematic by those who claimed multiple benefits, something that was compounded by a general concern that there would be a delay in payments.
- (v) Those who had experience of dealing with DWP generally had a negative attitude towards the Department stemming from poor experience with Jobcentre Plus.
- (vi) Participants were very consistent regarding the information they wanted ahead of and during their transition to Universal Credit. Firstly, they suggested there should be an awareness raising stage, involving a national television and radio campaign. Following this, information should be provided via existing mail outs detailing how tax credits customers will be affected. Finally, tailored guidance should be sent at the point of transition detailing what actions customers need to take.
- (vii) Most participants, citing concerns about overpayments, suggested they would continue to manage their claim responsibly until they had moved over to the new system. However, participants from third party organisations thought otherwise, particularly if customers learnt they would be worse off under Universal Credit.
- (viii) Participants were unaware they would need to finalise their tax credit claim and were concerned about what would happen to outstanding overpayments. After transition though, participants suggested they would only call the tax credits helpline if they did not get the service they expected from DWP.

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1 INTRODUCTION AND BACKGROUND

CHAPTER SUMMARY

- (i) Tax credits, comprising of Child Tax Credit (CTC) and Working Tax Credit (WTC), provide a system of support to help families, tackle child poverty and make work pay. In April 2011, 5.8 million families which included some 9.3 million children, were either claiming tax credits or were receiving the equivalent child support through benefits.
- (ii) Between 2013 and 2017 all tax credits customers will gradually move from the tax credits system to Universal Credit. The point at which an individual customer moves will depend on whether or not they make a new claim or report a significant change of circumstances during this period or are part of the managed migration process.
- (iii) The principle aims of the research were to:
 - Explore current awareness of Universal Credit, attitudes towards specific aspects of the system and how customers think they may be affected.
 - Identify the information needs of tax credits customers before and during their transition from the tax credits to Universal Credit system, including their preferences around timing, level of detail, messenger and channel.
 - Establish the possible implications which this change may have on tax credits claim management while customers remain in the system.
- (iv) Following a small literature review, Ipsos MORI conducted 55 face-to-face in-depth interviews with tax credits customers split between three research groups, each focussing on a distinct transition pathway. Eight of these participants also took part in a follow-up interview to explore the issues further. Additionally, six depth interviews were conducted with those working for organisations that support tax credits customers.
- (v) Participants were generally unaware of Universal Credit prior to being interviewed and the information provided to them during the interviews was limited to specific aspects of delivery. This did not include discussions around entitlement. This means that participants' attitudes towards Universal Credit expressed in this report should not be viewed as evidence of their attitudes towards the system as a whole.

1.1 INTRODUCTION

This report contains findings from qualitative research among the tax credits customer population. The research was undertaken by Ipsos MORI Social Research Institute on behalf of HM Revenue & Customs (HMRC). In this introductory section we set out:

- The context and background of the research;
- The research objectives;
- The methodology;
- The sampling and recruitment;

- The interviews and research materials; and,
- How the findings are presented.

1.2 RESEARCH CONTEXT AND BACKGROUND

1.2.1 TAX CREDITS

Tax credits, comprising Child Tax Credit (CTC) and Working Tax Credit (WTC), were introduced in April 2003 and aimed to provide a system of support for families, an incentive for people to work and a means of tackling child poverty.

Child Tax Credit (CTC) can be claimed by families who have children under 16 or 16-19 year olds who are in full-time education or training. Families can claim CTC whether or not the adults in the household are in-work and the support is paid directly to the main carer in the household. Working Tax Credit (WTC) supports those who are in-work and have a low income and can be claimed by both those with and those without children. WTC includes a childcare element (CCE) which provides help with childcare costs for parents who are working. Other elements include the disabled worker element¹, a severe disability element for those with more severe forms of disability and the 50 plus element².

In April 2011, 5.8 million families, which included some 9.3 million children, were either claiming tax credit or were receiving the equivalent child support through benefits³. These families comprised 5.2 million families with children, receiving CTC (or equivalent support through benefits) and 0.6 million families in work without children, receiving only WTC. Amongst those claiming both CTC and WTC, 455,000 families were benefiting from the childcare element of WTC.

1.2.2 MIGRATION TO UNIVERSAL CREDIT

Universal Credit aims to **streamline the benefits system** by replacing a number of working age benefits⁴ and tax credits with one combined payment, run by a **single delivery system within the Department for Work and Pensions**. A White Paper⁵ published in November 2010 set out the detail of these proposals.

The White Paper explains that the transition from the current benefits system to Universal Credit will take place over four years, beginning in 2013. All existing tax credits claims (for working age claimants) will gradually move to Universal Credit, starting from October 2013 and ending in 2017. New claims for non-working benefits will also begin in October 2013 and from April 2014, all new tax credit claims will instead be for Universal

¹ The disabled worker element provides additional support for people who work at least 16 hours a week and have a disability which puts them at a disadvantage of getting a job.

² The 50 plus element applies, subject to certain conditions, to those who are aged 50 or over on the date they return to work. The 50 plus element is payable for 12 months.

³ HM Revenue and Customs (2012) *Child and Working Tax Credits Statistics*

⁴ Universal Credit will replace: Income-based Jobseeker's Allowance, Income-based Employment Support Allowance, Income Support, Child Tax Credits, Working Tax Credits and Housing Benefit.

⁵ Department for Work and Pensions (2010) *Universal Credit: Welfare that works*.

Credit, apart from those who are of qualifying age for Pension Credit, who will still be able to claim tax credits post April 2014.

It is proposed that there will be **three main ways that people will move** onto Universal Credit⁶:

- **New Claims** – These claims will be received from households who would otherwise have claimed tax credits, or existing tax credits customers who are required to make a new claim (for example, when moving from a joint to single claim). For non-working tax credits claimants, for example those applying for Jobseeker's Allowance, this will begin in October 2013 and by April 2014, all new claims will be for Universal Credit.
- **Natural Changes** – These claims to Universal Credit will occur when existing tax credits customers undergo a significant change of circumstance, for example finding a job or the birth of a first child. As Universal Credit is a household benefit, this would also trigger the closure of any old entitlements for others in the household.
- **Managed Changes** – Managed changes will occur where there has been no reported change of circumstances by tax credits customers and DWP initiates the transfer of an entire household from tax credits (and other existing benefits) to one Universal Credit entitlement. It is currently planned that this will begin at the end of 2015.

1.3 RESEARCH OBJECTIVES

The principle aims of the research were to:

- Explore current awareness of Universal Credit, attitudes towards specific aspects of the system and how customers think they may be affected.
- Identify the information needs of tax credits customers before and during their transition from the tax credits to Universal Credit system, including their preferences around timing, level of detail, messenger and channel.
- Establish the possible implications which this change may have on tax credits claim management while customers remain in the system.

Specific research questions were to explore:

- How aware are tax credits customers of Universal Credit?
- What are tax credits customers' perceptions of the Universal Credit delivery system and how do they think their transition into it will affect them?
- What information is needed by tax credits customers in order to support their transition to Universal Credit and minimise confusion?
- When do tax credits customers need to receive information about Universal Credit?
- What level of detail is required in communications and how does this change depending on timing of communications?
- Who should be responsible for providing information to tax credits customers and how should the messages be framed?

⁶ DWP: Universal Credit Policy Briefing Note 15 *'Managing the build up of claims to Universal Credit'*

- What are tax credits customers' attitudes towards different communication channels and which is their preference?
- From where do tax credits customers currently seek information relating to their benefits and credits claims?
- What additional or tailored information might be needed for vulnerable groups?
- How might communications around Universal Credit affect tax credits claim management and customers' relationships with HMRC?

1.4 METHODOLOGY

There were **four elements** to this research. The first stage was a small **scoping review** which explored the findings from ten reports, articles and websites which related to best practice in government communications as well as the information preferences of the tax credits population. The evidence from this review was used during analysis of the findings from the subsequent stages.

The second stage comprised **55 face-to-face depth interviews with tax credits customers**. These interviews were divided between three research groups based on each of the transition pathways identified in section 1.2.2. A **qualitative approach** was adopted in order to generate rich detail, and enable interviewers to obtain a full picture of the participants' circumstances, experiences, and attitudes. A **face-to-face** approach was chosen as it allowed the interviewers to establish a rapport with the participants. This helped to create an atmosphere of trust so that sensitive issues, such as personal finance, could be addressed.

In addition, the face-to-face approach enabled the interviewer to **use stimulus materials** to help explain some of the concepts to the participant as well as test certain aspects of communications such as wording and tone. Interviews were conducted in participants' homes which generated additional observational data. **Paired interviews were conducted with couples** where possible and in cases where the customer received support with managing their claim from a friend or relative.

Stage three comprised **six depth interviews with those working for third party organisations** that currently support tax credits customers. This included interviews with those working in **strategic roles** in order to gain an understanding of the organisations' plans for communicating the changes associated with the introduction of Universal Credit to customers as well as those in **operational roles** in order to understand the information needs of tax credits customers. A mix of face-to-face and telephone interviews were conducted in order to fit in with the needs of the participant.

Finally, stage four comprised **eight face-to-face follow-up depth interviews with some of those who participated in stage one**⁷. These interviews were used to gain additional detail on some areas of the research, test example communications with

⁷ The methodology was changed at this stage of the research. Initially, follow-up depth participants had been invited to attend one of two discussion groups. However, due to a number of issues, including relevant participants becoming ineligible for tax credits in the intermediate period and problems with scheduling the group for a time which fitted with work and childcare arrangements, the groups were cancelled and further face-to-face interviews were conducted instead.

participants and assess levels of recall between the second and first interviews regarding key elements of the transition.

Interviews for stages two-four took place between February and May 2012. **Analysis** of the findings from the interviews was conducted throughout the fieldwork period through the collation of **open field notes and in regular analysis sessions** with the interview team. In these sessions initial hypotheses were developed and discussed. Ongoing analysis of findings meant that research materials were adjusted throughout the field period to reflect emerging findings.

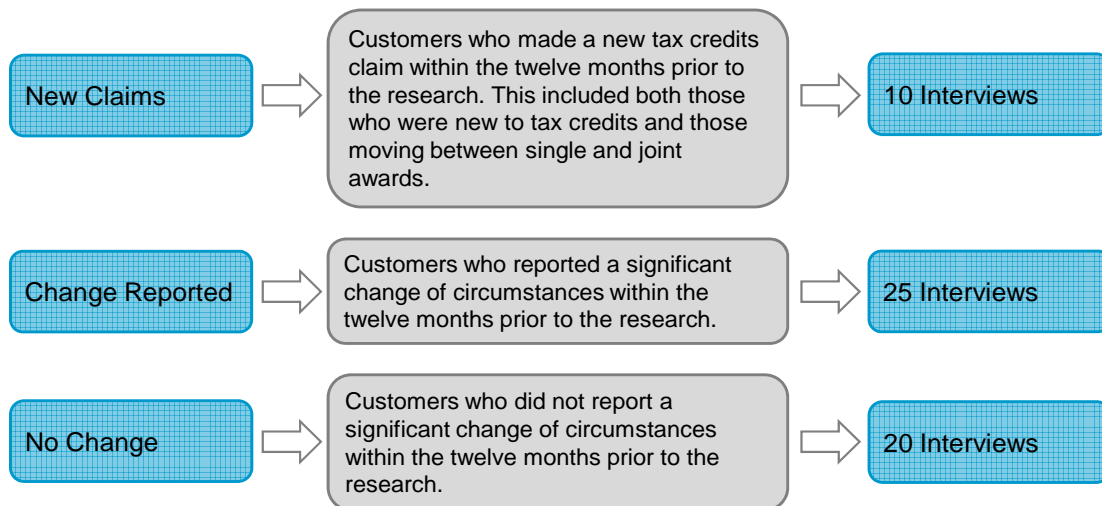
1.5 SAMPLING AND RECRUITMENT

In order to understand the needs of customers experiencing different transition pathways, participants were recruited to one of three research groups. These three research groups focused on the three distinct pathways and participants were recruited to the group that represented the pathway most closely aligned with their current circumstances. For instance, those who had recently reported a change in circumstance discussed the Natural Changes pathway on which claims to Universal Credit will be made when a significant change in circumstances is reported. This approach allowed the interviewer to ground the discussion in the participants' recent experiences which helped them imagine how they might react to that particular transition pathway. The key characteristics of each group were as follows:

- Participants who discussed the New Claims pathway had all made a new tax credits claim within the previous 12 months.
- Participants in the Change Reported group discussed the Natural Changes pathway. These participants had all been claiming tax credits for more than a year and had also reported a significant change of circumstances⁸ within the previous 12 months.
- Participants in the No Change group discussed the Managed Changes pathway. These participants had all been claiming tax credits for more than a year and had not reported a significant change of circumstances within the previous 12 months.

The sample for the customer depths was provided by HMRC from tax credits records. Participants were then **recruited by telephone** from this sample after being mailed a letter detailing the research and allowed a period in which they could opt out. The research was conducted in **three locations**: the London Boroughs of Southwark and Lambeth, Stockport (including the town centre and immediate surrounding areas) and The Fenland areas surrounding Peterborough (including Whittlesey, Yaxley, Huntingdon and March). The following diagram outlines the overall structure of the sample frame for stage one - the customer depth interviews:

⁸ Significant changes which would trigger a Natural Transition included; birth of a first child, moving to a new home, moving into or out of employment, experiencing a change in income of more than £10k



Customers who spoke English as a second language (ESL) were included in this research in order to assess whether they had specific communication needs. In cases where the participant was unable to conduct the interview in English, a friend or relative of the participant also participated in order to interpret the questions on the customer's behalf. In most cases, this was also the person who helped the participant to manage their tax credits claim.

The eight **follow-up depth interviews** were split evenly between the Change Reported and No Change group. These interviews were conducted in London and Stockport.

The six depth interviews with **third party organisations** were split between three organisations which provide support to tax credits customers and were recruited in partnership with HMRC. A mix of face-to-face and telephone depth interviews with both strategic and operational level staff in London and Peterborough were included. The three third party organisations included were:

- Child Poverty Action Group;
- Citizen's Advice Bureau; and,
- Gingerbread

1.6 RESEARCH MATERIALS

When conducting the interviews, moderators used **semi-structured discussion** guides to ensure all topics were covered consistently and that the key issues were explored. **Interviews lasted between one hour and ninety minutes.** As is common practice in qualitative research, all participants in the customer depth interviews received a cash incentive from Ipsos MORI as a thank you for their time and contribution. Participants received £30, or £50 for a paired interview and an additional £50 was given to participants taking part in the follow-up interviews. The third party organisations were not incentivised for taking part.

Different versions of the semi-structured discussion guides and stimulus were used for the three research groups in order to reflect the issues faced by that group. Additional guides and stimulus were designed for use in both the follow-up and third party

interviews. All discussion guides are included in Appendices A, B and C which have been published separately.

1.7 PRESENTATION OF FINDINGS

This report is structured in seven chapters, reflecting distinct aspects of the findings:

Chapter one: Introduction and Background - outlines the context and objectives of the research as well as providing information about the methodology chosen and the fieldwork.

Chapter two: Group Profiles and factors influencing information needs – identifies the key characteristics of each research group which influence their attitudes and information needs and also examines their current media consumption.

Chapter three: Current attitudes and behaviours in the tax credits system - discusses the attitudes towards and behaviour within the tax credits system and, where relevant, how this compares to other benefit systems. It also examines understanding of the system, attitudes towards current communications and information seeking behaviour.

Chapter four: Awareness of, and attitudes towards Universal Credit – explores current levels of awareness of Universal Credit and attitudes towards different aspects of the system. It also identifies the key concerns held about transition to Universal Credit.

Chapter five: The Transition Journey - moves through the transition period of 2013-2017 and outlines the communication needs of tax credits customers at different stages along this journey. This includes content, timing, channel and messenger preferences.

Chapter six: Implications to tax credits claim management – discusses how communications and the transition to Universal Credit may impact upon tax credits claim management as well as issues around contact with HMRC after transition.

Chapter seven: Conclusions – summarises the research findings.

1.8 INTERPRETATION OF DATA

It is important to note that findings of this report are not statistically representative of the views of tax credits customers in general. Qualitative research is designed to be illustrative, detailed and exploratory - it provides insight into the perceptions, feelings and behaviours of people rather than conclusions from a robust, quantifiably valid sample. Where the word 'participant' has been used this is in reference to a tax credit customer who took part in the research and the strength of feeling attributed to a group of participants is only true of the customers involved in the research and not the tax credits population as a whole. The perceptions of participants make up a considerable proportion of the evidence in this study, and it is important to remember that although such perceptions may not always be factually accurate, they represent the truth to those who relate them.

It is also important to note that low awareness of Universal Credit meant that the attitudes and views expressed on the subject included in this report are almost entirely based on information provided to them by interviewers. Information provided about Universal Credit in the form of stimulus and verbal explanation was focused on aspects

of benefits delivery rather than levels of entitlement. This means that the findings should not be viewed as evidence of tax credits customers' attitudes towards the Universal Credit system as a whole. Instead, it should be viewed as an outline of the information needs of tax credits customers when they move from the tax credits to Universal Credit delivery system. All research materials can be found in the appendices.

2 GROUP PROFILES AND FACTORS INFLUENCING INFORMATION NEEDS

CHAPTER SUMMARY

- (i) This chapter highlights the behaviours and characteristics of the participants who made up each research group in order to provide context for their views and attitudes which are presented in the rest of the report. It is important to note that as qualitative research uses small sample sizes which are not statistically representative, these characteristics only describe the participants included in the study and not tax credits customers as a whole.
- (ii) The following factors seemed to have the greatest impact upon information needs: length of time in the tax credits system; size of claim; working status; and age. These last two factors also seemed to have a significant influence on media consumption and confidence in being able to find relevant information.
- (iii) There were many similarities between the three research groups in terms of attitudes towards and experiences of the tax credits system although those in the New Claims group who were new to tax credits were distinctive in a number of ways.
- (iv) The Change Reported group included a diverse range of tax credits customers but the main differentiating factor here was between those who were working and those who were not. This influenced both participants' dependence on tax credits and other benefits as well as their confidence in being able to cope with the transition to a new system.
- (v) Those in the No Change Reported group were most likely to be in work and have the lowest value claims which meant that they were less dependent on tax credits and less likely to claim other benefits. However, it also included a significant proportion of participants who were aged 50 or over and this subgroup tended to be most averse to the proposed changes, especially as they held perceptions that the government would not manage this well.
- (vi) The New Claims group held two distinctive subgroups. Those who had previous experience of claiming tax credits were very similar to those who were not working in the Change Reported group. However, those who were new to tax credits tended to be younger, claiming WTC only. They were the least engaged with their claims and tended to have fewer experiences of claiming benefits more generally.
- (vii) There was a great deal of consistency in media consumption patterns and information seeking behaviour and any differences were largely determined by age, language capability and working status.

2.1 INTRODUCTION

This chapter identifies the key characteristics of each of the three research groups as well as the factors which influence their attitudes and likely information needs. Finally, it outlines current media consumption of different types of participants.

2.2 GROUP PROFILES

A number of factors were identified as having an impact on the participants' attitudes towards changes to their benefits claims, the information they would need about the changes and the way in which they would like to receive such information. The key factor here was the extent to which their benefit claim was important to the household income but, beyond this, demographic characteristics were also influential, especially when thinking about how they would like to receive information.

The factors which determined the information needs participants had seemed largely to centre on the following: length of time in the tax credits system; size of claim; working status; and, age. These last two factors also seemed to have a significant influence over media consumption and confidence in being able to find information. Although there were few differences between the participants in the three research groups in terms of their attitudes towards and experiences of the tax credits system overall, those in the New Claims group who were new to tax credits were distinctive in a number of ways.

2.2.1 CHANGE REPORTED

Participants in the Change Reported⁹ group represented a wide range of tax credits customers including claimants across a range of ages (from those aged under 25 to over 50), household incomes and household types. There was also a mix between joint and single claims although **most had children** in the household and claimed Child Tax Credit (CTC). The common characteristic in this group was that all participants had **reported a significant change of circumstances** in the twelve months before the interview. This typically related to working status, with many reporting that they had either moved in or out of work and, in some cases, both.

Those who were **working** were normally claiming both Working Tax Credit (WTC) and CTC and some also claimed the Childcare Element (CCE) which, they reported, enabled them to remain in work. Their claims were typically **high value** and, as a result, were heavily relied on. Some participants in this group were also claiming Housing Benefit but even those who were only currently claiming tax credits tended to have **previous experience of claiming other benefits**, especially Jobseeker's Allowance (JSA) or Income Support.

Those who were **not working** were claiming CTC as well as other benefits including Housing Benefit, Jobseeker's Allowance and Income Support. These households **relied heavily on support they received in benefits and credits** as they were normally the only source of household income. However, these participants did not expect this situation to last for long; all had previously worked and were looking for suitable employment at the time of the interview and, indeed, some had moved into work by the time of their follow-up interview.

Participants in this group had **generally been claiming for around four years or longer** and most had experienced at least one overpayment which they believed had

⁹ Participants in the Change Reported group had all reported a significant change of circumstances within the twelve months prior to the research. For the purpose of this research, changes regarded as significant were: moving in or out of work, and income change of more than £10,000, having a first child or moving home.

arisen as their employment status changed fairly frequently. They saw overpayments as an inevitable feature of the tax credits system and, therefore, did not get overly upset when they received one. This group were the **most dependent upon the benefits system** and this shaped their attitudes towards the introduction of Universal Credit and their needs during transition.

2.2.2 NO CHANGE REPORTED

Participants in the No Change group shared some similarities with those in the Change Reported group but, generally, these participants tended to be **older** (in their forties or fifties) and had **joint claims**. Almost all participants in this group **worked** but some only claimed CTC either because their income was too high or they worked too few hours thus rendering them ineligible. This meant there was a **range of award levels** in this group with those claiming both CTC and WTC receiving high awards, in contrast to those who claimed CTC alone.

These participants reported having **fairly stable claims**; some had not reported a significant change of circumstance in a number of years and some of these participants were also on the auto-renewals system which further limited their level of contact with HMRC. Perhaps due to having more stable circumstances, fewer participants in this group had previously experienced an **overpayment**. Those that had, however, were more likely to be angry or upset about this.

Few in this group claimed additional benefits due to their working status and income levels. However, most reported that they had previous experience of claiming Housing Benefit, Jobseeker's Allowance or Income Support. Furthermore, perhaps due to their age, this group were the most sceptical as to whether the transition to Universal Credit could be managed well, largely because they felt previous government changes were mismanaged.

2.2.3 NEW CLAIMS

The New Claims group was further divided into **two subgroups**; those who had experience of claiming tax credits but had made a new claim for reasons such as a change in relationship status (moving in or out of a joint claim); and those who had made their first tax credits claim, typically for WTC, as they had moved into employment.

Those with **previous claims** shared many similarities with the Change Reported group in that they tended to have fairly unstable circumstances which, for many, meant that they had experienced at least one overpayment. Most of this group were aged in their thirties or forties and they were typically out-of-work at the time of the interview which meant they were benefit reliant and living on limited incomes. For most, the reason for making a new claim was due to a change in relationship status which meant they were moving from a joint to a single claim or vice versa, although in most cases it was the former. That they were dealing with a difficult personal situation such as this meant they were anxious about any changes to their support. This was exacerbated by the fact that many in this group were unemployed and claimed a number of benefits upon which they were reliant.

Those who had made their **first tax credits claim** were typically fairly young, in their mid-late twenties, and were claiming WTC only. As they had generally been in the system for less than a year, they had not renewed their claim and so had not yet developed claim management habits to help them meet their obligations to HMRC.

Furthermore, while grateful for the financial support they received, they were not reliant on their tax credits award. This meant that these participants were less concerned with the idea of moving onto a new system, and expected less support during their transition.

2.3 KEY CHARACTERISTICS INFLUENCING ATTITUDES TOWARDS UNIVERSAL CREDIT AND INFORMATION NEEDS DURING TRANSITION

There were a number of factors which seemed to influence participants' attitudes towards Universal Credit and the information they felt was needed during their transition to the new system. These factors cut across all three groups and included both **circumstantial factors** such as working status, income and length of tax credits claim as well as **demographic factors** including age and language capabilities.

2.3.1 AGE OF PARTICIPANTS

Age was a key factor both in terms of the participant's attitude towards Universal Credit and the information they wished to receive about the transition. Generally, **those in their forties or above** tended to link the proposed changes to the wider programme of government cuts, and assumed they would receive less under the new system.

They were also more **critical of government's ability to manage change** and to implement new systems successfully. However, on probing, few were able to provide any concrete examples of this and instead it seemed that, to these participants, these were self-evident truths which anyone with enough experience should know.

Conversely, **those who were in their twenties or thirties were generally less concerned** about the reforms and the government's ability to implement them smoothly. Because of this they not only reported needing less information about the transition than older participants but also reported having higher levels of trust in government communications more generally.

2.3.2 LANGUAGE CAPABILITIES

Participants who spoke English as a second language (ESL) were present in all three groups. These participants tended to take longer to come to an understanding about the different elements of Universal Credit both when the system was explained verbally and when it was presented to them via stimulus materials (see Appendices A and C). While the delivery aspects of Universal Credit system were fairly easy to convey, these participants tended to struggle with the wider concept of different benefits being brought together. It seemed that the main reason for this was that these participants usually had the lowest understanding of the current benefits system and so found it difficult to grasp both the purpose of Universal Credit and the impact it would have on the departments currently responsible for delivering state financial support and assistance.

That ESL customers are often less able to understand the benefits system and related communications is backed up by recent research into the tax credits renewals system¹⁰ which showed that many **ESL tax credits customers struggled to understand the**

¹⁰ Hall, S. Leary, K & Branson, C: *Qualitative research to explore tax credits customers' renewal behaviour*, HMRC Revenue and Customs Research Report 186 (Ipsos MORI 2012)

information provided to them by HMRC in the form of letters and advertisements. Consequently, when it comes to communications about Universal Credit and their transition to it, this group may well need additional support in order to ensure that they are aware of the changes and what they are required to do. However, as discussed in section 3.5, most ESL participants who struggled to understand the changes already had a system of support in place to help them with their claims, most often in the form of community or third party support.

2.3.3 WORKING STATUS AND INCOME

Working status and income had an impact upon the attitudes and needs of participants in two key ways. The first was that **those who were unemployed and on low incomes** were both **more dependent** on their tax credits support and more likely to be claiming a number of benefits which meant that most or all of their household income would be affected by the change. The second was that participants who were out-of-work and on low incomes were often either less able than others to understand the changes or **lacked confidence in their ability** to deal with new systems and claims. For some, this was due to poor literacy skills but more widely, those who were not working generally reported lower levels of confidence in their being able to understand and cope with changes. The combination of these factors meant that many participants were anxious about the reforms and were more likely to view them negatively which, in turn, meant that they requested greater levels of information and support during transition. (Please see section 3.5 for more information on support needs and Chapter 5 for details of information needs.)

Conversely, **those in employment and with higher household incomes** tended to be more confident in their ability to cope with the changes, particularly as they were less dependent on their claim. However, it should be noted that those who claimed the CCE in the Change Reported group were the exception here as they felt that this support kept them in work and were concerned about any potential threat to this.

2.3.4 LENGTH OF TAX CREDITS CLAIM

The final key factor influencing attitudes and information needs was the length of time which the participant had been claiming tax credits for. **Long-term claimants** (of around four years or more) had come to rely on their claim and so were concerned about anything that might pose a threat to this. Additionally, these participants were **less willing to change their claim management behaviour** than newer customers. Research exploring customers' renewals behaviour¹¹ found that tax credits customers develop habits to help them manage their claim over time which can become deeply ingrained. This meant that long-term customers expressed both a reluctance to engage with the reforms and a **need for reassurance** and support when coping with them.

¹¹ Hall, S. Leary, K & Branson, C: *Qualitative research to explore tax credits customers' renewal behaviour*, HMRC Revenue and Customs Research Report 186 (Ipsos MORI 2012)

2.4 CURRENT MEDIA CONSUMPTION

Although patterns in media consumption and information seeking behaviour did differ between the three research groups, they were largely dependent on the age, language capability and working status of the participant.

2.4.1 AGE OF PARTICIPANTS

Age seemed to be the key factor influencing participants' media consumption patterns. The most distinctive age group were those in their twenties, who were typically first time claimants in the New Claims group. These participants reported watching very little television; some did not even own a television set. They were also less likely than the other groups to read newspapers frequently or listen to the radio. Instead, they conducted the larger part of their life online relying on the internet for entertainment, information, access to services and products and communications. Their confidence in internet security measures and the vast experience they had in using online services meant that they had few reservations about submitting personal data online.

“If I can do it online, I will. I hate having to call people or post things.”

Male, New Claim (first claim), tax credits only, London

With the exception of those with ESL (see section 2.4.2), participants in their thirties or above **reported watching the television or listening to the radio every day**. While a range of different radio stations were listened to, normally local ones, the number of television channels watched was much less broad, with most focussing on the four main channels. Television was the main source of news for most participants in their thirties or forties but many also reported reading newspapers regularly and the internet was also a key source of information for them. While internet usage ranged widely for participants of this age, most, particularly those who worked, were confident online and used the internet for making purchases as well as searching for information.

Participants who were over 50 were more distinctive in their media consumption. They reported listening to the radio more than younger participants and stated that Radio 4 was a key source of news. They also watched less television and, when they did so, concentrated on scheduled programmes as opposed to catch-up services.

“I don't have time to watch much TV no, but the kids do.”

Paired, No Change Reported, tax credits only, Stockport

While internet access was not reported to be a problem for any participants, those aged over 50 reported lower levels of usage and confidence in the internet. Many neither trusted internet security nor their ability to make the right choices while online and so they avoided conducting online transactions – particularly if they had had a previously bad experience of doing this. For example, one participant conducted their first online transaction by buying something on an online auction site and, when the item arrived and it was not as expected, they felt that they had been defrauded. This experience affected their perception of *all* online transactions as the participant in question did not have the confidence to make judgements about which sites were trustworthy. Because of this, many of these participants would only use the internet as a source of information

and reported turning to both the HM Revenue and Customs and direct.gov websites before calling the helpline.

“I’d look on the website first to see if I could find the information and then if I couldn’t find it on there I would maybe ring them.”

Paired, No Change Reported, tax credits only, Stockport

2.4.2 LANGUAGE CAPABILITY

Participants who spoke English as a second language (ESL) reported much lower levels of media consumption than other participants. Most of these participants tended to watch programmes in their first language, either on the television or online, although those with children did report watching at least some English language television. These participants were also much less likely than others to listen to the radio or read newspapers.

“No, we don’t watch TV, the kids do, but we don’t.”

Paired, Change Reported, tax credits only, London

However, these participants often reported high levels of internet usage, particularly usage of service such as Skype and social networking sites so that they could stay in touch with people from their country of origin. They also often read news online on sites from their country of origin, and some, particularly those from Eastern Europe said that this was their main source of news for events in Britain as well. Indeed, one participant reported that a Polish website frequently reported on issues relating to the British benefits system.

2.4.3 WORKING STATUS

Those who were out of work reported watching the most television; in some cases, more than four hours per day and they also tended to watch scheduled television rather than use catch-up services. These participants had mixed attitudes towards the internet; for some, it was their main source of information while others were less confident in using it.

"I still don’t trust it, you know what I mean, it’s dead secure or whatever, but no, forget it."

Male, New Claim (previous claims), tax credits only, Stockport

Participants who **had children and worked** tended to watch less scheduled television and, instead, relied on **catch-up services** which they would watch after their children had gone to bed. This enabled them to fast-forward through any advertisements in the programmes they were watching though this behaviour was more related to their circumstance than attitude; they did not use these services as a means of avoiding watching adverts at all as some in the New Claims group did.

“I watch you know, the on-demand programmes. The kids have it all evening then once they’ve off to bed I can watch Corrie.”

Female, Change Reported, tax credits only, London

Internet usage also depended on working status with those in work reporting much higher levels of it. These participants tended to use the internet for email, social networking and information as well as a way to access products and services, for instance through online shopping or banking, and spoke positively of the convenience this afforded them.

“Banking, shopping, my son goes on there when they do educational stuff. Pretty much everything really.”

Female, Change Reported, multiple benefits, London

These findings are endorsed by Ipsos MORI's Tech Tracker¹², a nationally representative survey run every quarter. The latest results show how three in five of those in work use the internet several times a day compared to just one third of those who are out of work (61% versus 34%). Among those in work, three in five use the internet to check their bank account and other financial holdings – twice the number of those who are out of work (58% versus 29%).

However, even those who used the internet everyday suggested they would not necessarily default to searching for information online. Instead, they said that the nature of their query would determine the channel they used and, when it came to tax credits, most turned to family, friends and colleagues as well as the tax credits helpline.

“I'd probably ring them up on there because even if you want to look it up on an internet you've got to go through all this bump before you get anywhere.”

Female, Change Reported, tax credits only, London

¹² Ipsos MediaCT Tech Tracker – Q2 2012 (June 2012):
<http://www.ipsos-mori.com/researchpublications/publications/1472/Ipsos-MediaCT-Tech-Tracker.aspx>

3 CURRENT ATTITUDES AND BEHAVIOURS IN THE TAX CREDITS SYSTEM

CHAPTER SUMMARY

- (i) Participants' attitudes towards their current benefits claims as well as the extent to which they understood the systems they were working with were important, both in relation to their views towards Universal Credit and their likely behaviours during transition.
- (ii) There was a strong sense among participants that tax credits were different to other types of work-related benefits. These perceptions seemed to stem from feelings that tax credits were earned whereas other benefits and those managed by DWP in particular, were not.
- (iii) Attitudes towards DWP were largely based on experiences and perceptions of JCP and these were typically negative. Many participants reported experiences of being treated poorly by JCP staff, and those who did not have these experiences held similar perceptions.
- (iv) The extent to which customers understood the tax credits system and their responsibilities within it influenced both their attitude towards moving to a new system and their likely ability to do what is needed of them during transition. Understanding of the tax credits system varied widely and their level of understanding seemed to depend on the length of time they had been claiming,
- (v) While longer-term claimants were perhaps best equipped to cope with transition as they had a greater understanding of the system, they were also more resistant to changes in claim management than newer claimants.
- (vi) Most participants, apart from those who had recently made their first claim, were familiar with the tax credits advertisements, and they spoke positively about these as a way of learning about the tax credits system and what they needed to do. Perhaps most importantly, the advertisements were felt to provide a consistent voice for tax credits which made them easily recognisable.
- (vii) Participants were generally less positive about written communications from HMRC as some struggled with understanding the key messages and actions from them. However, letters were still felt to be the best way to communicate issues relating to an individual's claim, especially for those who needed support with their claim as it gave them something tangible with which to seek support.

3.1 INTRODUCTION

This chapter explores how understanding of and attitudes towards the benefits and credits systems might influence customers' views on Universal Credit as well as their ability to cope with and understand the changes. It also examines the impact of current tax credits communications as well as sources of support used in tax credits claim management.

3.2 ATTITUDES TOWARDS TAX CREDITS IN COMPARISON TO OTHER BENEFITS

There was a strong sense amongst most participants that **tax credits are different** to other types of benefits and that there is no stigma associated with claiming them. The main reason they viewed tax credits differently was that both the name and their delivery by HMRC made participants feel that they had, to some extent, earned the support they were receiving. This feeling was particularly strong amongst those in employment as they viewed tax credits as a **type of incentive or reward for working**. Indeed, some participants reported that, even if they were eligible, they would not claim either Jobseeker's Allowance (JSA) or Income Support as they would not want to be seen as a benefits claimant. While these participants later reported that they would make a Universal Credit claim, these attitudes might indicate that some may be uncomfortable about making a claim for a benefit if it is widely perceived to be for those who do not work.

“The reason I don't like those other benefits is that they make you feel someone is looking after you, well for me the working tax credit are taxes you are paying, they are just cutting down, saying okay you pay less tax and what you have paid in tax we will just give it back to you.”

Male, No Change Reported, tax credits only, London

However, even **those who were not working** and claimed a number of benefits viewed tax credits differently to the other types of support they received, especially JSA and Income Support. It seemed that the main reason for this was that they believed that **HMRC treated them with more respect** than Jobcentre Plus (JCP), and for some Housing Benefit claimants, their local council. Many reported that they found JCP staff unhelpful whereas, in comparison, staff at the Tax Credits Office (TCO) were generally felt to be polite and friendly and were not thought to negatively judge their customers. Thus, poor experiences with JCP staff meant that some of these participants were concerned about having all of their work-related benefits managed by DWP. This was especially true of those who had previously experienced problems (please see section 4.4), however, despite this, these participants were generally more open to moving to the Universal Credit system than those who only claimed tax credits.

Although staff at **third party organisations** understood customers' views on this point, they did not necessarily agree with them. They felt that, on balance, DWP is more efficient than HMRC in delivering benefits, probably due to its long history in doing so. Furthermore, one third party representative felt that JCP staff are, perhaps, under more pressures than their HMRC counterparts due to the different ways in which they work. They explained that, as JCP staff interact with customers face-to-face the relationship is inevitably more personal and therefore more emotional. On the other hand, they felt it was slightly easier for HMRC as staff generally deal with customers less often and over the phone and this means that there is more distance between them. For this reason, the third parties believed that participants' reservations about dealing with DWP in the Universal Credit system may be mostly unfounded. This is because Universal Credit will be a much less personal system than one run out of JCP. To further counter these views some also suggested that DWP's traditional role of delivering work-related benefits could be emphasised for those who might not be aware that this was, until recently, outside of HMRC's remit.

“Job Centres, they’re too close. They don’t have the best customer skills very often and I can quite understand why they might be that way, if I had to deal with what they deal with. So they’re probably a little bit too close. The tax credits are too far removed”

Third party, Operational Role, London

Those who had made their first tax credits claim did not tend to make any distinctions between different benefits at all. To these participants, **tax credits were just another government benefit** and they did not tend to have strong feelings about their claim, did not discuss it with anyone and did not differentiate between the different government departments delivering their help and support. It seemed that the main reason for this was, due to the fact that they were new to the benefits and credits system, they tended to conflate the experiences they did have. This might mean that issues relating to management of Universal Credit and its branding may be of less importance to these participants as they did not tend to view tax credits more positively or negatively than other benefits they had claimed in the past.

3.3 UNDERSTANDING OF THE TAX CREDITS SYSTEM AND CLAIM MANAGEMENT BEHAVIOURS

There was a **very wide range in levels of understanding** of how the tax credits system worked, driven by the length of time the participant had been a tax credits claimant. The extent to which customers understood the system and their responsibilities within it in turn had an influence on both their attitudes towards moving to a new system and their likely ability to do what is needed of them during transition.

Participants with the **lowest level of understanding** were those in the New Claims group who had been claiming for under a year and so had not yet renewed their claim. Although some were aware that they would need to do this, they were generally unsure of when the renewals period was and what it would entail. Additionally, these participants were unclear about the need to report changes of circumstances and exactly what this meant or how it might affect their claim.

“Changes. Yeah, I heard something about those, not sure what that might mean though.”

Male, New Claim (first claim), tax credits only, London

This lack of awareness **could present a risk** during transition, particularly for those on a natural transition pathway, as they may not report a change which should trigger them to start claiming Universal Credit. They may also be unaware of the provisional nature of their tax credits award which might mean that they do not understand the need to finalise their award either at the end of the year or during an award period. Please see section 5.3 for further information on this. On a more positive note, those that are new to tax credits are less likely to have developed ingrained claim management habits so may find it easier to adapt to a new system.

In contrast, those with the **highest levels of understanding** were those who had been claiming tax credits for a number of years, generally at least four or more. Many of these participants, particularly those in the Change Reported group who had the greatest amount of contact with HMRC, were **aware of how the tax credits system works**, what

they need to do, and perhaps most importantly, why they need to do it. While more resistant to changing to a new system, they may be the best able to cope with this and to understand their new responsibilities.

However, there were also some customers who, while able to describe the annual claim management process and list the changes they needed to report, were **not entirely clear about how provisionality and finalisation worked or why they needed to report changes**. As found in research conducted about customers' renewals behaviours¹³, some customers had deeply ingrained claim management habits which often meant that they were fulfilling their responsibilities as a customer successfully even though they did not always understand the purpose of what they were doing, something that was endorsed in the interviews we conducted with third party organisations. This could present a risk during transition as these types of customers may not understand why a certain change may trigger their move to Universal Credit or why they would need to provide information to HMRC in order to stop their tax credits claim.

"They don't understand it...this is people who often they have been working, you know, earning lots of money, have fallen on hard times." ."

Third party, Operational Role, Peterborough

3.4 ATTITUDES TOWARDS TAX CREDITS COMMUNICATIONS AND THEIR IMPACT ON CLAIM MANAGEMENT

Understanding the attitudes which tax credits customers have towards the communications they receive as well as the impact which these have on their claim management behaviour may be useful when designing communications for the Universal Credit system. As discussed in chapter 5, the types of communications requested by customers mirrored those they currently receive in the tax credits system. For this reason it is important to understand the strengths and limitations of these forms of communication.

Participants generally only referred to **two types of tax credits communications**: television and radio advertisements, in particular those played during the renewals period and the forms and letters they were sent throughout the award period.

Television and radio advertisements

Awareness of the renewals television and radio adverts was very high and, what is more, they were **universally popular** among participants. The only participants who were either unaware or unable to remember the details of the adverts were those who had recently made their first claim and some of those with ESL. Please see section 2.4 for more information on these groups.

As discussed in the research exploring customers' renewals behaviours¹⁴, these advertisements were felt to be **successful in communicating key messages in a**

¹³ Hall, S. Leary, K & Branson, C: *Qualitative research to explore tax credits customers' renewal behaviour*, HMRC Revenue and Customs Research Report (Ipsos MORI 2012)

¹⁴ Hall, S. Leary, K & Branson, C: *Qualitative research to explore tax credits customers' renewal behaviour*, HMRC Revenue and Customs Research Report (Ipsos MORI 2012)

consistent voice, prompting customers to take action and, perhaps more importantly, helping them retain some of the information communicated to them well after the run of adverts had ended. Some customers were able to recite the adverts word-for-word even though they had not seen them for months and, more generally, most knew when the renewals deadline was as a result of this media campaign. Indeed, third parties reported that even the most vulnerable customers have been helped by these adverts as, even if they don't know what they need to do, they ensure that they seek help by the deadline.

“Usually these people don't know any deadlines, but they do seem to understand the need and the urgency, and I think that is the TV adverts.”

Third party, Operational Role, London

The impact of these advertisements is important for a number of reasons. In terms of communications development, the style, tone and language of the adverts can be seen as **best practice for communicating effectively with the tax credits population**. However, the success and impact of these adverts might cause some confusion during transition for those who are either about to move to Universal Credit or have already moved as they may not understand whether or not they need to act. Indeed, the deadline is deeply ingrained in customers' minds and it may be difficult for them to forget this, especially if they continue to see the adverts.

Forms and letters

While most participants tended to speak less enthusiastically about the **letters and forms** they received from HMRC, many still felt that these were the best way of informing the tax credits population about details relating to their claim. For some, especially older customers and those with ESL, letters were **reassuringly formal** which is what they expected from HMRC. Further, they enabled them to seek help easily as they had something tangible explaining the nature of their query.

However participants had mixed feelings about the **content of the letters**. While some found them to be fairly straightforward and clear, others reported that they struggled because they found the language and layout too difficult to follow. Third parties felt that this made many customers reluctant to open their letters or read them fully. They felt that many customers found it difficult to identify key messages and actions in the letters which led customers to being confused about what they needed to do. One third party representative in particular felt that tax credits letters were too complex and that while DWP didn't always get them right either, its design for the Disability Living Allowance award notice (please see Appendix D) was an example of best practice. They felt that the clear layout, short length and use of bullet points in these letters meant that customers had a good understanding of what the letter was telling them and what they needed to do.

"Whereas the DLA letters, my goodness, they read those fully, and it's much more clearly laid out and it's bullet points and things like that."

Third party, Operational Role, Peterborough

3.5 CURRENT SUPPORT NEEDS AND SUPPORT SEEKING BEHAVIOURS

Some types of customers were identified by both participants and third parties as being likely to require additional support so that they are able to understand the change and carry out the actions needed of them during transition. Customers identified as being most likely to need support were:

- **Those who spoke English as a second language** – these customers may be less likely to watch English language television and so may miss relevant advertisements and they are also most likely to struggle to understand written communications.
- **Those who claimed multiple benefits or had high value tax credits claims** – these customers may be most concerned about any gaps in payments during transition as well as how the changes will affect the amount they would receive.
- **Those who lacked confidence in using the internet** – these were most likely to be older customers or the long-term unemployed who were less confident conducting transactions online and making judgements about which websites to trust.

However, most customers who may need additional help during and after transition tended to already have some kind of support structure in place for managing their claims and so are likely to turn to these. The source of support used varied depending on the nature of the query and type of customer, with some being more likely to seek formal support than others preferring informal support.

Informal support from other tax credits customers

Many participants reported that **they discussed their tax credits and other benefits claims with their friends, relatives and colleagues who also claimed**. The only exceptions to this were some of those with ESL as well as younger single customers who claimed WTC only as they reported feeling uncomfortable about discussing their finances with others. Many participants in the Change Reported and No Change groups suggested **this pattern of behaviour would continue during transition** and that they would be particularly likely to talk to those who transferred before them so that they could gather anecdotal evidence about how the new system worked enabling them to prepare accordingly.

Indeed, **most participants who took part in a follow-up interview reported that they had discussed the first interview with others** who were claiming tax credits. This, while potentially being helpful in building awareness and spreading key pieces of information, could also present a risk. Firstly, if customers do not share information accurately then others may hold misconceptions about the system. Secondly, if those who have already transferred to Universal Credit experience a problem or a delay in the processing of their claim this might lead to others not acting appropriately or ignoring the information they receive from HMRC or DWP about their own transition.

“Yeah. I have spoken to people like. Have you heard about this new universal credit thing?”

Male, Change Reported, tax credits only, London

Tax credits helpline

For most participants, **the tax credits helpline was their first port of call** if they had any issues or queries relating to their claim. Participants reported feeling reassured by having access to a helpline number and believed that making use of it was the quickest and easiest way to resolve any issues relating to claims. **Tax credits helpline staff were praised for being knowledgeable and personable.** Because of these positive experiences, many suggested that the tax credits helpline would be a key source of support for them if they did not feel that they were being provided with the information they needed about their transition. Indeed, many participants reported that they managed their entire claim over the phone and so self-serving would be an adjustment for them.

While those who lack confidence in using the internet might be most likely to seek support from the tax credits helpline, it is important to note that even those who are happy to make and manage a Universal Credit claim online wanted the reassurance of having access to a helpline number in case they experienced any difficulties. If there is not a dedicated Universal Credit helpline number, then this might mean that they would be turning to the tax credits helpline instead.

Third party organisations

Those with ESL and those with multiple or high value claims were most likely to access support from a third party, although other types of customers had done so in the past for help with issues such as overpayments. The Citizens Advice Bureau (CAB) was the organisation most frequently contacted by participants with many suggesting that they would be likely to turn to it during their transition to Universal Credit. **CAB was felt to provide the most accurate and trustworthy support and advice** with benefits and tax credits claims and, because of previous positive experiences, many anticipated that it would be able to provide the same high level of service to them as they moved to Universal Credit. However, some third parties, again particularly the CAB which was the most widely used and the only organisation to provide face-to-face support, were concerned about their ability to provide high levels of face-to-face advice given the number of people who will be affected. This was compounded by concerns that third parties may not have access to the Universal Credit system which in turn could limit the amount of help which they are able to give to customers both during and after their transition.

Community Support

A key source of support for many participants with ESL was community leaders. They reported that some of the support they received from this source was delivered formally through community groups, often with the involvement of a support worker. However, support was also delivered informally, through community leaders appointed by those from other members of their cultural or ethnic group. These leaders were often colleagues of the participant, or parents at the same school that the participants' child attended.

This type of support was generally used by participants who needed help with understanding the forms and letters sent to them. Some also sought help with issues such as overpayments, although most preferred to use formal third party support with

this. The importance of informal support accessed in the community was discussed in the HMRC study which sought to understand the needs of specific groups of HMRC customers, particularly those with protected gender, disability and racial and ethnic characteristics¹⁵. The report stated that difficulties experienced in managing their claim by those with ESL were often dealt with from within the customer's own community and that these networks could be used to ensure that key information filters through the community in question.

¹⁵ Hall, S. *Understanding HMRC Customers: Feedback from representatives of Race, Disability and Gender Groups* – HMRC research report, (Ipsos MORI 2011)

4 AWARENESS OF, AND ATTITUDES TOWARDS UNIVERSAL CREDIT

CHAPTER SUMMARY

- (i) Only a few of the participants had heard of Universal Credit; most were confused by the name and many thought that Universal Credit was a loans company, which was in part due to their interpretation of 'credit' as meaning a loan.
- (ii) All of the participants were positive about the principles underpinning a single and centralised benefit system, as they believed it would be simpler for claimants to manage and the government to administer.
- (iii) The reactions to DWP being in control of Universal Credit were varied. As many participants conflated government departments, they had no strong feelings about contacting DWP instead of HMRC. However, those with negative experiences of claiming Jobseeker's Allowance were less enthusiastic about this element of the reforms.
- (iv) Most accepted the move to an online applications process and claim management system. However, participants were worried about the ability of others to use online services, particularly older people or those with a disability. Participants were therefore keen that appropriate support measures are in place for those that either lack access to, or confidence in, using the internet.
- (v) The move to monthly payments was a concern for some, particularly those who claimed multiple benefits, as they structured their outgoings around when each benefit came in. Third parties were also concerned about this, and urged that measures be in place to help claimants with this new approach to budgeting. Those in work, however, were less worried about this and believed the new system would better mimic their wages.
- (vi) Some of those who claimed a number of benefits were worried about only receiving one combined payment. This was because they assumed that if there was an issue with one element of their claim then they would receive no money at all until it had been resolved.
- (vii) The main concern many had about the transition to Universal Credit was how long the process would take and whether they would incur a delay in receiving their payments as they moved across to the new system. Without due notice, some worried they would not be able to cope financially in this case – particularly those who used their claim to pay for childcare.

4.1 INTRODUCTION

This chapter examines current levels of awareness and attitudes towards Universal Credit, participants' thoughts on the different elements of the new system and the concerns they have with it. Interviewers presented participants with information on specific aspects of Universal Credit. This information was concerned with how Universal Credit will be delivered, not what they may expect to receive so their responses should be viewed in this context.

4.2 CURRENT AWARENESS OF UNIVERSAL CREDIT

Awareness of Universal Credit was very low, with **only a small minority of participants having heard about it in advance of the interview**. These participants had typically heard about Universal Credit through the media or their employer (in cases where the participant worked for a local authority organisation), or with vulnerable people as the introduction of Universal Credit would affect their customers. Additionally, those who claimed multiple benefits tended to be more likely to be aware of the fact that Universal Credit was being introduced as a result of information they had received from their local authority.

“Only from....some of the letters that I’ve got sent from the council I think it is meant to make claiming benefits easier for people in that they’ll get one fixed benefit...”

Female, Change reported, Multiple benefits, London

Among these participants, even though they had heard of Universal Credit they tended to have limited knowledge of the new system and how it would impact on their claim. In spite of this, none had sought further information about Universal Credit.

More generally, knowledge of Universal Credit was non-existent. When asked about what they thought it might be, most assumed that Universal Credit was a type of loans company, as explained in section 4.3 below.

On revisiting participants for the follow-up depth interviews, **most struggled to recall the information that they had been presented with**; they remembered that Universal Credit will combine several benefits and that one department will be in charge of the delivery of the new system. However, participants **could rarely recall the name ‘Universal Credit’** and therefore they had found it difficult to search for further information or explain the new system to their friends and family. A few of the participants attempted to search for further information on the HMRC and DWP websites but they were unable to find any information as they could not remember what search terms to use.

"My first instinct was to go on that [HMRC website]. Nothing whatsoever was found there. As you can see from Wikipedia it does not direct you back to that site at all which means it got its information from another site. "

Male, Change reported, Tax Credits only, London

The consequence of this was that when they tried to explain the reforms to their friends and family they could not provide evidence to “prove it”. As a result, their friends and family often did not believe what they heard, as they questioned why the government would not provide information on their website if these changes were underway. In turn, this then caused the participants to doubt the information they had been given.

4.3 ATTITUDES TOWARDS THE NAME ‘UNIVERSAL CREDIT’

When thinking about the name ‘Universal Credit’, **many participants associated it with a type of loans company or debt collection agency**. This was because some of those we spoke to had experienced dealing with loans companies that had a similar trading

name to Universal Credit including “Universal Credit Ltd”, “Universal” and “Southwark Credit Union”.

“Someone rang from Universal Credit offering me money”

Female, New claim (previous claims), Multiple benefits, Peterborough

Therefore, when the name ‘Universal Credit’ was presented to them, they associated it with these organisations they had previously engaged with. This led them to make assumptions about what the new benefits system would be like with some believing that they would be required to pay back what they claimed. Because of this misconception many of these participants thought the branding was confusing and should be changed.

"It's called a credit union I think a different name maybe, universal credit because it sounds like the credit union."

Female, No change reported, Multiple benefits, London

More generally, **participants tried to decipher what Universal Credit might mean by considering the two words separately.** They stated that the word ‘universal’ implies something that is available for everyone, whereas a ‘credit’ is a loan – neither of which they thought would be features of any new government system. This was reiterated by third party representatives who believed that the branding could lead some to misinterpret what the new system will involve.

Some went on to suggest that **the word ‘credit’ had been included in the branding to foster a link with the current tax credits system** and to help ease the transition of these customers to the new system. They also believed that the government was trying to capitalise on the positive associations with tax credits; that they are earned and distinct from other benefits. However, these participants further commented that the use of ‘credit’ without being prefixed by ‘tax’ makes the term meaningless and does not reflect what it is.

“It can be confusing. It’s not universal. Credit makes people think of Tax Credits....”

Third party, Operational role, London

4.4 ATTITUDES TOWARDS KEY ASPECTS OF THE UNIVERSAL CREDIT SYSTEM

Most participants responded positively towards the idea of a single benefit system. In particular, this feature was thought to be beneficial for those claiming multiple benefits as they would only need to provide their personal information to one department thus making claim management easier. Furthermore, along with simplifying matters for the claimant, participants also suggested that this system might be easier for the government to administer thus resulting in cost savings, believed to be of real importance given the current economic climate and the broader context of spending cuts.

"Yes, so you don't have to run around, running here there and everywhere, calling four different people to make a claim for this, it will just be you do it online and it's done, so that would be a lot simpler."

Female, Changes reported, Multiple benefits, London

However this aspect of the system caused concern for some, particularly among those in receipt of larger awards who relied more heavily on their claim. The main point of consternation here was that **if there was an issue with one element of their claim their whole award may be stopped**. Indeed, to illustrate this point, some mentioned that, in the past, they have been able to rely on their other benefits if one of those they are in receipt of was stopped due to an error or while details relating to their personal circumstances were checked and confirmed. Without the safety net of having other sources of income, these participants were concerned about how they would cope if something similar happened under Universal Credit.

"...cause something goes wrong and they just stop payments while they sort it out with no thinking about how I pay my rent or feed the kids. I mean at the moment I still have my other ones to rely on but with Universal Credit I won't."

Female, No Change Reported, Multiple benefits, Peterborough

There were **varying levels of acceptance of the move to a predominantly online system**. Most admitted that they would be able to cope with the shift online, though there were a few who lacked confidence in using the internet and, furthermore, were worried about security and how safe their personal details would be once they had been submitted. Further information on internet usage can be found in section 2.4.1. In the main these participants tended to be older with less direct experience of using the internet. This finding is supported by results from Ipsos MORI's Tech Tracker, which shows that internet access significantly declines between 55 to 64 year olds to adults over 65 (78% versus 46%). Adults aged over 65 also had the highest percentage of people who have access to the internet but choose to never use it.¹⁶

"I wouldn't be happy about it, I really wouldn't. Again, that's just me because I do not think the internet is secure, I really don't."

Male, New claim, Tax Credits only, Stockport

More broadly though, **many participants were concerned about what this would mean for other claimants**, in particular, those that are older and those with a disability. Because of this, many urged that there should be **alternative channels in place** other than solely online and that it would be important that provision is made for those who either cannot or would prefer not to use the internet.

¹⁶ Ipsos MediaCT Tech Tracker – Q2 2012 (June 2012):
<http://www.ipsos-mori.com/researchpublications/publications/1472/Ipsos-MediaCT-Tech-Tracker.aspx>

"It would appeal to me but I still think it's too heavily, I don't like it when people heavily rely on the internet because not everybody has the access to it..."

Male, Change reported, Tax Credits only, London

Building on this, a few research participants suggested an instant messaging system would be important to provide real time help and support to those applying online while, for others, telephone help and support was thought to be the least that should be available. Some third parties felt that internet access would not be a major issue as most customers either had this within the home or they could access it at local libraries. However they believed that an online system may create difficulties for claimants who need to seek support in managing their claim, because third parties may not be able to access individual customers' Universal Credit accounts and therefore the lack of physical letters may prove to be a barrier in them getting the help they need.

The change to **single monthly payments was typically accepted** and indeed welcomed by those in stable employment who were used to receiving their wages on a monthly basis. This was because moving to a monthly system would allow them to more closely align all their incomings.

In contrast though, **among those claiming multiple benefits, the move to a single monthly payment was viewed with a great deal of apprehension.** This was because these participants use the structure of when their different payments were received as a means of budgeting. Furthermore, as they received a number of different payments throughout the month, the risk that they would be caught short and run out of money was lessened. They also used certain benefits at different times of the month, so to combine these different income streams into one monthly payment may affect them in the short term.

Some participants suggested that the reason the government wished to change to a system of single monthly payments was because it was trying to shape people's behaviour and wished to nudge them towards structuring their finances in the same way as those within stable employment. There was concern about the ethics underpinning this though and many felt that, without proper support mechanisms in place, implementing this aspect of the new system may prove to be irresponsible and could result in higher levels of personal debt.

These views were echoed by those working in the third sector who feared that more vulnerable customers would be unable to budget effectively and, therefore, could end up unable to make essential payments. Consequently, third parties were keen that government learn from similar large scale reforms, such as when benefit payments were moved from Giro to BACS to ensure that those in need of assistance are not negatively affected by this change.

"There will be issues, there will be particular groups that aren't going to cope and manage..."

Third Party, Services Manager, London

4.4.1 DELIVERY OF THE SYSTEM AND OPERATIONAL ASPECTS

There were mixed feelings expressed by participants in relation to DWP's role in overseeing the delivery and administration of Universal Credit. For some, **DWP was just another government department, seen as interchangeable with HMRC** and, therefore, these customers assumed that the level of service would remain the same and their customer experience would be no different. These participants tended to be either younger claimants with less experience of dealing with government or only claimed tax credits and had no previous experience of dealing with DWP.

However, there were some participants, who had a negative reaction to being told of DWP's lead role in the delivery of Universal Credit. These participants tended to be claiming multiple benefits and had previous negative experiences of claiming Jobseeker's Allowance. In particular, these participants felt that **Jobcentre Plus staff had treated them with a lack of respect** and did not take the time to understand the nature of their query.

"I have been to about six of them [Jobcentre Plus Staff]... I started seeing a pattern with almost all of them in that they are just horrible, they are just not happy people. It's horrible and depressing."

Male, Change reported, Tax Credits only, London

Alternatively, HMRC's **tax credits helpline staff were viewed much more positively by participants**. In spite of some stating issues with getting through to a helpline advisor at busy periods and the high cost of calls, many felt ringing the helpline was worthwhile. This was because they got to speak to a friendly advisor who was almost always knowledgeable about the system and able to provide tailored advice.

"I've always found them to be quite helpful to be honest; they seem to know what they're talking about..."

Female, Change reported, Multiple benefits, London

Third parties, however, believed that the perception tax credit customers have of DWP is about the nature of contact that they have experienced. Universal Credit will be delivered online and therefore third parties believed that customers are more likely to have a customer experience akin to that which they receive via the tax credits helpline than one that is similar to engaging with Jobcentre Plus staff. More information on participants' attitudes towards HMRC and DWP is provided in section 3.2

4.5 KEY CONCERNS ABOUT TRANSFERRING TO UNIVERSAL CREDIT

When thinking about the transition from tax credits to Universal Credit, participants immediately assumed that they would be passive within the process and that HMRC would actively transfer them with little action needed on their part. However, when the transition to the new system was explained and participants were aware that they would play a more active role, many highlighted a number of concerns. Key among these was the **length of the transition process and the impact that this could have on their incomings**; in particular, whether there would be a gap in the money they were paid. This concern was acutely felt by those within the Change Reported group who claimed

the CCE as they believed that **any break in their payments may threaten their ability to remain in work and pay for formal childcare**. Indeed, these participants felt that they would only be able to cover their essential outgoings for around a fortnight and, after this point, they would either have to incur debt, borrow money or stop work. This concern was further emphasised by third party representatives who had first-hand experience of the difficulties that a break in payments can cause.

“... I mean it should make things easier, it just, it’s crucial that they, you know, its delivered in the correct way, because it’s an all or nothing now, I mean sometimes people can, if they are having trouble with Housing Benefit, they can live for a short time on Tax Credits, to tie them over a Housing Benefit difficulty, where as now, it’s all or nothing...”

Third party, Benefits Supervisor, Peterborough

Given this, **participants discussed measures they would like to see in place to ensure that they could cope financially in case of any breaks in payments**. In the first instance, participants wanted reassurance that, if there was a delay in processing their new Universal Credit claim, what they were owed would be backdated. Beyond this, participants also suggested that they would need to be given advance notice of the changes to enable them to save some money to cover any resultant shortfall. Indeed, it was this issue above all others – how long the transition was expected to take – that governed how much notice participants felt they needed when it came to them being moved onto the Universal Credit system. Most suggested that they would need at least three months notice before they were due to move to the new system; please see section 5.2.3 for further information.

More generally, **many participants expected that the transition to Universal Credit would take a long time**. In the first instance, they recognised that a great number of people would need to take out Universal Credit claims which could result in a backlog of them being processed. Furthermore, some suggested that government’s track record in implementing major IT systems has not been that good and, therefore, felt that disruption to their claim was almost inevitable.

“If it’s efficient and it works then it will be good but if they mess it up. There’s nothing to fall back on really is there.”

Couple, New claim, Multiple benefits, Stockport

There was a high level of agreement amongst the participants that there must be **support available for customers during their application for Universal Credit**. Furthermore, participants stressed that it is important that this support be available through other channels rather than simply online alone. Given the extent to which some participants relied on their claim they were understandably worried about getting ‘lost’ in the new system and therefore urged for clarity and reassurance throughout the transition process on which department is responsible for them and where they should seek advice. Indeed this is something that has been highlighted in other research around benefit migration pathways.¹⁷

¹⁷ ‘HMRC Lone Parent Migration to Child Tax Credits – HMRC research report (Flamingo Research (2009

“No I think it sounds all right, as long as we don’t get lost in the system, you know, when they’re changing people over.”

Female, Tax Credits only, No change reported, Peterborough

Despite these concerns, almost all the participants said that they would claim Universal Credit. This was often down to the fact that they felt that they could not cope financially without this assistance. For others though, particularly those that were younger and were relatively new to the system, it did not matter who delivered the financial support they claimed or how they received it. To these customers, Universal Credit was just another government benefit.

5 THE TRANSITION JOURNEY

CHAPTER SUMMARY

- (i) There was a great deal of consistency among all types of customers with regards to the information they needed during transition and the way in which they wanted to receive this. This could typically be broken down into three distinct stages:
- (ii) Stage One: Raising Awareness – Firstly, most participants felt that a national television and radio advertising campaign designed to raise awareness of Universal Credit as a brand and communicate the key points about the transition was necessary. This would make people more open and receptive to receiving more detailed information at a later stage. Most felt that this needed to take place before anyone was moved to Universal Credit.
- (iii) Stage Two: Providing Information – Following the awareness campaign, participants reported that they would want more detailed information about Universal Credit and how, as a tax credits customer, they would be affected. They also felt that signposting to further information would be essential, to satisfy the needs of those who wanted more detail. Post was felt to be the best way to provide this information via existing mail-outs such as renewals packs.
- (iv) Stage Three: Providing Guidance – At the point of transition participants felt that it would be important to provide customers with clear and simple guidance about what was happening and what actions they needed to take in order to stop their tax credits claim and start a Universal Credit claim. They felt that this could be best provided in a letter which would act as a type of hand over from HMRC to DWP.
- (v) The amount of notice which participants required before their transition mostly depended on the extent to which they relied on their tax credits claim. Most, however, felt that around three months would be reasonable.
- (vi) Participants wanted communications to come from the departments they were currently dealing with even if this meant that they received information about Universal Credit from a number of sources. However, they also wanted these messages to be consistent.
- (vii) There wasn't a great deal of difference between what the three research groups needed to know although those in the Change Reported group with the highest value claims were the most concerned and in need of greater levels of reassurance. Those who were new to tax credits needed the least information and stated they would be happy and confident to 'self-serve'.

5.1 INTRODUCTION

This chapter outlines the information needs of tax credits customers experiencing different transition journeys to Universal Credit as well as how these vary depending on the type of customer in question. Issues around the type of information, communication channel, messenger and timing will be explored as well as the possible support needs of customers and where they are likely to seek this from.

5.2 OVERVIEW OF INFORMATION NEEDS

There was a **remarkable amount of consistency** among all types of customers with regards to what they wanted to know before and during their transition to Universal Credit. This section outlines the needs of the participants as a whole, moving to discussing each stage of the transition pathway in turn.

To begin with, many participants **made the distinction between communications which aimed to:**

- Raise awareness – in order to ensure that all those who would, or might be, affected were familiar with the changes before they were introduced.
- Provide information – which would outline the detail of the changes for those who would be affected as well as directing them to further information and support so they could prepare for transition.
- Provide tailored guidance – which would identify the actions which claimants would need to take during their own transition.

Participants felt that if they were not provided with all three types of communications during their transition then it would be more likely that they would be unaware of what they needed to do or become anxious about the change as they did not fully understand it.

Third party representatives supported these views and highlighted the importance of providing the necessary information clearly in order to prevent confusion or concern; particularly as they knew they would be responsible for dealing with the fallout if this was not the case. They **urged for lessons to be learnt from when customers were transferred from Giro to BACs** and stated that the communications about this change were firm (explaining that the change was happening) yet also supportive (by informing customers about what they needed to do) and, because of this, the reforms were a success and the unintended consequences were limited. They felt the introduction of Universal Credit was a comparable change as it required customers to take action in order to continue to receive support and it also meant that they need to change their long-term claim management behaviours.

“A lot of people didn’t have accounts. So that was massive. It wasn’t just saying we’re changing it; people had to go out and get accounts. I mean, yes there were a lot of problems that happened, but actually in terms of people understanding what was happening, getting the assistance when they needed to, I think that went very well. I think overall that worked. It happened.”

Third Party, Services Manager, London

5.2.1 RAISING AWARENESS

Most participants stated that a **national awareness campaign was a necessary first step** in communicating Universal Credit to customers for two main reasons. Firstly, participants were worried that unless customers were made aware of the changes they may either miss or ignore information which was important to them at a later date. Through an awareness campaign **customers would become more familiar with the**

name ‘Universal Credit’ and therefore more attuned to receiving information about it.

“By having this advance publicity you would get used to the idea and would know what you are looking at when you get the formal letter”

Paired, Change Reported, tax credits only, London

Secondly, participants were keen to stress that these reforms may affect those who are currently non claimants as their circumstances change and they become eligible for Universal Credit. Therefore, they felt it **important that the population more generally are made aware** of the introduction of Universal Credit so, if needs be (for instance if they lose their job) they know where they need to go and what they need to do in order to access help and support. As an illustration, many participants referred to the digital switchover campaign as being a good example of the kind of scale they envisaged here. Indeed, digitaluk has recently reported¹⁸ that between 98 to 100 per cent of television viewers were aware of digital switchover before they were affected.

Content

At the awareness raising stage participants reported that they only needed key pieces of information about the reforms: what Universal Credit is and who will be affected. Participants did not want detailed or personalised information at this stage, they simply wanted to become familiar with the concept of Universal Credit so that they would be primed to receive detailed information later on¹⁹. However, many reported that having the option to find more detailed information if desired would be important and so **called for signposting to relevant websites** such as direct.gov, HMRC and DWP.

Channel

They felt this would be most successfully achieved through television (and ITV in particular) and radio advertisements; particularly given how popular the current tax credits adverts are. Indeed, many participants reported that the tone and style of the tax credits adverts could be used as a basis for communicating the changes as they felt that this would make customers pay attention to them.

While the advertising campaign was felt to be essential to most participants, some felt that this could be supplemented with posters and leaflets placed in public areas such as libraries, the offices of charities, post offices and council offices to help to raise awareness among those who do not watch television or listen to the radio. Some, however, thought that adverts alone would be enough to stimulate conversation between tax credits and other benefits customers so as to raise awareness among even those who had not seen the adverts by virtue of network effects.

¹⁸ digitaluk 2012 annual report, accessed online on 10.07.12 at: <http://www.digitaluk.co.uk/annualreport>

¹⁹ Priming is referenced in MINDSPACE (P. Dolan et al, 2010) which states that people are more likely to act in socially desirable way if advance communications help get them ready for change.

Timing

In terms of timing, all participants felt that this awareness raising stage should take place well before the first customers are moved on to Universal Credit. Based on the timeline presented which would see transitions starting in late 2013²⁰, **most participants felt that an awareness campaign should begin as soon as possible** to ensure that customers are familiar with the change before it affects them.

“Well 2013 is still only eight months away. The sooner the better. People are going to recognise the term more the more they’re made aware of it.”

Paired, New Claim (previous claims), multiple benefits, Stockport

Messenger

Participants were unconcerned about which department takes responsibility for communicating the reforms although many felt that in order to raise awareness effectively Universal Credit would need its own distinct brand which customers could build familiarity with. By brand, they seemed to mean a logo, which would aid recognition and help provide a unique voice to communications as HMRC was felt to have achieved with tax credits. Although participants did not explicitly say who should run this campaign, their desire for a Universal Credit brand and consistency of messaging indicated that DWP might be best placed to do this as it would be running the system.

"I think it needs to be something that’s recognisable that they’ve heard of... Something that they know what it is. It’s something that’s recognisable... I loved the adverts about the tax credits when that was first introduced. "

Female, No Change Reported, tax credits only, Peterborough

5.2.2 PROVIDING INFORMATION

Following on from the awareness raising stage, most participants felt that tax credits customers would need more **detailed information** about the reforms ahead of their transition to Universal Credit.

Content

Given the limited information we were able to provide participants with about Universal Credit, which focussed solely on aspects of delivery discussed in chapter 4 and did not discuss eligibility or award levels (please see Appendices A, B and C) they struggled to say precisely what information they would need. They did, however, suggest they would welcome details on:

- What Universal Credit is;
- Why it has been introduced;
- The key features of Universal Credit;

²⁰ DWP: Universal Credit Policy Briefing Note 15 *‘Managing the build up of claims to Universal Credit’*

- How it will affect tax credits customers and those claiming other benefits;
- How customers will transfer to Universal Credit; and,
- What customers need to do before, during and after their transition.

For those in the Change Reported group who were discussing a Natural Transition it was felt to be important to **provide customers with information about the changes of circumstances that would trigger a transition** to Universal Credit. They felt that it would be useful for customers to be aware of this so, when reporting a change in circumstance, they would be aware in advance of the implications of this. Third party representatives also endorsed the need for this information to be communicated but warned it could have **unintended consequences** in that if someone did not wish to be transferred to the Universal Credit system (if, for instance, they had read negative reports about it or believed their claim would be lower²¹) then they may fail to keep HMRC updated about their circumstances.

Channel

In terms of communicating these messages, most participants felt that either letters or leaflets sent in the post would be the best way. This opinion was driven by the fact that this is how they were used to receiving information about their claim from HMRC and, consequently, they felt they would be more receptive to messages communicated via this channel. Many, particularly those aged 40 or above and those with ESL, felt a letter was a more formal and therefore appropriate way for government to communicate a major change and also spoke of the benefits of having something tangible they could refer to or could take to a third party organisation as a means of getting help. Please see section 3.5 for more information on the support seeking behaviours of ESL customers.

Most felt that **this information could be sent in existing communications** such as the renewals pack. This was because they did not like the idea of the Government spending a considerable sum of money on additional mail-outs, especially given their concern about the cuts and also to ensure that customers do not feel as though they are being bombarded with information.

“Everybody has to complete the annual declaration otherwise your claim stops so if they send you, a simple A4 sheet explaining what the situation will be, it’s not going to cost them any more money to do a separate mail-out, .”

Female, Change reported, Multiple benefits, London

Timing

Despite not wanting to feel over-burdened with messages, given that the transition period will cover four years or more, **participants were sensitive to the need to send information regularly** to ensure that customers did not forget about the reforms; something that was acutely highlighted given the low levels of recall about Universal

²¹ Please note that transitional protection was not discussed during the interviews. Discussions around the Universal Credit system were solely around aspects of delivery.

Credit in the follow-up depth interviews. It was thought that by tagging these communications on to those already sent to tax credits customers it would be possible to achieve a balance between regularly informing those affected while not seeming like an imposition. In terms of frequency, most reported they would wish to receive information about Universal Credit at least once a year until the time of their transition.

Many also called for signposting to further information and felt that government websites such as Direct.gov, HMRC and DWP would be the best way to provide this as it would offer those that wanted it comprehensive information in a cost-effective manner. Additionally, websites were felt to be a good way to allow customers to drill down to the level of detail they required whilst still providing basic top level information for those that were satisfied with this.

Messenger

Most felt strongly that **HMRC should be responsible for sending this information** to tax credits customers. Their concern was if they were sent it by an unfamiliar department then they may either ignore the letters or become confused. This was particularly true for those who only claimed tax credits who felt that this would help to ensure that customers felt confident both in HMRC's awareness of the changes and that information relating to their tax credits claim was accurate.

"HMRC because if it's going to change they have to tell you because you're their customer at the end of the day"

Female, Change Reported, tax credits only, London

While participants wished to receive this information from HMRC, they thought **the messages should be developed jointly with DWP**. It was thought that this would ensure consistency (in terms of content, tone and style) and would avoid contradictory messages being sent to those in receipt of a number of benefits which could, in turn, undermine confidence in the system.

"My concern would be if everybody's sending out different things people might get slightly confused as to what the message is and what they want to do and what's going on."

Male, Change Reported, multiple benefits, London

It should be noted, however, that although most participants were adamant that they would open and read these letters if they received them, previous research has shown that this may not necessarily be the case. The recent renewals research²² in particular, reported that many customers did not open their renewals packs as they used the tax credits helpline to renew their claim. This means that in addition to the risk that customers may not notice the information about Universal Credit among the other forms and letters in the pack; some may simply not open the envelope at all.

²² Hall, S. Leary, K & Branson, C: *Qualitative research to explore tax credits customers' renewal behaviour*, HMRC Revenue and Customs Research Report (Ipsos MORI 2012)

In connection with this, participants reported that they would not be happy to receive information about Universal Credit through an Interactive Voice Recording (IVR) on the tax credits helpline. They said that when they made calls to the tax credits helpline, they were doing so with a specific purpose relating to their claim and so would not want to be distracted with messages about Universal Credit. This was supported by previous research²³ about the renewals period which reported that once tax credits customers had decided to call the helpline, they were only satisfied once they had spoken to someone. This meant that they were not open to receiving guidance or information through IVR which might divert them from the call and so they generally ignored these messages.

5.2.3 PROVIDING GUIDANCE

When discussing individual customers' transition, participants reported that they would need **clear and simple guidance to make the move to Universal Credit**. This stage was felt to be key in facilitating a positive customer experience and in ensuring that customers do not become anxious and call the tax credits helpline for support and information.

Content and channel

At the point of transition **most participants reported needing two pieces of information**: that which related to **stopping their tax credits claim** (including what they needed to do to make this happen and what would happen to their overpayments); and, that pertinent to their **making a Universal Credit claim** (including step-by-step instructions for making a claim and signposting to support and advice).

“... how the system's going to work so maybe a guideline as to how it's going to be deployed online and what you have to have ready and all that sort of thing .”

Paired, No change reported, tax credits only, Peterborough

Again it was felt that a letter would be the best way to provide this information to customers. They wanted the letter to contain two sheets, one detailing information relating to their tax credits claim including information about stopping their claim and the process for dealing with outstanding overpayments. They wanted the second sheet to outline the process for making a Universal Credit claim, including a step-by-step guide covering how they should go about this and signposting to further support and advice to help them. Please see section 5.3 for more information on this.

It was important that these were sent together as it would help to allay fears which many participants had of falling between the cracks of the two systems, with one claim ending but having no support with making a new one. The only exception here was the Change Reported group who stated that they would want the main points provided by the tax credits helpline if the transition had been triggered by them reporting a change over the phone. However, they would still expect to receive a letter immediately after this.

²³ Hall, S. Leary, K & Branson, C: *Qualitative research to explore tax credits customers' renewal behaviour*, HMRC Revenue and Customs Research Report (Ipsos MORI 2012)

"Yes because I think if you left too much of a gap in between, people are going to worry, they're going to panic, they're going to say well where's my money."

Female, No Change Reported, multiple benefits, Stockport

Timing

For most, the amount of notice customers needed before their tax credits claim stopped depended both on how vital the award was to the household and how long it would take for the new Universal Credit claim to be processed. Many (particularly those who were out of work or who claimed the CCE) were concerned about the prospect of being without payments while their new claim was processed and thought, in this scenario, they may struggle financially. Therefore, if there was any likelihood of this happening for more than a fortnight, customers stated they would need advance warning so that they could save money in the months leading up to transition.

"I'd want about three months' notice. I could either try and save up to cover myself for that month, or I could give my childcare provider notice, to say listen, my payments are going to stop so you have to bear with me for that time if I can't cover it."

Female, Change Reported, tax credits only, London

Most said that **three months' notice would be reasonable**, though those with the highest value claims requested up to six. They reported that this would give them time to save and, additionally, the imperative to do so. Building on this, some reported that they would not want their transition to take place at certain times of year when their finances are particularly difficult to manage, for instance, during the summer when childcare costs are higher or in December and January when coping with the cost of Christmas.

"I would think a couple of months, two or three months. If you're living on the breadline and you're struggling, you know, from day to day then you need to know where your money's coming from."

Female, No Change Reported, tax credits only, Stockport

"I'd say for most people it [the most difficult time] would probably be Christmas, most definitely December."

Paired, No Change Reported, tax credits only, Peterborough

Even though they often had lower value claims than others, those in the No Change group stated that if they experienced a Managed Transition, they would expect advance notice of this; they assumed HMRC would have a plan for when they should be moved and, therefore, there was no reason for them not to be informed of this. In contrast, while those in the Change Reported group were perhaps more likely to need advance notice due to the higher value of their claims, they felt that this may be more difficult to guarantee if experiencing a Natural Transition which caused a great deal of concern.

Messenger

The importance of receiving two separate sheets of paper was detailed further by participants who suggested that this would help minimise confusion about what they needed to do. Participants felt strongly that HMRC should be responsible for managing the finalisation of tax credits claims and of communicating this with customers, both out of courtesy and in order to make customers feel confident that their tax credits claim was being dealt with properly. Some participants, especially longer-term customers, felt that this letter would also act as a farewell from HMRC, which would provide closure for their relationship with the system. This is because they wanted to feel as though they were a tax credits customer right up until the point when their Universal Credit claim begins and were sensitive to anything which might make them feel that HMRC no longer cared about them or their claim. Managing this stage correctly was felt to be important both in ensuring that the customers' experience of stopping their claim was smooth as well as leaving customers with a positive view of HMRC.

“I think they should write to you to let you know that now you're going to go over to this one, I just think that's polite and nice and it's a nice handover and it's more clear what's going on”.

Female, Change Reported, Multiple benefits, London

While most were less concerned about who provided information on making a Universal Credit claim, the same principles for providing consistent information under the Universal Credit brand applied. Additionally, there was a strong sense that in order to prevent customers becoming confused about who was responsible for Universal Credit HMRC should hand over the customer to DWP at this point. Indeed, this was felt to be a key benefit of a letter containing sheets from both HMRC and DWP. As well as outlining the actions the customer needed to take it also acted as a form of 'farewell' from the former and 'welcome' from the latter.

It was also thought this would help reduce the number of people who may call the tax credits helpline for support with making Universal Credit claims. Indeed, a study exploring Lone Parent Migration to CTC²⁴ highlighted the importance of ensuring that customers were aware of who was responsible for the new system they were being moved to. This report states that many lone parents who were migrated to the tax credits system did not know that HMRC was responsible for tax credits and some continued to turn to the Lone Parent Advisors for support as it had been them who had communicated the change.

²⁴ HMRC Lone Parent Migration to Child Tax Credits – HMRC research report (Flamingo Research (2009))

5.3 PRESENTATION OF INFORMATION

Participants in the Change Reported and No Change groups who took part in the follow-up depth interviews were presented with an example of a letter²⁵ for customers at the point of their transition. This contained information about stopping a tax credits claim and directed them to the Universal Credit website where they would be able to make a new claim. Two versions of this letter were presented to the participant, one which included both the HMRC and DWP logo while the other only had the HMRC logo. There were also separate versions produced for Natural and Managed transitions. These can be found in Appendix C.

Branding

Follow-up depth participants were given the letter which only included the HMRC logo and were asked to read it fully. They were then given the letter which contained both the HMRC and DWP logo and asked to point out the difference between the two. However, despite close studying of the letters, none of the participants noticed that DWP's logo was on one letter but not on the other. This was because, generally, participants did not look at anything in the top third of the page, including the logos and addresses.

"No I didn't look at them...I went straight to the, Dear Sir/Madam line."

Female, No Change Reported, tax credits only, Stockport

This point may be important when considering jointly branded letters as logos alone may not communicate this to customers. For this reason, some participants felt it would be better to include two separate sheets in the envelope, one using tax credits branding which included information related to their tax credits claim and the other using Universal Credit which guided them through the steps of making a claim. This, it was felt, would make it clear who was responsible for which claim and so should reduce confusion about who they should contact if necessary.

Additionally, participants reported that they did not always look at logos on letters because they tended to recognise the sender of letters from the envelope used. Many reported that they could identify a letter from HMRC through the size and colour of the envelope as well as the return address on the back. This behaviour was also outlined in recent renewals research²⁶ which reported that longer-term tax credits customers could identify their tax credits renewals pack by looking at the envelope. This was felt to be important because they stated that they may ignore a letter from a sender they did not recognise and so if DWP were to send them information, they may not open it. For this reason many participants felt it would be important for HMRC to send the letters to customers so that they would be easily identified.

²⁵ Please note that this letter was not a draft for a communication which HMRC intended to use during transition. It was developed as a piece of research stimulus with the aim of provoking discussion with participants about what such a letter should include and how it should be presented.

²⁶ Hall, S. Leary, K & Branson, C: *Qualitative research to explore tax credits customers' renewal behaviour*, HMRC Revenue and Customs Research Report (Ipsos MORI 2012)

“People would look at it and think, ‘DWP, I’ve nothing to do with them’ and stop there and not read the important bit.”

Female, No Change Reported, tax credits only, Stockport

Information

The letters presented to follow-up participants included a section entitled ‘*what you need to do*’ which stated that the customer would be sent a notice and that they needed to: check the personal circumstances recorded on it were correct; complete the notice; and, return it to HMRC. The purpose of this notice was to ensure that HMRC had the current circumstances for a customer who was leaving the system so that their tax credits claim could be checked, adjusted and finalised, as happens each year during the renewals period.

As discussed in section 3.3, the need to finalise a claim caused a great deal of confusion for participants as they did not understand why HMRC would need them to complete a notice if their claim was being stopped. Some participants assumed that by completing the notice, they would be making a Universal Credit claim and would not need to do anything else. This misunderstanding presented two potential risks: firstly, if customers do not understand the purpose of completing the notice then their tax credits claim may not be stopped correctly which could result in an overpayment; and, secondly, if they assumed that by completing the notice they had made a Universal Credit claim they may then experience a longer period without support than necessary.

“That doesn’t really make sense. ‘Cause here it’s saying your claim’s going to end and now you need to claim this. But then the next lot is saying that oh, you need to contact us straight away if the details aren’t correct.”

Female, Change Reported, tax credits only, London

Those who realised that the notice was not referring to a Universal Credit claim became confused about the lack of information provided about Universal Credit and some felt that the omission was so apparent that they might assume that a second sheet including this information was missing. This lack of information made some participants feel that they might become anxious when they received this letter and, as a result, they may call the tax credits helpline as without doing so they would not have enough information to make a Universal Credit claim.

“Yeah. It doesn’t really sort of deepen your knowledge about what it is. I think they need to give you a bigger explanation of what it is and also guide you on how to do it. ”

Female, Change Reported, tax credits only, London

Consistency of information

As discussed in section 5.2, consistency in tone, style, language and messages was felt to be key in communicating the transition to Universal Credit to customers. Participants felt that before any communications were sent, a brand for Universal Credit should be developed and this should be used by all who communicate the transition to claimants.

This was felt to be particularly important for those who claimed a number of benefits who were concerned that they may receive contradictory information from different departments which might cause confusion or lack of confidence in the system. In addition, the use of a clear brand would make customers familiar with Universal Credit, ahead of their transition which should limit the number of customers who are unclear about who is responsible for their claim and where they should go for support.

Helpline support

Almost all follow-up depth participants noticed that the example letter contained the tax credits helpline number but not one for a Universal Credit helpline. This concerned most participants as while they would be happy to attempt to make a claim on their own, they would feel reassured by helpline support being available. Without this, if they did need help they would simply call the tax credits helpline and, as discussed in section 5.2.2, once they had made this call, they would then expect to receive support from a member of staff rather than being directed elsewhere.

“There’s no number... If tax credits can help with what universal credit is about and people’s questions about universal credits, fine, but then I think people are going to want to speak to someone from Universal Credit.”

Female, Change Reported, multiple benefits, London

5.4 KEY CONCERNS OF EACH RESEARCH GROUP INFLUENCING INFORMATION NEEDS

Although there was a great deal of consistency among participants in all three groups when discussing information needs, the extent to which the participants were likely to become anxious if they did not receive this information differed between research groups.

5.4.1 NEW CLAIMS

Those who had recently made their first claims seemed largely happy to self-serve when it came to moving to Universal Credit. Typically, these participants had been informed about tax credits by a friend or family member and had then searched for further information online prior to calling the helpline to make a claim. This meant that they were fairly unconcerned about their transition as they believed that they would quickly discover that they needed to claim Universal Credit and would be able to do so without much need for support. They reported that they would not expect HMRC to supply them with any additional information or support other than highlighting the Universal Credit website address.

Those that had previous tax credits claims reported slightly higher support needs as these were often customers with a long history of claiming tax credits who would find the transition more disruptive. The needs of these customers were very similar to those of the Change Reported group in that both groups were sensitive to the idea that a change in their personal circumstances could mean they may need to make a new claim and that, as a result, they could be without payments for a period.

This was particularly raised by those who had moved from a joint to a single claim as they felt they had already experienced a great deal of upset and stress and so did not welcome needing to move to a new system. These participants expected to be supported through their transition by HMRC in much the same way as the Change Reported group and, in particular, wanted information about what changes in circumstance may trigger them needing to make a new claim.

5.4.2 NATURAL TRANSITIONS

Those in the Change Reported group who discussed Natural Transitions were **the most nervous about moving to Universal Credit** because, in the first instance, these customers tended to have the highest value claims and so were worried about the possibility of experiencing a period without support while they moved to a new system.

Secondly, there was a great deal of concern that a transition triggered by a change of circumstance might mean that they may not be given any advance warning which, in turn, would affect the extent to which they were able to prepare or save money.

For these reasons, **this group reported the need for detailed information** about which changes could trigger transition in advance of notifying HMRC of such a change, reassurance about continuity of payments in communications and, as far as possible, some advanced warning before their tax credits claim stopped. Additionally, participants in this group were most open to receiving regular communications about Universal Credit as they did not know when it would affect them.

5.4.3 MANAGED TRANSITIONS

Those in the No Change group who discussed Managed Transitions were less anxious than those in the Change Reported group and those with previous claims in the New Claims groups. These participants typically had lower value claims and more stable circumstances so any gaps between payments while changing to the new system was less of an issue for them and, consequently, receiving advance notice was less important.

This group tended to want to receive information less frequently than those in the Change Reported group and **were sensitive to being overburdened with messages during the transition process**. Indeed, some felt that if they were not scheduled to be moved until nearer the end of the transition period then they would not want to be sent any information until closer to that time. However, others recognised that although they were currently experiencing stable circumstances it was possible that things might change which would cause them to experience a Natural Transition and so it would be important that they were prepared in case of this.

6 IMPLICATIONS TO TAX CREDITS CLAIM MANAGEMENT

CHAPTER SUMMARY

- (i) Most participants thought that they would continue to fulfil their claim management responsibilities until they had moved over, largely because they were concerned about receiving an overpayment if they did not do so.
- (ii) Those working for third party organisations cast doubt on this, however, suggesting that if customers learnt that they would be worse off under Universal Credit they may delay reporting a change that could trigger a transition. Similarly, if they were experiencing a difficult change in circumstance they may also choose not to report a change so as not to add the stress of making a new claim to that they were already receiving.
- (iii) Participants were unaware that they would need to finalise their tax credits claim and once notified of this they were unsure of the information they would need to finalise an award. The attendant risk here is that customers may fail to stop their tax credits award in the correct manner, or may wrongly assume that they have begun a claim for Universal Credit. On being informed of what they would need to do, participants were happy to fulfil their obligations to HMRC but requested help and support in finding mid-year income information.
- (iv) Many were concerned with what would happen to their overpayments on the commencement of their Universal Credit claim. While a few assumed they would be transferred over and deducted from their new award others feared HMRC would request that the debt be paid back in one lump sum. Some also suggested that they would prefer to put repayment arrangements in place with HMRC rather than DWP so as to start their Universal Credit claim afresh.
- (v) On claiming Universal Credit, few saw any reason as to why they would need to contact HMRC in the future. The only exception here was if participants did not think they were getting the level of service they expected from DWP and, as a result, would direct their questions to the tax credits helpline.

6.1 INTRODUCTION

This chapter identifies any implications there may be to tax credits claim management before and after customers move to Universal Credit.

6.2 IMPLICATIONS BEFORE THE CUSTOMER TRANSFERS TO UNIVERSAL CREDIT

As outlined in chapter 5, participants were keen to be provided with relevant information prior to their move to Universal Credit. In addition to this, they also wanted these messages to be balanced with those that are pertinent to the management of their tax credits claim. By doing this, customers stated that they would be more likely to continue renewing their claims and reporting changes in circumstance.

Generally though, it is worth pointing out that most did not see how the move to Universal Credit would affect their tax credits claim management. On probing however, and certainly on discussion with third party representatives, it became apparent that there could be some unintended consequences as outlined in this section.

Impact on reporting changes of circumstances

Most of the participants believed that **they would not change the way they managed their claim** even if they were aware that reporting a change would result in being asked to make a claim for Universal Credit. One of the main reasons as to why they would still report a change was the fear over the ramifications of not doing so, such as incurring an overpayment.

“No, I’d want to make sure that they knew. I think, just from experience, I would want to make sure that they knew, even if it meant that it was going to stop.”

Female, No change reported, Tax Credits only, Stockport

On probing though, there was some debate around this. A few mentioned that they would be **more minded to meet their obligations to HMRC if it continued to treat them in the same way**. However there was a sense that if they get the impression that HMRC is no longer interested in them or their claim (for instance, if it starts to wind up the help and support offered in the run up to 2017) then some customers may be less likely to see the importance in complying with what is required of them.

Furthermore, a few claimed that some customers **may not report a change of circumstance if they were reticent about dealing with DWP** or concerned about what the level of their Universal Credit claim would be. This was something that was reiterated by third party representatives who suggested that if a customer was experiencing a difficult change of circumstance (like a household break-up or moving home) they may not report this change straight away so as to ensure that they did not have to go through the additional stress of moving onto a new benefits and credits system.

“They don’t think about it in that way, it’s not even for the money. They can’t be bothered with the hassle of it... it is technically fraudulent but it’s not a malicious one...”

Third party, Operational role, London

6.3 IMPLICATIONS AFTER THE CUSTOMER TRANSFERS TO UNIVERSAL CREDIT

The impact on how participants will react to their tax credits claim stopping, their overpayments and whether they will continue to contact HMRC will greatly depend on the information that they are provided with prior to the transition to Universal Credit as highlighted throughout the remainder of this section.

Stopping their tax credits claim

Given that there were low levels of understanding about how the tax credits system functions among some (particularly those new to the system) it is perhaps not surprising that **few realised that they would need to finalise their claim**, please see section 3.3

for more information.. This is something that was highlighted in the follow-up depth interviews when participants were presented with an example of a letter that they may receive (please see Appendix C). Given this referred to them receiving a notice, they assumed it related to their new Universal Credit claim rather than to their existing tax credits claim. The risk, therefore, is that customers may not stop their claim in the correct manner.

On explaining to participants that they would need to do this most were happy to do so. However, they were **uncertain of what information they would need to provide** to ensure that this happened. Building on this, many thought that they would find it difficult to provide income information mid way through the year without being given guidance and support, given that they did not know that these details can be found on their payslip. Self-employed customers were particularly concerned about the amount of notice they would be given. Some suggested up to 6 months notice would be necessary to ensure that they could either prepare their accounts mid-year or instruct an agent to do so on their behalf.

“It might cause problems actually. I don’t always have it [accounts] 100% up to date, it would be a hassle. I would scream if it was in December, that’s when we’re really busy”

Couple, No Change Reported, tax credits Only, Peterborough

Because of this, many participants suggested they would require information that listed what they would need to provide in order to finalise their claim and how they should do this to ensure that they met their obligations to HMRC. It was suggested that this would be most useful at the point of transition.

Dealing with overpayments

The question of what would happen to their overpayments on the commencement of a Universal Credit claim was a real concern for some. A few assumed that **the debt they owed to HMRC would simply be transferred onto their new Universal Credit claim** with repayments deducted at source.

“Well if I was entitled to the Universal Credit I would hope that they would carry on doing what they’ve done, you know how they approach it at the moment, in other words what my entitlement is taken off the overpayment....”

Female, No change reported, Tax Credits only, Stockport

Others, however, were more concerned with the implications of having this kind of debt. For some, **Universal Credit was seen as a break with the past** and an entirely new system which would necessitate their current debts being dealt with prior to them being able to make a new claim. This prompted fears that they would be required to repay what they owed as a lump sum which participants did not think would be manageable while still covering their other essential outgoings. In order to allay these fears, customers may benefit from clear communications about repayment options for overpayments so they do not worry that they will have to repay large lump sums.

“If they decide not to migrate it over and they’ve got to collect it, I hope tax credits allow you to make instalment payments because I know that I couldn’t afford to pay £3,000 back at once....”

Female, No change reported, Tax Credits only, Stockport

Others were **keen to negotiate a settlement with HMRC** which would enable them to pay off their tax credits debt in agreed instalments and independently of them claiming Universal Credit. This was because, for some, their receiving of overpayments had become habitual and they were keen to end this cycle that they felt trapped in. By taking this course of action they would be able to start claiming Universal Credit with a clean slate which was something that greatly appealed. More practically, some felt that managing their debt this way would provide them with **clarity on how many overpayments they actually had** plus what they owed which would enable them to put a proper repayment scheme in place.

To mitigate some of these concerns, participants requested that they be provided with information about what they owe, how many overpayments they have and when these have been accrued. It was assumed that HMRC would be able to provide this at the point of transition. Furthermore, it is important that this information contains details of how they should make their repayments along with reassurances that they would not need to start doing so until their Universal Credit claim had been enacted.

Continuing to Contact HMRC

Once customers had successfully made a Universal Credit then most participants could not think of a reason as to why they would need to be in contact with HMRC.

“Well the thing is once it’s all changed then the other company won’t have nothing to do with it so it’s not worth phoning them up.”

Female, Change reported, Tax Credits only, London

However, there were a few participants who suggested that **they may still contact the tax credits helpline** (for as long as it is operational) if they encountered problems with the support DWP provided to them. This was something that was particularly mentioned by those who had had previous negative experiences with Jobcentre Plus staff. This point was further elaborated on by third party representatives who suggested that, for some customers (particularly those that had been in the system for a long time) calling the tax credits helpline had become an ingrained habit that would be hard to break immediately.

“Yes, probably. I mean, they press speed dial, don’t they? There is that risk.”

Third Party, Services Manager, London

To help here, it is important that customers are clearly signposted to where they can go for help and information when claiming Universal Credit and that the option of calling a dedicated helpline exists for those unable to self-serve.

7 CONCLUSIONS

The transition from tax credits to Universal Credit will represent a great change for a number of customers, particularly those who have been in the system for a long time and, as a result, have entrenched claim management behaviours. This is compounded by the fact that, at present, many tax credits customers have limited knowledge of Universal Credit. Additionally, while many younger and newer customers are open to dealing with DWP to make their claim, there is some scepticism among many of those who have previous experience of the department through Jobcentre Plus who are concerned about the level of service that they would receive. Therefore, how the transition is communicated to tax credits customers will be of prime importance in order to ensure a positive customer experience and that customers fulfil their obligations to HMRC as they remain in and move out of the system.

Communicating the change to Universal Credit

Encouragingly, there was a great deal of consistency in what participants requested regarding communications on the transition from tax credits to Universal Credit. Furthermore, participants were also pragmatic; they understood that there are constraints on government spending and that this would have an impact on what they could reasonably hope for.

That said, the majority suggested an important first step is for there to be an awareness raising campaign informing *everyone* of the introduction of Universal Credit. It was thought that this would prime tax credits customers, as well as those in receipt of other benefits, that there are impending changes afoot thus making them receptive to receiving more detailed information at a later date. Furthermore, participants pointed out that even those who do not claim any benefits or credits now may do so in the future and, therefore, it is important that they too are made aware of these changes. Given the importance of this message reaching the widest possible audience, participants stated that a national television and radio campaign would most appropriate.

The second phase, suggested by participants, would be to provide tax credits customers with information. This would need to highlight the key features of Universal Credit along with the reasons why it has been introduced, how it will affect tax credits customers and what they will need to do during and after transition. Conscious of the need not to overburden customers with information, participants suggested that these details should be added in on existing mail outs such as the renewals pack.

Key here is consistency. Participants, especially those who claimed other benefits in addition to tax credits, urged that these communications around the transition be developed jointly with DWP to ensure that the important messages around Universal Credit are reinforced and the risk of any contradiction minimised.

Finally, participants stated that the third component should be the provision of tailored guidance. They distilled this down to two main points: how they should finalise their tax credits claim; and, how they should start their Universal Credit claim. To aid clarity, they even suggested that this be provided on two separate sheets of paper. Participants stated that the amount of warning they would need about their transition would hinge on whether, during the move to Universal Credit, they could expect to receive a delay in

payments. If this was to be the case, participants (especially those with a large claim) stated they would need at least three months' notice to enable them to save to cover any shortfall.

Encouraging responsible claim management

On the whole, participants are keen to meet their obligations to HMRC and manage their tax credits claim appropriately. In a large part, this stems from their concern about receiving an overpayment. Furthermore, many stated that these principles would carry over to Universal Credit; they saw no reason why, prior or during their transition to Universal Credit, they would manage their claim differently.

Some third party representatives, however, suggested otherwise. For instance, they hypothesised that if a tax credit claimant learnt that they would be financially worse off under Universal Credit then they may hold back on providing necessary personal information to HMRC that they knew would trigger a change. Furthermore, it was thought that if they were experiencing a stressful personal time then they may wish to avoid the upheaval of moving to a new system.

Furthermore, the depth interviews with claimants highlighted that there are stress points in the transition that may trigger participants to act in a less desirable manner. For instance, few realised that they would be required to finalise their tax credits claim on opening a Universal Credit account. While participants were happy to do this once it had been explained to them, the risk is that they remain unaware and do not deal with ending their tax credits claim appropriately resulting in either an overpayment or a delay to their receiving payments. Furthermore, this obligation was thought to be particularly problematic for the self-employed and, therefore, they urged that they be provided with guidance on how to access their mid-year income figures.

What to do with outstanding overpayments was also raised as an issue by some participants. This was because they saw making a Universal Credit claim as an opportunity to break the cycle of receiving overpayments and start afresh. However, this in turn prompted concern that they would be required to pay off their debt in a lump sum prior to their transition to Universal Credit. Others were keen to negotiate a settlement with HMRC so that their Universal Credit claim could start debt-free. In either scenario, participants urged for clear communications about what would be expected of them and what steps they would need to take in order to deal with any money they owed HMRC.

Finally, participants were quick to praise the staff manning the tax credits helpline. Routinely praised as efficient, helpful, courteous and with a good knowledge of the system on which they are advising, these people were thought to help make customers feel as though they are exactly that, rather than just claimants. In spite of this though, participants saw no reason to call the tax credits helpline once their claim had ended. However, they did warn that they may do so should they not receive the level of service they are used to.