

## Early impacts of Universal Credit: the tip of the iceberg?



See [Articles](#) page e157

Welfare systems are a fundamental determinant of population health and health inequalities, in high and low-income countries alike. They account for a substantial share of public expenditure,<sup>1</sup> so their evaluation is an important focus for public health research. In addition to the adequacy of income transfers, aspects of administration and delivery, such as how claims are assessed, benefits are paid, and what conditions or sanctions are imposed, may also be important for health and wellbeing. Since 2012, the UK has been involved in a wholesale transformation of its welfare system, with the aim of removing the poverty and employment traps that hinder paid employment. Six existing benefits and tax credits for working age people have been combined into one, and substantial changes made to claiming and payment processes.

The Department for Work and Pensions (DWP), the UK Government department that administers Universal Credit, has its own programme of evaluation. Although the 2012 Welfare Reform Act, which led to the new system, included provisions to enable randomised trials, these powers have only been used to evaluate variations in administration, such as how much support claimants receive with job-seeking,<sup>2</sup> without any assessment of health impacts. However, there have been numerous reports of hardship associated with the transition to Universal Credit, from a variety of sources.<sup>3-6</sup> The Government's response to such reports has been to emphasise the success of Universal Credit in encouraging unemployed people to return to work sooner.

Sophie Wickham and colleagues' analysis<sup>7</sup> of the effects of Universal Credit on unemployed recipients' mental health, using data from Understanding Society, a large, nationally representative longitudinal survey, is therefore an important and timely contribution to the debate. Universal Credit is being rolled out in a phased way, which lends itself to a natural experimental evaluation. Between 2013 and 2018 newly unemployed claimants received either Universal Credit or one of the former benefits depending on where they made their claim. Wickham and colleagues were able to compare unemployed survey respondents who might become exposed to Universal Credit at the time of their interview with respondents in the same areas who were in other employment situations (eg, employed,

self-employed, retired). They find an 6.6 percentage point (95% CI 1.7-11.4) increase in psychological distress in the unemployed group, following exposure to Universal Credit, relative to their comparison group. Extensive testing of the assumptions underpinning this kind of difference-in-difference approach suggests that the findings represent an effect of exposure to Universal Credit rather than a reflection of differences between the two groups in other characteristics that may be associated with mental health problems.

The finding of increased psychological distress, using a validated and widely used measure of mental health problems, is consistent with a recent study<sup>8</sup> analysing the effects of the sanctions regime introduced by the 2012 Welfare Reform Act on prescriptions for antidepressants and other research on the impacts of reforms targeted at lone parents.<sup>9</sup> Several mechanisms might explain these adverse effects on mental health, including loss of income (there is a 5-week delay in the payment following a new claim), stress associated with negotiating the claims process, or the uncertainty created by sanctions and the strict conditions applied to eligibility for the benefit. There was little scope to explore such mechanisms in the present study, given the constraints of sample size and exposure data available in a survey with a much broader remit.

Nevertheless, the findings have important policy implications. Universal Credit may be unique to the UK, but many of its features are common to welfare reforms in other countries, so Wickham and colleagues' findings have much wider implications for how welfare changes are evaluated; an exclusive focus on employment-related outcomes is clearly no longer adequate. Policymakers must take seriously the health effects of reforms of the kind associated with Universal Credit, which newly expose a large swathe of the population to an unfamiliar regime of sanctions and conditionality and to a claim process that for many is worryingly opaque and uncertain.

So far, Universal Credit has been applied only to new claims from unemployed people. Although the timetable is evolving, over the next few years an estimated 5.5 million recipients of existing benefits and tax credits are due to be migrated to the new system.<sup>10</sup> The impacts of this transition must be evaluated

comprehensively and rigorously, using methods that can precisely identify the mechanisms by which effects occur, and the distribution of benefits and harms, as well as estimate overall costs and consequences. Universal Credit itself may be too big to fail<sup>11</sup> but there is much that can be done to mitigate the harms and enhance the positive impacts. Wickham and colleagues have provided an early indication of the potential impacts, but the legacy of the broader Universal Credit programme remains to be discovered.

PC and SVK acknowledge funding from the Medical Research Council (MC\_UU\_12017/13 and MC\_UU\_12017/15) and the Scottish Government Chief Scientist Office (SPHSU13 and SPHSU15). SVK also notes funding from a NRS Senior Clinical Fellowship (SCAF/15/02). We declare no other competing interests.

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