

The mental health impact from the rollout of Universal Credit

Evaluation suggests that the introduction of Universal Credit was linked to an additional 63 thousand unemployed people experiencing clinically significant levels of psychological distress.



The Universal Credit welfare reform set out to replace six existing benefit schemes from April 2013, starting with those unemployed and claiming income-based Job Seekers Allowance.

The evaluation took advantage of two elements within the rollout of the reform: the initial focus on those unemployed, and the regional staged rollout – starting in the Northwest of England. This allowed the researchers to use difference-in-differences analysis; whereby the mental health of the affected individuals can be compared against a control group of demographically equivalent people who were not subject to the rollout of Universal Credit at the time. This allowed for the analysis to control for the effects of other factors, such as the more general declining levels of mental health seen at the time.

Why was the policy considered necessary?

Universal Credit was intended to simplify the benefit system and improve work incentives. It was introduced at a time of austerity, and so additionally sought to save money. Universal Credit replaced six welfare benefits covering housing and living costs for people facing adversity, such as unemployment, disabilities, and low-paid employment. The aims of Universal Credit were to:

- Improve work incentives by allowing greater amounts of earnings to be kept.
- Smooth the transitions into and out of work.
- Reduce in-work poverty.
- Simplify the system, making it easier for people to understand, and easier and cheaper for staff to administer.
- Cut back on fraud and error.

How was the evaluation carried out?

The researchers used difference-in-differences analysis to estimate the effects on mental health attributable to the introduction of Universal Credit. This approach is able to control for the risk that any underlying trends in society as a whole that could affect the results. In this case, the results were compared with the lives of a control group who are, as far as possible, the same other than they were not exposed to the rollout of Universal Credit. Checks were performed to ensure both groups had followed similar leading up to the intervention.

the geographical areas that experienced the greatest decline in mental health were from more disadvantage backgrounds

Understanding Society data was used from a total of 52,187 individuals of working age (16–64 years) to cross reference with administrative data to identify who was subjected to the introduction of Universal Credit in the area that they lived. Individuals from Northern Ireland were not included due to administrative data on Universal Credit not being available there. Those people out of work with a disability were also excluded because they would have been affected by changes to disability benefits rather than Universal Credit. Changes in psychological distress (self-reported via General Health Questionnaire-12) were compared between those exposed to the rollout of Universal Credit and an equivalent control group.



To account for potential demographic and socioeconomic changes that could confound the result, the researchers included participants' country of residence, age, sex, education status, and marital status in a regression model. And to investigate whether the results varied by subgroups, they explored stratified results by age, a measure of exposure time, sex and education. They also tested for the possibility that being transferred onto Universal Credit increased the likelihood that participants were more likely to end their involvement with the Understanding Society survey.

What were the strengths of using Understanding Society data?

Understanding Society's longitudinal data allowed the researchers to track the lives of participants in the years leading up to the rollout of Universal Credit and confirm that any trend in mental health was not particular to those subject to the rollout. A further strength was Understanding Society's wide spectrum of baseline demographic data allowed the study to test and control for various possible sources of bias. The special license arrangements also allowed for the local authority of participants' to be identified, whilst not undermining participant confidentiality.

Findings

The findings suggest that those subject to the introduction of Universal Credit reported a 6.57% increase in psychological distress, after accounting for potential confounders. **This led to an estimated 63,674 additional people in the UK experiencing clinically significant levels of psychological distress** due to the introduction of Universal Credit; 21,760 of these individuals might reach the diagnostic threshold for depression. The study defined 'clinically significant psychological distress' as a score of greater than 3 on the General Health Questionnaire-12.

The results reveal that the intervention group were more likely than the comparison group to be male, unmarried, and younger, with lower educational qualifications.

Repeat analysis to tests for any effects on physical health found that the introduction of Universal Credit did not affect physical health. Perhaps most significantly, the analysis found that **the introduction of Universal Credit had no effect on the transitioning from unemployment into work** among those participants in the intervention group.

Challenges and limitations

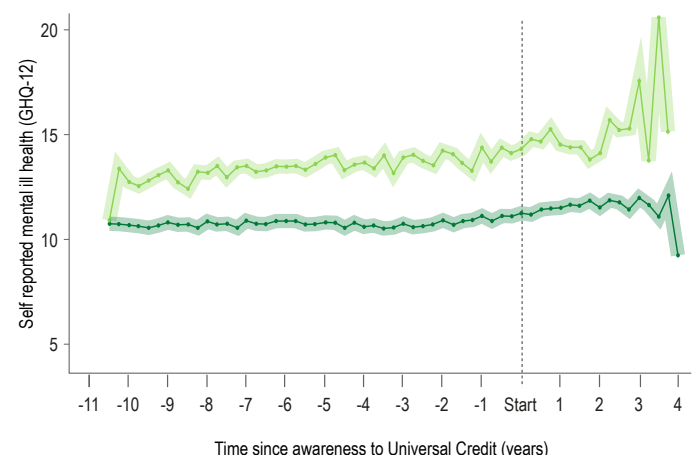
The evaluation was not able to precisely identify those who started receiving Universal Credit when it was first introduced into an area. Initially, eligible people were only moved onto Universal Credit when they were making a new claim or had a change in circumstances. This practice meant that only 72.9% of unemployed individuals were receiving Universal Credit after its introduction, with 27.1% remained on legacy benefits. Also, as Universal Credit was rolled out to claimants of other benefit types, an estimated 2% of participants in the comparison group will have been moved over to Universal Credit over the course of the analysis.

What did other evaluations find?

A further evaluation published in 2024 adopted the same sampling approach, extending it to use data up to 2021. They used Bayesian Interrupted Time Series analysis as these researchers believed that this approach is better suited to evaluate the rollout of interventions, as well as accounting for community level deprivation, diversity and confounding in time and space.

This study found that an awareness to Universal Credit caused a 2.36% decline in mental health in those exposed, but crucially, **this decline in mental health was not sustained in the long term**. They also found that the geographical areas that experienced the greatest decline in mental health were from more disadvantage backgrounds.

Mental health over the period of Universal Credit rollout



Why do these results matter now?

Further welfare reforms planned from 2025 and targeted at those on health and disability benefits have similar employment and financial savings objectives. These findings highlight the need to consider the mental health impacts of these reforms, particularly in how they are communicated and rolled-out, and particularly for more welfare dependant local authorities, where well-paying jobs can often be harder to find.



Source: Wickham S., Bentley L., Rose T., Whitehead M., Taylor-Robinson D., Barr B., Effects on mental health of a UK welfare reform, universal credit: a longitudinal controlled study, *Lancet Public Health*, 5 (3) (2020), pp. e157-e164

Also: Gascoigne C., *et al* A Bayesian Interrupted Time Series framework for evaluating policy change on mental well-being: An application to England's welfare reform *Spatial and Spatiotemporal Epidemiology* 50 (2024) 100662