

David Gauke MP
Secretary of State for Work and Pensions

11 October 2017

Dear Secretary of State

Universal Credit

I am writing in my capacity as Chair of the National Assembly for Wales' Equality, Local Government and Communities Committee.

As part of an inquiry looking at [making the economy work for people on low incomes](#), we recently took evidence from Dr Sharon Wright, University of Glasgow and Dr Lisa Scullion, University of Salford on the role of welfare benefits in supporting people on low incomes. Both academics are also involved in the Welfare Conditionality: Sanctions, Support and Behaviour Change Project.

A large part of the session was spent exploring the impact of the roll-out of Universal Credit so far. We heard that in its current form Universal Credit is 'not likely to meet'¹ some of its objectives. In particular, that while people will be pushed toward work, it will be into work which is not likely to lift people out of poverty and therefore in-work poverty will continue to rise.

Aside from this fundamental point of concern, we also heard of some operational issues, which cause us concern about the continued roll-out of the programme.

¹ ELGC Committee, Record of Proceedings (RoP) 21 September 2017, Paragraph [18]



The issues raised by the witnesses included:

- Delays in payments being received after the initial application is made. We heard that people can be waiting up to 10 weeks before payment is received. While advance payments may be made, these are in the form of loans, so people who are already living on the margins of affordability are immediately in debt, before they receive Universal Credit. Following your announcement this week about the availability of advance payments, could you clarify at what rate the loan will have to be paid back. How is the availability of the loan being publicised to claimants?
- Linked to the above, is that housing benefit payments are now included in the personal income payment. This is particularly problematic when there are delays of up to 10 weeks before payments are received. We also heard that increases in sanctioning (see below) could lead to increases in rent arrears, and ultimately eviction. We heard that while the housing payment is not subject to sanction, if an individual's living allowance is sanctioned, they are placed in an impossible position of having to choose between paying their rent or covering other essential costs, such as food. As a result, eviction and homelessness are 'new risks brought in within universal credit'.²
- The joint claiming process means whole households can now be sanctioned. Joint claims particularly disadvantage people in abusive relationships. The witnesses suggested to us that payment should go to the main carer rather than the main earner, which would mean that the financial needs of children and their main carer are prioritised.
- The extension of sanctioning to people who are in work. We heard that people who are in work, are still expected to go to the Job Centre. In some cases, people have been sanctioned when they have been unable to rearrange appointments, which they cannot attend because they are

² ELGC Committee, RoP 21 September 2017, Paragraph [8]



working. We heard that the intensification of conditionality, combined with the requirement to be looking for a job 35 hours a week is incredibly difficult and stressful.

- Administrative issues around sanctions. We heard that sanctions are often imposed unexpectedly, and people only discover that they are subject to a sanction weeks or months after the relevant event. This can then make it difficult for people to challenge the sanction. We are also concerned that sanctions will apply to some of the most vulnerable groups. While we are aware that there are a number of groups who cannot be sanctioned, we are concerned that there will be people within the three groups that can be sanctioned who may be considered vulnerable.
- Problems inherent in the delivery of the programme, for example the digital by default claims process. While we heard that there is some provision for people who may not be able to claim digitally, we know this is of limited availability. Additionally, the phone line number is charged at a premium rate. The witnesses told us that a simple, but very helpful, action would be if the number was made a free number to call, this is a call we strongly support.
- Moving easements out of formal provision into guidance, which means they have become more discretionary. This introduces more variability into the system, and places the most vulnerable at risk.
- The very tight financial margins people are operating in while moving in and out of work. We heard that in some cases, as earnings increase, up to 63% of the increase is taken away through the system.

In light of this, and other concerns that were raised during the session, we would like to add our voices to the growing list of those who have called for you to pause roll-out while some of these operational issues are dealt with. We are concerned that as the roll-out starts to reach more complicated cases, that if



these issues are not addressed, there could be significant increases in hardship, deprivation and poverty.

Yours sincerely

A handwritten signature in black ink that reads "John". The first letter 'J' is large and stylized, with a long horizontal stroke extending to the right.

John Griffiths AM
Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.





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Dear John,

Thank you for your email of 11 October to the Secretary of State about Universal Credit. I am replying as the Minister responsible for this area of the Department's work.

There are no plans to pause the rollout of Universal Credit. It is already delivering big improvements to people's lives, with more people finding work under Universal Credit, people spend longer looking for work and people take up jobs they would not have previously considered. We continue to roll out Universal Credit in a careful and coordinated way, to ensure that improvements can be made along the way.

Our recently published figures show that the vast majority of Universal Credit claimants receive their money in full and on time. If we are unable to completely verify a Universal Credit claim, many claimants receive part-payment. Universal Credit work coaches make new claimants aware of advances, if they need money to tide them over. New claimants can receive up to 50 per cent of their first payment, interest-free, and repay over six months. If claimants are in significant need, this can be extended to nine months.

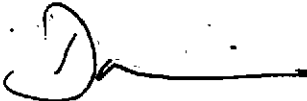
The main route to access Universal Credit is through digital channels. We actively encourage people to use the service in a digital manner in every instance but we understand there are circumstances in which this may not be possible. Flexible and tailor made support will be provided by work coaches to assist people who do not have access or the IT skills to complete an online application. Claimants can also phone the Universal Credit helpline, for which the Department provides controlled access to

telephones for people who require support for their job search or benefit enquiry.

All jobcentres across the country have Wi-Fi and computers available, including 6000 additional computers installed to support the introduction of Universal Credit. This provides access to digital channels in every Jobcentre for claimants to use when they do not have access at home. A telephone helpline and face to face support are also available for claimants to make and manage a Universal Credit claim. Advice, assistance and support from Jobcentre Plus or local partners to help Universal Credit claimants with managing their claim, which includes accessing and using online services, is also available.

In April 2016, the Universal Credit taper reduced from 65p to a more generous 63p. A single taper of 63 per cent per £1 is applied as earnings rise and some claimants will also receive a work allowance depending on their circumstances. This single taper enables the household to clearly see the benefit of increasing its working income and means that support does not suddenly stop when claimants start work or increase their incomes. This measure is part of a package of changes announced in the Summer Budget 2015 such as the increase to the personal tax allowance and introduction of the national living wage.

If I can be of further assistance please do not hesitate to contact me.

Yours ever


Damian Hinds MP
Minister for Employment