



John Griffiths AM  
Chair  
Equality, Local Government and Communities Committee

20 May 2020

Dear John,

As promised in my letter to you of 13 January 2020, I would like to update you on the actions we have taken since the Equality, Local Government and Communities (ELGC) Committee published its report and recommendations *Benefits in Wales*.

The COVID-19 pandemic crisis has created unprecedented challenging times for everyone, and ensuring that support is provided wherever needed in Wales, and in particular to the most vulnerable individuals and families, is of critical importance. This has required the UK Government Department for Works and Pensions (DWP) to make rapid and significant changes to the financial support on offer, and the way in which that support is delivered, so that the UK social security system can provide the safety net in this time of utmost need.

The Welsh Government is using all its powers and working collectively with the UK Government to support the people of Wales throughout this difficult time. Officials in the Welsh Government are working together and at pace with UK Government officials, particularly with those from the DWP, to ensure all measures being taken by the UK Government to mitigate the impact of the COVID-19 pandemic crisis are integrated with all current and new support being provided by the Welsh Government. The DWP has been able to respond, in some cases, through flexible administration of social security for those ill, self-isolating or unfortunately displaced from work.

As this Covid-19 pandemic crisis is showing, the social security system needs to be sufficiently robust and flexible to respond to challenges both large and small. There will be many lessons to be learned from our response to Covid-19, and it is difficult to predict how the substantial emergency changes that have been, and may yet be made to the UK Government's social security system to mitigate this crisis may permanently alter this safety net during the recovery, and post-recovery period.

Against this backdrop of such uncertain times now does not appear to be the best time, both in terms of available resource and availability of evidence, to consider fully long-term changes to social security.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Therefore, I will revisit this important issue again when we have been able to fully consider any changes that have been made to the UK social security system, how the UK Government's social security system has been able to meet the challenges in Wales of this global crisis, and had the opportunity to review any evidence for how this crisis has been met by the different models operating for devolved social security arrangements in other devolved nations. I note the work of the Committee with the current inquiry on Covid-19.

I have set out below an update on the Welsh Government actions against the *Benefits in Wales* ELGC inquiry's recommendations.

### **Recommendation 1**

The immediate priority for Welsh Government 'benefits' is ensuring they are fit for purpose and adapt with pace to meet the challenges caused by the Covid-19 pandemic crisis.

The cross-government Review of our existing programmes and services (to ensure that they have maximum impact on the lives of children, young people and families living in poverty) is nearing completion. The Review has drawn on the evidence base of what works in tackling poverty, as well as a range of Welsh Government evaluations and external research. A significant programme of engagement was also undertaken with external stakeholders, representatives across Government and children and young people directly. We're currently in the process of finalising actions to take forward following the Review. When implemented these will bring greater coherence and integration to relevant Welsh Government 'benefits'.

We will be building on action already undertaken in response to the current crisis when progressing this work. This will include further developing a set of principles and values on which a 'Welsh benefits system' will be based, taking account of feedback received during engagement for the Review, and building on the core principles the Welsh Government has already outlined of compassion, fairness, dignity and understanding.

Children, young people and families in need remain a high priority for this Welsh Government and we will continue to focus on what more can be done for this significant proportion of the people in Wales.

### **Recommendation 2**

The single site which provides information on eligibility to Welsh Government programmes and schemes has been updated to include where relevant information regarding expenditure on devolved benefits, where this is possible and practicable to do so.

<https://gov.wales/eligibility-criteria-passported-benefits-and-schemes>

### **Recommendation 3**

The Discretionary Assistance Fund (DAF) is being kept under constant review during the Covid-19 emergency. Welsh Government is investing an extra £11.2m into this fund to help support the increasing demands caused by the crisis. Families across Wales are turning to the fund for additional support to help them with some of the financial pressures and challenges they are facing. To provide more help to individuals facing significant additional hardship due to the Coronavirus crisis, including those who have suffered income shocks and are waiting for first Universal Credit Payments to be paid, during the period 1 May to 31 of July 2020, Welsh Government has asked DAF Service Centre personnel to apply greater

flexibility and discretion with regard to the number and frequency of EAP payments that clients may require.

The UK Government has made a number of changes that may mitigate some of the impacts of the so called '5 week wait' for Universal Credit as a result of Covid-19, and the UK Parliament's Work and Pensions Committee launched an inquiry into the '5 week wait' at the request of the Secretary of State for Work and Pensions. I am concerned that the UK Government's main tool for supporting those struggling with the 5 week wait remains repayable advances, which are widely recognised to be a weak and, for some, damaging 'solution' and I have written jointly with the First Minister to the Secretary of State for Work and Pensions requesting that these advances are made into non-repayable grants. The UK Government has shown throughout the Covid-19 pandemic crisis that it can rapidly make changes to the social security system where it chooses to do so. It is difficult to predict which of these changes the UK Government will leave in place in the longer-term, and how the social security system will need to evolve to meet ongoing challenges throughout the recovery period and beyond.

Please find attached a copy of our letter to the Secretary of State for Work and Pensions, and our written submission to the Work and Pensions Committee on the five week wait for the first payment of Universal Credit.

In respect of the Discretionary Assistance Fund (DAF), guidance for the Emergency Assistance Payment (EAP) has been updated to further ensure that claimants, or support agencies, are aware that it is a grant to help with essential costs after an emergency, following a disaster such as a flood or fire in the home, or extreme financial hardship for reasons including delays in benefit payments.

<https://gov.wales/discretionary-assistance-fund-daf>

The DAF's Decision Makers Guidance is currently being reviewed and I will update you when this is completed.

#### **Recommendation 4**

The Single Advice Fund remains a significant pan-Wales approach to promoting and increasing the take-up of all devolved and non-devolved welfare benefits, with a range of partners who work seamlessly to ensure advice services reach deep into communities, and are delivered from the places where people most in need go. Individual schemes, such as the Council Tax Renewal Scheme, also promote take-up through their bespoke networks and stakeholders.

In November 2019 officials established a Working Group comprising of representatives from key stakeholders, officials from the DWP to consider how to end the cycle of under-claiming so more older people can access their legal entitlement to Pension Credit, and other Welfare Benefits.

The coronavirus crisis has demonstrated clearly the importance of the welfare benefit safety net. It is important that we continue working in partnership with the DWP in order to deliver the appropriate advice and support to communities in Wales to ensure that no-one falls through any gaps. Many more people are likely to be in need of help not during the current crisis but also beyond. Partnership work is critical in raising awareness of the financial support available from the welfare benefit system. The Working Group continue to meet during this time maintaining to convey the message on the take-up of Pension Credits and other benefits to help those most in need.

We are now looking to broaden out the work of this group to look at all welfare benefit take-up, both UK Government and Welsh Government to maximise the financial support on offer to vulnerable groups.

### **Recommendation 5**

We are continuing to explore with the UK Government the best mechanisms to improve Wales's voice in UK Government decisions on social security policy. Welsh Government officials have drawn this recommendation to the attention of counterparts in the other governments of the UK with a view to exploring it further as part of the machinery workstream of the joint Intergovernmental Relations Review commissioned at the Joint Ministerial Committee (Plenary) in March 2018. We continue to press for progress on this Review.

We also continue to press the UK Government to reverse the damaging policies they have implemented through welfare reform and austerity that have significant negative impact on families most in need. Ahead of the UK Government Budget Statement in March 2020, the Minister for Finance and Trefnydd wrote to the UK Chancellor requesting that the UK Government prioritises helping those most at risk, particularly people who are on low incomes or otherwise disadvantaged, including making significant changes to Universal Credit. We will continue to press the UK Government to deliver a social security system in Wales that delivers our core principles.

### **Recommendation 6**

I have met Rachel Cable, the Chief Executive of Oxfam Cymru, to discuss how the Sustainable Livelihoods Toolkit can be adapted and start to be best used across Welsh Government programmes. Oxfam Cymru staff have agreed to deliver a poverty awareness raising session for Welsh Government policy leads initially within Financial Inclusion, Homelessness and Advice Services. During my meeting we also agreed to explore the practicalities of applying the toolkit in local authorities delivering homelessness interventions, and with 'Approved Partners' applying on behalf of their customers accessing the Individual Assistance Payment of the DAF. It is our ambition with this approach and using Oxfam's toolkit's flexible approach that we will be able to identify those most at risk before they are at a crisis and support them in ensuring they are receiving their full entitlement to both UK Government and Welsh Benefits, and develop improved signposting and referrals to other key service provision.

### **Recommendation 8**

I will be writing to the Rt Hon Therese Coffey, Secretary of State for Works & Pensions to commend to her your inquiry's statement on informal kinship care. I will be asking that she reviews the definition of kinship care across all non-devolved benefits, with a view to broadening it to include family members and others who are closely connected to the family but are not parents who are caring for a child or young person in an informal, full time capacity. The social security system delivered in Wales needs to be compassionate and fair, providing greater support for informal kinship carers.

### **Recommendation 9 - 17**

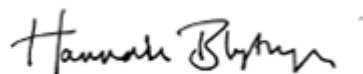
The Wales Centre for Public Policy has published its rapid evidence review *Administering Social Security in Wales*. As the report states, this preliminary analysis is to help inform discussion about any additional analysis and evidence related to devolving the administration of social security in Wales. The report highlights that focussing on those parts of the social security system that could be considered 'administration' is likely to require at least primary

UK Government legislation to secure any transfer of powers, as the design of security is set out in detail in UK legislation, such as via Regulations. An initial investigation of the feasibility of securing powers over one part of one social security benefit (over Universal Credit flexibilities (Recommendation 9) as has occurred in Scotland) would at least require the UK Government to be willing to undertake the development of primary legislation and potentially opening discussions on the devolution settlement. I want to stress that the Scottish Choices regarding the payment of Universal Credit are not available until after the first payment has been made to a claimant and therefore the five week wait for the first payment of Universal Credit is the same in Scotland as in Wales and England.

In my evidence to your inquiry, I confirmed the commitment of this Welsh Government to the social union and the important role that a UK-wide social security system plays in meeting significant challenges. How the UK can work collectively to meet very significant challenges is in all of our minds at this time, and only further highlights the need for Wales to proceed with caution when considering the devolution of social security.

In relation to recommendations 9 to 17 I will be considering further the direction that will be taken in this Government term over the devolution of any parts of the social security system. It is crucial that we explore this further to ensure that the social security safety net is there for all and particularly that in furthering any discussions on this matter with the UK Government that we establish a clear set of principles for social security, that we assess the implications for the devolution settlement, and that any funding transfers and negotiations are informed by a good, sound evidence base.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Hannah Blythyn'.

**Hannah Blythyn AC/AM**

Y Dirprwy Weinidog Tai a Llywodraeth Leol

Deputy Minister for Housing and Local Government

**Y Gwir Anrh/Rt Hon Mark Drakeford AC/AM**  
**Prif Weinidog Cymru/First Minister of Wales**

**Hannah Blythyn AC/AM**  
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**Deputy Minister for Housing & Local Government**



**Llywodraeth Cymru**  
**Welsh Government**

**Rt Hon Thérèse Coffey MP**  
**Secretary of State for Work and Pensions**

[secretaryofstate@dwp.gov.uk](mailto:secretaryofstate@dwp.gov.uk)

17 April 2020

Dear Secretary of State

The Covid-19 (coronavirus) crisis has created unprecedented challenges both within Wales and across the UK. We welcome the close working that has been rapidly put in place between officials in the UK and Welsh Governments. We acknowledge the many changes to the UK social security system which you have been able to put in place quickly to help those suffering most financial hardship during this crisis.

We are seeing increasing numbers of people seeking urgent financial support and assistance, particularly to our Discretionary Assistance Fund (DAF). One of the reasons we are seeing over a doubling of requests to our DAF is the increased number of claimants seeking support from Universal Credit who are not able to wait for the five weeks for their first payment of Universal Credit. We are particularly concerned that your department has not been able to make changes to the five week wait for the receipt of a first payment of Universal Credit, and therefore the continued reliance on advanced payments as a solution in this crisis. According to the latest statistics released from your department as between 1 March 2020 and 7 April 2020 there has been an increase of 82,500 new applications for Universal Credit in Wales.

We would like to see the following changes implemented as a matter of urgency that:

- there should be a reduction to the five-week wait for the first payment of Universal Credit for a new claimant by introducing a shorter and more flexible assessment period, and also by offering a one-off non-repayable grant at the start of the claimant's application for Universal Credit;
- all Universal Credit claimants to be offered an informed choice on the frequency of their payments of Universal Credit, for example, weekly, fortnightly or monthly;

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

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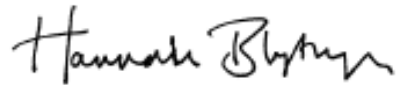
- all Universal Credit claimants to be offered an informed choice regarding the payment of the housing costs element of Universal Credit (where applicable) direct to their landlord; and
- all Universal Credit claimants to be offered an informed choice regarding the split payment for Universal Credit as opposed to one household payment.

I attach our written evidence on the impact of the five week wait for Universal Credit which we have also copied to the Rt Hon Stephen Timms MP, Chair of the UK Parliamentary Committee on Work and Pensions, to contribute to their current inquiry on this matter. We are also copying both this letter and our written evidence to the Secretary of State for Wales.

Yours sincerely

Handwritten signature of Mark Drakeford in black ink.

**MARK DRAKEFORD**

Handwritten signature of Hannah Blythyn in black ink.

**HANNAH BLYTHYN**



## **Welsh Government Written response to the UK Parliamentary Work and Pensions Committee Inquiry ‘Universal Credit: the wait for a first payment’**

### Introduction

We welcome the UK Parliamentary Work and Pensions Committee’s inquiry into the five week wait for a first payment of Universal Credit, which has impacted on many claimants in Wales since the implementation of Universal Credit for new claimants, or those with a change of circumstances, especially the most vulnerable.

Please find below the Welsh Government’s written response to the inquiry.

### **Question 1 – To what extent have the mitigations the Government has introduced so far (e.g. Advance Payments) helped to reduce the negative impact of the five week wait for UC claimants?**

Analysis undertaken by Policy in Practice for the Joseph Rowntree Foundation (JRF)<sup>1</sup> found that the biggest challenge people faced when moving onto Universal Credit was the minimum five week wait for the first payment. Furthermore, it makes the point that this wait can be far longer due to errors or difficulties in making the claim, and although people can take out a loan (i.e. a re-payable Advance Payment) to help tide them over, repaying this can, in some circumstances, leave them without enough money to live on. Their analysis estimates 2 in 5 families due to move onto Universal Credit (UC) will be unable to meet basic living costs during the five week wait. The JRF suggest that Child Tax Credit should ‘run on’ for two weeks after claiming Universal Credit, and that the UK Government should introduce an upfront grant, directing it to families who are unable to meet basic outgoings during the five-week wait<sup>2</sup>.

Research by Citizens Advice also found that people face particular problems during the five week wait for a first payment, with this wait leaving half of the people they help unable to keep up with bills, rent or going without essentials<sup>3</sup>. Their latest Advice Trends report<sup>4</sup> shows that between March 2019 and February 2020 local Citizens Advice in Wales helped 2,806 people with issues relating to the initial wait for a UC payment, and 3,489 people with issues relating to UC advance payments.

The main calls by Citizens Advice<sup>5</sup>, which we endorse, in relation to the five week wait are:

- In the short-term, to reduce the five week wait by bringing forward the first non-repayable payment to no later than two weeks into a Universal Credit claim, and

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<sup>1</sup> [New analysis: Financial resilience and the transition to Universal Credit; We need to end the five-week wait for Universal Credit – here’s how](#)

<sup>2</sup> [We need to end the five-week wait for Universal Credit – here’s how](#)

<sup>3</sup> [Managing money on Universal Credit](#)

<sup>4</sup> [Advice Trends 2019/2020](#)

<sup>5</sup> [Achieving income security for all](#)



- In the long-term, to explore more flexible assessment periods and payment cycles under Universal Credit to ensure people are paid in a way which reflects their personal circumstances and enables them to budget effectively.

From recent information provided by Citizens Advice within the last two weeks, we understand of the 2,200 people who have come to them with concerns relating to Coronavirus, so far nearly 71% needed help with access to welfare benefits. The number of people they have helped with Universal Credit has increased by 53%, however, we are uncertain how many of these people are as yet awaiting for their first payment of Universal Credit.

Case study evidence and analysis of support service data by the Trussell Trust<sup>6</sup> also shows the ongoing impact of the minimum five week wait and the limits of current UK Government policies to mitigate its effects. Their analysis found that the minimum five week wait for Universal Credit (either without income or with an Advance Payment) has led to acute financial hardship, and damaged households' longer-term financial resilience. This includes destitution, housing insecurity and debt. They also found that the wait is having a detrimental impact on people's mental health, with many people reporting they had experienced high levels of anxiety, especially as they did not know how much they would receive and when, and some even reported at one extreme point feeling suicidal.

The analysis highlights that services like advice agencies, council-led crisis provision, and food banks have been forced to deal with the fall-out from the minimum five week wait, as claimants turn to non-DWP support to manage financial hardship. They argue that current DWP support is often not enough to mitigate the impact of wait, with advance payments leaving claimants to decide between hardship now or hardship later.

In the short term, we know that the Trussell Trust is calling for much-needed support for people going through 'natural migration', by providing non-repayable grants to new claimants, rather than loans. The Trussell Trust has also urged the DWP to consider improvements by benefit run-ons to support all legacy benefit claimants by extending these to people moving from tax credits, and covering a minimum period of three weeks to match typical waiting time legacy benefits. In the long term, the Trussell Trust recommend that DWP must restructure the assessment cycle to end the five week wait for the first payment, with options including more frequent payments, a shorter assessment period and backdating claims so that claimants receive payments as soon as possible, something which the Welsh Government strongly supports.

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<sup>6</sup> [Why we need to end the wait for Universal Credit](#)

Similarly, the Resolution Foundation also report that further action is likely to be needed, with their research<sup>7</sup> finding that the wait for the first payment represented a common challenge among Universal Credit recipients they have spoken to. In relation to the five week wait, the Resolution Foundation suggest that to give Universal Credit the best chance of success, the UK Government should consider how to further reduce the wait for the first payment including via testing an initial fortnightly payment for certain groups.

The Scottish Government already has introduced 'Scottish Choices' but these cannot be applied until after the first payment of Universal Credit has been made by the DWP, so all of the problems which Universal Credit claimants see around the five week wait in Wales also exist in Scotland, as well as England. The National Assembly Equalities and Local Government and Communities Committee currently have an inquiry into 'benefits: better options for delivery in Wales' and reported on this in October 2019. One of their recommendations was for the Welsh Government to seek to explore the options for more frequent payments, more split payments and payments direct to the landlord as with Scottish Choices. However, if these cannot be applied until after the first payment of Universal Credit, and if the five week wait could be eliminated then this would be a huge mitigating action to combat financial difficulties being experienced by many during the five week wait.

### **Question 2 – What is the best way of offsetting the impact of the five week wait?**

Please see our written evidence as set out within our response to Question 1 for alternative solutions to offset impacts of the five week wait.

### **Question 3 – Are different mitigating options needed for different groups of claimants?**

Evidence that we have seen shows that 2 in 5 families due to move onto Universal Credit will be unable to meet basic living costs during the five week wait. The JRF suggest that Child Tax Credit should 'run on' for two weeks after claiming Universal Credit, and that the UK Government should introduce an upfront grant, directing it to families who are unable to meet basic outgoings during the five week wait. This is an echoing theme also highlighted in research by the Trussell Trust, for example, that the five week wait has led to acute financial hardship, and damaged households' longer-term financial resilience. The wait for payment also has a detrimental impact on people's mental health, with high levels of anxiety when vulnerable people are unsure as to how much they would receive, and when.

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<sup>7</sup> [The Long and Winding Road](#)

## **Welsh Government's Discretionary Assistance Fund**

The Welsh Government's Discretionary Assistance Fund (DAF) is a fund of last resort intended to support people experiencing extreme hardship. Many of these people will be the most vulnerable in society due to issues relating to poverty, physical and mental health issues and age, and these are therefore those who are at greater risk from the impacts of the five week wait for Universal Credit exacerbated by the Covid-19 (coronavirus crisis), be they related to health, or economy.

The fund contains two types of grant, Emergency Assistance Payments (EAP) and Individual Assistance Payments (IAP). EAPs are a grant to help with essential costs after an emergency, or if a claimant has experienced a disaster such as a flood or fire at home, or extreme financial hardship for reasons including delays in benefit payment. There are projected to have been over 18,000 EAP payments in 2019-20. IAPs are a grant to help someone live independently rather than enter or remain in an institution such as a care home or hospital. Since the launch of the DAF in 2013 it has made 304,464 awards totalling almost £60m in grant funding to the most vulnerable individuals<sup>8</sup>.

The criteria for DAF has been progressively adapted to ensure the fund reflects the circumstances and lived experiences of service users because it is supported by a network of partners who apply on behalf of their clients. These partners are drawn from more than 300 front-line organisations across Wales. They are best placed to help shape the fund, given their expertise in supporting more vulnerable groups, and their learned knowledge of their clients and the pressures they are facing on a daily basis. Through this work, it became clear from both service users at application stage and partners, that gaps in and delays to welfare benefit payments, particularly Universal Credit, were causing hardship, so this has been included as an eligibility criteria for accessing emergency payments. In order to overcome the significant minimum five week waiting time for new claimants for Universal Credit (UC) to receive their first payment, criteria for the DAF allows partners to confirm that an application for UC has been made, thus allowing access to DAF, as prior to this eligibility was based on being in receipt of benefits. The criteria was also amended to allow sanctioned individuals to apply given this hardship.

Since 18 March 2020 the DAF service Centre have been recording claims relating to Covid19 (coronavirus) factors, showing significant extra numbers of EAP payments due to Covid-19 reasons, which have more than doubled from typical levels, at this period.

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<sup>8</sup> Data for March 2020 is provisional. Final full year figures for 2019/20 are expected by 17 April.

**Question 4 – Are there barriers or potential unintended consequences to removing the five week wait – either for claimants or the Department? How can they be overcome?**

We know from the written evidence presented above in our responses that the wait for the first payment of Universal Credit is a common challenge amongst many Universal Credit recipients, particularly the vulnerable. One suggestion from the Resolution Foundation is that the UK Government should consider how to further reduce the time for the first payment, including via testing an initial fortnightly payment for certain groups. We cannot see any barriers or potential unintended consequences to removing the five week wait.

The last few weeks within the coronavirus crisis has shown how quickly the department can respond and be flexible at pace with changes to the processing of Universal Credit. We accept that in removing certain processes, such as verifications to be able to handle over 1 million new UC claims within a few weeks, this might have loaded problems of reconciliations to the back-end of processing but the sheer scale of the number of new UC claims and unnecessary processing of re-payable advanced payments (loans) must show that the five week wait must be eliminated and a more compassionate approach for the vulnerable adopted.

**April 2020**