



**Department
for Work &
Pensions**

Alok Sharma MP
Minister of State for Employment

Department for Work and Pensions
Caxton House
Tothill Street
LONDON
SW1H 9DA

Tel: 0207 340 4000

Email: minister.employment@dwp.gsi.gov.uk

www.gov.uk/dwp

Julie James AC/AM
Minister for Housing and Local Government
Cardiff Bay
Cardiff
CF99 1NA

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Dear Julie,

Thank you for your letter to the Secretary of State dated 20 December 2018. I note that your predecessor also wrote to the Secretary of State on 23 November 2018; consequently, I propose to address here the points raised in both letters. I would also like to take this opportunity to congratulate you on your new role as Minister for Housing and Local Government and look forward to working with you to ensure Universal Credit is being delivered in the best way possible to support Welsh claimants.

In my last correspondence, dated 26 November 2018, I mentioned that the Welsh bilingual system would be available from 28 November 2018, and I am pleased to confirm that this is now the case.

Roll out of Universal Credit

I can also confirm that the roll out of Universal Credit was successfully completed on 12 December 2018, and is now available in all Jobcentres across the country. The next important step for Universal Credit is to design the process for moving claimants of legacy benefits and tax credits across, and we have committed to designing these processes collaboratively with a range of stakeholders to make sure that it works for everyone.

We are holding workshops with stakeholders to consider the underlying service design. Those involved include a number of organisations working day to day with Welsh claimants and we shall continue to involve Welsh organisations as we go forward with the next rounds of workshops to make sure that Welsh needs are taken into account.

Helping people back to work

Over 3.4 million more people have moved into employment since 2010, we have more people in work than ever before and with Universal Credit, people are getting into work faster and staying in work longer. Work remains the best route out of poverty, so it is reassuring to see that there are 637,000 fewer children growing up in workless households since 2010, and overall, the number of children living in workless households is now at a record low since comparable records began, decreasing by 85,000 over the last year.

Around 9 in 10 children now live in a home with at least one working adult and evidence shows that growing up in a home with parents in work is linked to better performance in school and the increased likelihood of being in work as an adult. We believe that Universal Credit is helping people, and that it is working.

We continue to safeguard claimants and ensure that claimants do not experience hardship as a result of Universal Credit and are committed to a strong safety-net for those who need it: that is why the Government continues to spend over £95 billion a year on welfare benefits for those who need it. This includes a well-established system of hardship payments, discretionary housing payments, benefit advances and budgeting loans as an additional safeguard.

We believe that Universal Credit is a vital reform delivering a fair and compassionate welfare system, which helps people into work. I want us to ensure that we provide the right level of support to every Universal Credit claimant and I now turn to some specific points which have been raised.

Single payments to households

On this issue, we have received a number of representations – from Refuge, Women's Aid and others – about how the current structure of household payments penalises women.

The Department recognises this is an important issue. This is why the Department is committed to ensuring that household payments go directly to the main carer – which is usually, but not always, the woman.

For those couples currently claiming Universal Credit, around 60% of payments already go to the woman's bank account. However, the Department is looking at what more we can do to enable the main carer to receive the Universal Credit payment, and we will begin to make those changes later this year.

The policy for support of a maximum of two children

You also highlight your concerns regarding the policy to provide support in Child Tax Credit and Universal Credit for a maximum of two children. The Government's view is that providing support for a maximum of two children or qualifying young persons in Universal Credit and Child Tax Credit ensures fairness between claimants on the one hand and, on the other, those taxpayers who support themselves solely through work. Families who support themselves solely through work do not automatically see an increase in income if they choose to have a child. This policy ensures that those on benefits face the same financial choices around the number of children they can afford as those supporting themselves solely through work, and encourages parents to reflect carefully on their readiness to support an additional child.

However, I believe it is unfair to apply that limit retrospectively.

That is why we have scrapped the extension of the two-child limit on Universal Credit for children born before April 2017. All children born before that date will continue to be supported by Universal Credit and that will help approximately 15,000 families a year. By removing any retrospective application, the two-child policy retains its fundamental fairness.

Severe Disability Premium

On 14 January 2019 the Government laid a negative Statutory Instrument which introduced a Severe Disability Premium Gateway. This means that some claimants will not move onto Universal Credit following a Change of Circumstances. This applies to any claimants who:

- Are in receipt of Severe Disability Premium; or
- Have been entitled to an award of existing benefit that included the Severe Disability Premium in the previous month and have continued to meet the Severe Disability Premium eligibility conditions.

This Gateway came into effect on 16 January. Such claimants will only move over to Universal Credit when transitional protection is available.

The draft Universal Credit (Managed Migration Pilot and Miscellaneous Amendments) Regulations 2019, which were also laid on 14 January 2019, will deliver on the Government's commitment to provide transitional protection to claimants who are moved onto Universal Credit without a change in circumstances. These regulations also make a provision so that eligible claimants who were receiving the Severe Disability Premium before they experienced a change in circumstances and moved onto Universal Credit will be considered for a 'Severe Disability Premium transitional payment'. A process to identify those who are eligible will be put in place once these regulations come into force. Eligible claimants will

receive an on-going monthly payment and an additional lump-sum payment, where appropriate, to cover the period since they moved to Universal Credit.

The written ministerial statement can be accessed at: <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2019-01-11/HCWS1243/>

Rent Arrears

We look forward to any findings your research shows about rent arrears. We are also conducting research of our own, so this could be helpful additional insight. We know that arrears are usually temporary and the majority of claimants do succeed in paying their rent, managing their monthly payments and clearing their arrears over time. Our research aims to analyse this issue with a number of housing providers, to investigate and understand the true level of rent arrears for their tenants, and determine the root causes. We are also working with an additional six landlords across a wider geographical area, and conducting some small scale qualitative work with tenants.

We have introduced other improvements in the first assessment period to support claimants moving onto Universal Credit such as the abolition of waiting days; two weeks housing benefit 'run-on'; and increased advances.

It was referenced that the recent Citizens Advice report¹ also acknowledges the increased support we are providing for claimants, including those with disabilities. The report recognises that the design of Universal Credit provides positive in-work financial support for disabled people and others through the work allowances and earnings taper. It helps smooth the journey into work by removing the cliff edges that exist in the legacy system with the 16-hour rule. Under Universal Credit we are targeting support to those who need it most – 1 million disabled people will receive around £100 a month more under Universal Credit.

Our new partnership with Citizens Advice will ensure that new claimants, including the very vulnerable, will get the best possible support to claim Universal Credit. Citizens Advice are designing and developing their new service in collaboration with a number of existing partners including Women's Aid, Shelter, MIND and other leading support charities. We have provided funding to both Local Authorities and Citizens Advice up to April 2019 to ensure the smooth handover to the new service. Citizens Advice are currently piloting the new service in two areas of Wales, Cardiff & Vale and Caerphilly, in preparation for full delivery across Wales from April 2019. From April 2019 Citizens Advice will be delivering the new service and will receive funding up to 2020.

¹ <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/welfare-policy-research-surveys-and-consultation-responses/welfare-policy-research/universal-credit-for-single-disabled-people/>

I appreciate you taking the time to share your experiences and concerns with me. I hope this letter has gone some way to reassuring you that this is an important area for us and that we are doing everything we can to support Universal Credit claimants. I look forward to more opportunities to continue to work together.

I am copying this letter to the Secretary of State for Wales.

Kind regards,


Alok Sharma MP
Minister of State for Employment