



**Department
for Work &
Pensions**

Minister for Welfare Delivery
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Dear Stephen,

25 FEB 2020

Thank you for meeting with me on 6 February 2020. I found it very helpful to understand your priorities as Chair of the Work and Pensions Select Committee, congratulations again on your appointment. I look forward to working closely with you and the Committee going forward.

More Frequent Payments

During the meeting we discussed the reversion rates for people on the More Frequent Payments alternative payment arrangement (APA). It may be useful to first provide some context around APAs. APAs can be put in place to support those who may have difficulty managing their monthly payments. These include Managed Payments to Landlords, Split Payments and More Frequent Payments. APAs are reviewed regularly to ensure they remain in the claimant's best interest and are delivered in conjunction with other appropriate forms of support to holistically combat the issues faced by the claimant.

Moving on to your particular question, we recently conducted a test involving over 2000 claimants. These claimants had More Frequent Payments fully explained to them and were given a choice between monthly or twice monthly payments. Whilst around 15% chose to have their UC award paid twice monthly, around 85% chose monthly. After 3 months, the number still receiving twice monthly payments had fallen to around 12%.

Work Coaches and Case Managers will decide if an APA is appropriate following discussions with the claimant and these are put in place on a case by case basis. However, some claimants are capable of managing their own finances, and indeed wish to do so, which is why it is not appropriate to provide an APA by default.

Childcare Costs

I also wanted to alert the committee to data that the Department has recently produced. The previous committee's 22nd report asked the following question to the department:

Of those claiming UC help with childcare, what proportion are claiming back the maximum amounts of £646 per month or £1108 for two or more children

- a. Does the Department gather or plan to gather data on claimants' childcare costs in excess of these caps?**

Last November the Department provided the committee with the following update:

We committed in our response to the Committee's 22nd report to provide you with if we were able, further statistical analysis on the Universal Credit childcare cost caps and our analysts have been working to extract and match the data necessary answer your questions. As we stated in our response the data structure of childcare expenditure is complex and will require significant quality assurance. This process has since proved more complex than we initially anticipated. Our analysts are currently going through a process of quality assuring the data extracted and plan to publish the data in an ad hoc publication as soon as it is available.

Rather than releasing the information via an ad hoc publication, we have included the information in an answer to a PQ that has been published yesterday, Monday 24th February:

Stella Creasy (Walthamstow): To ask the Secretary of State for Work and Pensions, what estimate her Department has made of the number of universal credit claimants whose childcare costs exceed the upper threshold for (a) one child and (b) two or more children. (1314)

For all Universal Credit monthly payments made in 2019, around 520,000 included a childcare element: -

- a. For childcare costs claimed for one child in childcare, 5% of the time, childcare claims exceeded the maximum award of £646.35 (28,000 times).*
- b. For childcare costs claimed for two or more children in childcare, 1% of the time, childcare claims exceeded the maximum award of £1108.04 (6,000 times).*

Notes:

- *That a) and b) are exclusive categories and that b) is not a subset of a).*
- *Payment figures are rounded to the nearest thousand.*
- *Percentages rounded to the nearest percent.*
- *Households are counted each time they have received a childcare element in 2019.*

I hope that you find this helpful. Please let me know if you have any further questions or observations.

Many thanks

Yours ever
Will

Will Quince MP

Minister for Welfare Delivery