

Written evidence from the Department for Work and Pensions [UCW0096]

1. The Department helps claimants in making and maintaining a claim to Universal Credit. We have introduced a series of measures to improve the experience of those accessing Universal Credit, including the financing of two external bodies to offer independent assistance through Help to Claim (through 2019/20 and 2020/21).
2. The merging of six benefits into one, combined with the agility of the system to recognise and adjust for changes in monthly income of a household, lends itself to an assessment period of a month. No claimant has to wait five weeks for their first payment. New Claims Advances are available quickly if a claimant needs support during their first assessment period. Work Coaches gauge claimants' financial needs from their first interview and can refer them to more specialist support for personal budgeting, money guidance and debt advice as appropriate.
3. While the COVID-19 outbreak has presented new challenges with much higher volumes of new claims to Universal Credit, it is the Department's priority to ensure that claimants continue to receive their benefit payments on time. We have mobilised robust business continuity plans to make this happen.
4. The Department's response focuses on the recent developments in response to the coronavirus (COVID-19) and the specific points raised by the inquiry.

Coronavirus (COVID-19): effect on Universal Credit

5. There has been exceptional demand for welfare support as a consequence of the challenging circumstances presented by the coronavirus outbreak. Our priority as a Department is ensuring people get their benefit payments and that we can continue to support those who need us the most. Since 16th March, the Department has now received over 1.5 million claims for Universal Credit.
6. Despite this exceptional and unprecedented demand on the system, Universal Credit continues to respond well, and is more resilient than the legacy systems it replaces. This has been recognised by several organisations, including the Resolution Foundation.
7. In light of the increased demand, the Department is redeploying 10,000 staff from other parts of DWP and is also recruiting additional staff to assist with the processing of claims, including support from other government departments.
8. We have introduced new processes to ease pressure on waiting times for identity verification over the phone and other processes, wherever possible. This includes pro-actively contacting new claimants via an outbound call, to

conduct initial verification of identity following their online claim to Universal Credit, rather than requiring claimants to call us and wait for operators to become available. The Department is notifying claimants in advance of this call through a notification in their online journal so that they know to answer the call.

9. To support those on low incomes through the outbreak, the Department has also announced a package of temporary welfare measures. Taken together, we expect these measures to provide over £6.5bn of additional support through the welfare system for people affected by COVID-19.
10. From 6 April 2020, the Government is increasing the standard allowance in Universal Credit for one year by over £80 per month on top of the planned annual uprating of 1.7%. This will apply to all new and existing Universal Credit claims. This means that for a single Universal Credit claimant (aged 25 or over), the standard allowance will increase by £92.07 per month, from £317.82 to £409.89.

Points raised by the inquiry

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? What problems do claimants still experience during the five week wait?

11. The Department takes a holistic approach to supporting claimants making a new claim to Universal Credit through tailored, bespoke support. Our work coaches work with and listen to people applying for Universal Credit to ensure they are directed towards the most suitable forms of national and local support.
12. Advances are available for those who require them. Advances are an advance of overall benefit entitlement designed to support people until they receive their first payment, effectively allowing claimants to receive their annual payment in 13 smaller payments over a year, instead of 12. The repayment of advances is explained to each claimant when they apply so claimants are aware how their UC payments will be affected over the following 12 months. Claimants are encouraged to consider the implications of financial decisions, including the amount of an advance they apply for. Claimants will never be left to decide whether or not to take an advance without the information they need.
13. To support claimants to effectively manage their debt, the Chancellor of the Exchequer announced on 11 March 2020, that we will be lowering the standard deductions cap again from 30% to 25% of the standard allowance from October 2021 and the Department has announced that from the same date, the repayment period for Universal Credit advances can be extended further to 24 months.

What is the best way of offsetting the impact of the five week wait? Is it possible to estimate how much this would cost the Department?

14. The Department has worked hard to improve the support delivered to claimants during the first assessment period. In addition to increasing the availability of advances we have already abolished the 7-day waiting period and continue to pay Housing Benefit for two weeks when people move to Universal Credit. As we have previously announced, this provision does not need to be paid back and will be extended to cover elements of Jobseekers Allowance, Employment Support Allowance and Income Support from 22 July 2020, further supporting claimants in their first assessment period.
15. The Department has previously been asked about making the advances an extra grant and not be repaid. Prior to Covid-19, we estimate the cost of non-repayable advances would have been between £1.9bn - £2.7bn annually between 2020/21 and 2024/25. This is based in the assumption that the additional standard allowance is only applicable in 2020/21.
16. The Department continues to promote financial responsibility and provides budgeting support to claimants when required, including through the Money and Pensions Service, allowing them to take full advantage of the financial support on offer.

Are different mitigating options needed for different groups of claimants?

23. The Department believes that the current range of measures to support different groups within the caseload is sufficient. The support options available to a claimant will naturally differ depending on their circumstances and it is right that the level of support is consistently tailored to reflect this, claimants can take different levels of an advance, for example, and alternative payment arrangements are available to those who need them.
24. Introducing non-repayable advances however would bring into question the fairness of the system and create a significant disparity of overall entitlement between claimants.
25. Advances are designed to support those claimants who may be in a difficult financial situation at the beginning of a claim. The additions of the aforementioned legacy benefit run-ons, budgeting support and reduction in the deductions cap from 30% to 25% will complement each other to support claimants.

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

26. Removing the Initial Assessment Period would require a complete change to the fundamental design of Universal Credit and would mean paying the first full award of Universal Credit in advance. The Department has learned from the legacy benefit system that too often, the desire to release payments quickly

came at the expense of accurate assessments, as we did not have the information needed to assess a household's circumstances. This approach would involve estimating the support a claimant might be entitled to, which is likely to result in significant overpayments, or indeed underpayments, being accrued.

27. The assessment period runs for a full calendar month from the date of entitlement and the Universal Credit pay date will be seven calendar days after the end of the initial assessment period. Subsequent pay dates will be the same each month. It is not possible to award a Universal Credit payment as soon as a claim is made, as the assessment period must run its course before the award of Universal Credit can be calculated. That is why the Department is focussed on clear messaging on the availability of advances and ensuring measures are in place, such as advance repayment deferrals.

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