

4th February 2019

Dear Constituents,

Thank you for contacting me about Universal Credit.

We are committed to delivering managed migration in a way which supports claimants. In line with our listening and adapting approach, we will test and refine our approach with up to 10,000 claimants from July 2019 to check that it is working well, before we take on larger volumes in 2020. We will complete the managed migration process by the end of 2023.

To complete managed migration successfully, we will work closely with key stakeholders, experts and claimants throughout the process.

Agents will check for evidence of complex needs or vulnerability to safeguard these claimants. If it is considered that a claimant has complex needs or is vulnerable, agents have the option either to suggest an extension of the deadline day, arrange a home visit, or remove the claimant from the managed migration process by cancelling the notification and re-issuing it at a later date.

We will also use our testing period to identify what proportion of people will require additional support, and equally importantly, what that support should be. Claimants who are in need of digital support or personal budgeting support can access this through Universal Support, which is currently delivered by Local Authorities and local partners. From April 2019, Universal Support will be delivered by Citizens Advice as part of our partnership to deliver a more consistent service.

As I have set out in my previous response (see letter 163) we also announced a £1.5 billion package of improvements to Universal Credit in the Autumn Budget 2017. This package of measures, which are set out below, not only addresses concerns raised around the first assessment period and the budgeting issues faced by some claimants at the start of their claim, but also supports the vast majority of claimants transitioning onto Universal Credit. They include:

- from 3 January 2018, the repayment period of Universal Credit advances has been increased to 12 months and claimants can now get up to 100 per cent of their estimated monthly entitlement upfront. These advances are available to claimants interest-free;
- from 14 February 2018, the seven-day waiting period that some claimants had at the start of their Universal Credit claim was removed; and,
- from 11 April 2018, we have provided an additional payment for claimants already receiving support towards their housing costs of two weeks of their Housing Benefit to support them as they transfer onto Universal Credit. Claimants will not be required to repay this money.

In addition, a further package announced in the 2018 Budget, worth £4.5 billion across the next five years, will support more people as they move onto Universal Credit. The measures include:

- A £1000 annual increase in the Work Allowances from April 2019, strengthening the Universal Credit work incentives even more and providing a boost to the incomes of the lowest paid;

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Alok Sharma, MP for Reading West

- From October 2019, a reduction in the cap for deductions from 40 per cent to 30 per cent to soften the burden of repayments of debts. Additionally, from October 2021, advances can be repaid over 16 months;
- The creation of a one year grace period from the Minimum Income Floor for people joining Universal Credit who already have an existing business that may have been running for several years. This is to give them time to grow their businesses;
- The introduction of a two week run on of Employment Support Allowance Income Related (ESA IR), Jobseekers Allowance Income Based (JSA IB) and Income Support (IS), provides an extra two weeks of benefits for people moving onto Universal Credit from those benefits. This is intended to help them manage in the period up to their first monthly payment of Universal Credit and also included in the draft regulations. This extra financial support will not need to be repaid; and
- An extension in the surplus earnings disregard exception for up to £2500 for another year from 2019 to 2020.

The Government also recognises that childcare costs can affect parents' decisions to take up paid work or increase their working hours, or remain in paid work. To overcome this barrier to employment we increased the level of support for childcare costs within Universal Credit from 70 per cent to 85 per cent. This means that working families claiming Universal Credit can reclaim up to 85 per cent of their eligible childcare costs each month, up to a maximum of £646.35 for one child and £1,108.04 for two or more children.

We have also set up a Landlord Portal that allows social landlords and the Department for Work and Pensions to share information more easily. Social landlords signed up to the Portal can verify the rent for their tenants online and also apply for a managed payment and request rent arrears.

When social landlords enrol on the Portal they are invited to accept Trusted Partner status. This then means Alternative Payment Arrangements can be accepted much more easily. Alternative Payment Arrangements are considered for those claimants who cannot manage their single monthly payment and can include managed payments of Universal Credit housing costs directly to the landlord, making payments more frequently than monthly and split payments to members of a household. The Portal has now been rolled out to broadly cover 95 per cent of all social housing stock, and we are looking at how best to complete rollout for the remaining social landlords.

We also regularly engage with private sector landlords and have listened to their concerns about how we deal with requests for Universal Credit managed payments direct to landlords. We are currently testing an improved way for landlords to make this request, which was developed with input from landlords. This builds on improvements to the process already put in place for private sector landlords and these include:

- We have made changes to Universal Credit guidance to ensure that when private sector Housing Benefit claimants come on to Universal Credit, we know whether they had their rent paid directly to their landlord previously, and why;

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- This allows our Work Coaches to determine whether a managed payment to the landlord for the Universal Credit claim may need to be applied too, and will prompt a conversation with the claimant; and
- All Work Coaches have received 'housing confident' training to improve their knowledge of housing costs.

Thank you again for taking the time to contact me.

Yours sincerely,



Alok Sharma MP

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