Thank you for your letter of 4 September 2018, where you asked me to set out my priorities for Universal Credit (UC) and any progress made.

You will see below that I have shared with you where my main focus will be over the next year, and I do hope that both you and the Committee agree that these should be where our energy lies over the next year.

Continued roll-out of Universal Credit

UC has now rolled out into 530 jobcentres nationwide and by the end of December 2018, UC will be in all 637 jobcentres. As you are aware, we have been doing this steadily and safely, learning from experience and adjusting the UC service as we go. I strongly believe that UC will better support individuals to move into work quicker and progress in work. It will also help support those that can't work, whilst being fairer to the taxpayer.

Managed Migration

In October, we invited a number of stakeholders to a workshop to discuss Managed Migration, the timetable and approach, how we are getting ready, how we plan to communicate the change to claimants and any challenges we perceive. This signalled the start of a series of further workshops to gather valuable insight from these organisations, who work closely with our claimants.

Later in 2019, we will begin our test and learn of Managed Migration and no more than 10,000 people will be Managed Migrated during this phase. We will build volumes slowly, testing the process and making changes before we start to expand the service in 2020.

Transitional Protection

The legislation for Managed Migration and transitional protection will be in place before we start transitioning legacy benefit claimants to Universal Credit. The Government has made a commitment that anyone we move onto Universal Credit,
without a change of circumstance, will have their existing benefit entitlement safeguarded until their circumstances change; and in order to accommodate the changes needed, Managed Migration will now complete in 2023.

You will be aware of our commitment to claimants in receipt of Severe Disability Premium who would ordinarily have moved to Universal Credit. To ensure these people do not lose out, they will stay on legacy benefits until transitional protection can be applied, even if they have a change of circumstances. We have also committed to providing protection for those previously in receipt of Severe Disability Premium who have already moved onto Universal Credit.

We also want to keep the incentives for people to take up work while they receive transitional protection. This is why we announced that short-term increases in earnings will not end transitional protection. This includes claimants whose earnings payment cycle affects their Universal Credit entitlement. Transitional protection will, therefore, be re-awarded if these people make a new claim to UC within three months. We also know that the best way to help families improve their lives is by supporting parents into employment. The evidence shows children from working households go onto have better outcomes than those where no-one is in work. That’s why we are committed to support parents into work that fits around their childcare responsibilities. To keep the incentives for parents to take short-term or temporary work and increase their earnings, we will ensure that the award of, or increase in, childcare costs will not erode transitional protection.

These changes will all be set out in the forthcoming regulations and subject to parliamentary approval.

**Universal Support**

As you are aware, I recently announced that having listened to concerns from claimants, constituents, charities, welfare organisations and colleagues – the Department will be working in partnership with Citizen’s Advice to deliver a consistent Universal Support service across the country from April 2019.

This service will ensure that everyone, but in particular our most vulnerable claimants, get the help they need to make and manage their Universal Credit claim; offering them the practical support they need to get their first payment on time and be ready to manage it when it arrives.

**Outreach and the Flexible Support Fund**

Being accessible as a service, is vitally important. Therefore, to supplement our network of Jobcentres delivering Universal Credit we have Troubled Families Advisers, School Advisers and Prison Work Coaches as well as a significant number of Work Coaches operating in outreach locations. We have carried out a national review of outreach activity over the past three months and there is an extensive level
of service in place to support claimants, based on local needs and existing partnership arrangements. This is of course being continuously reviewed. Flexible Support Fund is being used to finance additional tailored provision delivered by specialist providers in every district, as well as offering grant funding in partnership with local authorities and Local Enterprise Partnerships to meet local needs.

Autumn Budget – UC Policy Changes announcements

Also, on the 29th October, the Chancellor of the Exchequer announced a number of policy changes to Universal Credit that I am sure that you and the Committee will welcome. These are as follows:

- £1000 annual increase in the Work Allowances from April 2019, strengthening the UC work incentives even more and providing a boost to the incomes of the lowest paid;
- A reduction in the cap for deductions from 40% to 30% of the standard allowance 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 legacy tax credit claimants moving onto UC to give them time to grow their businesses. This will be implemented from 2020 when Managed Migration moves beyond the test year;
- The introduction of a two week run on of ESA, JSA and IS for people moving onto UC from those benefits, intended to help them manage in the period up to their first monthly payment of UC;
- An extension in the surplus earnings cap of £2500 for another year from 2019 to 2020.

I will be continuing to keep these policy changes under review and monitoring the impact on Universal Credit claimants.

I hope that this has given you some insight to where my priorities lie over the next year. I look forward to the Committee helping me to make Universal Credit a success.

Kind regards

The Rt Hon Esther McVey MP
SECRETARY OF STATE FOR WORK AND PENSIONS