



**Department
for Work &
Pensions**

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Rt. Hon Frank Field MP
Chair, Work and Pensions Select Committee
House of Commons

23 June 2018

Dear Frank,

Universal Credit and Universal Support

Thank you for your letter dated 4th June 2018, seeking answers related to Universal Support, debt and deductions. Set out below are responses to the individual questions you have asked.

Universal Support

1. Please might you supply a) the budget and b) the Department's actual spend in Universal Support in: a. 2015/16; b. 2016/17; c. 2017/18 and d. Expected budget for 2018/19.

The following table provides the budget and actual spend for Universal Support, for each of the years requested.

Year	Budget	Actual Spend
2015/16	£16.5m	£15.8m
2016/17	£13.1m	£12.5m
2017/18	£13.6m	£11.9m
2018/19	£17.6m	Not available as current year

2. What proportion of Universal Credit full service claimants were referred to Universal Support in: a. 2015/16; b. 2016/17; and c. 2017/18. And;
3. Will the Department be carrying out any evaluation of Universal Support? If so, what will the evaluation consider and when might we expect this to be published?

The number of people on the Full Service in 2015/16 and 2016/17 was small and there was no requirement as part of the funding agreement for Local Authorities to collect and supply data. The Grant funding arrangements we put in place in 2017/18, make it a formal requirement of the Universal Support Grant Agreement for local authorities to provide DWP with quarterly Management Information (MI) as a condition of receiving funding. For 2017/18 - the overall proportion of Universal Credit claimants referred to Universal Support was lower than the initial expected levels of referrals - around a third of the estimated 173,806:

- 33% of those estimated for Assisted Digital Support actually took up support and,
- 30% of those estimated for Personal Budgeting Support actually took up this support.

The Department is currently carrying out a review of Universal Support and has undertaken a range of activities including visits to Universal Credit service centres; and discussions with claimants, Jobcentre, Local Authority and service centre staff; as well as with third party providers.

We also recently held a workshop with a range of stakeholders, which included Citizens Advice, Trussell Trust, Shelter, Money Advice Service and Housing Associations, to get their feedback on how they felt Universal Support is working; and what improvements they felt we could make to increase take up. Once we have concluded this activity, we will share more detail with the WPSC in due course.

4. Several of our witnesses suggested that provision of debt advice and support—including negotiating with creditors—would be a valuable addition to the Universal Support offer. Might you please explain why this is not already offered?

a. Does the Department have any plans to offer debt advice to Universal Credit claimants via Universal Support in future?

Universal Support contains two main elements of support:

- Assisted Digital Support – to provide claimants the help they need to make and manage their Universal Credit claim or award on-line; including accessing and using online services such as the Universal Credit claimant journal.
- Personal Budgeting Support – to help Universal Credit claimants to manage their finances including their Universal Credit award.

The specialist debt advice that you refer to in your question is not included within the Universal Support offer. However, if it becomes apparent to the work coach or Universal Support adviser that the claimant requires more detailed expert advice, they would be sign-posted towards more specialist support services such as the Money Advice Service or Citizens Advice. The introduction of the Single Financial Guidance Body later this year, will combine several services, including the Money Advice Service, into one single guidance body, providing specialist debt advice.

Further information for claimants on what Universal Support is and links to the Money Manager Tool from the Money Advice Service can be accessed on GOV.UK - <https://www.gov.uk/government/publications/universal-support/universal-support>

We will continue to work with local support services to get individuals the help they need. We have an open mind about the future design of Universal Support and how to meet the needs of claimants within the overall financial settlement for Universal Credit.

5. Is every Jobcentre Plus providing adequate digital support and facilities for all claimants who require them to make and maintain Universal Credit claims (for example, if they need to make a journal entry)?

The Universal Credit Full Service Survey showed that 98% of claims are made online. All jobcentres across the country now have Wi-Fi, and computers available for claimants to access the internet. Much of the digital support claimants need is available through Jobcentre Plus without a referral to Assisted Digital Support. In addition, the Visiting Service supports our most vulnerable claimants, by visiting people in their homes and offering someone to manage their claim on their behalf.

6. What training do Work Coaches receive in referring claimants to Universal Support?

a. Are Universal Credit call centre operatives trained to flag up the Universal Support offer to claimants?

All DWP Work Coaches and Case Managers delivering Universal Credit undergo a comprehensive learning package, which includes training on recognising the need for claimants to receive Universal Support. This training includes support to recognise and help claimants with complex needs; and is delivered through a number of mediums, which includes facilitator-led learning and skills practice. There is also guidance and information available for staff to refer to.

Universal Credit: Debt and Deductions

In Universal Credit, we do recognise that some claimants will need financial help whilst they transition. The evidence provided by the Trussell Trust at the last session was gathered in February and March, before the Autumn Budget changes were introduced. These changes are designed to help people transition onto Universal Credit. We have removed the 7 waiting days and individuals can now apply for an advance payment of up to 100% of their first Universal Credit payment; and this payment can be repaid over a period up to 12 months. This ensures that no one has to wait for their first payment if they are experiencing some difficulty.

Also, from April 2018, for those individuals already in receipt of Housing Benefit, we will continue to pay Housing Benefit for the first two weeks of their Universal Credit

claim. Again, this reduces the risk of claimants falling into arrears with their rent, and this extra money does not need to be repaid.

We also have Personal Budgeting Support available – which I have referred to in the earlier section of this letter when responding to questions on Universal Support.

With regard the point you make about historic debt – we estimate that the value of outstanding debt transferring to Universal Credit will be in the region of £10bn. This includes HMRC and Local Authority debt. This is an estimate and has not been subjected to the rigorous quality assurance checks applied to our published official statistics. There is a duty to the tax payer to recover public funds and an obligation to recover any overpayment of benefit.

7. How does the Department monitor debt patterns amongst UC claimants?

The Department does not monitor debt patterns amongst UC claimants directly. This is because there is no legal gateway to capture this information and we rely on the claimant choosing to disclose debt to us. Even then, we may not be made aware of all debt, such as credit card debt.

We do know from the report published by the Department in March 2018 titled, *Improving Lives: Helping workless families indicators 2018*¹, that, in 2015/16, around 10% of all children (1.3m) in Great Britain were living in households with problem debt. This has fallen and is down from 15% (1.8m) in 2012. This equates to 510,000 fewer children in problem debt households.

8. How did the Department determine that the maximum deduction caps (caps on the amount that can be deducted from the claimants UC award to repay debt) of 15%, 25% and 40% for people out of work, in work or repaying due to fraud or a hardship payment respectively are set at an appropriate level?

It is the Department's policy to recover all debt where it is reasonable and cost effective and to do so without causing unacceptable levels of financial stress. We seek to strike a balance between these two objectives, so the specified percentages are set at an amount which reflects this need to balance the cost of recovery with affordability. The 15% deduction rate was carried over from legacy and has been a matter of policy for a number of years. The higher rate of 25% reflects that people and couples in work are expected to be able to afford a larger repayment. The maximum rate of 40% mirrors the current sanctions policy that applies for non-compliant JSA claims. The 40% for fraud classified debt was agreed by Lord Freud in April 2012 who was keen to ensure that individuals who commit fraud, felt the full impact of their actions and were not given what in effect was an open-ended period to repay the proceeds of their fraud. These are the maximum amounts that the Department can use to recover debt, but where the individual is unable to afford repayment the Department will consider reducing the repayment rate or suspending recovery where there is hardship.

¹ <https://www.gov.uk/government/publications/improving-lives-helping-workless-families-evidence-base>

9. What number and proportion of new Universal Credit claimants have existing debts?
- a. What proportion of those claimants owe money to i) Government Departments ii) other creditors or iii) both?

Unfortunately, the specific information you have requested is not available. I can confirm that around 55% of all current UC customers have a benefit debt, Social Fund Loan or benefit advance being managed by DWP. I am unable to comment on debts owed to other government departments or other creditors as this information is not held by DWP.


With regard to your remaining questions:

10. What number and proportion of claimants acquire new debts after moving onto Universal Credit?
11. What is the average clawback rate among claimants with debt, expressed as a proportion of:
- a. The standard allowance; and
- b. The whole UC award
12. Of claimants who are repaying debts, what proportion are paying back as a proportion of their standard allowance each month:
- a. Under 15%; b. 15%-25%; c. 25%-40%; d. above 40%?

We do not have robust data or information to respond to these questions separately; and for question 7 and 10, we do not have a legal gateway that permits us to obtain this information for Universal Credit claimants.

The Department is planning to publish research into Universal Credit and rent arrears later this year. We are also working closely with utility companies and regularly attend a Utility Company Debt Group to update them on the latest information regarding Universal Credit, its rollout and any changes that may have taken place. These include discussions on deductions and arrears, as well as taking feedback for future improvements to the service we provide for them.

I hope that this information helps to provide some answers to the questions you have raised.

Kind regards,


Alok Sharma MP
Minister of State for Employment