



Department
for Work &
Pensions

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Right Hon Frank Field MP
Work and Pensions Select Committee

14 November 2018

Dear Mr Field

Universal Credit – Unit Costs

Thank you for your letter dated 24th October 2018, regarding the monthly unit cost information for processing a Universal Credit (UC) claim.

I think it is important to make it clear that Ministers did not refuse to provide this data. They counselled the Committee against giving it undue weight and significance, given the fact that month-on-month data is sensitive to the economic situation and decisions taken on the deployment of staff. The latter is necessarily uneven, with recruits tending to arrive and be trained in tranches.

September's Unit Cost figure is £507, down from £699 in March, a fall of over a quarter in six months. This was a key concern raised by the National Audit Office report into Universal Credit, and I am encouraged that unit costs are falling in line with our expectations. We are on course for the system to become cheaper than legacy in 2019/20 as planned, and to fall to £173 by 2024/25.

I am grateful to you for providing the opportunity to set this out for the Committee and to correct any misunderstandings people may have about the costs of UC, relative to the system it replaces.

I hope you have found this information useful.

Yours sincerely

Neil Couling
Director General, Universal Credit Programme