



Department  
for Work &  
Pensions

The Rt Hon AMBER RUDD MP  
Secretary of State for Work & Pensions

Rt Hon Frank Field MP  
Chair of the Work and Pensions Select  
Committee  
House of Commons  
London  
SW1A 0AA

31<sup>st</sup> January 2019

Dear Frank,

Thank you for your letter of 11 January. I am pleased to hear of your support for the changes we will be making to Universal Credit. I hope that these announcements assure you that the Department is willing to listen and to learn, in order to deliver a welfare system that works for all claimants.

#### **Access to Alternative Payment Arrangements**

As you point to in your letter, more frequent payments are already available as part of the Universal Credit Alternative Payment Arrangements. However, the Department recognises that these arrangements should be more widely utilised to help claimants who may struggle to manage their monthly payment of Universal Credit.

- 1. You said the Department will “shortly” begin pilots for better identifying vulnerable claimants and helping them access to more frequent payments. Might you expand on what “shortly” means in this context: when do you expect the pilots to start and finish?**

The pilots will commence in Spring 2019 to actively explain and promote more frequent payments to claimants at the outset of their Universal Credit claim. The trial will last for four weeks, followed by a period of evaluation. This analysis will take place over a 3-month period to track the trial cohort to identify take up rates, effects on payment timeliness, effects on phone calls and, perhaps most importantly, reversion rates. These outcomes will be expected in the Summer. This evidence will then inform our approach to the delivery of more frequent payments going forward, in order to ensure that the claimants who need these arrangements receive them.

- 2. Will you please commit to publishing the results of the pilot evaluations—and if so, when?**

This pilot will be used to help inform our approach to the delivery of more frequent payments going forward. The Department will update the Committee on the outcomes of this pilot in due course.

- 3. You also announced that the Department will create “an online system for private landlords [through which] they can request (where necessary) their tenants’ rent to be paid direct to them”. Might you please tell us when the Department expects this system to be in place?**

We are currently working with a number of test landlords to design the Apply for Direct Rent Payment service. This research is helping us to understand the activities we need to complete before we are able to introduce this to all landlords. We expect to complete our system testing and refinement work by the Autumn and have this system fully in place by the end of 2019.

- 4. How does the Department intend to define “necessity” in whether a claimant’s rent should be paid direct to their landlord? Will claimants be consulted, and will they be able to challenge this decision?**

As outlined in my speech of 11 January, we are committed to ensuring that, where appropriate, we can pay the housing element of a Universal Credit award direct to private sector landlords. This will help to ensure that vulnerable claimants do not fall into rent arrears. It will also provide landlords with greater certainty that rent will be paid.

Yes, claimants will be consulted and can also request for their rent to be paid direct to their landlord. In all cases where a landlord requests a direct payment, this is shared with the claimant, who can dispute the request if they have a genuine reason for not needing their rent paid directly to their landlord. For instance, if they were involved in an ongoing dispute with their landlord.

There are various factors which might necessitate a managed payment to a landlord, such as addiction, severe debt problems or existing rent arrears.

### **Single household payments**

As I hope my speech made very clear, I am committed to ensuring that Universal Credit does not adversely affect any group, including women.

- 5. Might you please provide the Committee with a summary of the Department’s work to date on this issue [enabling the main carer to receive the UC payment]?**

We have listened to concerns about the single payment structure and I want to ensure that, in the future, the Universal Credit award is paid to the primary carer in a household. At present 60 per cent of Universal Credit payments to families/households are made into the bank accounts of women, who are often the main carers in their household.

I am now looking at what more we can do to enable the main carer to receive the Universal Credit payment, and we will begin to make those changes later this year.

**6. *Might you also commit to provide a monthly update thereafter?***

The Department utilises an iterative agile development process when making changes to Universal Credit. This model would not lend itself well to monthly reporting, but the Department will be happy to update the Committee on our progress in due course.

**Additional support: Childcare**

**7. *Might you please confirm whether this is a change of policy?***

This is not a policy change. As you have stated, the Flexible Support Fund (FSF) can already be used to help with upfront childcare costs that present a barrier to work, and the FSF has been used for this purpose for some time. However, we do not believe that the policy was being implemented as intended. We have updated our guidance on childcare in relation to upfront childcare costs, ensuring that Work Coaches are aware of this change. This mirrors the work we did with Work Coaches in the Autumn of 2017 concerning the awareness of advances that saw payment rates improve from 40 per cent to 60 per cent.

**8. *What steps will the Department be taking to promote the FSF for these purposes to: (a) claimants;***

Universal Credit claimants who are eligible for the FSF, and require additional help with upfront childcare costs to enable them to commence work, will be advised of all the options available for financial help and will be offered access to the FSF by their Work Coaches. We are working with operational colleagues and managers to promote awareness of using FSF for childcare costs to frontline staff.

***(b) Work Coaches?***

Communications and instructions on the use of the FSF have already been issued to operational colleagues, across the country, through the normal DWP communications platforms. Further FSF notices will be issued as processes are refined and updated.

**9. *How will the Department evaluate whether this measure is being implemented effectively and consistently?***

The existing FSF Management Information which reports the levels of childcare awards across all benefits will be monitored to identify anticipated upward trends in spend and potential geographical variations.

**10. *Finally, you stated that you believe "we should be flexible when parents are unable to report their childcare costs immediately, so that these costs***

***will be reimbursed". Might you please provide further detail on what this will mean in practice for claimants?***

Childcare receipts should be submitted for reimbursement within the Universal Credit assessment period in which they are paid. However sometimes parents are not able to provide receipts or evidence of their childcare within this period. To acknowledge this, we are refreshing our guidance, and trialling a more flexible approach in a number of areas. Once these pilots have concluded we will consider how to roll-out this approach further later in the year.

I hope you have found the answers above helpful, and look forward to your support as we continue to improve the Universal Credit system to ensure we offer the best support to all claimants.

Best wishes,

A handwritten signature in black ink, appearing to be 'A. Rudd', with a yellow highlight under the first letter 'A'.

**The Rt Hon Amber Rudd MP**  
**SECRETARY OF STATE FOR WORK AND PENSIONS**