At the oral evidence session on 24 July 2019, my officials and I committed to write back to the Committee on a number of points, to further assist with your inquiry regarding the ‘Ongoing work on DWP priorities and performance’. For ease, I have covered all of the additional points raised in my response below.

**Five Week Wait**

I am aware of reports from various Think Tanks and suggestions from the Committee on the ‘five week wait’. I always look at and carefully consider all the recommendations that are made to better claimants’ experiences on Universal Credit. I am always concerned to hear of cases where people have had difficulties when claiming Universal Credit and I will continue to work to make this process as smooth as possible.

The Committee were particularly interested in understanding whether scrapping the ‘five-week wait’ in Universal Credit would eliminate the need to pay run-ons. As the Committee will be aware, Universal Credit has been designed to be paid monthly in arrears, to mirror how most people are paid in work. This also ensures that the payment can reflect any changes in month, such as earnings received. Paying in arrears ensures that the Universal Credit payment is based on a claimant’s actual circumstances, avoiding uncertainty and confusion about how much Universal Credit they are entitled to in any given assessment period. This is in stark contrast to the system of tax credits, where claimants have to wait a whole year to be certain of their entitlement and can often face large demands for repayment. We estimate there is some £5.9bn owed by claimants of tax credits caused by this design quirk.

It is difficult to make an assessment of the cost of ‘scrapping the five-week wait’. This is because there are existing measures already in place to support individuals whilst they wait for their first payment, such as legacy benefit run-on payments and the provision to pay people an advance payment. Advance payments are simply the
claimant’s Universal Credit paid early, and paid back over an agreed period. Paying claimants in advance, for example, would not increase the amount of money available to a claimant at the beginning of their claim, as these advances of up to 100 per cent of the claimant’s estimated entitlement are already available.

Paying Universal Credit in advance rather than in arrears would introduce a large amount of uncertainty for claimants; Universal Credit would not be able to respond to a claimant’s earnings in the month that they are received, potentially meaning the Universal Credit award would have to be re-adjusted every month to accommodate any over or underpayment. It is important that claimants have clarity and certainty about how much Universal Credit they are entitled to and understand the benefits of getting into work and working more hours.

The Department also has a responsibility to minimise Fraud and Error within the system. Overpayments put claimants in a position of having to repay the difference in their award from future entitlement awards and underpayments deny vulnerable claimants the support they are entitled to. Fraud and Error estimates show that unreported or undeclared earnings are one of the biggest causes of incorrect payments. The Real Time Information system, which is a key element of Universal Credit, improves accuracy and efficiency and enables the Department to adjust monthly Universal Credit payments to ensure that claimants receive the award to which they are entitled. This requires paying Universal Credit in arrears.

**Childcare Costs**

I committed during the session to writing to the Committee to outline the options available to support claimants with their childcare costs, especially during the school holidays and to ensuring that our work coaches were also aware of this. I am happy to provide this clarity.

Through the discretionary Flexible Support Fund, work coaches can support those claimants who need assistance with the initial, upfront cost of childcare, to help them move into employment. If the claimant is eligible, the Flexible Support Fund can cover up to 100 per cent of this initial childcare cost, up to the maximum payment limit, until the claimant receives their first wage.

Once a claimant is in work, up to 85 per cent of their childcare costs can be reimbursed through their Universal Credit award, up from the 70 per cent available through the legacy system. At this point, the claimant is no longer eligible for assistance from the Flexible Support Fund.

However, we recognise that claimants may require further assistance with their childcare, for example during the summer holiday period. Budgeting advances are available to eligible claimants to assist with this expenditure and these can be repaid over a period of up to twelve months and can be worth up to £812 depending on the claimant’s circumstances. This is in addition to the wider government free childcare offer. In England this provides 15 hours per week of free childcare for disadvantaged families with 2-year-old children and 30 hours of free childcare for working families.
with 3 and 4 year olds. Scotland, Wales and Northern Ireland also have their own free childcare offers.

As the Committee will be aware, the Department has been working hard to provide more clarity to claimants about the Universal Credit childcare offer, as well as the wider government childcare offer. Childcare costs have consistently been featured as one of the central messages in our ‘Opening up Work’ advertising campaign and have been promoted via both DWP and Jobcentre Plus social media channels. We also set out in our response to the Committee’s report on Universal Credit and childcare a number of the actions we have taken to improve our childcare offer and to raise awareness of this support and we will continue to do everything we can to help working parents access the support they are entitled to.

While many work coaches will have already been aware of the support available to claimants, to provide further reassurance to the Committee, we provided an update to Jobcentre Line Managers on the Government’s childcare offer, that has been shared with their teams. The Director General for Universal Credit Operations recently wrote to all Jobcentres to emphasise the importance of ensuring this support is available to claimants.

**Advances Fraud**

The Committee asked whether advances fraud in Universal Credit is on the ‘at-risk register’, which it is.

I would like to assure you that the Department does capture and review risks that could lead to internal, supplier or claimant fraud such as Advances Fraud. The Department’s Counter Fraud and Compliance Directorate are dedicated to identifying, analysing, and mitigating against fraud risk exposure across the whole benefit system.

The Minister for Pensions is writing to provide further information on this point following your earlier letter on this issue.

**IT system capacity**

You also asked about the robustness of the Universal Credit system to deal with increased volumes of claimants. The nature of the Universal Credit service means we are continually focused on ensuring that all aspects of the service are able to support the volume of claimants the service is expecting at any point in time. As the volume of claimants joining the service, through the move to UC process, will increase slowly over time, we will use the pilot phase to understand the effect the increased volumes will have on the service, so that any additional needs will be built into the work required going forward.
PIP Claimants

Finally, at the Committee inquiry, I said that I would clarify the discrepancy in the calculation of the number of PIP claimants who would benefit from recent court cases.

The figures quoted relate to the administrative exercise we have been carrying out since June 2018 to see whether claimants are entitled to more PIP, as a result of the MH/FRJ judgments. We had previously produced estimates of the number of claimants who might be affected by the judgments, but since the exercise began, we have published six-monthly progress updates on the actual number of claimants found to be affected. The latest of these, published on 4th July, showed that of the 440,000 cases checked, up until 14th June 2019, around 3,500 claimants have been paid arrears of PIP as a result of the judgments. The Minister for Disabled People has already responded to a letter in which similar concerns about the calculations were raised. I have enclosed a copy of this full response, as well as summarising the main points below.

Firstly, to put our original estimates for the exercise into context, as part of the regular fiscal planning rounds, we often need to estimate the costs of legal judgments before we have either the full information on the outcome of the judgment or the detailed guidance drawn up to deliver the judgment. That means that there is always a risk that the resulting estimates do not fully capture the effect of the final guidance on caseload and expenditure.

These early estimates were based on the best available information at the time. We drew a sample of PIP cases with ‘anxiety conditions’ and, using the expertise of medical policy advisers, produced estimates of the proportion of claimants that might move to a higher scoring descriptor for mobility activity 1 as a result of the judgment. These figures were then used for the Equality Analysis, published in February 2017, as mentioned in the question from the Committee.

Following our decision not to appeal the judgment of the High Court in the judicial review which quashed the 2017 amending regulations, we worked to implement the MH judgment. This involved consulting with key stakeholders on the revised guidance that would be used to implement the judgment. We shared draft guidance for review and took on board a range of amendments and changes following stakeholders’ feedback. We are not aware of any specific concerns with the final guidance issued and have received very little evidence from stakeholders to suggest that the decisions being made on cases as part of the administrative exercise are wrong, even though we have stressed that we are more than happy to look into any specific issues, if they are brought to our attention.

When implementing the new guidance, we had a comprehensive training programme in place for DWP staff, as well as robust quality assurances processes for the decisions being made. This means I have confidence that we are making the right decisions on claims being reviewed in the administrative exercise. The very low numbers of claimants asking us to reconsider our decision following the review of their claim also suggests that this is the case.
The discussion on our estimates during the Committee meeting also referenced a recent court case, for which the judgment was handed down from the Supreme Court on 18th July (SSWP v MM). We are currently considering the full details of this judgment and which claimants may be affected, as a result. As part of this, we will be consulting with disabled people and stakeholders, to implement the judgment fully and fairly.

In implementing any legal judgment, the Department is committed to ensuring that affected claimants get the PIP support they are entitled to and are paid any additional PIP as quickly as possible.

Best wishes,

The Rt Hon Amber Rudd MP