From the Chair

27 October 2017

Rt Hon David Gauke MP
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Department for Work and Pensions
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Universal Credit

Many thanks again for your oral evidence to the Committee on 18 October. I would be grateful if you could please answer the follow-up questions below. I will write separately in due course on the subject of the collection, quality and publication of data on Universal Credit (UC).

Business case

The Department submitted an outline business case for UC, estimating its expected costs and benefits, to HM Treasury in September 2015. In February 2016, the Public Accounts Committee (PAC) recommended that the Department should publish, by May 2016, “a clear explanation of how the Universal Credit business case has changed since we last reported on the programme”.1 PAC re-iterated the need for an updated business case in its report of November 2016.2 The Government accepted this recommendation, and committed to a target date of Autumn 2017.3

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2 Committee of Public Accounts, Universal Credit and fraud and error: progress review, 23rd Report of Session 2016–17, HC 489
3 HM Treasury, Treasury Minutes: Government responses to the Committee of Public Accounts on the Twenty Second to the Twenty Fifth and the Twenty Eighth reports from Session 2016-17, Cm 9413, February 2017
1. When, please, should we expect the revised business case for UC?

Employment impact

Trends in employment rates are affected by a wide variety of factors outside the benefits system. Alongside simple data on employment outcomes, the Department has rightly therefore sought to measure the direct employment impact of UC itself by comparing the employment outcomes of UC claimants with those of a control group of similar people making similar claims on legacy benefits.

As we noted in the evidence session, the latest such study was for live service UC claims made in 2014-15. These claims were from single, unemployed people without children only. No employment impact data for the more complex range of UC full service claims are available. As Neil Couling identified in the session it is “analytically unsound” to draw conclusions about the impact of the full service from outcome data without a control group comparator.

In the evidence session, Neil Couling said that he thought it was “entirely possible” that statistically robust employment impact data for the full service would be available early in 2018.

2. Can you please commit to a timetable for producing employment impact statistics for the UC full service?

3. Will this study also consider the impact of the UC full service on factors such as rent arrears and claimant debt?

Emergency temporary accommodation

As you are aware, under UC housing costs are calculated based on the claimant’s accommodation at the end of their assessment period. This can cause difficulties where claimants are applying from emergency temporary accommodation. Local authorities must ensure that families with children are not placed in emergency temporary accommodation for more than six weeks. If they fail to move families from such accommodation within this timeframe they face heavy fines. But, as the housing element is calculated based on the claimant’s accommodation at the end of their assessment period, the debt that a local authority accumulates paying for expensive temporary accommodation will not be covered by UC if the family has moved on. This debt must be written off by the local authority, or met from alternative budgets.

I understood the Department was working on a policy adjustment which would result in claimants in emergency temporary accommodation claiming Housing Benefit rather than UC.

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4 Department for Work and Pensions, Universal Credit Employment Impact Analysis Update, September 2017, p3
5 Q159-162
6 Q163
4. Do you still expect to announce a policy change in this area and, if so, when do you expect it to come into force?

Written evidence from Halton Housing Trust

Across our two inquiries we have received an extraordinary volume of written evidence expressing concern about the effects of the Universal Credit rollout. A recent submission by the Halton Housing Trust, which I have enclosed, was among the most concerning I have seen.

5. I would be grateful if you could please comment on each of the problems identified by Halton Housing Trust, setting out any measures you have, or intend to, put in place to counter them.

With best wishes and I look forward to hearing from you,

Rt Hon Frank Field MP
Chair