

DWP Central Freedom of Information Team

e-mail: freedom-of-information-request@dwp.gsi.gov.uk

Our Ref: VTR 3022

DATE 10 July 2013

Dear Frank Zola,

Thank you for your Freedom of Information request received 28 June. You asked;

Can you confirm that under your Universal Credit (UC) pilot and when UC is fully launched and for Jobseekers Allowance (JSA):

1. A UC Jobseeker can have a conditional sanctioned based implicit or explicit Claimant Commitment clause to apply for Zero Hour jobs?

2. A JSA Jobseeker can have a conditional sanctioned based implicit or explicit Jobseeker's Agreement clause to apply for Zero Hour jobs?

Can you also confirm that the DWP understand a Zero Hours contract can be a condition of JSA or UC, even if any employer was to offer work lasting say for:

3. 1 minute?

4. 10 minutes?

5. 20 minutes?

6. 30 minutes?

7. 40 minutes?

8. 50 minutes?

9. 60 minutes?

10. If the Zero Hour contract offered just a National Minimum Wage rate of PAYE rate, can you confirm that if undertaking this work included all employees incurring unavoidable out-of-pockets that the employer does not meet, that the DWP:

11. would still consider this work to be National Minimum Wage employment?

Zero Hour Contracts

<http://www.hmrc.gov.uk/manuals/esmmanual/ESM2055.htm>

It may be helpful if I explain that a conditionality earnings threshold is in place to ensure that claimants earning above a certain level will not be asked to carry out work-related activity. This will normally be 35 hours x NMW. Claimants earning less than this threshold may be asked to carry out relevant actions to increase their earnings (based on individual circumstances such as health, childcare, caring responsibilities etc).

Extending interventions to in-work claimants is a new approach and requires careful preparation. Rather than rushing ahead we are taking a considered approach in the form of a period of testing and trialling different methodology before moving to any national regime. Therefore, an administrative earnings threshold has been set to ensure that only those claimants who would currently be eligible for the existing out of work benefits will fall into an active labour market regime. The threshold has been set at £330 a month for a single person and £525 a month for a couple (based on gross taxable pay)

The Claimant Commitment is a condition of entitlement to Universal Credit. The requirements imposed and the support available to claimants is tailored and personalised and is recorded on the Claimant Commitment drawn up by the claimant's personal adviser during a face to face discussion. The Claimant Commitment clearly records the expectations placed upon the claimant such as active job search and engagement with advisers and the consequences (sanctions) of any failure to comply. The Claimant Commitment is updated regularly to reflect the claimant's activities in searching for and/or increasing their hours of work. If a claimant disagrees with the work related requirements detailed in their Claimant Commitment, they can ask for it to be reconsidered but it cannot be appealed.

I note your concerns about zero hour contracts.

We expect claimants to do all they reasonably can to look for and move into paid work. This will be made simpler under Universal Credit which is payable in and out of work so the need to claim different benefits when the number of hours worked changes will disappear. This will reduce the risks associated with moves to employment that exist in the current system.

Universal Credit is designed to be responsive to fluctuations in earnings and will reflect the amount earned by a claimant each month. For people who are working, financial support will be reduced at a consistent and predictable rate and they will generally keep a higher proportion of their earnings. If a claimant turns down a particular vacancy then before a sanction is applied we will look into the circumstances of the case and consider whether they had a good reason.

You may find it of interest that DWP's Secretary of State Iain Duncan Smith answered a question on Zero Hour Contracts in the House of Commons on Monday 1 July and gave the following reply:

"I recognise that this is an issue. Some 200,000 people are employed on zero-hours contracts, which is just less than 1% of all workers. The current benefit system deals with claimants on zero-hours contracts, but universal credit will mean that they will not have to re-sign on. Personally, I think there should be far fewer zero-hours contracts. We are trying to work with employers and the Department for Business, Innovation and Skills to persuade those who have a genuine long-term job to get off zero-hours contracts and get a proper contract of work."

Jobseeker's Allowance claimants are not required to apply for zero hours contract vacancies and they will not face sanctions for turning down the offer of a zero hours contract.

If you have any queries about this letter please contact me quoting the reference number above.

Yours sincerely,

DWP Central FoI Team

Your right to complain under the Freedom of Information Act

If you are not happy with this response you may request an internal review by e-mailing freedom-of-information-request@dwpgsi.gov.uk or by writing to DWP, Central FoI Team, Caxton House, Tothill Street, SW1H 9NA. Any review request should be submitted within two months of the date of this letter.

If you are not content with the outcome of the internal review you may apply directly to the Information Commissioner's Office for a decision. Generally the Commissioner cannot make a decision unless you have exhausted our own complaints procedure. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow Cheshire SK9 5AF www.ico.gov.uk