

DWP Central Freedom of Information Team

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

Our Ref: Fol 1288

DATE: 5 June 2017

Dear Mr Toy,

Thank you for your Freedom of Information request of 25 March 2017. Please accept our apologies for the delay in responding. You asked:

How can driving the poorest and most vulnerable Universal Credit claimants into debt and rent arrears help them get into work? Why is such obvious cruelty necessary? My understanding is that UC claimants are expected to spend 35 hours per week actively seeking employment, most of it self-funded, in which case surely reducing UC claimants to near destitution, in some cases to food banks and loan sharks, must have an extremely negative effect on their ability to job-seek and look for work effectively? If helping people into meaningful gainful employment is the aim of Universal Credit then driving the most disadvantaged applicants into rent arrears and debt because of Universal Credit's preposterous glacial delay in payment is perverse.

Does the DWP assert that delaying payment of essential support to Universal Credit applicants for weeks, or even months, has a positive effect on getting some people into work, despite driving others into rent arrears and debt, and this is why the policy hasn't been modified in order to make it more humane? Does Universal Credit deliberately plunge the poorest into debt, poverty and rent arrears because the DWP believes that such suffering will persuade them to re-enter the world of work sooner than otherwise?

It may help if I explain our policy around Universal Credit and payments. Universal Credit supports people who are on a low income or out of work and helps to ensure that they are better off in work than on benefits. The Universal Credit assessment period and payment structure is a fundamental part of the design. It helps reduce welfare dependency by mirroring the world of work, where 75 per cent of claimants are paid monthly. Minimising the difference between paid employment and being on benefit effectively removes a key barrier to moving back into work by helping claimants to budget on a monthly basis.

Universal Credit is assessed and paid monthly in arrears and usually paid in a single monthly sum to households. The way payment dates are assigned in Universal Credit is determined by the date of entitlement. The assessment period runs for a full calendar month from the date of entitlement and the Universal Credit pay date will be 7 calendar days after the end of the initial assessment period. The policy intent is that a claimant's first payment of Universal Credit will be paid no longer than seven days after the end of the claimant's first assessment period,

therefore the claimant should receive their first Universal Credit payment within 5 weeks, or 6 weeks if waiting days are served.

It is not possible to award a Universal Credit payment as soon as eligibility is determined, as the assessment period must run its course before the award of Universal Credit can be calculated. However, we recognise that the payment structure does not suit everyone, especially at the beginning of the claim where people may be in more urgent need, so we introduced Universal Credit Advances for new claims. Claimants can apply for an advance immediately and can receive up to 50 per cent of their award (including housing costs) shortly afterwards.

Our Personal Budgeting Support can help claimants adapt to the changes that Universal Credit brings. There are two elements to Personal Budgeting Support which are money advice, to help claimants cope with managing their money on a monthly basis and paying their bills on time and Alternative Payment Arrangements for those claimants who cannot manage the single monthly payment. This can include direct payment of housing costs to a landlord.

The explanations for rent arrears are complex and Universal Credit is not the only reason why people fall behind on their rent. The best way to help people pay their rent is to help them into work, and under Universal Credit, people are moving into work faster and staying in work longer than under the old system.

Our research shows that the majority of UC claimants are comfortable managing their budgets, and that after four months, the proportion of Universal Credit claimants we surveyed, who were in arrears at the start of their claim, fell by a third.

This research can be found in the Universal Credit at Work Report, see link:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/483029/universal-credit-at-work-december-2015.pdf

We continue to work closely with landlords, Local Authorities and other organisations to ensure claimants are supported. Budgeting advice, direct rent payments to landlords and benefit advances can be provided for those who need them.

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

Yours sincerely,

DWP Strategy Fol 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 Fol 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