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Ms Rosalind Miller
IFF Development Director
13 Glenthorne Road
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13 March 2013

Dear Rosalind,

Thank you for your further letter of 14 February regarding Universal Credit.

You have raised a number of points in your letter and therefore, this is a lengthy reply.

Universal credit starts with a Pathfinder phase, beginning in April 2013 for certain claimant groups in parts of the North West. Universal Credit launches nationally in October 2013. The four year process to stop claims to the benefits replaced by Universal Credit and to move existing claimants from the old system to the new will begin in October 2013 and be completed by the end of 2017.

The main route to access Universal Credit will be through digital channels. This will free up more adviser time to deliver valuable face-to-face support for those who need it and help to get people into work.

This does not, however, mean that the Government will be removing other channels for claiming benefits. As noted in the Government's statement on assisted digital services in December 2012, people will continue to be supported in interacting with Government even if they are unable to access services online. We will offer claimants the option to claim via telephone or in person, which will include the provision of assisted or one-to-one support.

The Government understands that the move to a single monthly household payment is a significant change from the way many benefits are currently paid and that some claimants will require support to help them manage that change. In addition we are keen to protect the interests of those who are in vulnerable circumstances or will face challenges in dealing with a new system and therefore we will provide support to those who need it.

Personal budgeting support is about helping claimants adapt to three key changes that Universal Credit brings:

- a single household payment;
- paid monthly; and
- rent paid directly to the claimant - so the claimant will pay their rent to the landlord themselves.

Personal budgeting support will support claimants who need help managing their money and paying their bills on time as they transition onto UC. We have estimated that around 3.5m people will need some element of budgeting support.

Budgeting support will consist of 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 some claimants who genuinely cannot manage the standard monthly payment and where there is a risk of financial harm to the claimant or their family. This might include rent paid directly to the landlord, a more frequent than monthly payment, or a split payment between partners.

Money advice will be offered to all Universal Credit claimants when they make a claim and will be given to those who have a clear need. It will be offered online, by phone, or face to face and delivered by external organisations with relevant expertise.

Money advice services will be tailored to the claimant's ability to handle each of the main Universal Credit financial changes – paid monthly, as a single payment to the household, with rent paid directly to the claimant.

Some claimants will need money advice for a short period of time, others for much longer.

The money advice process filters claimants to the most suitable service and channel in the most efficient way. This means that claimants who have no need for money advice or can help themselves (by using an online or phone service) are signposted quickly to the right place; claimants who need an alternative payment arrangement are identified quickly and a decision made so that payments are set up quickly; and claimants needing an intervention to help them manage their money will be referred to a local advice organisation;

they will determine how often to see the claimant and the channel, based on the claimant's needs at that time.

Alternative payment arrangements will be 'claimant centric,' in other words something that is done 'with the claimant' rather than 'to the claimant'. Applications will be considered on a case by case basis using existing business knowledge such as information we hold about the claimant.

A claimant can be considered for one or more alternative payment arrangements based on individual circumstances and characteristics. The Universal Credit adviser acting on behalf of the Secretary of State makes the decision taking account of the claimant's ability to pay their bills on time, particularly their rent; budget income and outgoings over a calendar month; and manage a single payment to the household.

Alternative payment arrangements can be considered at any point during the Universal Credit claim. They may be identified at the outset when the personal budgeting support is decided, or during the claim e.g. because the claimant is struggling with the standard monthly payment, or moves house which could affect the housing or split payment. They can also be triggered by business knowledge, the claimant, their representative, their caseworker, and/or their landlord as a result of the build up of rent arrears. To safeguard the claimant's home, a landlord can notify Universal Credit asking for the housing cost element to be paid direct to them when a rent arrears 'trigger' has been reached. The Direct Payment Demonstration Project is testing different rent arrears trigger points that will inform the final trigger to be used in Universal Credit.

Alternative payment arrangements will be subject to a review. The Universal Credit adviser will decide the review period taking into account the claimant's particular circumstances. At the review, they will decide if the claimant is now capable of managing the standard monthly payment.

If a claimant has two or more alternative payments in place, it may be appropriate to consider a gradual move to the single monthly payment, for example, managing on a monthly basis first, followed at some point by paying their rent. This 'stepping stone' approach aims to help them make the transition to standard monthly payments over time.

All cases must be assessed on an individual basis and information will need to be gathered with sensitivity and in a non judgemental way. It will be important to gain confidence and build trust and rapport with individuals, listening to their needs, probing and questioning to identify the issues. Details from a third party such as the claimants' representative, their caseworker and/or their landlord can be used to inform a decision.

Full details about the budgeting support we will offer are now online at <http://www.dwp.gov.uk/docs/personal-budgeting-support-guidance.pdf> which you may find helpful to read.

As with current benefits, Jobcentre advisers will support claimants. Jobcentre staff have experience dealing with a diverse range of claimants. There are many activities underway to support Jobcentre staff with the introduction of Universal Credit. Jobcentre staff have been involved in the design and development of the service and are also involved in local implementation planning activities. Specific examples include, role specific staff training, an online knowledge management system, and a comprehensive internal communications plan. We also have a network of specialists to provide support for staff as they prepare for the delivery of change at a local level.

Yours sincerely,

A handwritten signature in black ink that reads "David". The signature is written in a cursive style with a large, looped 'D' at the beginning.

Lord Freud

Minister for Welfare Reform