

Secretary of State sets out improvements to Universal Credit

I have received the enclosed letter from the Secretary of State for Work and Pensions:

Today, I will be laying the Universal Credit Managed Migration regulations before the House. These positive regulations provide a range of additional support for claimants as they move onto Universal Credit – a simpler benefit system, providing tailored support to individuals.

Universal Credit is the biggest and most fundamental reform to the welfare state since its creation. It is a modern benefit based on the sound principles that work should always pay and those who need support receive it.

And this change is necessary, because we can't go back to the legacy system it replaces.

Not only was it complicated to use and completely outdated, but it was unaffordable – and didn't work for the people using it. Under the last Labour Government the amount of spending on welfare increased by almost 65%, and at the same time the number of households where no one had ever worked almost doubled.

In 2010, when the Conservatives took office, the welfare bill cost each household £8,350 – an increase of nearly £3,000 per household since 1997. Not only was this failing system disincentivising work, but it was the taxpayer bearing the burden.

Our welfare record

Universal Credit is revolutionary – it takes a common sense approach to support. Whereas the old system was “one size fits all”, we now have a system which supports each claimant's abilities and skills. It recognises that every person is unique, and the support they receive should reflect that.

Even before the Autumn Budget 2018, Universal Credit has been helping people get into work faster and stay in work longer than the old system. Our record on employment is plain for everyone to see. Since 2010 we've broken 18 employment records, seeing an average of 1,000 people moving into work each and every day.

Alongside this, figures out only last week show that the number of children living in a household without working adults is at the lowest it's ever been. Having a working role model in a child's life is immeasurably important, as we know that children living with an adult who works do better at school and are more likely to be employed when they grow up.

Where the old benefits system trapped whole families relying on benefits, Universal Credit is opening up work for millions of people.

Now, we know there have been issues during the rollout – a fact I have not shied away from. With a fundamental and widespread reform like Universal Credit, which will be used by 8.5 million people, it's inevitable. What is important is that where there have been issues we have listened, we have learned and we have made changes.

Autumn Budget 2018

This is exactly what we have done. We listened to concerns about Universal Credit delivery and funding, and in response the Chancellor announced a £4.5 billion cash boost to Universal Credit. A powerful injection of support, to ensure that vulnerable claimants and families are supported in the transition to Universal Credit, and millions keep more of what they earn.

We will put an extra £1.7bn a year into work allowances – the amount someone can earn before their benefit payment begins to reduce. We are increasing the work allowance on Universal Credit by £1,000 per year, helping 2.4 million families. Universal Credit has always ensured work pays – and now it pays even more. Something stakeholders and charities across the board – from the Resolution Foundation, to the Trussell Trust to the Joseph Rowntree Foundation, and more – have welcomed.

We will help people relieve the burden of debts by reducing the maximum deduction rates from 40% to 30% of standard allowances. At any one point this helps over 600,000 families when roll out is complete – providing them with £295 on average extra a year as their debts are repaid over a longer period. In addition, we will also extend the repayment period for people who receive advance payments from 12 to 16 months – giving them extra space to get on top of their finances.

And to support those supporting themselves, for new businesses we will open up a 12-month grace period before the Minimum Income Floor comes into effect, providing 130,000 self-employed families the best opportunity to grow a successful business.

In addition, we will extend the contracts for New Enterprise Allowance, providing help for those out of work to set up businesses – adding to the 45 new businesses a day that have seen created since 2011 through the scheme.

To assist those claimants who we move onto Universal Credit we will install a two-week 'run on' for those receiving out-of-work benefits. This means that when individuals move onto Universal Credit, they will still receive an additional 2 weeks payment, reducing the waiting time for their first UC payment, and helping vulnerable claimants make a smooth transition to the new system.

And at the Conservative Party Conference, I announced a new £51 million partnership with Citizens Advice, a trusted, independent organisation, to provide Universal Support – the comprehensive offer for claimants moving onto Universal Credit.

This package of wrap around support is in addition to the continued

improvements we have already made to the system as part of our 'test and learn' approach to Universal Credit. In total, these proposals mean that since 2016 this Government has provided an additional £9.5bn of funding to Universal Credit claimants.

Managed Migration – what we are doing next

By December, Universal Credit will have rolled out to every Job Centre in the country, meaning all new benefit claimants will receive Universal Credit. Next year we will start the wider process of moving people from the old benefits system onto Universal Credit, following the passage of regulations in Parliament.

We have consulted on the regulations and listened to stakeholders and the Social Security Advisory Committee (SSAC), and made significant improvements to the regulations, and have accepted almost all of SSAC's recommendations. These regulations allow us to provide the comprehensive wrap around support package – including the 'run on' for claimants making the smooth transition to UC, and the transitional protection to ensure claimants are not worse off.

These are important regulations to pass, in order to ensure that targeted support reaches those it is designed to help.

Throughout managed migration, we will continue to take a slow and measured approach. This will begin in July 2019, after a period of preparation. For a further year we will then begin migration working with a maximum of 10,000 people, continuing with our 'test and learn' approach. This is to ensure the system is working well for claimants and to make any necessary adaptations as we go, until full roll out ends in 2023.

Universal Credit is bringing the welfare system into the 21st century. Rather than queuing up to fill out forms at 3 different departments, everything is done through a single application. It is simplifying the system, replacing six different benefits with a single monthly payment, removing layers of bureaucracy and making it easier for people to get the support they're entitled to.