

Statement to Parliament: Universal Credit and recent welfare changes

This government is delivering the biggest changes to the welfare state in a generation. We are building a benefits system fit for the 21st century, helping more people into work by providing tailored support – and more financial support for the most vulnerable.

These changes are designed to not only reflect the technological age we live in, which is having a significant impact on work and communications, but also to reflect people's working lives. We are providing extra support for childcare costs, and offering flexibility to look after children or elderly parents. Our reforms take into account flexible working, self-employment, multiple jobs, and societal changes – in particular the growing awareness of mental health conditions, which is strongly linked to the changing pace of life and constant communication.

And we are succeeding in our aim to reshape the system and provide for the most vulnerable. So far Mr Speaker, we have supported nearly 3.4 million more people into work since 2010; that's over 1,000 people a day every day since 2010 – producing a record rate of people in work, and the lowest unemployment since the 1970s. And we are also spending £54 billion on benefits to support disabled people and people with health conditions – this is up £9 billion since 2010. We've seen a record 600,000 disabled people enter work over a 4 year period (from June 2013 to June 2017).

Universal Credit is a brand new benefits system. It is based on leading-edge technology and agile working practices. Our strategy is based on continuous improvement – listening, learning and adapting our delivery as the changes roll-out across the country.

The result will be a tailor-made system, based on the individual.

This is a unique example of great British innovation. And Mr Speaker, we are leading the world in developing this kind of system. Countries like New Zealand, Spain, France and Canada have met with us to see Universal Credit, to watch and learn about the next generation of benefit system.

And let's not forget, we are introducing this new system because the legacy regime it replaces was outdated – not only in terms of an aging IT infrastructure that was built in the 1980s, but also in the way it trapped people in unemployment and dis-incentivised work.

Welfare changes made within a flexible system

Today I am updating the House on the changes we have made to Universal Credit, as a result of this iterative approach.

That is why last autumn:

- we abolished the 7 waiting days from the application process
- we put in place the 2 week Housing Benefit run-on to smooth the transition for an applicant moving to Universal Credit from the previous system
- we ensured that advance payments could be applied for from day 1 of the application process, for up to 100% of a person's indicative total claim

We extended the recovery period for these advances to 12 months. Extra training was given to our work coaches to embed these changes.

[Prior to this] we also changed all Universal Credit telephone lines to Freephone numbers – to ensure ease of access for claimants enquiring about their claim.

Earlier this year we reinstated Housing Benefit for 18 to 21 year olds, and ensured kinship carers are exempt from tax credits changes.

Just last week we announced changes to support the severely disabled when they transition onto Universal Credit; within our reforms, we want to ensure that the most vulnerable get the support they need.

These were proactive changes, taken to enhance our new benefits system.

Our modifications to Universal Credit have been made alongside significant changes to Personal Independence Payment (PIP), to reflect the government's support for disabled people and all types of disabilities – unlike the system before it, which focused on physical disabilities.

In fact – within week one of me entering this job – I took the decision not to continue with a historic appeal (regarding a High Court judgment on the PIP amending regulations) in order to support people suffering from overwhelming psychological distress.

We have also committed to video-recording PIP assessments, so that everyone involved can be sure of a fair and reviewable outcome.

And earlier this week we announced a more practical approach to assessing claimants with severe degenerative diseases. Those patients receiving the highest benefit award will no longer be required to attend regular face-to-face interviews, in order to repeatedly verify their difficult and debilitating circumstances.

Response to the National Audit Office (NAO) report

I would like to turn to the report on Universal Credit published last week by the NAO, which did not take into account the impact of our recent changes. Our analysis shows that Universal Credit is working; we already know it helps more people into work – and stay in work – than the legacy system.

Universal Credit has brought together 6 main benefits, which were administered by different local and national government agencies. Once fully rolled-out, it will be a single, streamlined system – reducing administration

costs and providing value for money for citizens. The cost per claim has already reduced by 7% since March 2018, and is due to reduce to £173 by 2024 to 2025; this is around £50 less per claim than legacy cases currently cost us to process.

Beyond the time span of the NAO report, we have greatly improved our payment timeliness. Around 80% of claimants are paid on time after their initial assessment period. Where new claims are not paid in full and on time, two thirds have been found to have some form of verification outstanding. Verification is a necessary part of any benefits system, and citizens expect these measures to be in place – we need to make sure we are paying the right people the right amount.

Upon visiting jobcentres, the NAO observed good relationships between work coaches and claimants. The results we are seeing are thanks to the exceptional hard work that our work coaches put in, day-in and day-out, with claimants.

Universal Credit is projected to help 200,000 people into work, adding £8 billion per year to the economy when it is fully rolled-out. These are conservative estimates, based on robust analysis that has been signed-off by the Treasury.

And at a user level, we know that 83% of Universal Credit claimants are happy with the service they receive.

Conclusion

Mr Speaker, we are building an agile, adaptable system, fit for the 21st century. We want people to reach their potential, regardless of their circumstances or background – and we will make changes when required, in order to achieve this ambition.

I commend this statement to the House.