



From the Parliamentary  
Under Secretary of State  
for Work and Pensions

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Michael McMahon MSP  
Convener, Welfare Reform Committee  
T1.01  
The Scottish Parliament  
Edinburgh  
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14 May 2012

*Dear Michael,*

Thank you for your letter of 24 April about the evidence heard by the Welfare Reform Committee of the Scottish Parliament.

The "Welfare Reform 2011: assessment of impacts" cover note was published on 16 June 2011 and is available on the Department of Work and Pensions website at [www.dwp.gov.uk](http://www.dwp.gov.uk). This cover note explains our approach to impact assessments and in particular why a single overall cumulative impact assessment has not been produced.

The Welfare Reform Act 2012, makes the most fundamental reforms to the social security system for 60 years. The scale and variety of these reforms along with long timescales involved would make a single assessment analytically complex. Individual impact assessments for distinct areas of reform provide the most robust and accurate assessment possible.

You stated that the Committee has heard evidence about how stressful and confusing the benefits system can be. I agree with that assessment. Whilst the current system provides targeted support to meet specific needs, the net effect is an array of benefits, each with its own rules and criteria which interact in complicated ways.

The current benefit system is also characterised by overlaps and duplication. Benefits and tax credits are administered by different national and local agencies. Claimants are required to submit claims and to communicate changes in their personal and financial circumstances separately to each agency. The same information is often provided several times.

The complexity of the current system makes it difficult and expensive to administer. It increases error by administrators and claimants alike and reduces benefit take-up as people do not understand their entitlements.

Universal Credit will provide a new single system of means-tested support for working-age people who are in or out of work. Support for housing costs, children and childcare costs will be integrated in the new benefit. Existing means-tested benefits that will no longer be needed include income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit and Housing Benefit.

Universal Credit will be a much simpler system. It will reduce the number of benefits and number of agencies that people have to interact with. This will make it easier for customers to understand their entitlements and easier to administer the system.

You also stated that the Committee was concerned about the use of digital online channels for claiming benefits and sought assurances about work being undertaken to support individuals who may not be able to use a computer.

The main route to access Universal Credit will indeed be through digital online channels. Claimants will be able to use the online service to: make a claim; report a change in their circumstances; and check the progress of their benefit claim. They will also be able to search for jobs or conduct a 'better off calculation' to help them understand how much support they would receive if they start a job. Claimants will still receive face-to-face support in helping them get back to work but digital services will support and improve this service.

Recent research for the Department for Work and Pensions found 78% of claimants currently use the internet and that the majority of our customers would prefer to conduct their interaction through online channels. The Department for Work and Pensions already receives online claims for Jobseekers Allowance. Our online jobsearch service is established and popular, with around 6m job searches per week. Digital online services will therefore be suitable for most people.

We realise that not everyone is a confident or capable digital user. We are therefore exploring how we could assist people to use digital technology and will be consulting with partner and representative groups as part of this work.

We also recognise that there will continue to be a minority of claimants who cannot use digital online services. For those claimants who really need it we will offer alternative access routes. We expect these alternative access routes to be reserved for the minority who cannot use, or be helped to use, online services. Alternatives will therefore be kept to a minimum.

In comparison to the current system, delivered by four different agencies, across a range of online, in person and telephone based entry points, access to Universal Credit will be significantly simpler and easier for both those who find it easy to access services online, and for those who do not.

We are committed to involving users in the development of Universal Credit. We do this through ongoing, fortnightly, user-centred design sessions, where claimants are invited to test and comment on the design of Universal Credit. This allows us to test and change the new online interface during its development, with the goal of making it simple to use and understand.

I am copying this letter to the Cabinet Secretary for Health, Wellbeing and Cities Strategy, for the reference of the Scottish Government and the Secretary of State for Scotland.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David'. The signature is fluid and cursive, with a large initial 'D' and a trailing flourish.

**Lord Freud**

**Minister for Welfare Reform**

