



Department
for Work &
Pensions

The Rt Hon DAMIAN GREEN MP
Secretary of State for Work & Pensions

29 March 2017

Pete Wishart MP
Chair of the UK Parliament Scottish Affairs Committee

Sandra White MSP
Convenor of the Scottish Parliament Social Security Committee

Dear Pete & Sandra,

I promised to write to you following my appearance before the Scottish Affairs Committee on Monday 20 March to confirm some of the statistics that were presented and discussed. The statistics in question related to two key issues which I will address below.

The interaction of the benefit cap and Universal Credit flexibilities

We are committed to the benefit cap as it has proved to be an effective incentive to encourage people into work, with evidence showing that households subject to the original benefit cap were 41% more likely to enter work than similar uncapped households.

During the evidence session I informed members that in the short term, the number of households in Scotland which are subject to the benefit cap and which also have the spare room subsidy applied is very low. In 2017/18, our analysis suggests that around 350 households would be impacted. I can confirm that these projections are correct.

My officials are continuing to work with the Scottish Government to find operational solutions within the Universal Credit service. The Scottish Government already has a wide range of powers at its disposal to implement its policy; however, it has chosen to focus solely on the use of Universal Credit flexibilities.

Recent work by my Department has identified a potential new long-term solution to this issue which, if viable, would provide a strong and acceptable solution that achieves both Governments' aims and which works effectively for the claimant. We will be exploring this further with the Scottish Government.

Housing Support for 18 – 21 year olds

The removal of housing support for 18 – 21 year olds is a longstanding UK Government policy commitment and is within a reserved UK Government matter. This policy has been carefully developed over the last year to ensure young people who are not in work face the same choices in relation to their housing as individuals who are in work.

Again I would like to emphasise the low numbers affected. As I explained during the evidence session, this policy will only apply to claimants in the Universal Credit full service and, given the range of robust exemptions that have been made, we expect the impact in Scotland to be relatively low and proportionate to those affected across Great Britain.

Once we account for the wide range of exemptions, analysis suggests that a few hundred people will be affected by this policy in Scotland in 2017/18. This is expected to rise to around one thousand people each year when the Universal Credit full service is fully rolled out.

These numbers have been shared previously at official level with Scottish Government. As the numbers make clear, we do not believe there is a case to be made for an exemption in UK legislation for this group in Scotland, as there is no disproportionate impact.

My officials will continue to work closely with the Scottish Government on this matter, both to ensure that the guidance supporting this policy fully reflects circumstances in Scotland and to discuss any plans they may have to use their wide-ranging welfare powers to meet their own commitment to reinstate housing support for this group in Scotland.

Finally, last Monday, the Committee was also interested in the rollout of Universal Credit in Scotland. I have attached a short note on this which may help to explain the approach we are taking and which I hope you will find useful.

I will also be sharing this evidence paper with Angela Constance, subsequent to her correspondence last week, in order to clarify for her and set out the real benefits of Universal Credit and how it is improving the lives of claimants across the UK.



The Rt Hon Damian Green MP

SECRETARY OF STATE FOR WORK AND PENSIONS

UK Parliament Scottish Affairs Committee and the Scottish Parliament Social Security Committee Joint Committee Session on Intergovernmental Working

Universal Credit

Universal Credit (UC) 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. It provides claimants with the support they need to prepare for work, move into work, or to earn more if already in work.

Universal Credit is simple for customers to use, removing disincentives and barriers to work present in the legacy welfare system, whilst additionally providing a direct route towards work and into better-paid work, so that people on Universal Credit have more control over their work and their career.

The introduction of Universal Credit means that for the first time, we are supporting and encouraging customers who are in low-paid work, or in low income households, to earn more, become more self-sufficient and, ultimately, independent of the benefits system.

Universal Credit is working across the UK. With Universal Credit people move into work faster and stay in work longer. For every 100 people who find work under Jobseeker's Allowance 113 Universal Credit customers have moved into a job. People on Universal Credit also spend around 50% more time looking for a job. They understand that Universal Credit supports them while they are working – 86% of people on Universal Credit were actively looking to increase their hours, compared to just 38% of people on JSA, and 77% of people on Universal Credit were actively looking to increase their earnings, compared to just 51% of people on JSA.

From the early stages of the development and rollout of Universal Credit, the UC Programme and Scottish Government, Local Authorities and stakeholders have collaborated closely. We have taken account of the concerns and the unique circumstances in Scotland and have taken action to ensure that they are accommodated.

We are working closely on implementing the Scottish flexibilities and have listened to Scottish Government colleagues who said they needed action earlier. For example, we introduced the Alternative Payment Arrangement easement from April 2015

Rollout in Scotland

The rollout of Universal Credit has been planned purposefully to ensure different geographies and demographics are tested to learn lessons as we proceed. From the

outset we have applied a test-and-learn approach, learning and applying these lessons to ensure the benefit works for local people.

We have tested Universal Credit in urban areas with high populations and customers with a variety of backgrounds and barriers to work. As we have begun to roll out to jobcentres which serve rural areas, such as Frome and Wells, we have ensured close attention has been focussed on identifying and addressing the particular challenges encountered here. We understand that some offices and areas face specific issues around accessibility and remoteness and we need to ensure our processes and systems can be landed safely with these specific challenges in mind.

There are no plans to pause the rollout of Universal Credit in Scotland. It would not be in the best interest of Scotland or the rest of the UK to do so. Suspension of the rollout would deny many vulnerable people in Scotland the benefits that Universal Credit brings. This would be discriminatory and unfair to those who need support the most, depriving them of the opportunity to earn more, the support to progress in their jobs, and a more straight-forward relationship with the benefits system. It is only right that Scottish customers are able to benefit from the personalised support which Universal Credit offers.

As of March 2017, there are eight Scottish full service jobcentre areas.¹
These are:

- Musselburgh;
- Inverness;
- Kirkintilloch;
- Port Glasgow;
- Greenock;
- Penicuik;
- Dalkeith.

By September 2018, Universal Credit full service will be available to new customers in all Scottish jobcentres.

From 2019 to 2022, we will migrate the existing stock of legacy customers to Universal Credit. We are in the early stages of planning this. A priority will be to ensure customers are notified of changes that will affect them and given timely advice and support to apply to Universal Credit.

To support the rollout of Universal Credit, we are also putting extra resource into our jobcentres and service centres. We have developed new communication and orientation guides, which mean our processes are much clearer to customers. We will continue to monitor our business plans as we move forward.

Universal Credit Live Service and Universal Credit Full Service

¹ The full Universal Credit full service rollout schedule is available on-line:
<https://www.gov.uk/government/collections/universal-credit-statistics>

Universal Credit live service is available to single jobseekers and provides a simple version of the on-line claim.

The Universal Credit full service is open to all claimant types, makes use of the online journal and automates many of the processes that are manual in the live service.

Scottish Universal Credit claimant count:

	Total	Employed	Not in employment
Oct 2016	41,522	16,463	25,062
Nov 2016	42,452	16,772	25,680
Dec 2016	43,373	17,838	25,531
Jan 2017	44,562	17,026	27,537
Feb 2017	46,704	17,481	29,227

Stakeholder engagement in Scotland

We recognise that the successful rollout of Universal Credit in Scotland can only be achieved with the advice, experience and support which our Scottish counterparts, colleagues and stakeholders bring to the table. For the benefit of the Committee some of this engagement is set out below

The Scottish Universal Credit Advisory Group

The UC Programme maintains a presence in Scotland to engage with stakeholders from many areas. For local authorities, we attend the bi-monthly Universal Credit Advisory Group, meeting with representatives from the Convention of Scottish Local Authorities (CoSLA) and the Scottish Government. This forum is an important source of active engagement where live issues are discussed and knowledge shared.

The Local Authority steering Group

This group includes representatives from DWP, local authorities, local authority associations, and DCLG. It provides an expert operational view on all Universal Credit and Universal Support related issues.

Scottish representatives of this forum include:

Susan Donald (Aberdeenshire)
Sheila Haig (City of Edinburgh)
Michael McClements (COSLA)
Olive Hill and Jane Moffat (Scottish Government)
Morag Johnston and Alan Russell (Scottish Local Government Partnership)

UC Partnership Forum

This group includes representatives from DWP, local authorities, local authority associations, DCLG, Scottish Government and Welsh Government. It has been designed to give LAs the opportunity to input into UC and the wider welfare reform agenda at a senior level. The group is co-chaired by Neil Couling, UC SRO, and the LGA. Its aim is to:

- To provide the Universal Credit Programme with advice on questions relating to local authorities before the Programme Board considers them;
- To advise the Universal Credit Programme on the appropriate Local Authority representation within its structures;
- To receive updates and give strategic direction about any testing activity on Universal Credit that is taking place;
- To advise DWP on the local impact of the welfare reforms and the future role of Local Authorities in ensuring the successful delivery of the government's welfare reform programme.

Scottish Social Security Committee.

Universal Credit programme has a constructive relationship with the Scottish Social Security Committee.

- **28 November 2016** the committee visited Musselburgh jobcentre.
- **15 December 2016** Neil Couling, Universal Credit Director General and Denise Horsfall, Work Services Director, Scotland gave evidence to the Committee.
- **19 January 2017** the committee visited Musselburgh for a fact-finding session.

Jobcentre closures

After 20 years the contract covering many DWP offices is nearing an end. The jobs landscape and the way people work has changed significantly since this contract was designed, which means that 20% of rent paid by the Department is going toward space we are not using.

We have sought to redesign our estate in a way that delivers value for the taxpayer while continuing to deliver vital support in an effective manner. Combining jobcentres opens up new opportunities in terms of the services we can offer. More of our

services are moving online, and by reforming and rationalising our estate, we want to continue to make the most of the opportunities that new technologies present, bringing together public services and broadening our offer to customers

Where we are proposing to close a jobcentre we are taking all possible precautions to minimise disruption for all involved, including partners in third sector organisations. The Department is committed to retaining an accessible Jobcentre network and continuing to serve customers in all areas. The face-to-face support our work coaches offer at jobcentres will continue to be a core part of the service we deliver.

We are also working with partner organisations to ensure individuals have access to the widest range of support during periods of unemployment in addition to the core services available via the local jobcentre. In offices over three miles and 20 minutes away by public transport, we are carrying out local consultation prior to implementing any changes to help inform decisions about additional provision, such as outreach services. Finally, we will protect vulnerable people by providing home visits where it is appropriate to do so.