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Our Ref: TO2019/00528

25 January 2019

Dear Dr Wilkins

Thank you for your letter of 19 December to the Secretary of State about Universal Credit. Government Ministers receive a large volume of correspondence and they are unable to reply personally on every occasion. I have been asked to respond.

The rollout of Universal Credit Full Service was completed on schedule in December last year.

The Government announced a £1.5 billion package of improvements to Universal Credit in the Autumn Budget 2017. This package of measures, which are set out below, not only addresses concerns raised around the first assessment period and the budgeting issues faced by some claimants at the start of their claim, but also supports the vast majority of claimants transitioning onto Universal Credit.

They include:

- from 3 January 2018, the repayment period of Universal Credit advances has been increased to 12 months and claimants can now get up to 100 per cent of their estimated monthly entitlement upfront. These advances are available to claimants interest-free;
- from 14 February 2018, the seven-day waiting period that some claimants had at the start of their Universal Credit claim was removed; and,
- from 11 April 2018, we have provided an additional payment for claimants already receiving support towards their housing costs of two weeks of their Housing Benefit to support them as they transfer onto Universal Credit. Claimants will not be required to repay this money.

In addition, a further package announced in the 2018 Budget, worth £4.5 billion across the next five years, will support more people as they move onto Universal Credit. The measures include:

- A £1000 annual increase in the Work Allowances from April 2019, strengthening the Universal Credit work incentives even more and providing a boost to the incomes of the lowest paid;
- From October 2019, a reduction in the cap for deductions from 40 per cent to 30 per cent to soften the burden of repayments of debts. Additionally, from October 2021, advances can be repaid over 16 months;
- The creation of a one year grace period from the Minimum Income Floor for people joining Universal Credit who already have an existing business that may have been running for several years. This is to give them time to grow their businesses;
- The introduction of a two week run on of Employment and Support Allowance Income Related (ESA IR), Jobseeker's Allowance Income Based (JSA IB) and Income Support (IS), provides an extra two weeks of benefits for people moving onto Universal Credit from those benefits. This is intended to help them manage in the period up to their first monthly payment of Universal Credit. This extra financial support will not need to be repaid; and
- An extension in the surplus earnings disregard exception for up to £2500 for another year from 2019 to 2020.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Robert Watling', with a horizontal line underneath.

Robert Watling  
Head of the Ministerial Correspondence Team