Dear Mr Field,

Thank you for your letter of 18 December 2018. Advances of Universal Credit are not loans as the Secretary of State explained to the Committee on 19 December. I would welcome the Committee’s support in clarifying this for claimants who might be put off claiming and see themselves in unnecessary hardship as a consequence, because of any misunderstanding here.

Without an Advance a claimant would receive 12 payments of UC in a year. If they take an advance they receive 13 payments in the year. This has the effect of changing the timing of when their entitlements are paid, but not the total annual amount that the claimant receives across the year. For any individual claimant the total annual amount of UC paid, across the year, is the same whether or not they receive an advance – receiving an advance just brings a portion of the payment forward.

Like many of the components of UC this resembles the world of work, where an employer might advance the salary of a new employee before their first full salary is paid (although most employers recover the full amount from the next salary payment.)

I am grateful for the opportunity to clarify this for the Committee.

Yours sincerely,

Neil Couling
Director General, Universal Credit Programme

19 December 2018

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