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Frank Field MP
Work and Pensions Committee
House of Commons
London
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21 December 2018

Dear Frank,

Thank you for your letter of 20 December 2018. I can confirm that Neil Couling wrote to The Trussell Trust on 14 December 2018, “to remind you, and seek your help, in ensuring claimants for Universal Credit are fully aware of the help they are entitled to.”

As I have replied to Mr. Couling, The Trussell Trust is concerned about the impact on households of the five-week wait for a first Universal Credit payment. A benefit delay is one of the most common referral reasons in our foodbank network; [latest figures](#) show that this is increasingly driven by referrals due to waiting for a first Universal Credit payment.

As a result, foodbanks in our network already have clear signposting guidance to ensure people referred get the right support, as soon as possible. Many foodbanks swiftly refer to co-located advice services. Some foodbanks work with their local jobcentre to discuss issues seen. However, Trussell Trust staff and volunteers are not welfare advisers, and cannot be expected to fill this gap.

I have enclosed our response to Mr. Couling for reference. As you will see, the late notice of Mr. Couling’s request prevented us from liaising with the Department to consider what appropriate information we might have been able to disseminate in time for Christmas. We hope to follow up with the Department to agree more constructive ways to share operational information about Universal Credit with our network.

I have responded to the specific queries you raised below.

1. Is it tenable for the Department to maintain that Advance Payments are “not a loan”?

Technically speaking, an Advance Payment is not additional money which is repaid – as one would expect from a loan. It is part (or all) of a first Universal Credit payment, ensuring claimants do not receive any money beyond their entitlement and maintaining the principle of the five-week wait.

Consequently, there is a difference – an Advance Payment is less generous than a typical interest-free loan. It provides no extra income; instead, it simply stretches a first Universal Credit payment over an even longer period of time than the four weeks it is meant to cover.

In terms of repayments, however, there is little difference between an interest-free loan and an Advance Payment – both must be repaid. This is a critical concern for many claimants.



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2. Do you have any concerns about the Department promoting Advance Payments to claimants in these terms?

We have reservations about the recent focus on promoting Advance Payments:

- [Our evidence](#) suggests that Advance Payments are often an ineffective solution to the hardship faced during the five-week wait. We found that many people who received Advance Payments found them unhelpful, too little to cover costs or unaffordable to repay.
- It is unclear how making the distinction between a loan and an advance helps claimants. Mr. Couling's concern is that claimants who think Advance Payments are a loan "might be put off claiming". If claimants do have reservations about taking on a loan, repayments are likely to be a factor. Given Advance Payments will have to be repaid, it is difficult to see why further awareness of the differences between an advance and loan will help to improve take-up.
- While the DWP is making welcome steps to make benefit repayments more affordable, the changes announced in the 2018 Budget will not come in for some time, making the Department's current push to recommend Advance Payments problematic.
- The fundamental problem with the five-week wait is that many new Universal Credit claimants do not have income or savings to meet their living costs. Advance Payments may provide a temporary solution, but repayments will mean that this shortfall in income is simply deferred. The current system leaves claimants with the impossible choice of hardship now or hardship later.

A genuine solution would be to address the hardship caused by the design principle of having a five-week wait for a first Universal Credit payment. The DWP has already conceded this is difficult for people to manage, as seen by the 2018 Budget proposal for a two-week run-on of DWP benefits for new Universal Credit claimants. The Trussell Trust is concerned that this support is delayed until July 2020. In the meantime, hundreds of thousands of people will make new claims and not see this support. Even when in place, the run-on will not be extended to all new claimants.

As we have said to Mr. Couling and DWP Ministers, as long as this is the case, we are likely still to see people in significant hardship due to this built-in feature of Universal Credit, and forced to use foodbanks as a result.

I hope this information is helpful.

Yours sincerely,

Emma Revie

Chief Executive, Trussell Trust