Universal Credit: tests for managed migration

Twenty-Sixth Report of Session 2017–19

Report, together with formal minutes relating to the report

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Work and Pensions Committee

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Summary

The Department for Work and Pensions (the Department) is planning to transfer people to Universal Credit from the benefits it replaces from July 2019, through a process it calls “managed migration”.

In total, the Department expects to transfer three million people in two million households to Universal Credit through managed migration, including some of the most vulnerable people in society. This is a huge operational and logistical challenge, with significant risks. We remain of the view that we set out in our 2018 report on managed migration: it is impossible to overstate the importance of getting managed migration right.

The Department plans to pilot managed migration in just three months’ time, from July 2019, though it has not yet set out detailed plans, including how long the pilot will last. The Secretary of State announced in March that the pilot would begin in Harrogate. But Harrogate is an area with relatively low levels of deprivation. The Department must explain how it will take this into account when it evaluates the pilot, and say whether—and if so how—it plans to test managed migration in more challenging areas before it is rolled out across the country.

The Department will use the pilot to understand how different claimants respond to being moved to Universal Credit and to understand and define the role that support services will play in supporting claimants to migrate to Universal Credit. After the pilot, the Department will expand the process of managed migration across the rest of the UK until everyone claiming legacy benefits is moved over to Universal Credit. The Department calls this process “managed migration at scale” or “going to scale”.

There are two types of tests for readiness: operational tests for readiness which would assess if UC full service is working as it should for claimants before starting the managed migration pilot; and tests of readiness to ‘go to scale’ which would assess if the Department was ready to begin managed migration ‘at scale’ following the pilot.

Both the National Audit Office (NAO) and Social Security Advisory Committee (SSAC), an independent statutory body, recommended that the Department set basic operational tests for readiness before beginning the managed migration pilot. Much is at stake if managed migration is not successful, for Work Coaches, for public spending and for the lives of the people Universal Credit is supposed to be designed to support. The Department has not yet given any convincing reason why it is ignoring this advice from expert bodies.

So far, the Department has set “entry and exit” criteria for each stage of Universal Credit rollout. It has argued, however, that tests of readiness to ‘go to scale’ could only be defined during the pilot, given the need to retain flexibility and discretion in its plans for managed migration.

We accept that detailed tests of readiness to go to scale could only be finalised in light of the results of the pilot, but we are not convinced that the Department can begin the pilot without any provisional tests. This is for the simple reason that the Department, if it is going to set any tests of readiness to go to scale, must decide before it starts the pilot
what data it needs to collect to set and apply these tests. If it sets the tests only after the data has been collected, it will be constrained in what tests it can choose—and at risk of creating the perception that it is fitting the tests to the results.

Given the need to rebuild trust in Universal Credit, transparent measures of readiness before proceeding to managed migration ‘at scale’ could offer reassurance both to claimants and to support services. Published tests of readiness are also needed to hold the Government to account at each stage of Universal Credit rollout. Without them, it is unclear how Parliament could be expected to make an informed decision about whether to grant the powers via regulations to allow the Department to expand managed migration after the pilot.

The Government should immediately adopt the tests of operational readiness proposed by SSAC and apply them before transferring a single claimant to UC via managed migration. The Department should ensure that it collects the data during the pilot it will need to define tests of readiness to go to scale. At a minimum, it should adopt the tests we propose in Annex 1 as provisional tests of readiness to ‘go to scale’ and refine them during the pilot, and report the results to Parliament.
1 Introduction

What is ‘managed’ migration?

1. Universal Credit (UC) is the Government’s flagship welfare policy, which subsumes six separate benefits into one, paid as a single, monthly payment in arrears. The process of transferring people claiming the benefits that UC replaces (“legacy benefits”) onto Universal Credit is called “migration”.

2. Migration can happen in two ways:

   i) ‘Natural’ migration. This is where a claimant’s circumstances change, and they have to make a new Universal Credit claim because they are not able to adjust their legacy benefit claim.

   ii) ‘Managed’ migration. This is where claimants of legacy benefits are required to move to UC, without any change in circumstances.

3. The Department for Work and Pensions (the Department/DWP) will migrate approximately three million people in two million households to Universal Credit through managed migration.¹ This will include some of the most vulnerable people in society. Managed migration therefore represents a huge operational challenge, with significant risks. As the Social Security Advisory Committee (SSAC), an independent statutory body which provides impartial advice to DWP, noted:

   it is a huge logistical task to contact several million people in several million households, who may be receiving anything up to four different benefits administered by three different organisations, collect any additional information needed to decide Universal Credit entitlement, and seamlessly terminate legacy benefit awards as Universal Credit awards start, without leaving any gaps or overlaps in entitlement.²

4. The Department has acknowledged that managed migration will bring substantial operational challenges. It has also recognised that managed migration faces another challenge: rebuilding the trust of claimants in Universal Credit. The Secretary of State told us:

   The business of managed migration is a trickier situation because you will have people who haven’t changed at all and are very resistant, for understandable reasons: they may be on very low incomes and they are very nervous about any changes. They may have heard things that worry them about Universal Credit. What we are going to try to learn is about the best way to reassure them and to move them safely, carefully and reassuringly—where they don’t lose out on money—from one benefit to the next.³

1 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee and statement by the Secretary of State for Work and Pensions in accordance with Section 174(2) of that Act, p 32
2 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee and statement by the Secretary of State for Work and Pensions in accordance with Section 174(2) of that Act, p 24
3 Oral evidence taken on Monday 11 March 2019 (HC 1983), Q24
5. Neil Couling, Director General, Universal Credit Programme, also emphasised to us that rebuilding trust in Universal Credit will be important to its overall success:

For all the public interest in Universal Credit, I am on record saying that I am worried that we are worrying people just on Universal Credit. This process will work best if people engage with us, and we need to create an environment in which they are happy to do so.  

6. In November 2018, we reported on the Government’s plans for managed migration. We concluded that it is impossible to overstate the importance of getting managed migration right. Getting it wrong could plunge people further into poverty and could even leave them destitute.  

7. Our report made several recommendations aimed at improving the process of managed migration and safeguarding claimants. Primarily, we recommended that the Government delay asking the House to vote on the revised managed migration Regulations, to allow for further scrutiny. We welcome the fact that it has done so. It is, however, vital that the Government uses this delay to improve its plans in light of the scrutiny they have received.

8. We also recommended that the Department set tests for readiness for managed migration. So far, it has refused to do so. We stated that, should the Government fail to set tests, we would make recommendations for appropriate tests of readiness for managed migration in early 2019, which we would expect the Government to adopt or, failing that, provide suitable alternatives of its own. We wrote to the National Audit Office (NAO) in October 2018 asking for its views on how DWP should assess readiness for managed migration. The Comptroller and Auditor General, in response, stated that, whilst it would not be appropriate for him to set explicit tests for managed migration, DWP does not yet have all the measures that it needs; and that any measures may build on existing metrics and the criteria used by the NAO to assess value for money. The Comptroller and Auditor General set out these measures in his letter. Having had the Government’s response to our Report, we wrote to stakeholders in February 2019, asking them for their views on the Department’s decision not to set tests of readiness before beginning the managed migration pilot and asking for their comments on tests for managed migration based on the measures provided by the NAO. In this report we explain in further detail why tests are necessary and recommend what the tests should include.

9. We remain of the view that we set out in our 2018 report on managed migration: it is impossible to overstate the importance of getting managed migration right. It is a huge operational and logistical challenge, with significant risks for Jobcentre Plus staff, for public spending and for the people most affected by the change: claimants. Without clear tests and measures to prove that it is ready to move claimants to Universal Credit, the Government will struggle to win the trust of claimants, support organisations, Parliament and the wider public—something it acknowledges will be vital for managed migration to be a success.

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4 Q731
5 Work and Pensions Committee, Twentieth Report of Session 2017–19, Universal Credit: managed migration, HC 1762, para 11
6 Letter from National Audit Office to the Chair, regarding preparations for managed migration, dated 17 October 2018
7 Citizens Advice, the Low Incomes Tax Reform Group, Mind, NAWRA, SSAC, and the Trussell Trust
2 The Department’s plans for managed migration

The Department’s plans for the pilot

10. The Department plans to run a managed migration pilot from July 2019 in Harrogate, to test moving claimants over from legacy benefits to Universal Credit. We consider the Department’s choice of pilot location below. Whilst the Department has not yet explained in detail how the pilot will operate, it will eventually involve moving to Universal Credit up to 10,000 people who are currently receiving legacy benefits. Claimants in the pilot will first receive ‘warm-up’ letters informing them that they will receive an official migration notice, over four to six months. Claimants then receive a migration notice telling them that they must make a new Universal Credit claim within three months—using essentially the same application process as new claimants or those subject to ‘natural’ migration. The Department will track each claimant from the issuing of a notice, and follow-up any claimants who may risk failing to claim successfully, with a home visit if necessary.8

11. Claimants who are subject to managed migration—both in the pilot phase and subsequently—whose circumstances have not changed will receive transitional protection. This means that if the claimant would receive less under UC than they currently receive on legacy benefits, they will get a ‘top up’ of their UC payment that ensures they do not experience a cash loss. Neil Couling told us in correspondence that an automated system for applying transitional protection will be ready to test in July 2019.9

12. Claimants subject to the managed migration pilot will also be eligible for discretionary hardship payments. The Department has said that these payments may be used in place of the run-ons of legacy benefits (a further two weeks of payment of legacy benefits once claimants have started their UC claim) which will be introduced in 2020:

The Department will introduce a Discretionary Hardship Payment to support those claimants who will be managed migrated as part of the pilot phase and who appear to be in hardship. The power for Discretionary Hardship Payments is broad and could be used to pay the equivalent of the two-week legacy run on to the 10,000 claimants who will be moved to Universal Credit as part of the piloting phase and who are in hardship on account of the absence of the run on. We will also have the discretion to make payments if any other issues related to managed migration have resulted in hardship.10

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8 SSAC, Minutes of meeting on 30 January 2019, para 2.4.1 (a)
9 Correspondence from Neil Couling, Director General, Universal Credit Programme, Department for Work and Pensions, 25 March 2019
13. The Secretary of State outlined the Department’s plans for the pilot in a speech on 11 January 2019:

These next 6 months will be a period of careful preparation, working closely with claimants and partners—many of them who are in the room today—to design our communications and support systems effectively.

We want to ensure the process goes smoothly for claimants, so we will provide tailored communications, help with applications, and even home visits—with bespoke support for the most vulnerable claimants.

From July, we will carefully migrate up to 10,000 claimants, monitoring and adjusting our approach as needs be, before reporting our findings to Parliament.11

14. Neil Couling told us in correspondence that the Department does not intend during the pilot to use its powers to terminate legacy benefits where a claimant has not made a UC claim.12 This should mean in practice that no-one taking part in the pilot will be left without an income. In our 2018 report, we raised concerns that the Department’s plans meant that claimants would bear the risks associated with managed migration rather than the Department, so this decision is welcome.13

15. After widespread concerns, the Government has agreed to introduce a basic safeguard: in the pilot, a claimant will not be left without an income through having their legacy benefits terminated without having made a UC claim. But the Department cannot commit to paying legacy benefits forever. It will need to know how many claimants are at risk of dropping out of the process and therefore being left without an income when it begins to migrate all claimants to Universal Credit. We recommend that the Government collect and publish data on how many participants in the pilot would have been left with no income at all if this safeguard were not in place.

16. The Minister for Employment told us that the Department is using the pilot to understand how different claimants will respond to being migrated to Universal Credit. The Minister acknowledged that this will depend on individual circumstances—for example, if a claimant is vulnerable or has particular needs. It may also depend on the benefit they are migrating to UC from:

When we come to the test phase, which will be later next year, we will aim to test all claimant and benefit types to ensure we have an understanding of how different sets of claimants will react. The volumes will be very low and the testing will be on a small number of jobcentres [...] and connected service centres, too.14

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11 “Universal Credit: personal welfare”, speech by the Secretary of State for Work and Pensions, 11 January 2019
12 Correspondence from Neil Couling, Director General, Universal Credit Programme, Department for Work and Pensions, 25 March 2019
14 Q732
17. The pilot will be the Department’s main opportunity to understand and define the role that external support services will have to play in supporting claimants migrating to Universal Credit. Neil Couling told us:

I think people have read the regulations and not realised that, with the regulations, there are a bunch of processes and there is something about how we develop the wider environment that is supporting people here. For example, one of the things that I am exploring with some of the housing associations is that they know their tenants, so could they help in this process with the orientation and making sure that people know, when the letter comes, to start to engage with us and work it through, and support them along the way?15

18. After the pilot, the Department has said that it will make any necessary changes to the process before beginning managed migration ‘at scale’. The Department has yet to set out in detail how it plans to do so, including how long the pilot phase will last; however, the Department’s aim is that everyone currently claiming legacy benefits will be migrated to Universal Credit by December 2023.16

Pilot location

19. The Secretary of State told us in oral evidence that Harrogate was chosen as the location for the pilot because it includes both rural and urban claimants, and has had Universal Credit in place for three years:

We have chosen them because they have had Universal Credit for three years. They are an experienced Jobcentre. They are an area that has both urban and rural claimants, and we will be making sure that we have the opportunity to test and move as many as possible in an effective way so that we can learn and demonstrate the success of managed migration.17

20. The House of Commons Library estimates that in the Harrogate and Knaresborough constituency 3,032 households are claiming Universal Credit and 3,240 households are still on legacy benefits or tax credits (as of November 2018). Universal Credit coverage in the constituency (the proportion of people claiming UC compared to the benefits UC replaces) is therefore around 48%: the highest proportion among constituencies in the Yorkshire and Humber region and the 8th highest in Great Britain as a whole.18 UC coverage is around 22% in Great Britain as a whole. 1,910 households in the Harrogate and Knaresborough constituency are claiming Employment Support Allowance—and UC coverage for incapacity benefits (the proportion of claimants claiming UC compared to income-related ESA) is 25%, compared to 6% in Great Britain as a whole. The constituency also has relatively low levels of deprivation, as measured by the Index of Multiple Deprivation: it ranks as 490th for deprivation out of 533 Parliamentary constituencies in England, meaning only 43 English constituencies are less deprived.19

15 Q757
16 Oral evidence taken on Monday 11 March 2019 (HC 1983), Q12
17 Oral evidence taken on Monday 11 March 2019 (HC 1983) Q3
18 House of Commons Library, Universal Credit dashboard
19 House of Commons Library, Deprivation in English constituencies, 2015, Briefing paper CBP-7327
21. The Department has accepted that the low numbers involved in the pilot will mean that the sample will not be representative and told the SSAC that their aim was to find “as wide a range [of claimants] as possible in order to learn as much as possible”.20 The Comptroller and Auditor General has reflected that “it is important that pilots are representative of what will actually be implemented”.21

22. The caseload for managed migration will be very different from that for natural migration. For example, the Department estimates that 36% of claimants who will be moved to UC through managed migration will be ESA claimants, who are more likely to be living in vulnerable circumstances. The SSAC noted:

   The Department has previously emphasised to us that Government policy is generally designed for the majority, rather than minority. However in the case of Universal Credit managed migration, the size of the ‘minority’ groups are substantial (both in percentage terms and actual numbers).22

23. We recognise that the Department has chosen Harrogate as the location for the pilot because it has advanced UC rollout and an experienced Jobcentre. But as an area with relatively low levels of deprivation, the circumstances of claimants in Harrogate will not be representative of the UK as a whole. The Department should take this into account when evaluating the pilot. We recommend that the Department set out in its response:

   a) how it will take into account the unusually low levels of deprivation in Harrogate when evaluating the pilot, including the effect on typical claimant circumstances and on staff workloads;

   b) whether, and if so how, it plans to test managed migration on a larger scale and in more challenging areas before it is rolled out across the country; and

   c) how it will ensure that Jobcentres with a larger number of claimants to be migrated will be able to match the level of intensive support and home visits offered during the Harrogate pilot.

20 SSAC, Minutes of meeting on 30 January 2019, para 2.4.1 (d)
21 Correspondence from the Comptroller and Auditor General, 26 February 2019
22 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee and statement by the Secretary of State for Work and Pensions in accordance with Section 174(2) of that Act. p 32
3 Tests of readiness

The Department’s approach to setting tests

24. We distinguish between two different types of tests for readiness. First, there are operational tests of readiness. These would assess if Universal Credit full service is operating as it should for claimants so that the Department can begin the managed migration pilot. Second, there are tests of readiness to ‘go to scale’. These tests would be applied following the pilot to assess whether the Department is ready to begin managed migration ‘at scale’.

25. Neil Couling told us in October 2018 that the Department has set “entry and exit” criteria for each stage of Universal Credit so far and that it intends to continue to do so:

We have done that at every phase of the programme; we have had a set of entry or exit criteria from the phase we are in, and on the bigger phases we had independent scrutiny to find out whether we are deluding ourselves and what it looks like to a bunch of other project professionals who have run similarly sized projects. I fully accept what the NAO says about having a set of criteria.

26. The Minister for Employment, Alok Sharma MP, also emphasised to us on 18 October 2018 the importance of clear, measured criteria before undertaking managed migration at scale:

You are absolutely right that we will have to have some metrics. Particularly in terms of decision to expand, we will have to make sure that, operationally, we can tick the box for operational readiness, efficiency of the service and being able to support vulnerable claimants and making sure that the functionality is in place.

27. Neil Couling did, however, argue that the criteria for readiness to move to managed migration at scale could only be defined during the pilot. He said this would ensure there was enough flexibility to change the rollout plans in light of the pilot results. This reflects what the Department describes as its “agile” approach to rolling out Universal Credit:

I fully envisage that we will have such criteria, and I would use the testing phase to judge what those criteria will be. I do not want to commit to them now. Universal credit has been going on for quite some time; I think one of the mistakes that was made in 2011, which Mr Mills alluded to, was that people got themselves locked into a plan but did not know if they could deliver it. I do not want to make that mistake again—we talk about learning the lessons of the past. We will set some criteria, but not now.

28. The Minister also suggested that the pilot could reveal the need for additional tests that would be relevant before beginning managed migration ‘at scale’:

We will have things like payment time limits and others, which are already there. What is going to be important is making sure that we learn from this.
test phase. There may be additional metrics that we think, “Actually, this is quite important, particularly given the cohort of people that we are moving across.”

29. The Department provided further details of its approach to defining success criteria for the pilot to the SSAC. The SSAC noted in its minutes that the Department claimed:

There were simply too many things to learn and too many different types of claimants and their circumstances to enable an accurate prescription of success to be defined at the outset. Success would be defined by the Department’s ability to identify who needed support, how it should be given and its effectiveness in getting them through the process with the correct entitlement (including transitional protection), and that at the end of it claimants understand the new benefit world and how it worked for them.

The implication of this approach, however, is that the Department will have neither set tests before beginning the pilot nor defined what constitutes readiness for moving to UC managed migration ‘at scale’.

**Limitations in the Government’s current approach to UC oversight**

30. As a major Government project, the progress of the Universal Credit rollout is overseen by the Infrastructure and Projects Authority (IPA). The IPA is a partnership between the Cabinet Office and the Treasury. As part of its oversight, the IPA carries out Project Assessment Reviews (PARs), based on three to ten days of interviews and a review of documentation. The PARs inform meetings of the Major Projects Review Group (MPRG) which assesses the deliverability, affordability and value for money of major Government projects.

31. The IPA review process nevertheless has significant limitations. We documented some of these in our 2018 report, Universal Credit Project Assessment Reviews. In particular, the reports do not examine Government policy choices, and have not sought to measure how UC is performing for claimants:

The IPA reviews have restricted terms of reference. Their UC reports provide assurance about the finances and delivery of the programme, subject to a scope agreed by the DWP programme team. The overwhelming majority of interviewees were civil servants from DWP and others most closely involved in UC. The reports do not examine Government policy or the consequences for claimants. They do not, for example, include a single statistic of whether people were receiving their payments on time.

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26 Q745
27 SSAC, Minutes of meeting on 30 January 2019, para 2.4.1 (k)
32. IPA reviews are therefore not a substitute for robust, transparent “entry and exit” criteria and readiness tests before moving to subsequent stages of UC rollout. Indeed, the IPA have criticised the Department for failing to set such criteria. As we concluded in *Universal Credit Project Assessment Reviews*:

> The IPA has been consistently critical of the Department’s failure to set clear criteria for proceeding to the next stage of the UC rollout. Setting clear performance standards in advance is the best way of ensuring decisions are made objectively. The publication of these would both benefit scrutiny and make it far easier for the Department to explain its decisions.30

**Why are operational tests of readiness needed?**

33. The National Audit Office and SSAC both recommended that tests of operational readiness are needed before the Department begins the pilot. These tests would be to make sure that UC full service is operating as it should for new and naturally migrating claimants, separate from any further tests of readiness for managed migration ‘at scale’. The National Audit Office recommended that the Department:

> […] formally assess the readiness of automation and digital systems to support increased caseloads before migration begins, and ensure the programme does not expand before business-as-usual operations can cope with higher claimant volumes.31

Likewise, the SSAC recommended that:

> […] before the testing phase of the managed migration process commences, the Department should publicly define what it considers good operational readiness to be. It should then undertake a rigorous and transparent assessment of whether it has met those criteria (and, if not, what challenges remain). In undertaking this assessment, due consideration should be given to how effectively Universal Credit is currently operating, taking account of the evidence available after the completion of the first phase of the roll-out programme at the end of this calendar year.32

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31 National Audit Office, *Rolling out Universal Credit*, HC 1123, June 2018, para 19

32 SSAC, *The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee and statement by the Secretary of State for Work and Pensions in accordance with Section 174(2) of that Act*, p 25
34. SSAC proposed that the operational tests of readiness that should be set before the Department begins the managed migration pilot might include:

- the time it takes to make a successful claim—where the start point is when a claimant first registers online and the end point is when the first full payment of benefit is made;
- the level of backlogs;
- the proportion of appeals and requests for mandatory reconsideration;
- the level, and rate of accumulation, of claimant debt.\(^{33}\)

35. The Secretary of State has argued that, since the NAO and SSAC framed their recommendations on tests for readiness when the Government had an earlier date at which they planned to go ‘to scale’, these recommendations have “less resonance”.\(^{34}\) But it is hard to see why a longer delay before going to scale would obviate the need for objective tests of readiness. In any case, both the NAO and SSAC recommended that operational readiness tests are applied before the pilot begins, not just before managed migration ‘at scale’.

36. Whilst UC payment timeliness is improving, the Department’s most recent figures show that 14% of new claimants are still not receiving their first UC payment in full and on time.\(^{35}\) This suggests to us that the Department should not assume the operational readiness of UC before beginning the managed migration pilot.

37. The Department has not provided any convincing reason why it has not accepted the recommendations from expert bodies to set and apply operational tests of readiness before beginning the managed migration pilot. Given that these tests would be separate from tests of readiness to ‘go to scale’, we do not accept the Department’s argument that the NAO and SSAC’s recommendations have any “less resonance” than when they were first framed. If the Department is confident that UC is operationally ready to begin the managed migration pilot, we cannot understand why it will not set tests to demonstrate this. **The Department should immediately set tests of operational readiness based on those proposed by the SSAC and ensure that these tests are met before a single claimant is transferred through managed migration. The Department should publish the results of the tests.**

**Why are tests of readiness to ‘go to scale’ needed?**

38. We wrote to stakeholders in February 2019 asking them for their views on the Department’s decision not to set tests of readiness before beginning the managed migration pilot. We proposed tests of readiness in the following areas, based on the NAO’s outline of data relevant to managed migration:

- Payment timeliness

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33 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee and statement by the Secretary of State for Work and Pensions in accordance with Section 174(2) of that Act, p 33
34 Correspondence from the Secretary of State for Work and Pensions, 5 February 2019
35 Universal Credit: 29 April 2013 to 14 February 2019, DWP official statistics, 19 March 2019, table 6.1
• Work Coach/case manager performance
• Systems performance
• Cost per UC claim
• Claimant satisfaction
• Claimant financial duress
• Claimant dropout
• Indicators relating to vulnerable claimants
• Financial impact on third parties

39. We received responses from Citizens Advice, the Low Incomes Tax Reform Group, Mind, NAWRA, SSAC and the Trussell Trust. Some stakeholders agreed to an extent with the Department that detailed tests of readiness for managed migration, and the benchmark levels at which any tests were set, could not be set in advance of the pilot. Mind told us:

We appreciate that it may be sensible for the Department to establish detailed success measures for the full roll-out of managed migration after it has completed the pilot. We also appreciate that there will be some measures the Department can only meaningfully set once it has designed the detail of how the pilot will work.36

Similarly, the Low Incomes Tax Reform Group told us:

We do accept that some of the tests that will be used to inform whether to scale-up managed migration after the pilot may need some refinement following the pilot stage.37

40. The same stakeholders, however, emphasised the need for robust and transparent tests to evaluate the pilot, to enable the Department to assess if it is ready to begin managed migration at scale in a way that is safe for claimants. For example, Mind told us:

Unless the pilot is evaluated against some established criteria of success then it is not clear on what basis the Department could make a meaningful decision on whether it is safe to proceed with the wider roll out.38

The Department has said that it will frame the tests during the pilot. To do so, however, it must decide what data it will collect during the pilot that might be relevant to defining and applying the eventual tests—for example, whether to collect data on payment timeliness or on claimant vulnerabilities. Inevitably, the Department will have to define some provisional readiness or success criteria in advance of the pilot, even if in very broad terms. Otherwise, any eventual tests that the Department sets will be constrained by whatever

36 Correspondence from Mind, 20 February 2019
37 Correspondence from Low Incomes Tax Reform Group, 25 February 2019
38 Correspondence from Mind, 20 February 2019
data it has collected. The Secretary of State told us that DWP “cannot begin to learn until we actually start”.\(^{39}\) Equally, the Department cannot ignore existing evidence or properly start a pilot until it knows what it wants to learn.

41. The Government will find it easier to justify its decisions as it proceeds with UC rollout if it commits to transparent, objective tests at each stage. Given the need to rebuild trust in Universal Credit, transparent tests of readiness before proceeding to managed migration ‘at scale’ could offer reassurance both to claimants and to support services. Tests of readiness will also indicate to the Department at an early stage if its timescales for full migration to Universal Credit are realistic.

42. We accept that any tests of readiness to ‘go to scale’, and the threshold levels which would indicate readiness, will need to be refined in light of the results from the managed migration pilot. We are not convinced, however, that the Department can begin the pilot without any provisional view at all on the tests of readiness to ‘go to scale’, for the simple reason that the Department must decide in advance what data it will collect during the pilot.

43. Under the Regulations currently laid before the House, the Government is only seeking powers to transfer up to 10,000 claimants to Universal Credit through managed migration. The Government will therefore need to ask the House for the powers to begin managed migration ‘at scale’ by laying further Regulations, once the pilot is complete. Clear, robust and transparent tests of readiness will be needed for the House to make an informed decision about whether to grant such powers.

44. Published tests of readiness are needed to hold the Government to account at each stage of Universal Credit rollout. Without them, it is unclear how the House could be expected to make an informed decision about whether to grant the powers needed to begin managed migration at scale. If the tests are set only following the pilot, the Government would risk the perception that it is setting the tests only once it knows what the results will be.
4 Conclusion

45. Three sets of tests of readiness for managed migration are needed. Operational tests of readiness are necessary before starting the pilot to make sure that UC is operating as it should for claimants. Provisional tests of readiness for managed migration are necessary to make sure that the Department collect the data they need during the pilot. And final tests of readiness for managed migration are necessary to know if the Department is ready to begin managed migration at scale.

46. The Department should adopt, as a minimum, the tests we outline in Annex 1 as provisional tests of readiness for managed migration ‘at scale’ and collect the data necessary to do so. These tests cover payment timeliness, Work Coach/case manager performance, systems performance, the cost per UC claim, claimant satisfaction, claimant financial duress, claimant dropout, indicators relating to vulnerable claimants and the financial impact on third parties. The tests, and the specific thresholds that would indicate readiness, should be refined during the pilot. The Department should publish both the provisional and final tests and report the results to Parliament.
Conclusions and recommendations

Introduction

1. We remain of the view that we set out in our 2018 report on managed migration: it is impossible to overstate the importance of getting managed migration right. It is a huge operational and logistical challenge, with significant risks for Jobcentre Plus staff, for public spending and for the people most affected by the change: claimants. Without clear tests and measures to prove that it is ready to move claimants to Universal Credit, the Government will struggle to win the trust of claimants, support organisations, Parliament and the wider public—something it acknowledges will be vital for managed migration to be a success. (Paragraph 9)

The Department’s plans for managed migration

2. After widespread concerns, the Government has agreed to introduce a basic safeguard: in the pilot, a claimant will not be left without an income through having their legacy benefits terminated without having made a UC claim. But the Department cannot commit to paying legacy benefits forever. It will need to know how many claimants are at risk of dropping out of the process and therefore being left without an income when it begins to migrate all claimants to Universal Credit. We recommend that the Government collect and publish data on how many participants in the pilot would have been left with no income at all if this safeguard were not in place. (Paragraph 15)

3. We recognise that the Department has chosen Harrogate as the location for the pilot because it has advanced UC rollout and an experienced Jobcentre. But as an area with relatively low levels of deprivation, the circumstances of claimants in Harrogate will not be representative of the UK as a whole. The Department should take this into account when evaluating the pilot. We recommend that the Department set out in its response:

   a) how it will take into account the unusually low levels of deprivation in Harrogate when evaluating the pilot, including the effect on typical claimant circumstances and on staff workloads;

   b) whether, and if so how, it plans to test managed migration on a larger scale and in more challenging areas before it is rolled out across the country; and

   c) how it will ensure that Jobcentres with a larger number of claimants to be migrated will be able to match the level of intensive support and home visits offered during the Harrogate pilot. (Paragraph 23)

Tests of readiness

4. The Department has not provided any convincing reason why it has not accepted the recommendations from expert bodies to set and apply operational tests of readiness before beginning the managed migration pilot. Given that these tests would be separate from tests of readiness to ‘go to scale’, we do not accept the Department’s
argument that the NAO and SSAC’s recommendations have any “less resonance” than when they were first framed. If the Department is confident that UC is operationally ready to begin the managed migration pilot, we cannot understand why it will not set tests to demonstrate this. The Department should immediately set tests of operational readiness based on those proposed by the SSAC and ensure that these tests are met before a single claimant is transferred through managed migration. The Department should publish the results of the tests. (Paragraph 37)

5. The Government will find it easier to justify its decisions as it proceeds with UC rollout if it commits to transparent, objective tests at each stage. Given the need to rebuild trust in Universal Credit, transparent tests of readiness before proceeding to managed migration ‘at scale’ could offer reassurance both to claimants and to support services. Tests of readiness will also indicate to the Department at an early stage if its timescales for full migration to Universal Credit are realistic. (Paragraph 41)

6. We accept that any tests of readiness to ‘go to scale’, and the threshold levels which would indicate readiness, will need to be refined in light of the results from the managed migration pilot. We are not convinced, however, that the Department can begin the pilot without any provisional view at all on the tests of readiness to ‘go to scale’, for the simple reason that the Department must decide in advance what data it will collect during the pilot. (Paragraph 42)

7. Published tests of readiness are needed to hold the Government to account at each stage of Universal Credit rollout. Without them, it is unclear how the House could be expected to make an informed decision about whether to grant the powers needed to begin managed migration at scale. If the tests are set only following the pilot, the Government would risk the perception that it is setting the tests only once it knows what the results will be. (Paragraph 44)

Conclusion

8. Three sets of tests of readiness for managed migration are needed. Operational tests of readiness are necessary before starting the pilot to make sure that UC is operating as it should for claimants. Provisional tests of readiness for managed migration are necessary to make sure that the Department collect the data they need during the pilot. And final tests of readiness for managed migration are necessary to know if the Department is ready to begin managed migration at scale. (Paragraph 45)

9. The Department should adopt, as a minimum, the tests we outline in Annex 1 as provisional tests of readiness for managed migration ‘at scale’ and collect the data necessary to do so. These tests cover payment timeliness, Work Coach/case manager performance, systems performance, the cost per UC claim, claimant satisfaction, claimant financial duress, claimant dropout, indicators relating to vulnerable claimants and the financial impact on third parties. The tests, and the specific thresholds that would indicate readiness, should be refined during the pilot. The Department should publish both the provisional and final tests and report the results to Parliament. (Paragraph 46)
Annex: Proposed tests of readiness for managed migration ‘at scale’

1) These tests are based on the NAO’s compilation of data relevant to managed migration, outlined in correspondence from the Comptroller and Auditor-General. They have been updated in line with comments from stakeholders.

<table>
<thead>
<tr>
<th>Area</th>
<th>Metric</th>
<th>Data used or expected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental performance</td>
<td>Payment timeliness</td>
<td>Number of people paid in full and on time</td>
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<tr>
<td></td>
<td></td>
<td>Number of people paid in part and on time</td>
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<td>Length of delay before people paid in full and on time</td>
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<td></td>
<td></td>
<td>The total time taken to make a successful claim, from registration to first full payment.</td>
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<td>The total time taken from registration to acceptance</td>
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<tr>
<td>Work Coach/case manager performance</td>
<td>Work Coach and case manager caseload</td>
<td>Number of outstanding actions for Work Coaches and case managers</td>
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<td></td>
<td></td>
<td>Number of claimants holding the expected number of meetings with their Work Coach</td>
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<td>Number of appointments per Work Coach</td>
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<td>Average waiting times for routine appointments</td>
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<td>Timeliness in responding to journal requests</td>
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<tr>
<td>Systems performance</td>
<td>How many referrals are made to HMRC to resolve issues with RTI</td>
<td>% of automated processes, of those that are intended to be automated</td>
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<tr>
<td>Area</td>
<td>Metric</td>
<td>Data used or expected</td>
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<tr>
<td>Cost</td>
<td>Cost per claim</td>
<td>Cost per claim</td>
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<tr>
<td></td>
<td></td>
<td>Number of people successfully using Verify</td>
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<tr>
<td>Impact on claimants</td>
<td>Claimant satisfaction</td>
<td>Satisfaction surveys (including suitability of claimant commitments)</td>
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<tr>
<td></td>
<td></td>
<td>Internal claimant satisfaction scores</td>
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<td></td>
<td>Average wait time for telephone calls</td>
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<td></td>
<td>% of telephone calls unanswered</td>
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<td></td>
<td></td>
<td>Proportion of appeals and Mandatory Reconsideration requests over UC claim decisions</td>
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<td>Upheld rates of MRs and appeals</td>
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<tr>
<td></td>
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<td>Number of cancelled migration notices</td>
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<tr>
<td>Financial duress</td>
<td>Foodbank referrals</td>
<td>% of claimants in financial hardship</td>
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<td></td>
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<td>% of claimants in bill or rent arrears</td>
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<td>% of claimants accepting an advance</td>
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<td>% of claimants able to repay their Advance within 12 (soon to be 16) months</td>
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<td>% with other debt deductions (eg. local authority or utility debts) and rate of accumulation of debt</td>
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<tr>
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<td></td>
<td>Number of Alternative Payment Arrangements in place</td>
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<td>% of claimants receiving a sanction</td>
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<tr>
<td>Area</td>
<td>Metric</td>
<td>Data used or expected</td>
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<tr>
<td>Claimant dropout</td>
<td>Number of claimants whose claims are closed, how many closed claims are reinstated, how many claimants go on to make a new claim</td>
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<tr>
<td></td>
<td>Number of claimants who made contact but did not claim UC</td>
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<td></td>
<td>Number of claimants who did not make contact following a migration notice</td>
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<td></td>
<td>Number of claimants who made a claim but were not found eligible for UC</td>
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<td></td>
<td>Number of claimants whose legacy benefits are terminated without making a valid UC claim</td>
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<td></td>
<td>Number of claimants making a claim during the ‘grace’ period</td>
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<td></td>
<td>Number of claimants making a claim during the ‘warm-up’ period but before receiving a migration notice</td>
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<tr>
<td>Vulnerable claimants</td>
<td>Number of claimants considered “vulnerable”</td>
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<td></td>
<td>Use of Help to Claim</td>
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<td></td>
<td>Amount and type of additional support provided</td>
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<td>Number of claimants requesting an extension, how many accepted/denied, and reasons for request</td>
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<td></td>
<td>Demand for non-digital claim routes</td>
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<tr>
<td>Impact on third parties</td>
<td>Financial impact on third parties</td>
<td>Additional costs created by Universal Credit (eg. for local government and the third sector)</td>
</tr>
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Formal minutes

Work and Pensions Committee

Wednesday 24 April 2019

Members present:

Rt Hon Frank Field, in the Chair
Heidi Allen    Nigel Mills
Rosie Duffield Chris Stephens
Ruth George   Derek Thomas
Steve McCabe

Draft report (Universal Credit: tests for managed migration), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 46 read and agreed to.

Annex and Summary agreed to.

Resolved, That the Report be the Twenty-sixth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 1 May at 9.15am]
Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee’s website.

Thursday 18 October 2018

Alok Sharma MP, Minister for Employment, Department for Work and Pensions, and Neil Couling CBE, Director General, Universal Credit Programme, Department for Work and Pensions. Q725–810

Wednesday 14 November 2019

Sir Ian Diamond, Chair, Social Security Advisory Committee; and Victoria Todd, Member, Social Security Advisory Committee. Q914–958
# List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee’s website.

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