Universal Credit: managed migration Government response

First of all, thank you for your letter of 17 January in response to both my letter of 14 January, advising you of the revised approach to the migration of claimants to Universal Credit (UC); and also regarding the Government’s response to the Committee’s report on Managed Migration. I was disappointed to hear that you felt the tone of the Government’s response was not reflective of our constructive discussions. I would like to assure you that the Department welcomes the Committee’s role in supporting it to improve and deliver Universal Credit. I hope we can continue these constructive discussions, going forward.

I have responded, in turn, to each of your queries below, related to the Committee’s recommendations on Managed Migration. I hope that this provides you with the additional clarity you seek.

The Regulations (Recommendation 1)

This recommendation asked the Government to re-refer the regulations to the Social Security Advisory Committee (SSAC).

However, the Government does not think that would be a welcome or sensible development, changing fundamentally the nature of relationships, in the case of SSAC, set out in legislation. It could create a seemingly endless round of consultation and responses. Accordingly, we rejected the recommendation. Although as you can see from my announcements, and as you have also referred to in your letter, we are listening to the reactions to our proposals and changing and improving where it is the right thing to do.

At the present time I have no further information I can offer the Committee on when the regulations will be debated. The task of the Business Managers is never an easy one; particularly so at this time with the intense competition for Parliamentary time.
With regard your last query related to the pilot activity, once our consultative and co-design work on the pilot with stakeholders is complete, we will write to the Committee with our conclusions. The Committee may perhaps then want to examine those plans, something we would welcome. I expect to be in a position to write to the Committee at some point after Easter, depending on the progress of the work.

**Balance of Risk (Recommendation 3)**

With regard your query on this recommendation, we have set out our judgement clearly and unequivocally that pre-population is technically unfeasible and undesirable from a claimant's perspective. You (and many other commentators) have made the point that, when things go wrong, the Department should learn the lessons from the past. We are doing that here.

The evidence is extensive that pre-population is technically challenging, from Incapacity Benefit reform recently to Child Support Reform in the early 2000s (and indeed in the finance sector when some of the banks tried this approach in the early days of online banking). Even more importantly, pre-population runs the risk that people get the wrong amounts of benefit. Universal Credit will enable people to be able to take up their full entitlement, getting an extra £2.4bn to some of the poorest people in the UK. Pre-population would compromise completely our attempts to do that for these claimants.

**Run-ons (Recommendation 4 and 5)**

I believe our response to recommendations 4 and 5 clearly set out our intention to use Discretionary Hardship Payments in a way that protects claimants in the pilot from financial hardship by providing the equivalent of a run-on, so they are financially no worse off compared to anyone migrating later. We will need to assure ourselves that the code works in a way congruent with the legislation. However, as we do that for all new code in the system already, there is no need to test separately.

We expect the automation of run-ons to be in place for all claimants with legacy benefits from July 2020, some four months before we expect to commence any significant volume of cases migrated from legacy benefits to Universal Credit, beyond the 10,000, in November 2020. So in the very unlikely event of technological issues, which have not featured in Universal Credit Full Service at all to date, it will be visible and we will have time to deal with it.

I am unsure how worked examples related to run-ons will help aid understanding. A two-week run-on of benefits is just that, two weeks of entitlement of the legacy benefit that the claimant is moving from. For example, if a claimant is entitled to £100 a week of Employment Support Allowance (ESA), they will receive £200 as a two-week run-on amount). However, if you could elaborate further on this point and in particular, what you are expecting to see, I will reconsider.
Transitional Protection (Recommendation 8 and 9)

In response to recommendations 8 and 9, it will not be possible to test different approaches to Transitional Protection (TP). We are unable to run variable systems as we must write one form of TP into the system’s coding.

We have promised SSAC that we will look at how people with earnings that drop fare with regard TP. We believe that a four month period allows sufficient time to reconcile variability with a permanent shift in income, SSAC believe the period to be six months. These are both judgements; so we will see what happens in the pilot and report back.

Whilst we can see why the Committee made proposals on “splitting transitional protections”, they are unworkable and would seed into the system the scope for dispute between claimants as to whom the TP “belonged to”.

Transitional Protection is calculated on a gross basis by totalling previous entitlements and comparing those to the new Universal Credit entitlement. It cannot and does not align individual ownership rights within a couple because we are striving for a clean and decisive break from the complexities and inefficiencies of the legacy system. For example, we do not envisage holding information on the components of legacy entitlements, so would be unable to recalculate. So if a couple splits it will not be clear how any TP was calculated. The TP might have many sources, all of which making it difficult to attribute to an individual without writing a series of complex rules and then attempting the near impossible task of coding that into the system.

The purpose of TP is solely to ensure that claimants, at the point of transition to the new system do not see a drop in entitlement. We need to keep TP as simple as possible for both claimants, to understand their entitlement and for the Department, to effectively administer the system.

Natural Migration (Recommendation 10) and Tests of Readiness (Recommendation 11).

On recommendation 10, claimants move to Universal Credit when a change of circumstances occurs. This is sensible, practical and desirable. It isn’t a question of “triggers”, there simply is not the capacity anymore in the legacy system to handle these changes of circumstances in Local Authorities, HMRC or legacy DWP benefits. Those administrative resources now reside in Universal Credit to deal with the 150,000 claims we get every month through changes of circumstances and new applications. Universal Credit is now the system of social security in this country.

That migration of administrative resources has occurred over the last four years in a gradual and planned way, so that the support offered to claimants has been uninterrupted. Because this has gone well, it has largely gone unnoticed. Pivoting cases back to legacy would require similar care and timescales, which is why the National Audit Office (NAO) concluded it was neither feasible nor desirable. In practice, with a reduced legacy service in line with expectations, there would be no
system of social security for people to seek support from, or one that would quickly be overwhelmed with applications. I would really welcome the Committee's support in getting this salient fact and risk more widely understood by those proffering comment on Universal Credit.

On recommendation 11, I should point out that the NAO's recommendation was that we should have a series of tests before we move to scale on migration and assess our readiness against those. That is something we did before moving to scale in the previous phase in October 2017 and something we had already planned to do. SSAC constructed their recommendation when they thought we were moving to scale in July 2019. Viewed in that context, their recommendation was not unreasonable. However, as we are not going to scale until November 2020, it has much less resonance.

Instead, it is much better to use the findings from the pilot phase to inform the tests of readiness before we scale. In essence, we would want to reassure ourselves that problems encountered early on had been satisfactorily resolved or mitigated. This is exactly what we envisage doing – and we cannot begin to learn unless we actually start.

I should also make it clear that it was the Department itself that put in place the tests for major stages of the Programme, before anyone from outside the Programme, so it is wrong to suggest that this Department is resistant in any way to the idea of tests.

I hope this has been helpful and provides the Committee with a better understanding of our rationale for the responses provided to these recommendations, expanding upon our reply to the Committee's report.

Best wishes,

The Rt Hon Amber Rudd MP
SECRETARY OF STATE FOR WORK AND PENSIONS