25 February 2019

Rt Hon Frank Field MP – Chair
Work and Pensions Committee
House of Commons
London
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Dear Chair

Universal Credit – tests for managed migration

Thank you for your recent letter asking for the views of the Low Incomes Tax Reform Group (LITRG) on the tests for managed migration (UC).

Any problems or advantages associated with the Department’s preferred approach of defining tests after the pilot is complete?

Our view is that tests are needed to:

1. Determine whether the existing full service system is in the best possible place before taking any steps to start the migration pilot.
2. Assess whether the Department’s plans for migration are developed enough to start the pilot.
3. Assess the impact/success of the pilot.
4. Inform whether to scale-up managed migration after the pilot (which is likely to involve multiple decisions at various points).

The DWP have said that ‘testing is vital in allowing us to finalise our plans. In particular, as well as making sure the processes we develop with stakeholders are fit for purpose, testing will help us
determine the criteria that judge whether the Programme plans are mature enough to support moving larger numbers of people through managed migration.\(^1\)

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. However, that should not stop the Department being transparent about the tests used to assess the readiness of the existing system and the likely success criteria for managed migration before the pilot starts.

The managed migration stage of UC is perhaps the most important as it requires the DWP (along with HMRC and Local Authorities) to safely move nearly 3 million individuals\(^2\) from legacy benefits to UC at the same time as ensuring that there are ‘no cash losers’ where circumstances have not changed as a result of the move.

The Department have stated that 36% of the people who will be managed migrated to UC will be ESA claimants. Some of these claimants are likely to be considered vulnerable and the risk of them falling out of the process and/or suffering hardship is likely to be higher than other claimant groups. It is not yet clear what support will be in place for claimants through the migration process.

In our previous letter to the Committee (November 2018), we identified a number of concerns with the current draft migration regulations. Although improved from the original version, we are concerned that they do not go far enough to minimise the risk on claimants and that many of the promised safeguards are not contained within the legislation.

Given the number of challenges the DWP will face with managed migration, we believe it is crucial that the existing UC system is in the best possible place before any steps are taken to commence migration.

In addition to ensuring the existing UC system is in the best possible place, it is important that the Department are ready for the next stage of managed migration in other respects. For example, by checking they have the ability to support their delivery partners including Local Authorities and third sector organisations. However, to do this, we believe that they need to first assess potential impacts both on claimants and partner organisations.

One of SSAC’s original recommendations was:

‘We recommend that, by the end of March 2019, the Department publish a detailed impact assessment of the migration plans, setting out the ways in which, and the extent to which, they may have an impact on claimants and/or their family members. We believe that such an assessment should be conducted by segmenting those migrated on the basis of protected characteristics, as well as by other key experiences such as homelessness, lone parenthood and existing legacy benefit entitlement. The assessment should extend to any impact on local authorities and third sector bodies.

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\(^2\) Originally 2.87 million individuals, 2.09 million households but these figures may be reduced now that the managed migration timeline has been pushed back.
An action plan for mitigating the effects of any adverse impacts identified should be published alongside the assessment.’

The Government’s response to this recommendation indicated that they are conducting detailed Equality Assessment of migration plans as part of their Public Sector Equality Duty. They note that the process is iterative. However, they do not plan to publish an assessment of the impacts of managed migration prior to increasing the scaling of managed migration.

We are concerned about this and strongly believe that an initial impact assessment should have been carried out as the draft regulations were being developed so that mitigations could be made in the design of the process in order to address points identified by the impact assessment. We do agree that this would need to be carried out again once the final process is established, but that does not negate the need for it to be done before testing starts and in development of the pilot process.

Whether the tests listed in the Annex are appropriate, and any changes, additions or refinements you might make (for example, how should the Department define “vulnerability” amongst claimants)?

We do think that the tests set out in the Annex are appropriate for assessing whether the existing system is in the best possible place to allow the Department to start migration testing. We also think these same metrics could broadly be used to assess the impact/success of the pilot and each time scaling up of the migration process is considered – both in terms of migration cases and as a comparison with the ‘business as usual’ natural migration cases.

The Department should use these tests to help guide them through the pilot by assessing whether the various changes/processes being tested are likely to positively or negatively impact on any of these areas. We do believe (as stated above) that impact on claimants and impact on third parties should be part of an impact assessment.

DWP already appear to have a definition of vulnerability: ‘an individual who is identified as having complex needs and/or requires additional support to enable them to access DWP benefits and use our services.’3 If this is the definition they intend to use, it would be helpful for them to consult with stakeholders on this to ensure that it is defined broadly enough to cover all of the claimants that stakeholders would expect to be included.

We do have some further thoughts on measuring payment timeliness. Although talking in percentage terms is standard and useful for comparison, it is also important to look at the numbers of people affected. As caseload grows, even if the percentage decreases, the number of people impacted may well be significant. Also, the use of percentages can mask whether certain types of claimants are adversely affected – for example if processing focuses on the ‘easier’ cases to increase the percentage goal, it will always be those with the more complex circumstances that fall outside of the percentage measure.

This was something we observed in the tax credits system, where it was often cases that involved immigration and residency issues that suffered significant delays in getting a first payment. We therefore think it would be prudent to have some measure that ensured cases with complex circumstances are also put into payment in a reasonable time (albeit accepting they may take longer than a case without those characteristics).

Our understanding is that DWP measure timeliness data regarding payments from the point a claim is accepted, rather than when it is registered. We think it would be helpful to measure the time between the point of registration to the point of acceptance.

We are also concerned about the increased workload of work coaches. Measuring the number of claimants per work coach is important but we think there should be further measurements around number of appointments per work coach, average waiting times for common appointments (such as identity checks, residency checks, claimant commitment). We also think it is important to track timeliness in dealing with journal requests by work coaches.

Further key measures we think are missing include:

- Number of claims closed and not paid and analysis of the reasons why – for example, an FOI request\(^4\) showed that 20% of closed claims were due to non-compliance with the claims process which suggests people have some difficulty.
- The ability of claimants to submit and maintain a claim online – for example the DWP Full service survey\(^5\) showed 20% of people needed help to submit their claim online and 25% were not able to submit their claim online at all due to difficulties accessing computers or the internet.
- IT readiness – how many processes are automated rather than manual in order to deal with increased volumes of claims (as a percentage of those that can/intended to be automated).
- The robustness of earnings data from HMRC – how many referrals are made to HMRC to resolve issues with RTI information?
- Timeliness in dealing with journal requests and other service centre issues.
- Phone handling performance – what is the average wait time for calls to the helpline? What percentage of calls are unanswered? How many calls take more than, say, five minutes?
- Handling of mandatory reconsiderations and appeals – how many are received? What are the upheld rates? How long are people waiting for decisions?
- Adequate communications and guidance in place.
- Ability of third parties to assist UC claimants from the start of their claim to managing and dealing with issues relating to ongoing claims.

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• Measures around closed claims such as how many claims are ‘closed’, how many of those closed claims are reinstated and how many people go on to make a brand new claim within a month of a closed claim.

The tests listed in the annex to your letter and those above can all be used to assess how well the existing system is performing and can be used to see how managed migration cases compare in these same areas.

However, we think there are some additional tests that are specific to the migration process that should be added when assessing the impact/success of the pilot and readiness to scale-up such as:

• Number of people who make a claim for UC during the warm-up period but before they receive their official migration notice (and thus lose transitional protection).
• Number of migration notices issued.
• Number of requests from claimants to extend the migration deadline and how many granted/denied.
• Number of cancelled migration notices.
• Number of claimants who have their legacy benefits terminated.
• Number of claimants who apply for UC within the (roughly) one month grace period following termination of their legacy benefits.
• Number of claimants who fall out of the process and do not go on to make a new claim.
• Whether transitional protection payments ensure no cash losers at the point of transfer – this may be difficult to measure but could be tracked by looking at complaints relating to transitional protection, how many requests for further information, how many appeals etc...

Finally, as mentioned in our previous letter, in terms of the migration process itself as a minimum the following should be in place before migration is scaled-up:

• Ensuring that all processes needed are in place and fully tested in a way that can deal with expected volumes.
• All guidance is written and published which includes full detail of any processes that provide safeguards but are not included in the Regulations.
• There is adequate telephone and face-to-face support in place for all claimants.
• The plan for how migration will proceed (whether by group or postcode) is clear and published with plenty of notice for claimants and the advice sector to respond appropriately.

How would you prioritise these tests?

We do not think that any of the tests should be prioritised – they are all important in providing enough information for the Department to make decisions about readiness to (a) start testing migration processes (b) move to full managed migration and (c) scale up the managed migration process to more claimants.

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