The Rt Hon AMBER RUDD MP  
Secretary of State for Work & Pensions

July 2019

The Rt Hon Frank Field MP  
Work and Pensions Select Committee  
House of Commons  
London  
SW1A 0AA

Dear Frank,

Thank you for your letter dated 18 June 2019 and for your continued interest in managed migration and SDP transitional payments.

If I may, as the questions are interlinked, I would like to answer them with a single detailed explanation rather than question by question.

SDP transitional payments are fundamentally part of the wider transitional protection scheme. The rationale of transitional protection is that it is a temporary measure that allows claimants who are moved by the Department from one benefit to another to adjust to the new benefit rules, but it is not intended to carry on ad infinitum. It should erode and cease in order that claimants who move to UC with transitional protection eventually gain parity with new claimants, who are subject to the benefit rules and rates from the beginning.

You have correctly recognised that 'transitional payments' are not calculated in the same way as those who receive transitional protection as a consequence of moving to UC via managed migration. This is because those who move via managed migration are receiving a Transitional Element based on the sum of their legacy benefits at the point at which they move to UC compared against an indicative UC amount, which reflects their legacy entitlement. In contrast, those former SDP claimants who have moved to UC on account of a change of circumstance will only receive payments in respect of their previous SDP entitlement. These will broadly reflect the SDP amount and will be paid as a flat rate. However, this does not mean that the Department has set up a 'separate transitional protection scheme', as these payments will be converted to a Transitional Element and, as a consequence, will become subject to the associated erosion and cessation rules. It is untenable to introduce SDP payments that cannot erode or cease.

If we extracted the SDP provisions and wrote standalone rules for erosion and cessation, incorporating regulations 55-57 as you suggest, this would create a completely separate scheme for a small group of people without the wider rationale of transitional protection. If, subsequently, managed migration regulations were not introduced, then transitional protection would exist solely for SDP claimants. This would be an unjustifiable position, because it is the Department's provision of
transitional protection more widely that warrants providing it for former SDP claimants in the first place.

Unfortunately, we cannot share legally privileged advice, but I hope that my explanation above clarifies the pitfalls of the suggestion of splitting the SIs.

I will reiterate that I am very aware of the need to begin making payments and continue to work hard to ensure that this is achieved as soon as possible. However, as you are aware, aspects of the draft pilot regulations were quashed recently by a High Court Judgment and I have been considering options in order to respond to the Judgment. I will ensure that I inform you as soon as there are developments related to the regulations.

Best wishes,

[Signature]

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