Dear Frank,

**Universal Credit: managed migration**

Thank you for your letter of 30th October 2018.

In replying, I have consulted with colleagues from the Disability Benefits Consortium (DBC), which as you probably know represents over 80 disability organisations. Please regard this as a response on the part of the DBC.

As regards the points you raise:

The increased work allowances are welcome as far as they go, but we think they have to be seen in the context of several features of Universal Credit (UC) that are less favourable, as regards work incentives, than the “legacy benefits”:

- the recognition of disability within UC is inferior to in-work legacy benefits and tax credits;

- the loss of the £29 per week Limited Capability for Work (LCW) addition creates a massive cliff edge (£75 per week) between the LCW and Limited Capability for Work-Related Activity (LCWRA) rates (anybody in the LCWRA group would be financially very ill-advised to get involved in work-related activity);

- and there is also the risk to transitional protection of trying out a job.

The legacy benefit run-on: this will help, in reducing the gap between the legacy benefit ending and the UC payment starting. However, a gap will still be there and there remains the danger of a UC claim not being established at all.
This last point represents one of the principal concerns of disability organisations – the intention simply to stop existing benefits and give claimants a deadline to claim UC. The obstacles, including the challenge of people normally having to submit digital claims, raise the real possibility that large numbers of claimants will find themselves with no income, possibly for a long period.

The extension of “time to claim” to a minimum of three months goes some way to help in this respect. It gives more time to stop things going wrong. However, the stop-start approach remains, with the associated risks. Large numbers could still fall through the gaps. We would like to see an orderly process of migration, whereby claimants remain on their “legacy benefits” until a UC claim is in place. This could be done through a systematic review process – there is no good reason why not and there is still time to make this happen.

Reduction of the maximum deduction cap for debt repayments from 40% to 30% of the standard allowance: again, this helps, but as Kate Green MP pointed out in the recent debate on the Government’s response to the SSAC, this is still a lot of money for somebody on a low income and is very likely to get them into further difficulty. A much lower deduction rate would be preferable.

Similarly, as regards extension of the period over which advances may be repaid from 12 to 16 months: we believe that, although arguably better than nothing, advance payments are not a solution to the built-in delay, but an alternative problem, as they are in effect loans that will reduce claimants’ incomes to very low levels as they are repaid. Measures to close the payment gap would be preferable.

Extension of the start-up period for self-employed claimants: again, this is welcome as far as it goes. But we do not think that UC policy is based on an understanding of self-employment. In our submission to the SSAC consultation, the DBC argued that the role of UC in relation to self-employment should be revisited, in consultation with relevant labour market experts, to achieve a more credible balance between opening up opportunities and realistic assessment of a business’s prospects.
You raise several points concerning the DWP’s readiness for transferring existing benefit claimants to UC. Our recent discussions suggest that there is a greater sense of urgency and willingness to engage with external organisations, as the realisation seems to have dawned that there is a very real risk of large numbers of vulnerable claimants being left without money.

Whether this will translate into a safe transition remains to be seen. The DWP is making the right noises about monitoring and assessing progress, but we await the detail.

We do think that the Department needs to be satisfied that the great majority of claims are progressing without mishap. At present, about 25% of claims, according to DWP figures, are not completed (and not withdrawn by the claimant). Some of this will be for good reason, such as finding a job that pays above UC level, but the Department needs to be studying closely what factors are in play. We believe they are looking at this, but nothing has been made public.

A credible approach to partnership with external organisations also requires an end to the policy of demanding repeated “explicit consent” in order to communicate with claimants’ advisers. The restoration of an orderly system of “implicit consent” or trusted partners must be achieved before managed migration commences. There is no doubt that claimants want their advisers to be able to speak to the DWP on their behalf.

I hope that the above is of help. Do let me know if you would like us to elaborate on any point.

Kind Regards

Rob Holland
Public Affairs Manager at Royal Mencap Society and Parliamentary Chair of the Disability Benefits Consortium