7 November 2018

Dear Frank

Universal Credit: managed migration

Thank you for your letter of 30 October 2018 and inviting our comments which are set out below.

1) To what extent do these changes address any problems of weaknesses you have identified with the universal credit system

- Increasing work allowances for UC claimants – While NAWRA welcomes the increase in the work allowances which will assist families with children and those assessed as having limited capability for work/work-related activity (LCW/LCWRA), we have concerns that there is no work allowance for disabled people who do not have LCW/LCWRA status. Under the legacy system workers in receipt of DLA/PIP benefitted from the disabled workers element in working tax credit but there is no similar support for disabled workers in UC. NAWRA recommends that the LCW/LCWRA work allowance should be extended to include anyone in receipt of DLA/PIP.

- NAWRA is also concerned that there has been no reinstatement of work allowances for people without children or disability (as there were prior to April 2016). These provided a strong work incentive, particularly for those just getting back into the job market taking jobs with low hours.

- Extending the two week housing benefit run-on to income-related ESA, income-based JSA and income support – NAWRA welcomes this move which will ease the 5 week wait for the first UC payment. However, we do not see the reason why this measure is not to be introduced until July 2020. People naturally migrating onto UC are just as much in need as those who will be manage migrated.

- Reducing the maximum deduction cap for debt repayments from UC awards from 40% to 30% of the standard allowance – any reduction in the maximum deduction cap is welcomed but 30% still represents too high a proportion of a claimant’s basic living costs, particularly since deductions can continue for long periods of time, possibly years. NAWRA would like to see the cap reduced further – at least to 20% -
and also an agreement that no deductions are taken until the claimant has been notified, offered budgeting support, and a proper assessment taken of the realistic level of repayment that they can afford.

- Extending the period over which Advances may be repaid from 12 to 16 months – NAWRA welcomes the increased flexibility as to the time period over which advance can be recovered but again sees no rationale for this measure to be delayed until October 2021.

- Extending the start-up period within which self-employed UC claimants are not subject to the Minimum Income Floor (MIF) from 12 months – NAWRA completely opposes the MIF as it discriminates against self-employed people compared to employed people earning the same amount. Recent research from Business Debtline\(^1\) highlights the high level of debt that small business owners and self-employed people are facing leading to them struggling to keep their businesses afloat. Applying the MIF, which can be exceedingly punitive, does not support people to remain in employment.

- Surplus earnings relevant threshold – NAWRA welcomes the one year extension of higher relevant threshold (£2,500 plus the UC nil threshold) for the purposes of calculating surplus earnings but are concerned about continued plan to reduce it in 2020 to £300 plus the UC nil thresholds. Given the frequent seasonal and other varying patterns of self-employed income, this fails to recognise the real needs of many people.

2) NAWRA has grave concerns about the Department’s readiness for transferring existing benefit claimants to UC. There are a number of problems which require resolution before we believe it is safe to move large numbers of claimants, particularly those who are more vulnerable, over to UC –

- There must be a clear and accessible alternative to both making and managing a digital claim – while NAWRA recognises the advantages of a digital claim, we believe it is paramount that there are appropriate reasonable adjustments in place for those people who are not able to manage it. NAWRA believes that as well as being able to make a claim by phone there should also be the option to make a paper claim. There should also be an option for ongoing communications to be done by letter.

- There must be accessible and ongoing universal support – NAWRA is concerned that the recent agreement with Citizen’s Advice only provides support up to the point where the claim is up and running and no processes appear to have been put in place for ongoing support to maintain the claim.

- Alongside the above there needs to be a process for implicit consent to enable third parties to support claimants – NAWRA members currently have great difficulty helping their clients to resolve problems due to the very restrictive conditions of explicit consent which only allows consent to last a maximum of two assessment periods and requires very specific information.\(^{ii}\)
• There must be an effective process set up for appointees. In particular, provision must be made for corporate appointees to use one email address and there must be a process in place for them to match up the payments made into the corporate appointee account with the appropriate claimant.

• More resources are required to ensure that responses to claimants’ queries in the online journal are responded to within a reasonable time frame which should be no more than two working days. Until this target is being made claimants are not able to resolve problems as and when they arise. Increased resources will also have to be planned to respond to the increasing numbers as managed migration progresses.

• As highlighted by your own Committee\(^{\text{iii}}\), NAWRA believes that sanctions are counter-productive and have a detrimental effect on the health of claimants. If the government wants to help people into work, resources should be spent on offering support rather than sending people into destitution.

• The IT system should pick up relevant information to ensure that awards are calculated correctly. For example, currently there is no automated process for picking up whether a claimant who was previously on ESA has been assessed as having LCW or LCWRA. Although there is a manual process in place this is not reliable meaning that as people migrate over the appropriate element is not being put in place, the person is inappropriately sent for a work capability assessment, and the wrong level of conditionality is applied.

  Additionally, where there are non-dependants in the household, the IT system does not pick up if they are in receipt of PIP/DLA/AA and therefore applies the housing cost contribution when there should be none.

NAWRA believes that there needs to be clear evidence – perhaps verified by third party organisations such as ourselves - that all of the above processes are working effectively before managed migration goes ahead.

We hope these points are helpful to you. Please do not hesitate to get in touch if you need further clarification.

Best wishes,

Daphne

Daphne Hall
Vice Chair - National Association of Welfare Rights Advisers

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