



The Rt Hon Frank Field MP
Chair of the Work and Pensions Select
Committee

24 April 2019

Dear Frank,

Thank you for your letter of 20 March 2019 on natural migration to UC. Taking each of your questions in turn, please see my responses below.

Numbers moving to UC through natural migration

Questions 1-3

It is possible to provide estimates (forecasts) of the number moving to Universal Credit (UC) through either making a new claim, having a change of circumstances or moving from legacy benefits onto Universal Credit (managed migration). You asked for number who will move from legacy benefits to UC in 2019 – our forecast is 600,000 households will claim UC from legacy benefits. An additional 1.2 million households will make entirely new claims to Universal Credit.

You also asked about monthly estimates of people moving on to UC from January 2019 to end 2023. I have provided this data at annex A. This has been updated since we last shared data on this as a result of Spring Statement 2019 forecasts.

It is not possible, however, to provide details of the number of cases on UC now within these categories. This is because each case appears as a new claim on the UC system. A relevant change of circumstance will result in a new claim to benefit, so in terms of data extraction every case manifests as a new claim.

Similarly, for those on Universal Credit now it is not possible to calculate the gainers or losers from a change of circumstance. Because there has been a change of circumstance, the previous entitlement is not relevant for such a calculation. In order to carry out such an assessment, one would need to calculate an individual notional legacy entitlement in tax credits, housing benefit and legacy DWP benefits and then compare it to the UC entitlement. As Neil

Couling explained to the Committee and as my previous letters have pointed out, unfortunately there is not the capacity within HMRC, LAs or legacy DWP to run such calculations.

Question 4

Universal Credit is a new welfare system that focuses on making work pay. It therefore has a host of 'dynamic' benefits that ensure that people take home more of their income and can receive more childcare than under the legacy system, which allows parents to earn more through work. As a more accurate system, Universal Credit will ensure that 700,000 households will receive £2.4bn extra a year through access to the benefits they are entitled to, but don't currently receive under the legacy system. Furthermore, 1 million disabled Universal Credit claimants will receive, on average, £100 more every month through more generous disabled element support.

Delay to Managed Migration

Question 5

As you know from my first appearance in front of the Committee, my primary concern has always been the managed migration is done carefully and safely. The Senior Responsible Owner (SRO) for the Programme makes judgements about the take-on profile for Universal Credit under his delegated authority. His objective is also to ensure that managed migration is carried out safely, as he has done at previous stages of UC roll out. The Committee might note that this was an approach the Department used across the previous phase of the Programme rolling out safely to all 637 jobcentres. For managed migration, the SRO judged that a slower take-on profile following the pilot was a more reasonable planning assumption in light of concerns, expressed by the Committee and others about the risks of managed migration and the importance of getting it right.

Clearly, there will be financial consequences of re-profiling, which the OBR has highlighted, but this does not mean that it was the determining factor. It remains the case that the OBR will revise and change the UC expenditure, both up and down, depending on a range of factors. This will be the case in any welfare system. However, it is crucial to note that Universal Credit will be £2bn a year more generous than the legacy system it is replacing once it has been fully rolled out, with a total expenditure of £62bn a year.

Relative to the autumn 2018 OBR forecasts, the OBR has pulled some cases forward and pushed some cases back so that the overall impact is negligible. As a consequence, we have not calculated an estimate of those cases which will now undergo a change of circumstances.

Change of circumstances leading to claimants migrating naturally

Question 6

A relevant change of circumstance is one that would have triggered a new claim for benefit in the legacy system. For example, a claimant moving from one Local Authority to another would require a new claim to HB, an unemployed claimant without children starting work would need to make a new claim for tax credits, or a lone parent's child reaching the age of 5 would necessitate a new claim to JSA. This approach was adopted because as part of the rollout plan for UC, administrative resources needed to be shifted from the old system in order to support the new system. Consequently, resources would not be available in the legacy system to continue to handle new claims to legacy benefits. Universal Credit is the new welfare system, which simplifies and improves the legacy model and these changes of circumstances offer the most auspicious moment to support people onto Universal Credit.

ESA decisions not being carried across to UC

Question 7

In the early stages of UC Full Service, we observed that unfortunately some Employment Support Allowance (ESA) Work Capability Assessment (WCA) decisions were not carried across to UC. As soon as we were aware of this problem we took steps to remind staff of the appropriate action that should be taken. Subsequently we monitored ESA migrations closely and did not detect any significant issues. In any system, there is the scope for human error and we believe that the handful of cases shared with the Committee demonstrates that this has been the case for UC; and it is not evidence of a systemic problem. However, the Department will of course keep this under review, and act should any further evidence come to light.

UC guidance on this matter and the full system is available in the House of Commons library. There is no specific data available on the number of cases.

Guidance for Staff

Question 8

As my previous letter explained, there is no policy in place to move people onto UC; and accordingly, there is no guidance to staff on advising people to move to UC or tools to facilitate this.

Following the statements of NAWRA to the Committee, my officials checked with the relevant offices who confirmed that there was no such policy operating locally. If NAWRA are able to share their small number of specific examples, we will of course look into them.

Compensation for claimants who are incorrectly advised to move to UC

Question 9

Mr Couling outlined the Department's policy with regards to compensation for maladministration. The compensation scheme has been established for some time and any claims under UC would be dealt with in exactly the same way. In the first instance, claimants who allege maladministration by the Department should communicate their dissatisfaction through the complaints' process. An investigation will then be undertaken. Where maladministration is accepted by the Department and, as a consequence, the claimant is deemed to have experienced a loss of statutory entitlement to benefit, consideration will be given to paying financial redress, the amount of which will vary from case to case.

Where maladministration is accepted and it is clear that there have been other impacts on the complainant over and above the loss of benefit – such as inconvenience, distress or serious trouble – consideration can be given to a Consolatory Payment. Such payments are usually modest in value, but are intended to provide tangible recognition that an error has occurred for which the Department acknowledges and is sorry.

Our records show that for the period April 2018 to December 2018, there have been 26 cases paid due to a loss of statutory entitlement; and 5 of these were as a result of mistaken advice by DWP staff to claim UC. The total cost of the financial redress for these cases were £2347.62.

Court Cases

Question 10: Severe Disability Premium (SDP) and Enhanced Disability Premium (EDP) claimants

I think there may be a misunderstanding with regard to the arrangements we have proposed for legacy cases with the SDP. These proposals were not a consequence of the court case. Indeed, their preparation and announcement preceded the judgment. In addition, the proposal is to offer a transitional payment, not to provide for transitional protection.

We are appealing the judgment in relation to appellants TP & AR because we believe the court erred in law, including in relation to the Department's consideration of transitional arrangements for those involved. The announced provisions for SDP cases, which form part of the draft Universal Credit (Managed Migration and Miscellaneous Amendments) Regulations 2019, will proceed regardless of the judgment on the appeal in this matter.

We estimate that the majority of claimants in receipt of the EDP will qualify for the higher Limited Capability for Work Related Activity (LCWRA) element and be some of the 1 million severely disabled people better off by £100 a month compared to legacy benefits.

Question 11: Recent judgment

The challenge was not about a claim of misdirection, and so the compensation scheme would not apply in this instance. This case concerned the regulations that prevent reversion to legacy benefits subsequent to an appeal and the court found entirely in the Department's favour.

Question 12: Cost of legal cases

The Department is entitled, like anyone else, to defend its position in court where it is in the wider public interest to do so. As part of its public responsibilities, it often agrees to meet the costs of the other parties to a case, where it is in the public interest to resolve legitimate questions of dispute. Often, as in the case outlined above, the Department is successful. As many of the cases you ask about are still before the court and subject to decisions on matters such as cost as well as the judgment it is not possible to provide estimates.

Payment Timeliness

Question 13

The Departmental Report for 2018 records that 81.4% of all benefit claims were paid on time. Universal Credit compares favourably with equivalent statistics for the legacy system. In November 2018, 86% of UC claims were paid in full and on time. There are a myriad of reasons why claims may not be paid on time, such as claimants accepting their claimant commitment late or providing relevant information after their first payday. These matters are not under the Department's control. Moreover, the injunction of Parliament that the Department should take care not to pay cases where information is incomplete is right and proper and has been acted upon by the Department.

For those who are not paid on time, we know the vast majority of these cases are paid in the days following as soon as information is supplied. We have not produced estimates of likely payment timeliness for future claims, but we will continue to try to ensure that claims are paid in full and on time whenever possible.

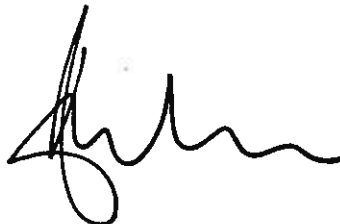
Savings and UC

Question 14

My Department, in line with the Government as a whole, is committed to encouraging people to save. Universal Credit rules are not in conflict with the Government's own savings schemes. Savings for pensions are treated more generously in comparison to their treatment under the legacy DWP benefits and any income bonuses are treated like any other form of interest to the capital amount, as has always been the case in the welfare system. We are committed to making sure that Universal Credit goes to those who need it most.

I hope you find this reply helpful.

Best wishes,



The Rt Hon Amber Rudd MP

SECRETARY OF STATE FOR WORK AND PENSIONS

Annex A

Our latest estimates following the Spring Statement 2019 indicate that 4.3 million claimants will move to Universal Credit from legacy benefits in total. Of these:

- 1.8 million claimants will move in a process managed by DWP and
- 2.5 million will be as a result of a change of circumstances

The below table shows a breakdown of the average monthly volumes per calendar year from 2019 (rounded to nearest 10k apart from managed migration pilot figures).

	2019	2020	2021	2022	2023	2024
Rapid Reclaims	40,000	40,000	40,000	50,000	50,000	50,000
Pure new awards	100,000	100,000	100,000	90,000	90,000	90,000
Natural migrations	50,000	40,000	30,000	20,000	10,000	-
Managed migrations	<500	<1000	10,000	40,000	90,000	-
Total	190,000	180,000	190,000	200,000	230,000	140,000

Notes: forecasts are aligned with actual UC data but splits to inflow type are estimates and are subject to future change.

