

**Universal Credit, Managed Migration and Budget 2018**  
**PCS response to letter from Rt. Hon. Frank Field MP, Chair of Work and Pensions Select Committee (30 Oct 2018)**

1. The Public and Commercial Services union (PCS) is the largest trade union in the civil service, representing over 181,000 members. We represent workers throughout the civil service and government agencies and also organise widely in the private sector, usually in areas that have been privatised.
2. Our members work in a range of roles across the DWP, including the delivery of all aspects of Universal Credit. They undertake key duties and provide services such as those provided by case managers, work coaches and customer service advisors.
3. We welcome the Work and Pensions Committees inquiry into Universal Credit, its delivery and impact. We would welcome the opportunity to back this written submission with oral evidence.

Work Allowances

1. Budget 2018 announced a number of changes to Universal Credit. It is important to make clear at the outset that none of these fully reverse the cuts that have been built into Universal Credit.
2. The taper rate for Work Allowances continues to be more punitive under Universal Credit than under Working Tax Credits, where for every pound earned, people will lose 63p instead of 41p.
3. The 2018 budget increased the work allowances by £1,000 for those with disabilities and those with children. This potentially adds an additional £630 of income for those two groups, but does not impact other claimants.
4. The additional £630 added does not correct the original cuts introduced by changing the taper rate, nor the additional cuts made by the 2015 budget.<sup>1</sup> Budget 2015 abolished the work allowance, estimated to be worth £1,300, for childless and non-disabled claimants and substantially eroded it for other groups.

Reduced waiting period and debt

5. Budget 2018 announced that, during managed migration from legacy benefits to Universal Credit, a new two week “run-on” would be introduced for JSA, ESA and IS claimants, reducing their waiting period from five weeks to three weeks.
6. Our members working in frontline services, both in Jobcentres and in the Service Centres that deal with digital and telephony communications from claimants, know this is still too wide a gap.

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<sup>1</sup> <http://researchbriefings.files.parliament.uk/documents/CBP-7446/CBP-7446.pdf>

7. We note and share the concerns the Work and Pensions Select Committee has expressed that the waiting period for Universal Credit and the advances claimants rely on to bridge the gap can be a driver of debt.

8. Debt is not just being driven by waiting periods however. Claimants to JSA, ESA and IS struggle to last the two weeks between fortnightly payments because the real value of these payments has been decreasing year on year.

9. Budget 2018 does not undo the freeze to benefits, which must be set against a rising cost of living.

10. We welcome the decision to reduce from 40% to 30% the maximum amount of repayments that can be taken from claimant's individual UC award, and the extension to the period over which these repayments can be made from 12 to 16 months. We question whether this is enough.

11. Further reductions to the maximum repayment percentage and to the repayment period would ease the struggle for those who get into debt, but the real task is to eliminate the debt claimants find themselves in by ensuring that social security pays a living wage to those who rely on it. This is not currently the case.

#### Transitional Protections

12. Though Budget 2018 has announced some steps, such as ensuring those in receipt of Severe Disability Premium will have transitional protection, the question of transitional protection is far from adequately dealt with.

13. There are claimants who have recently migrated or will shortly be migrating – as part of so-called “natural migration” – who have lost money as a result of their transition. This includes claimants in receipt of SDP.

14. Our members working in this benefit area, particularly Disability Employment Advisers, have expressed their view that the rules around whether and when to migrate claimants from legacy benefits to UC are far from clear, especially where it is likely that claimants with disabilities will face substantially reduced household income as a result.

15. Our view is that a lot more can be done to clarify and publicise the exact changes of circumstances which will trigger migration, and to extend the scope of transitional protections to ensure that no one loses out as a result of the move to UC – either through natural migration or through managed migration.

#### Self-employment

16. We have previously stated our view that Universal Credit does not reflect reality for those who are self-employed, particularly how their fluctuating earnings can negatively impact their Universal Credit payments. No steps have been taken as yet to return to the WTC method of assessing income over a year, rather than monthly.

17. The other major problem is the Minimum Income Floor, which Budget 2018 has partly addressed by delaying implementation for a year, increasing the time people have to generate a minimum income from one to two years before eliminating their benefit entitlement. We welcome the change but feel more must be done.

18. Training for staff supporting claimants, whether through Case Management or through Work Coach roles, is not sufficient when it comes to self-employment.

19. While some people might be able to build a business to the point where they can live on the income and can even employ others, a substantial amount of self-employment is driven by the unwillingness of employers to directly employ staff.

20. More must be done to tighten the law to ensure that workers, not employers, see benefits from self-employment, and to ensure employers cannot evade responsibility to pay sick pay, holiday pay and other benefits by using their privileged economic position by seeking to force workers to become “sub-contractors”.

### Managed Migration

21. We note the views stated to the Committee when the Minister for Employment, Alok Sharma, and the Director General of Universal Credit, Neil Couling, were interviewed by the Work and Pensions Select Committee on 18<sup>th</sup> October, that the migration of UC would not be a “big bang” but would proceed by “test and learn” up until a faster paced roll out begins in 2020.

22. We are not reassured by this. These assurances mirror those given in relation to Universal Credit Full Service, but the experience of staff of “test and learn” is that it is deficient. The continuous improvement and learning that is required, to ensure that feedback is identified and acted upon to correct problems, is not budgeted for.

23. In practice this can result in absurd situations where staff know a certain process is deficient, know that they can work around it, but have to follow the deficient process because that is what is written into the guidance, or because taking extra time to support a claimant by working around problems is frowned on.

24. Our fear is that this is exactly the situation that will prevail under managed migration, which will trigger two changes. First, the claimant base that DWP currently deals with will change dramatically. Second, the number of claimants is going to increase as millions of families move from legacy tax credits benefits to UC.

25. Without substantial recruitment both to the Jobcentres and to the Service Centres, our members will not have the resources to adequately support these claimants. Jobcentre staff handling JSA, ESA and IS claimants are routinely meeting with 30 claimants per day. Our members fight hard to make every intervention a meaningful one, but under such pressure that is not possible. UC is on course to mirror that as caseloads increase, with each work coach likely to be responsible for more than 400 claimants, and each Case Manager over 900.

26. Faced with such resource pressures, a key area that will inevitably suffer is training for UC staff – which was reduced in duration in 2015 and has now been reduced again in duration this year.

27. Another area that will suffer will be the ability of staff to effectively monitor and implement the changes made in live running, and their ability to make the kind of suggestions for improvements that drive the Agile model on which DWP’s “test and learn” is based.

28. The key sufferers, of course, will be claimants themselves, who need support to navigate a complex benefit system – which is not simplified by the move to UC – and who will wait longer on calls, will be unable to get appointments with their work coach or will have unreasonable waits for decisions to be made on their claim.

29. Based on the most recent figures gathered from HMRC, 13,500 DWP staff will be in scope of managed migration – which means some of these are transferring now, through natural migration, without a clear understanding of what this means for them, from basic privacy concerns all the way up to questions of conditionality and sanctions.

#### Draft Regulations

30. As DWP have publicly acknowledged, many claimants to tax credits do not recognise that they are in receipt of a benefit, and this poses challenges for managed migration. The proposals for a “warm up” period<sup>2</sup>, of messaging to claimants, to explain to them how to prepare, are important – but without adequate organisational preparation they will cause more problems than they solve.

31. The first response of virtually any person in receipt of a letter from DWP in relation to people changing from tax credits to UC will be to call DWP, to ask questions about their individual circumstances and how it will impact their claim. Bearing in mind DWP’s poor record of preparing staff or claimants for such major changes, and the problems this will pose for staffing in the Department, we think this will fail at the first hurdle.

32. Thorough additional training for all staff handling claimant enquiries will be needed. Additional staff will be needed to handle this additional influx of work. Complex cases – such as those requiring proof of residency – will need additional specialist training for staff to enable comprehensive support for claimants. The extent to which the Department recognises and is preparing for this is not clear.

33. Protections for claimants going through migration should be improved. Under the rules for JSA, ESA and IS, DWP Visiting Officers will attend the home of any claimant deemed vulnerable, who cannot be contacted, before a decision is made to close their claim. This duty should apply and be strengthened for migration cases.

34. The window claimants will have to migrate should be widened. Currently it appears set at one month, with some variation possible for those deemed vulnerable or a complex case. The migration process itself will be a challenge for a substantial number of claimants. Many claimants will seek help, including through the new Universal Support. One month is a very short time frame to be able to access that help.

35. Budget 2018 does not lay out any changes in respect of one of the key areas driving claimant concerns: conditionality. The nature of sanctions being applied has changed as UC has rolled out, but with 90% of those impacted by managed migration being ESA claimants or those in receipt of tax credits, the question of sanctions is vital. PCS’ view is that there is no evidence whatsoever to support the view that sanctions motivate claimants to find work, or that it could motivate them towards in-work progression.

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<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/718580/uc-transitional-regs-2018-explanatory-memorandum.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/718580/uc-transitional-regs-2018-explanatory-memorandum.pdf)

### Assessing readiness

36. The National Audit Office and the Major Projects Review Group have made recommendations to DWP in terms of how it engages with stakeholders, and agreeing with stakeholders the terms on which it will assess readiness for and progress in managed migration.<sup>3</sup> This has not been done.

37. The Departmental Trade Unions are not treated as stakeholders in this project. Consultation with the recognised Trade Unions, most especially PCS as the only union with recognition for the staff delivery face to face services in Universal Credit, falls far short of what might reasonably be expected in a project of this scale.

38. More than any other organisation, we are in a position to support the NAO ambition that DWP should produce “a shared understanding of what is happening on the ground and how [DWP] is addressing any issues”. We stand ready to work with DWP on this, in the same manner that we have worked with the Scottish Government on the new agency, Social Security Scotland.

39. Consultation should be timeous, it should be detailed and it should be continuous. Taking into account the views of staff, many of whom have decades of experience on the front lines of social security, can avoid operational problems down the line. The recognised Trade Unions are best placed to work with staff to ensure this.

40. The Department have simply never asked their recognised unions what we think of Managed Migration and whether or not we think the Department is ready. The view of PCS is unequivocal and has been expressed in writing to DWP. We are not yet ready and attempts to force the issue will present staff with an intolerable situation.

41. All of the improvements listed above would be steps towards readiness, but there are other key indicators, from the perspective of staff and claimants. The work volumes are very important, in terms of the number of calls to and tasks cleared by Service Centres, and the number of interviews in Jobcentres. The degree to which staff feel confident to answer the queries of their claimants, and the number of claimants calling repeatedly because they don't feel supported needs to be considered.

42. The report given by Alok Sharma and Neil Couling was upbeat in relation to these. This is not the experience of the staff on the front line, and the statistics consistently on offer by DWP do not present the complete picture. In the case of telephony statistics, the working out of which has never been explained, the averages seem to be worked out by dividing the total number and total length of calls by the total number of staff in those areas, regardless of whether they are part-time, full time or take telephone calls at all. This gives a very misleading picture.

43. Similarly, claimant satisfaction statistics do not reflect the real experience of DWP staff, where between a third and a half of all telephone calls will be with an irate claimant because of something DWP has not done or has not done in the correct timescale, something that was explained incorrectly or because of the deleterious impact of the cuts being implemented through UC have had on that individual and/or their family.

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<sup>3</sup> <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf> pp11-27

44. Judgments about readiness for managed migration have to go beyond statistics to consider the views of staff themselves on their collective preparedness to deliver what is required. This means concrete improvements to consultation with the recognised Trade Unions, and recognition of the concerns of the tens of thousands of Service Centre and Jobcentre staff in DWP.

45. Based on the most recent figures gathered from HMRC, 13,500 DWP staff will be in scope of managed migration – which means some of these are transferring now, through natural migration, without a clear understanding of what this means for them, from basic privacy concerns all the way up to questions of conditionality and sanctions.