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Work and Pensions Committee

Universal Credit: managed migration

Twentieth Report of Session 2017–19

Report, together with formal minutes relating to the report

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Work and Pensions Committee

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The Department for Work and Pensions (DWP/the Department) is due to start transferring claimants to Universal Credit from the existing benefits it will replace in mid-2019. The people going through this process, which DWP refers to as "managed migration", will include some of the most vulnerable people in society. It is impossible to overstate the importance of getting it right: for claimants and for the success of Universal Credit itself. Getting the process wrong could plunge claimants into poverty and even leave them destitute.

In November 2018 the Department laid before Parliament revised draft Regulations on managed migration. This followed the publication of the original draft Regulations, and a subsequent consultation by the Department's Social Security Advisory Committee (SSAC), over summer 2018. The draft Regulations that are currently before the House are a significant improvement on the Government's original proposals. We warmly welcome the fact that the Government has listened to concerns and acted on some of them.

Major areas of concern about the Regulations remain. And on the Government's indicative timetable there will be no opportunity for expert scrutiny of those regulations before they become law. The Government should not ask the House to vote on the Regulations until the Social Security Advisory Committee has had a chance to scrutinise and report on the revised Regulations.

It is the Government's policy to transfer claimants to Universal Credit. It is only right that the Government, and not vulnerable claimants, bears the risk of that decision. The current migration process requires claimants to make a new claim for Universal Credit, rather than being transferred automatically from the existing system. This places risk squarely on the claimant. At worst, some claimants might fail to apply and drop out of the benefit system—potentially their only source of income—altogether.

The Department has resisted suggestions that it transfer claimants directly or pre-populate their Universal Credit forms, citing concerns about the quality of its data. We are not persuaded that this creates an insurmountable barrier, nor that it has exhausted all possible avenues before deciding to require new claims. It should proceed immediately with an analysis of claimant groups that will migrate to Universal Credit with a view to identifying circumstances in which it does not need to require people to make a new claim. This analysis should be published.

Additional payments of two weeks of Housing Benefit, known as a "run-on", are already available to migrating claimants. The Department's 2018 Budget announcement that it will extend run-on payments to income-related JSA and ESA is hugely welcome. But it does not cover all benefits (tax credit claimants will not receive any run-ons), and it supports claimants for only two weeks of their minimum five week wait for Universal Credit. Moreover, the new run-ons will not come into force until July 2020, when managed migration is scheduled to accelerate. The run-ons are a vital part of the Department's strategy for mitigating the risks of Universal Credit and the effect of the five week wait. But it will go into full-scale migration with only a largely theoretical

understanding of how helpful they are in practice. The Department should start the run-ons from the beginning of testing of managed migration. It should also extend them further to cover all legacy benefits that Universal Credit replaces.

Claimants of existing benefits moving to Universal Credit via what is called managed migration are eligible for transitional protection. The Department has made a commitment that no one will receive less in UC at the outset than they would have in the previous system—assuming their circumstances remain the same. The SSAC has made modest, sensible proposals for changes to the conditions that would trigger a loss of transitional protection. These would protect groups including domestic violence survivors, and severely disabled people whose partners have died or moved to residential care. We cannot believe that the Department means to penalise these groups. The Government claims to have accepted SSAC's recommendations on changes to transitional protection. In fact it has simply agreed to seek further evidence. It has announced no policy changes, and the Regulations it will ask the House to approve would set in law the circumstances in which transitional protection will cease. It must urgently revisit this decision.

We, the National Audit Office and the Social Security Advisory Committee have all called on the Department to set tests for readiness that must be met before managed migration begins. It continues to insist that it will not do so until it has completed its migration pilot in 2020. This is simply not good enough: it must commit to setting the tests it will meet before the pilot begins. The tests, and an analysis of whether they have been met, should be published before managed migration moves to scale in 2020.

The Government has listened to the grave concerns expressed by individuals, charities and the Social Security Advisory Committee about its plans for moving people claiming existing benefits onto Universal Credit. But we are not yet persuaded that the improvements it has made to its Regulations go far enough to safeguard vulnerable claimants and to ensure a smooth transition to Universal Credit. We are calling for the Government to delay the decision on these Regulations to allow for further scrutiny.

1 Introduction

1. Universal Credit (UC) is a radical change to the existing welfare system. It subsumes six separate benefits into one, paid as a single, monthly payment in arrears. From this, claimants are expected to manage all of their household living costs and expenses—including housing costs, which were usually paid direct to the landlord for social housing or vulnerable tenants under the system UC replaces (the "legacy system"). The process of transferring people claiming legacy benefits onto Universal Credit is called "migration".

2. Migration can happen in two ways:

   i) 'Natural' migration. This is when a citizen's circumstances change and they try to make a claim for a legacy benefit. They discover they can only claim UC instead.

   ii) 'Managed' migration, whereby claimants of legacy benefits will move from legacy benefits to UC without a change in circumstances. The Department plans to begin testing managed migration in 2019, with a view to migrating larger numbers of claimants from 2020 onwards.

3. In June 2018, the Government published in draft the Universal Credit (Transitional Provisions) (Managed Migration) Amendment Regulations 2018.[1] These Regulations set out the process for managed migration. The Social Security Advisory Committee (SSAC) considered this draft at its meeting on 20 June 2018. In view of "the numbers that would be affected over a sustained period (around three million people in two million households)" and "the scale of the operational challenge for the Department", SSAC decided to examine the regulations in more detail and to launch a consultation on them.[2] On 18 October 2018 we took oral evidence on the Regulations from Alok Sharma MP, Minister of State for Employment, and Neil Couling, Director General, Universal Credit Programme. It became clear to us, even before SSAC's report was published, that the Government would have to make substantial changes to its draft Regulations.

4. SSAC's consultation on the Regulations received 455 responses—a record. It sent its report, containing recommendations for changes, to the then Secretary of State, Esther McVey MP, on 5 October. We wrote to Alok Sharma MP, Minister of State for Employment, on 24 October asking him to provide this Committee with a chance to scrutinise a new version of the Regulations before it was laid before Parliament.[3] On 1 November, he wrote to decline this request.[4] We wrote again on 2 November, but once again our request was declined.[5] On 5 November, the Government published:[6]

- The SSAC's report on the draft Regulations;

1 Universal Credit (Transitional provisions) (managed migration) Amendment Regulations 2018, June 2018
2 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee under Sections 172(1) and Section 174(1) of the Social Security Administration Act 1992 and statement by the Secretary of State for Work and Pensions in accordance with Section 174(2) of that Act, November 2018, p.21
3 Letter from the Chair to Minister for Employment, 24 October
4 Letter from Minister for Employment to the Chair, 1 November
5 Letter from Chair to Minister for Employment, 2 November and Letter from Minister for Employment to the Chair, 8 November
6 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions

- its response to the SSAC's report; and
- a revised version of the Regulations, which was formally laid before Parliament.

On the same day, the then Secretary of State made an oral statement to the House of Commons. She made a commitment that the Regulations would be debated in the main House of Commons Chamber.[7]

5. The Department's key changes to the Regulations included:

a) Extending the minimum "notice period" that legacy benefit claimants receive before they are required to claim for Universal Credit from one month to three months.[8]

b) Removing draft Regulation 48(2). This means that migrating claimants who make a "defective" claim followed by a successful one would retain any transitional protection they might be eligible for.[9]

c) Establishing a "grace period" of one month for all claimants. This means that if a claimant misses their deadline to apply for UC but makes an application within a month of that deadline they will retain any transitional protection they might have been entitled to. Previously this was restricted to claimants in some, very limited circumstances.[10]

d) Introducing additional payments of two weeks of income-related Jobseeker's Allowance and Employment and Support Allowance, similar to those already in place for Housing Benefit.[11] These are known as "run-ons".[12]

6. **The draft Regulations for "managed migration" to Universal Credit that are currently before the House are a significant improvement on the Government's original proposals. We warmly welcome the fact that the Government has listened to concerns and acted on some of them. Nevertheless, major areas of concern about the Regulations remain. We are making this Report as a matter of urgency, to inform Parliament's scrutiny of the Regulations. We have had time only to make a preliminary assessment of the Government's approach. We will continue to scrutinise the Government's plans for managed migration—including how it plans to apply the Regulations—as they develop.**

Scrutiny of the Regulations

7. The new version of the Regulations published on 5 November differs significantly from the original draft. As we have said, these changes are welcome. But there has been no opportunity for detailed scrutiny of these substantial changes by this Committee, by the SSAC, or by claimants and the organisations who represent them.

7 HC Deb 5 November, col. 1247–1249
8 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.8
9 Ibid., pp.13–14
10 Ibid., p.16
11 See Chapter 2
12 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.16

8. We asked Sir Ian Diamond, Chair of the SSAC, whether the SSAC would report on the amended regulations. Expressing a personal view, he said "I hope that we will".[13] He told us that the SSAC would consider this at its meeting on 12 December 2018. He added that a "full discussion of the response and where we should go" would be on the agenda for that meeting.[14] Asked how long this work might take, he responded:

> It is incredibly important that we are not tardy in coming back with a response, but at the same time this is a pretty detailed response to a very detailed paper and it cannot be done in days, I would submit. I would like to do something that you would feel was a really strong piece of work.[15]

9. At the time of writing this report, we do not know exactly when the House will be asked to make a decision on the draft Regulations. The Minister told us on 18 October that "we just want to make sure that we get the regs through before the end of this year."[16] That timetable would not allow the House to have the benefit of the SSAC's advice before reaching a decision.

10. We recognise that the original draft Regulations have been scrutinised in detail by the SSAC. We are also conscious of the impact of further delay on claimants. We asked the SSAC about the impact of waiting for the SSAC's further report before the Regulations were debated in Parliament. Victoria Todd, a member of the SSAC, noted that there could be disadvantages for some claimants. She explained that "any delay in the roll-out of the managed migration means that more people will migrate naturally."[17] For most claimants (other than those in the Severe Disability Premium group), that would mean a loss of transitional protection. This risk must be balanced, however, against the risk of proceeding with a potentially flawed process that will be difficult to amend once the Regulations become law. Sir Ian Diamond told us:

> I would have thought that there would be some advantage in terms of enabling a really clear dialogue to have taken place. At the moment we have a position where we have made a set of recommendations. There is a response. It seems to us that there is sense in having a conversation about some of those responses. The advantage is that you are then able to have a proper and full conversation, having seen the response to the response.
>
> The disadvantage would be if nothing happened in terms of preparation while that was happening. I would hope that that would not happen. Therefore, I end up in a position where I would say the advantage outweighs the disadvantage.[18]

11. **These Regulations will have a profound effect on the lives of millions of people, including some of the most vulnerable in society. It is impossible to overstate the importance of getting them right. Getting it wrong could plunge people further into poverty and could even leave them destitute. The Government must provide time for**

13 Q 936
14 Q 937
15 Q 937
16 Q 808
17 Q 955
18 Q 955

expert scrutiny of the revised Regulations laid on 5 November. ***We recommend that the Government should not ask the House to vote on the Regulations until the Social Security Advisory Committee has been able to report on them.***

12. **We recognise that a further short delay to the migration process will have an impact on the Department's planned timetable for testing, which is currently due to start in July 2019. A longer delay could mean that some claimants lose their entitlement to transitional protection and is therefore to be avoided. Instead, we believe that a short delay to allow for proper scrutiny would be in the best interests both of claimants and of the Government, since it would allow for remaining concerns about the Regulations to be addressed before testing begins.** ***We recommend that the Government continue its preparations for managed migration while the Social Security Advisory Committee carries out its work.***

13. **The Department is approaching another critical stage in the Universal Credit roll-out. Given the precarious circumstances of many of the people who will move via managed migration it is right that the focus of scrutiny is currently on the protections they will receive. But millions more claimants will move onto Universal Credit "naturally" and via new claims as Universal Credit beds in. Many will receive less, or no, protection. It is essential not to lose sight of or downplay the difficulties these people face. We will soon be looking at the impact of natural migration.**

2 Balance of risk: the requirement to make a new claim

14. The Regulations require people who are subject to "managed migration" to go through essentially the same application process for Universal Credit as new claimants and those subject to "natural" migration. They are expected to make a new claim, verify their details and identity, and then wait for five weeks for their first payment.

15. Respondents to the SSAC's consultation highlighted the requirement for claimants who were subject to "managed migration" to make a new claim as a risk to the success of the process. Claimants may simply fail make a new claim, or may not be able to access the support they need to make a claim. Data released under a Freedom of Information act in May 2018 showed that one in five UC claims were closed without payment being made due to "non-compliance with the [UC] process": for example, the individual failing to book or attend an initial interview with Jobcentre Plus.[19] The Department has yet to fill in the practical detail of how it will address this risk. In its report, the SSAC said that this was "not managed migration as many people had expected".[20] In a blog post on the Social Security Advisory Committee's website, Sir Ian Diamond wrote:

> We are concerned that other aspects of the proposals load an unreasonable level of risk onto the claimant. We fear that, in too many cases, they may be adversely impacted by the proposals or fall out of the social security system entirely.[21]

16. The SSAC subsequently expressed a strong view that "the responsibility for ensuring that claimants are migrated safely to Universal Credit rests with the Government".[22] Victoria Todd reiterated to us in evidence that the SSAC "very much [feels] that the risk should be more on the Department" She told us that the "main way" that the Department could minimise the risks of migration would be to permit "automatic claims" for UC amongst legacy benefit claimants. This would enable them to move onto UC directly, removing the risk of dropping out of the system.[23] In turn, it could minimise the risks to local authorities and landlords associated with tenants building up rent arrears.

Pre-population of data

17. The Department already holds data about claimants of existing benefits in order to check their entitlement and to pay them. It seemed to us, therefore, that it ought to be possible for the Government itself to transfer claimants without asking them to make a new claim for Universal Credit. We asked the Minister of State for Employment, Alok Sharma MP, and Neil Couling, Director General, Universal Credit Programme, why this was not possible. The Minister explained that there were two limitations: that the information needed for a Universal Credit claim might be different from the data that

19 DWP, FoI response on Universal Credit claims, May 2018

20 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.47

21 Professor Sir Ian Diamond, Universal Credit: addressing the risks of managed migration, SSAC blog, October 2018

22 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.47

23 Q 916–917

the Department already holds about a claimant, and that past attempts at transferring existing data had resulted in the underpayment of benefits—most notably for claimants moved from Incapacity Benefit to Employment and Support Allowance.[24]

18. The SSAC also pressed the Government to reconsider the requirement for claimants to make a new claim from scratch. It recommended that:

> […] the Department conduct a careful segmented analysis of the claimant groups who will be manage migrated so that any scope for dispensing with the need for a claim can be identified and acted upon. This analysis should be published. Where a claim for Universal Credit is unavoidable, we recommend that the Department pre-populates as much of the digital claim form as possible. Claimants should not be expected to produce data that the Department already holds, particularly if it is information that has been verified and is unlikely to have changed.[25]

19. The Government's response to this recommendation was that it agreed "to explore options". It identified some instances in which it would "use existing decisions or verification to make aspects of the process easier". It gave reusing existing Work Capability Assessment decisions, or identity verification associated with tax credit claims, as examples of where it might be able to do this.[26] On the wider question of the requirement to make a new claim, however, the Government maintained that "it will be crucial that new claims are made to Universal Credit". It said that this was necessary for two reasons:

- It would ensure that "data is as accurate and as up-to-date as possible when claimants move to Universal Credit"; and
- Because Universal Credit replaces six existing benefits, "the Department may not have sufficient information to determine the full Universal Credit entitlement because some of this information is not available from the existing benefit data".[27]

20. Responding to the SSAC's recommendation that the Department pre-populate as much of the digital claim form as possible, the Government reiterated that "there is a high risk that the data may be incorrect. This could result in confusion and may lead to delays to payments."[28] The Government said that it would "continue to explore options for elements of pre-population, and will provide an update in due course."[29]

21. We asked Sir Ian Diamond whether he was concerned to hear that the quality of the Department's data about claimants was so poor that it could not be relied upon. He told us:

> I am not surprised, but disappointed, but I do not personally—and I stress this is a personal view—accept that the managed migration of Universal Credit should be a reason to clean data.[30]

24 Q 768
25 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.10
26 Ibid.
27 Ibid., p.10
28 Ibid., p.11
29 Ibid., p.11
30 Q 942

Expanding on this, he explained:

> The Department has not said this, but if you were saying, "We cannot migrate people because the data are not clean and this would enable us to get a clean set of data", I do not think at any level that fits within the principle that Victoria [Todd] highlighted earlier, that the risk should be with the state, not the individual.[31]

22. Sir Ian Diamond recognised the Government's concerns about the accuracy of its data, but questioned whether requiring a new claim was the only, or most suitable, way to address these. He suggested, for example:

> One issue is that currently, with multiple benefits, an individual may not have updated all their records. In my view, we have technology now that quite simply allows us to merge data. In the situation where the state holds more than one piece of information, this seems entirely reasonable to go and check which one is right.[32]

Victoria Todd expressed disappointment that the Department did not seem to be willing constructively to engage with the SSAC's suggestions for alternatives to the requirement for a new claim. She told us:

> When we had the meeting where these regulations were presented to the Committee, we asked [the Department] some questions around, "Why are you requiring people to make new claims?" We got five reasons why that was the case. What we did in the report was try to put forward solutions that would address the concerns of the Department but also reduce the risk on claimants. I would say we are still disappointed that they have taken that off the table because the regulations do not allow for that automatic transfer.[33]

23. **It is the Government's policy to transfer claimants to Universal Credit. It is only right that the Government, and not the individual, should shoulder the risk of that transfer. But the requirement for people on existing benefits to make a new claim for Universal Credit places the risk squarely on the claimant. We are not persuaded by the Government's arguments that it is simply impossible for it successfully to transfer claimants using existing data, or to pre-populate digital claim forms. We have seen no evidence from the Government to support its assertion that it cannot transfer claimants directly from legacy benefits to Universal Credit using existing data—especially vulnerable claimants, those not expected to look for work, and those whose circumstances are unlikely to change.**

24. ***We recommend that the Government accept the recommendation of the Social Security Advisory Committee to conduct a segmented analysis of the claimant groups who will be subject to "managed migration", with a view to identifying circumstances in which it does not need to require people to make a new claim. This analysis should be published.***

31 Q 943
32 Q 922
33 Q 941

Additional payments of legacy benefits ('run-ons')

25. The need for people to make a new claim for Universal Credit means that they will have to wait at least five weeks from their application before they receive their first UC payment. Respondents to the SSAC's consultation expressed concerns about the impact that five weeks without income would have on claimants. The Trussell Trust told the SSAC that:

> The delays in claiming the first payments has led to an increase in debt, rent arrears, caused problems with budgeting and increased issues with mental health. There was even a case of an eviction when housing payments were missed. This also seems to be disproportionately detrimental to families with children. One respondent explained how it had affected his family, saying "I have fallen in arrears with my rent, my mental health has deteriorated immensely and having young children, it has been difficult", with another respondent saying that it "[m]essed me and my family up so much, wanted to give kids up so they g[e]t food, [I] couldn't cope."[34]

26. People claiming Universal Credit are eligible for an Advance Payment to cover the waiting period. But the Advance Payment is a loan, and repaying it can exacerbate existing debt problems. SSAC noted that there was growing evidence that "whilst alleviating an immediate financial crisis, it defers problems over a longer time-frame". They identified that over the period that the Advance Payment is recovered, "rent arrears may continue to accrue, some people may continue to rely on food banks and other sources of help, and financial hardship is likely to persist."[35]

27. People who claim Housing Benefit and who move to Universal Credit, whether naturally or under the managed migration process, are eligible to receive Housing Benefit for the first two weeks after they make their claim for Universal Credit. This is known as "run-on". Responding to the SSAC's report, the Department announced that it was introducing additional run-ons for income-related Jobseeker's Allowance, Employment and Support Allowance and Income Support.[36] This means that claimants in receipt of those benefits will be eligible to receive an additional, non-repayable payment while they wait for their Universal Credit. The run-ons are limited to two weeks' worth of benefit, meaning claimants will then have to wait at least three further weeks for their UC payment.

28. We asked the Government to provide more information about how the run-ons would work in practice for claimants, and in particular to provide worked examples to illustrate what would happen.[37] The Secretary of State said simply that "the 'run-ons' will work in a similar way to the Transitional Housing Payment". She said that it was not possible to provide worked examples "because this would very much depend on an individual's own circumstances and benefit combination, as well as their payment dates and the interaction between this and the date that they claim UC."[38] The Department has previously provided

34 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.66–67
35 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.68
36 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.16
37 Letter from the Chair to the Secretary of State, 22 October 2018
38 Letter from the Secretary of State to the Chair, 13 November 2018

such examples for other run-ons, however: in March 2016 it published a note illustrating how the Housing Benefit run-on will apply to different types of claimants, which included worked examples.[39]

29. The run-ons will not come into effect until July 2020. Testing of managed migration, however, will begin in the second half of 2019. The revised Regulations therefore include the power to make discretionary payments to migrating claimants who experience hardship. The Department's response to the SSAC stated that "this will allow the Department the discretion to provide financial support to claimants who migrate ahead of the run-on commencing where this is needed to avoid hardship".[40] It is not clear how the Department will identify and define hardship or calculate the level of payment needed to ameliorate it. The Department's response to our questions about how it will ensure that claimants subject to managed migration before July 2020 would benefit consistently from the additional support provided by discretionary payments was similarly unilluminating:[41]

> In the draft regulations, there is a provision for a Discretionary Hardship payment. The Department plans to use these payments to provide consistent support for the claimants who will be managed migrated as part of the testing phase.

30. Sir Ian Diamond, Chair of the SSAC, described this as "a hole in the regulations as they stand".[42] Victoria Todd, a member of the SSAC, said:

> What is unclear at the moment—and perhaps you might ask the Department—is the run-on does not start until July 2020 for both managed migration and natural migration. We are not entirely clear why that is the case. There is a discretionary power in the regulations to make payments to people to avoid hardship during the testing phase of migration. I suppose that could be used in a similar way to provide some payments to people, but that is a discretionary power and we do not have any detail on how that would work.[43]

31. **The Department's decision to introduce new run-ons for claimants transferring to Universal Credit from July 2020 is hugely welcome. But it does not cover all benefits: tax credit claimants will not receive run-ons of those benefits. And it supports claimants for only two weeks of their minimum five week wait for Universal Credit. The Government has also refused to give us any detail about how these run-ons will work for claimants in practice.** ***We recommend that the Department extends run-ons to all legacy benefits that Universal Credit replaces. We further recommend that the Government publish a set of worked examples showing how claimants in different scenarios will be affected by its changes to the run-ons. This should include, but need not be limited to: single claimants with and without disabilities and in and out of work; and couples, especially where they are receiving different benefits (for example, where one is receiving ESA and the other JSA) or have different employment statuses.***

39 DWP, Housing benefit circular, March 2018
40 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.16
41 Letter from the Secretary of State to the Chair, 13 November 2018
42 Q 940
43 Q 939

32. **Claimants who migrate—either "managed" or "naturally"—before July 2020 will not receive the new run-ons. The Government has not explained why this is the case. There is instead provision in the draft Regulations for discretionary payments for these claimants. The Government has failed to provide us with any detail about how these will work. This is, in itself, a major concern. But we are also concerned that the Department will not have the opportunity to test the run-ons during what is supposed to be the "test and learn" phase. Run-ons are a central part of the Department's strategy for mitigating the effect of the five week wait for payment. Its understanding of how effectively they do so is currently largely theoretical.** ***We recommend that the Department must not proceed with migration on a large scale until it knows in practice whether run-ons deliver the support that claimants need. We therefore recommend the Department start the run-ons from the beginning of testing of managed migration.***

33. **Run-ons may prove to be invaluable in helping claimants bridge the gap from applying for Universal Credit to their first payment. But they are ultimately a sticking plaster over Universal Credit's fundamental design flaw: the five week wait for payment.** ***The Department should eliminate the wait for claimants moving to Universal Credit via managed migration, many of whom will have little or no financial backstop to tide them over. It should use this as a basis for considering how the wait could be reduced for claimants migrating naturally, and for new claims.***

Rolling out managed migration

34. The Department has not yet given details on how the rollout of managed migration will progress. For example, it could choose to migrate claimants by geographic area or Jobcentre, mirroring the approach taken to rolling out the full service. Alternatively, it might choose to migrate by claimant group. SSAC's report on the Regulations did not make recommendations on which approach would be most suitable. It recommended, however, that "an initial stage of testing should cover a range of different practical ways of moving people onto Universal Credit". It also recommended that:

> 'Dummy runs' featuring claims in a cross-section of claimant scenarios–including those identified in vulnerable situations–should be evaluated with necessary adjustments being made before actual migration begins.[44]

35. The Department's explanatory memorandum to SSAC explained that the lack of detail in the Regulations on this point is deliberate. They are intended to be "flexible enough to allow changes to the managed migration process without the need to make further legislative changes", and "to cater for the diverse needs of the different claimant groups that will be moved to UC".[45] The decision on how to proceed with rolling out managed migration on a large scale should instead be informed by its pilot from 2019.

36. **DWP has yet to set out the detail of how it will migrate claimants to Universal Credit—whether by geographic area, or by claimant group. Managed migration is new ground for the Department. It should not assume that its previous approach to rollout (by Jobcentre) is necessarily the right one for migration.** ***We recommend the***

44 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.5

45 DWP, Explanatory memorandum on the Universal Credit (Transitional provisions) (Managed migration) amendment regulations 2018, p.8

Department use its pilot to test different approaches to rolling out managed migration. In particular, it should work with stakeholders to identify and test approaches that limit both stress on claimants, and demands on its own workload. It should consider, for example, using existing intervention points such as the renewal of a tax credit claim or expiry of a Work Capability Assessment to prompt migration, rather than migrating claimants on an arbitrary timetable.

3 Transitional protection

37. Transitional protection is intended to ensure that claimants migrating from legacy benefits to Universal Credit without a change in their circumstances (people subject to "managed migration") receive the same amount in benefit under UC as they did under the legacy system. It is paid via a "transitional element"—a top-up to each month's Universal Credit award. The Department has made a commitment that that "no one on existing benefits whose circumstances remain unchanged and has entitlement to the same support will lose out in cash terms as a direct result of managed migration."[46]

38. The Department itself is clear about the limitations of transitional protection. In a letter to the SSAC, the former Secretary of State said that transitional protection was "designed to protect the level of a household's award at the point of transfer". She said that the Government "considers it appropriate to end transitional protection when the claimants' circumstances underlying the award are no longer recognisable to those on which the benefit calculation was made (i.e. it is no longer a like-for-like comparison)."[47]

39. The circumstances in which a person can lose their entitlement to transitional protection are:[48]

- a sustained (3 months) earnings drop below the administrative earnings threshold (AET), where the claimant has moved into a more intensive conditionality regime as a result. The AET is a static amount, currently set at £338 per month for individuals or £541 for couples. Claimants who have dropped below this amount will usually be required to undertake intensive searches for work or for more hours.
- the formation or separation of a couple; and
- the ending of the Universal Credit award. Where this was due to an increase in earnings and a new claim is made within 4 months of the Universal Credit award ending, the claimant will have their transitional protection re-awarded as part of their new award of Universal Credit.

If one of these conditions is met, then the claimant is not subject to "managed migration" and loses their entitlement to transitional protection.

Earnings and transitional protection

40. There are two scenarios in which claimants could lose their transitional protection owing to changes in their earnings. They are:

i) Someone whose earnings are high enough to take them off Universal Credit for four successive months would not regain transitional protection if the earnings drop the following month and bring them back into Universal Credit. This would potentially mean that seasonal workers and others who

46 Letter from the Secretary of State to SSAC, 5 November 2018
47 Letter from the Secretary of State to SSAC, 5 November 2018
48 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.18

would expect to have short periods of non-entitlement because of higher earnings would lose out. SSAC said that "the question arises as to whether a longer linking period should be allowed".[49]

ii) Where someone's earnings drop, for four successive months, below the earnings threshold for exemption from conditionality (the AET). This means that they would not only have to start actively looking for work, but they would also lose transitional protection, and see their benefit income fall at the time they most need it. SSAC notes that "this will again adversely impact seasonal workers and those engaged in zero hours contract work and other forms of work where income is highly variable or uncertain".

41. In its report on the Government's original draft Regulations, SSAC expressed concern that these rules might have unintended consequences. It said:

> We understand from the Department that the rationale for this particular rule is based on an assumption that the increase or drop in earnings represents a change in the work being done–whether in terms of hours, patterns of work or substantial changes in the rate of remuneration. If such a change takes place over a sustained period, the argument would be that that provides the grounds for adjusting the Universal Credit to align with the new circumstances and, in the process, withdrawing the transitional protection previously in payment.[50]

SSAC expressed a concern that "the rule goes further than intended". It noted that the four month period "would capture people who had no change in circumstances but who were simply following their previous pattern of work": if, for example, they have predictable peaks and troughs in their earnings.[51]

42. SSAC recommended that "no-one whose earnings take them off Universal Credit should lose Transitional Protection unless their earnings have been above the Universal Credit threshold for six consecutive months—not the Government's proposal of four".[52] The Department "agreed to seek further evidence" on SSAC's recommendation but did not commit to any immediate changes. The Regulations it has laid before Parliament, however, would set the four month period into law.[53]

Formation or separation of a couple

43. Transitional protection can also be lost by the formation or separation of a couple. The SSAC said that in many cases this was understandable—noting that "the benefit income

49 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.72
50 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.73
51 Ibid.
52 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.74
53 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.18

of two single people may well exceed their previous benefit income as a couple." But it also found that, in some circumstances, the loss of transitional protection could have "adverse consequences", including "deterring two single people on benefit from living together".[54]

44. Respondents to SSAC's consultation drew particular attention to the situation of someone "contemplating leaving an abusive relationship but constrained by the prospect of forfeiting transitional protection."[55] The Department had pointed out that a claimant in that situation would "receive their full entitlement as a single person". SSAC, however, found that that would not always be true: "someone with savings over £16,000 would lose all entitlement to benefit."[56] Women's Aid Northern Ireland told SSAC that it was "extremely concerned that these proposals could trap victims and survivors of domestic violence in abusive relationships."[57] SSAC proposed that, in the light of the Government's focus on tackling domestic abuse, "there may be grounds for making an exception in cases where abuse is alleged".[58]

45. The National Association of Welfare Rights Advisers proposed that the Government should take a different approach. It suggested:

- Where a couple forms and only one member has a transitional protection element that is carried forward into the couple award.
- Where a couple forms and both members have a transitional protection element, the higher element is carried forward into the couple award.
- Where a couple separates, and the transitional protection element is present because of disability (because of the lack of disability premium equivalents in Universal Credit), the element is carried forward in the award of the person whose new household includes the person with the disability.
- Where there is more than one person with a disability the transitional protection element is applied pro rata in the relevant person's award.[59]

46. SSAC also highlighted the impact of the Government's proposals on couples in which both partners were entitled to Severe Disability Premium. It found that:

> If one partner suffers a deterioration in health which requires admission into a residential care home they become separate benefit households for Universal Credit purposes. Under these proposals the partner still at home would lose the transitional protection of their SDP. The same would be true if one of the partners died. Similar concerns about fairness of treatment arise in the example of two individuals, both entitled to the SDP in their own right, forming a couple. Both would lose their transitional protection.[60]

47. SSAC recommended that the Department should devise a number of case studies in which transitional protection would be lost—including "instances of couples splitting

54 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.82
55 Ibid.
56 Ibid.
57 Ibid.
58 Ibid.
59 Ibid., p.82–83
60 Ibid., p.83

where a disabled child is involved, domestic violence is alleged or where one member of the couple dies."[61] It recognised that when a couple formed or separated, a new claim needed to begin. But it concluded that:

> We cannot see that there is anything which necessarily prevents transitional protection from attaching to more than one award and believe that there is scope for the Department to examine the hard cases that seem likely to emerge as a result of this rule and make provision for the transferring of the transitional protection where it is justified.[62]

48. In the Explanatory Memorandum to the Regulations laid before Parliament, the Government set out these very serious concerns and the SSAC's recommendations. It even acknowledged that SSAC had identified specific risks to people in abusive relationships and to people with severe disabilities. In spite of this, the Explanatory Memorandum says that:

> The Department has considered these comments but believe [sic] it appropriate to end TP when a claimants [sic] circumstances are no longer recognisable to those on which the original TP calculation was made i.e., it is no longer a like-for-like comparison. Therefore, TP will end altogether if a claimant's circumstances change significantly.[63]

49. **The apparently benign term "natural migration" masks a painful truth for Universal Credit claimants: it means losing their entitlement to transitional protection. For most this will mean they receive less money on UC than they did before. The potential loss of income involved makes it imperative that the Department gets this part of the process right. The Social Security Advisory Committee has made modest and sensible proposals for changes to the conditions that would trigger a loss of transitional protection. The Government claims to have accepted these recommendations, but in fact it has simply agreed to seek further evidence. It has announced no policy changes, and the Regulations it will ask the House to approve would set in law the circumstances in which transitional protection will cease.**

50. **The Government's plans for people to lose transitional protection if their earnings increase above or drop below the relevant Universal Credit thresholds for four months may have serious unintended consequences for people in seasonal work, on zero hours contracts or whose earnings are otherwise variable. The Social Security Advisory Committee has recommended that this period be extended to six months. We agree that this is the right approach. *We recommend that claimants should not lose their entitlement to transitional protection unless their earnings have been above or below the Universal Credit threshold for six consecutive months.***

51. **The Department's intransigence in refusing to look again at some of the hard cases that its rules on transitional protection are likely to create demonstrates an astonishing complacency. People will lose their entitlement to transitional protection if they form a couple or separate from their partner. This could mean that survivors of domestic abuse are deterred from leaving an abusive partner, or that severely disabled**

61 Ibid., pp.83–84

62 Ibid., p.84

63 DWP, Explanatory memorandum to the Universal Credit (managed migration) Regulations 2018, November 2018, p.15

people suffer a drop in income if their partner dies or needs to move into residential care. We do not believe that the Government intended its rules to penalise people in situations of this kind. Regrettably, it has chosen to press ahead in spite of warnings about the unintended consequences of its approach.

52. ***We recommend that the Government create exemptions to the rules on couples forming or separating to protect transitional protection in cases where it is clearly justified to do so. In particular, the Government should create exemptions for:***

a) ***survivors of domestic abuse, so that no one is deterred from leaving an abusive partner by the fear of losing transitional protection; and***

b) ***people entitled to the Severe Disability Premium, so that no one loses their SDP entitlement because a couple forms or separates.***

The Government should also consider carefully what exemptions might be appropriate for couples with disabled children, and for couples where one or both partners has a disability but is not in receipt of the Severe Disability Premium.

53. **We have serious concerns about the circumstances in which people subject to "managed migration" would lose their transitional protection. For people outside the managed migration process, however, there are a whole host of other changes in circumstances which might cause them to "naturally" migrate onto Universal Credit—thus losing any entitlement to transitional protection they might otherwise have had. Far more people will come onto Universal Credit in this way than via managed migration, and the further delay to managed migration will increase the number of households who migrate naturally.** ***We recommend that the Government urgently assess the impact of a sudden loss of income due to natural migration on different claimant groups and in light of that reconsider whether the triggers for natural migration remain appropriate. We will examine the Government's assessment as part of our future work on natural migration.***

4 Tests of readiness

54. The Social Security Advisory Committee recommended that the Department publicly define what it considers operational readiness for UC to be before testing of managed migration commences. It said it should then "undertake a rigorous and transparent assessment of whether it has met those criteria (and, if not, what challenges remain)." It also emphasised that "due consideration should be given to how Universal Credit is currently operating", following the completion of the rollout of full service to all Jobcentres by the end of December 2018.[64]

55. SSAC suggested that tests of readiness might include:

- The time it takes to make a successful claim—where the start point is, when a claimant first registers on the Government digital gateway, and the end point when the first full payment of benefit is made.
- The level of backlogs, including the extent to which the Department is withdrawing migration notices to safeguard the effective administration of Universal Credit.[65]
- The proportion of appeals and requests for mandatory reconsideration in relation to the number of claims determined; and
- The level, and rate of accumulation of claimant debt.[66]

56. The SSAC also recommended that the Department should publish an assessment of metrics that would signal a "deceleration or suspension" of the managed migration process. It suggested that this could include a percentage threshold of vulnerable people not being identified and supported, growing backlogs, falling accuracy in the determination of awards, a disproportionate increase in the number of complaints, and requests for mandatory reconsideration and appeals.[67]

57. The SSAC is not alone in calling for the Government to assess its readiness for managed migration before it begins. In its report, *Rolling Out Universal Credit*, the National Audit Office said the Department should "ensure that operational performance and costs improve sustainably before increasing caseloads through managed migration". It added that the Department:

> Should formally assess the readiness of automation and digital systems to support increased caseloads before migration begins, and ensure the programme does not expand before business-as-usual operations can cope with higher claimant volumes.[68]

64 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.25

65 The draft Regulations allow the Department to withdraw the migration notices it sends to claimants if necessary to ensure the effective administration of Universal Credit. This would have the effect of slowing down the migration notice.

66 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.33

67 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, p.34

68 NAO, Rolling out Universal Credit, HC 1123, Session 2017–19, June 2018,

58. We too have been pressing the Government to set tests. On 18 October, the Minister for Employment, Alok Sharma MP, agreed that we—together with the NAO—could have a role in scrutinising the Government's proposed tests.

> Chair: Would you both commit to coming back to us with what sorts of things you are considering as criteria?
>
> Alok Sharma: Of course, we are happy to do that.
>
> Chair: Can we and the NAO be part of that criteria setting?
>
> Alok Sharma: We will, of course, come back to you. The only thing I would ask is that you give us a little bit of time to start that engagement process with stakeholders properly so that rather than come to you with something very general, we can actually start that discussion and later next year we can then have that discussion around metrics. Are you okay with that, Neil?
>
> Neil Couling: Yes.[69]

59. We had understood from these exchanges that the Government planned to set itself tests before proceeding with managed migration. But in response to SSAC's report it explains that it does not intend to define and publish success criteria until 2020—by which point migration will have already started. It states:

> Success criteria will be informed by the testing and agreed through Programme governance once the testing is complete. This will take into account a number of factors including operational readiness, efficiency of the service, key functionality being in place and ensuring we have processes in place to support vulnerable claimants.[70]

60. **We, the National Audit Office and the Social Security Advisory Committee have all called on the Department to set tests for readiness that must be met before managed migration begins. We cannot understand why it continues to resist. A commitment to set tests before increasing the volume of claimants to be transferred is simply not good enough.** ***We urge the Government to commit to setting tests which must be met before a single claimant is transferred to Universal Credit via the managed migration pilot. Given its role in delivering Universal Support on behalf of the Department, and supporting claimants more widely, we recommend that Citizens Advice is given a formal role in defining the tests.***

61. **We have already sought evidence from the National Audit Office and organisations that support Universal Credit claimants about what the tests for readiness might be. We will make recommendations for appropriate tests of readiness for managed migration in early 2019—well in advance of the Government's planned start date for testing. We will expect the Government to adopt them, or provide suitable alternatives of its own.**

69 Q 22–23

70 SSAC, The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee statement by the Secretary of State for Work and Pensions, pp.4–5

5 Conclusion

62. **The Government has listened to the grave concerns expressed by individuals, charities and the Social Security Advisory Committee about its plans for moving people claiming existing benefits onto Universal Credit. The Regulations it has laid before the House are much improved. But we are not yet persuaded that those improvements have gone far enough to safeguard claimants and to ensure a smooth transition to Universal Credit. We are calling for the Government to delay the decision on these Regulations to allow for further scrutiny.**

Conclusions and recommendations

Introduction

1. The draft Regulations for "managed migration" to Universal Credit that are currently before the House are a significant improvement on the Government's original proposals. We warmly welcome the fact that the Government has listened to concerns and acted on some of them. Nevertheless, major areas of concern about the Regulations remain. We are making this Report as a matter of urgency, to inform Parliament's scrutiny of the Regulations. We have had time only to make a preliminary assessment of the Government's approach. We will continue to scrutinise the Government's plans for managed migration—including how it plans to apply the Regulations—as they develop. (Paragraph 6)

2. These Regulations will have a profound effect on the lives of millions of people, including some of the most vulnerable in society. It is impossible to overstate the importance of getting them right. Getting it wrong could plunge people further into poverty and could even leave them destitute. The Government must provide time for expert scrutiny of the revised Regulations laid on 5 November. (Paragraph 11)

3. *We recommend that the Government should not ask the House to vote on the Regulations until the Social Security Advisory Committee has been able to report on them.* (Paragraph 11)

4. We recognise that a further short delay to the migration process will have an impact on the Department's planned timetable for testing, which is currently due to start in July 2019. A longer delay could mean that some claimants lose their entitlement to transitional protection and is therefore to be avoided. Instead, we believe that a short delay to allow for proper scrutiny would be in the best interests both of claimants and of the Government, since it would allow for remaining concerns about the Regulations to be addressed before testing begins. (Paragraph 12)

5. *We recommend that the Government continue its preparations for managed migration while the Social Security Advisory Committee carries out its work.* (Paragraph 12)

6. The Department is approaching another critical stage in the Universal Credit roll-out. Given the precarious circumstances of many of the people who will move via managed migration it is right that the focus of scrutiny is currently on the protections they will receive. But millions more claimants will move onto Universal Credit "naturally" and via new claims as Universal Credit beds in. Many will receive less, or no, protection. It is essential not to lose sight of or downplay the difficulties these people face. We will soon be looking at the impact of natural migration. (Paragraph 13)

Balance of risk: the requirement to make a new claim

7. It is the Government's policy to transfer claimants to Universal Credit. It is only right that the Government, and not the individual, should shoulder the risk of that transfer. But the requirement for people on existing benefits to make a new claim

for Universal Credit places the risk squarely on the claimant. We are not persuaded by the Government's arguments that it is simply impossible for it successfully to transfer claimants using existing data, or to pre-populate digital claim forms. We have seen no evidence from the Government to support its assertion that it cannot transfer claimants directly from legacy benefits to Universal Credit using existing data—especially vulnerable claimants, those not expected to look for work, and those whose circumstances are unlikely to change. (Paragraph 23)

8. *We recommend that the Government accept the recommendation of the Social Security Advisory Committee to conduct a segmented analysis of the claimant groups who will be subject to "managed migration", with a view to identifying circumstances in which it does not need to require people to make a new claim. This analysis should be published.* (Paragraph 24)

9. The Department's decision to introduce new run-ons for claimants transferring to Universal Credit from July 2020 is hugely welcome. But it does not cover all benefits: tax credit claimants will not receive run-ons of those benefits. And it supports claimants for only two weeks of their minimum five week wait for Universal Credit. The Government has also refused to give us any detail about how these run-ons will work for claimants in practice.

10. *We recommend that the Department extends run-ons to all legacy benefits that Universal Credit replaces. We further recommend that the Government publish a set of worked examples showing how claimants in different scenarios will be affected by its changes to the run-ons. This should include, but need not be limited to: single claimants with and without disabilities and in and out of work; and couples, especially where they are receiving different benefits (for example, where one is receiving ESA and the other JSA) or have different employment statuses.* (Paragraph 31)

11. Claimants who migrate—either "managed" or "naturally"—before July 2020 will not receive the new run-ons. The Government has not explained why this is the case. There is instead provision in the draft Regulations for discretionary payments for these claimants. The Government has failed to provide us with any detail about how these will work. This is, in itself, a major concern. But we are also concerned that the Department will not have the opportunity to test the run-ons during what is supposed to be the "test and learn" phase. Run-ons are a central part of the Department's strategy for mitigating the effect of the five week wait for payment. Its understanding of how effectively they do so is currently largely theoretical. (Paragraph 32)

12. *We recommend that the Department must not proceed with migration on a large scale until it knows in practice whether run-ons deliver the support that claimants need. We therefore recommend the Department start the run-ons from the beginning of testing of managed migration.* (Paragraph 32)

13. Run-ons may prove to be invaluable in helping claimants bridge the gap from applying for Universal Credit to their first payment. But they are ultimately a sticking plaster over Universal Credit's fundamental design flaw: the five week wait for payment. (Paragraph 33)

14. *The Department should eliminate the wait for claimants moving to Universal Credit via managed migration, many of whom will have little or no financial backstop to tide them over. It should use this as a basis for considering how the wait could be reduced for claimants migrating naturally, and for new claims.* (Paragraph 33)

15. DWP has yet to set out the detail of how it will migrate claimants to Universal Credit—whether by geographic area, or by claimant group. Managed migration is new ground for the Department. It should not assume that its previous approach to rollout (by Jobcentre) is necessarily the right one for migration. (Paragraph 36)

16. *We recommend the Department use its pilot to test different approaches to rolling out managed migration. In particular, it should work with stakeholders to identify and test approaches that limit both stress on claimants, and demands on its own workload. It should consider, for example, using existing intervention points such as the renewal of a tax credit claim or expiry of a Work Capability Assessment to prompt migration, rather than migrating claimants on an arbitrary timetable.* (Paragraph 36)

Transitional protection

17. The apparently benign term "natural migration" masks a painful truth for Universal Credit claimants: it means losing their entitlement to transitional protection. For most this will mean they receive less money on UC than they did before. The potential loss of income involved makes it imperative that the Department gets this part of the process right. The Social Security Advisory Committee has made modest and sensible proposals for changes to the conditions that would trigger a loss of transitional protection. The Government claims to have accepted these recommendations, but in fact it has simply agreed to seek further evidence. It has announced no policy changes, and the Regulations it will ask the House to approve would set in law the circumstances in which transitional protection will cease. (Paragraph 49)

18. The Government's plans for people to lose transitional protection if their earnings increase above or drop below the relevant Universal Credit thresholds for four months may have serious unintended consequences for people in seasonal work, on zero hours contracts or whose earnings are otherwise variable. The Social Security Advisory Committee has recommended that this period be extended to six months. We agree that this is the right approach. (Paragraph 50)

19. *We recommend that claimants should not lose their entitlement to transitional protection unless their earnings have been above or below the Universal Credit threshold for six consecutive months.* (Paragraph 50)

20. The Department's intransigence in refusing to look again at some of the hard cases that its rules on transitional protection are likely to create demonstrates an astonishing complacency. People will lose their entitlement to transitional protection if they form a couple or separate from their partner. This could mean that survivors of domestic abuse are deterred from leaving an abusive partner, or that severely disabled people suffer a drop in income if their partner dies or needs to move into

residential care. We do not believe that the Government intended its rules to penalise people in situations of this kind. Regrettably, it has chosen to press ahead in spite of warnings about the unintended consequences of its approach. (Paragraph 51)

21. *We recommend that the Government create exemptions to the rules on couples forming or separating to protect transitional protection in cases where it is clearly justified to do so. In particular, the Government should create exemptions for:* (Paragraph 52)

    a) *survivors of domestic abuse, so that no one is deterred from leaving an abusive partner by the fear of losing transitional protection; and*

    b) *people entitled to the Severe Disability Premium, so that no one loses their SDP entitlement because a couple forms or separates.*

    The Government should also consider carefully what exemptions might be appropriate for couples with disabled children, and for couples where one or both partners has a disability but is not in receipt of the Severe Disability Premium.

22. We have serious concerns about the circumstances in which people subject to "managed migration" would lose their transitional protection. For people outside the managed migration process, however, there are a whole host of other changes in circumstances which might cause them to "naturally" migrate onto Universal Credit—thus losing any entitlement to transitional protection they might otherwise have had. Far more people will come onto Universal Credit in this way than via managed migration, and the further delay to managed migration will increase the number of households who migrate naturally. (Paragraph 53)

23. *We recommend that the Government urgently assess the impact of a sudden loss of income due to natural migration on different claimant groups and in light of that reconsider whether the triggers for natural migration remain appropriate. We will examine the Government's assessment as part of our future work on natural migration.* (Paragraph 53)

Tests of readiness

24. We, the National Audit Office and the Social Security Advisory Committee have all called on the Department to set tests for readiness that must be met before managed migration begins. We cannot understand why it continues to resist. A commitment to set tests before increasing the volume of claimants to be transferred is simply not good enough. (Paragraph 60)

25. *We urge the Government to commit to setting tests which must be met before a single claimant is transferred to Universal Credit via the managed migration pilot. Given its role in delivering Universal Support on behalf of the Department, and supporting claimants more widely, we recommend that Citizens Advice is given a formal role in defining the tests.* (Paragraph 60)

26. We have already sought evidence from the National Audit Office and organisations that support Universal Credit claimants about what the tests for readiness might be. We will make recommendations for appropriate tests of readiness for managed

migration in early 2019—well in advance of the Government's planned start date for testing. We will expect the Government to adopt them, or provide suitable alternatives of its own. (Paragraph 61)

Conclusion

27. The Government has listened to the grave concerns expressed by individuals, charities and the Social Security Advisory Committee about its plans for moving people claiming existing benefits onto Universal Credit. The Regulations it has laid before the House are much improved. But we are not yet persuaded that those improvements have gone far enough to safeguard claimants and to ensure a smooth transition to Universal Credit. We are calling for the Government to delay the decision on these Regulations to allow for further scrutiny. (Paragraph 62)

Formal minutes

Wednesday 21 November 2018

Members present:

Rt Hon Frank Field, in the Chair

Heidi Allen	Steve McCabe
Ruth George	Chris Stephens

Draft report (*Universal Credit: managed migration*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 62 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Twentieth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 28 November at 9.15am

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

Thursday 18 October 2018	*Question number*
Alok Sharma MP, Minister for Employment, Department for Work and Pensions, and **Neil Couling CBE**, Director General, Universal Credit Programme, Department for Work and Pensions.	Q725-810
Wednesday 14 December 2018	
Sir Ian Diamond, Chair, Social Security Advisory Committee; and **Victoria Todd**, Member, Social Security Advisory Committee.	Q914-958

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

Session 2017–19

First Report	Universal Credit: the six week wait	HC 336
Second Report	A framework for modern employment	HC 352
Third Report	Protecting pensions against scams: priorities for the Financial Guidance and Claims Bill	HC 404
Fourth Report	PIP and ESA assessments: claimant experiences	HC 355
Fifth Report	Universal Credit Project Assessment Reviews	HC 740
Sixth Report	British Steel Pension Scheme	HC 828
Seventh Report	PIP and ESA assessments	HC 829
Eighth Report	European Social Fund	HC 848
Ninth Report	Pensions freedoms	HC 917
Tenth Report	Assistive technology	HC 673
Eleventh Report	Universal Credit: supporting self-employment	HC 997
Twelfth Report	Carillion	HC 769
Fourteenth Report	Appointment of Professor Sir Ian Diamond as Chair of the Social Security Advisory Committee	HC 971
Fifteenth Report	The Motability Scheme	HC 847
Sixteenth Report	Collective defined contribution pensions	HC 580
Seventeenth Report	Universal Credit and Domestic abuse	HC 1166
Eighteenth Report	Universal Support	HC 1667
Nineteenth Report	Benefit Sanctions	HC 955
First Special Report	Child Maintenance Service: Government's Response to the Committee's Fourteenth Report of Session 2016–17	HC 354
Second Special Report	Self-employment and the gig economy: Government Response to the Committee's Thirteenth Report of Session 2016–17	HC 644
Third Special Report	Disability employment gap: Government Response to the Committee's Seventh Report of Session 2016–17	HC 652
Fourth Special Report	Victims of modern slavery: Government Response to the Committee's Twelfth Report of Session 2016–17	HC 672

Fifth Special Report	Employment Opportunities for Young People: Government response to the Committee's Ninth Report of Session 2016–17	HC 872
Sixth Special Report	Protecting pensions against scams: priorities for the Financial Guidance and Claims Bill: Government Response to the Committee's Third Report	HC 858
Seventh Special Report	A framework for modern employment: Government response to the Second Report of the Work and Pensions Committee and First Report of the Business, Energy and Industrial Strategy Committee	HC 966
Eight Special Report	PIP and ESA assessments: Government Response to the Committee's Seventh Report	HC 986
Ninth Special Report	British Steel Pension Scheme: The Pensions Regulator Response to the Committee's Sixth Report	HC 987
Tenth Special Report	Pension freedoms: Government response to the Committee's Ninth Report	HC 1231
Eleventh Special Report	Carillion: Responses from Interested Parties to the Committee's Twelfth Report	HC 1392
Twelfth Special Report	Universal Credit: supporting self employment: Government Response to the Committee's Eleventh Report	HC 1420
Thirteenth Special Report	Employment Support for Carers: Government Response to the Committee's Thirteenth Report	HC 1463
Fourteenth Special Report	Carillion: Government Response to the Committee's Twelfth Report	HC 1456
Fifteenth Special Report	Assistive technology: Government Response to the Committee's Tenth Report	HC 1538
Sixteenth Special Report	Universal credit and domestic abuse: Government response to the Comittee's Seventeenth Report	HC 1611