

# Citizens Advice Briefing - Managed Migration to Universal Credit

The logo for Citizens Advice, featuring the words "citizens advice" in white lowercase letters inside a dark blue speech bubble shape.

## Summary

Citizens Advice has helped 175,000 people with Universal Credit since rollout began.

While we support the principles of Universal Credit - to help people move into and progress in work, provide low-income families with financial security and simplify the benefits system - Universal Credit requires significant improvements to meet these objectives.

Before the Government finalises its plans to move 3 million people from the old (legacy) benefits system to Universal Credit - a process known as 'managed migration' - it must make additional commitments and clarifications to ensure that:

1. Everyone's incomes are protected during the transition
2. Non-digital routes to claiming and managing Universal Credit are strengthened
3. Options for transferring eligibility to certain benefits are fully explored
4. People going through significant life events don't face a penalty
5. Top up payments given to prior recipients of the Severe Disability Premium are paid at the appropriate rate
6. The Government continues to address known issues with Universal Credit including reducing the wait for first payment as a matter of urgency.

Given the potential implications for millions of people who rely on benefit income to pay their bills, we believe the Government should reconsider its current plans for the managed migration regulations, to ensure Universal Credit works for everyone.

## What is the issue?

From 2019, the Government will begin the final and biggest phase of the Universal Credit rollout - moving people currently on legacy benefits over to the new benefit. This process is known as 'managed migration' and will affect an estimated 2.8 million people.

A vote in Parliament on the regulations governing managed migration is expected by January. The regulations are subject to the affirmative procedure and so cannot be amended.

The cohort of people going through managed migration differs significantly from those who have already moved across. 1 in 3 (36%) will be in households where someone has a disability or long-term health condition and at least half (54%) will be in households

currently claiming tax credits.<sup>1</sup> This means there two important factors to consider when moving this group of people on to Universal Credit:

- **Many people will have had little or no recent engagement with the Jobcentre.** This is either because they have a disability or long-term health condition which affects their capacity to take on paid work, or because they are already in work.
- **They are likely to need different types of support as they move onto Universal Credit.** For example, those with a disability or long-term health condition may need more tailored support, e.g. non-digital application routes or help to understand and access their online journal.

## What do we want to happen?

Despite several positive changes announced in November, we remain concerned that the regulations as set out do not provide sufficient detail on how the most vulnerable people will be protected, and still create risks that people will see their benefit payments stopped unexpectedly.

### 1. Protecting people's incomes during the transition

Under the Government's plans for managed migration, everyone still claiming legacy benefits will be required to make a new claim for Universal Credit. If people don't make a Universal Credit claim, the DWP may stop the benefit payments they currently receive.

People on the old system will be given a deadline of three months in which to make a claim. All claimants will be able to request an extension to this deadline - although it is left to DWP's discretion whether this is granted or not.

We welcome the Government's commitment to work with claimants and stakeholders to develop effective ways to support people through managed migration. We accept there must be a mechanism to ensure people do not remain in the legacy system indefinitely.

However, the DWP's power to stop legacy benefit payments still puts the most vulnerable people at risk of being left without an income. This is because they are the people most likely to struggle with making a Universal Credit claim, e.g. because they aren't able to engage in the process or they'll find it difficult to provide evidence when requesting an extension.

To ensure no one is left without an income, the Government should:

- **Guarantee that it will not stop legacy benefits in cases where someone has struggled to engage with or complete the claim process, and that this power will only be used in exceptional circumstances.**
- **Commit to granting an extension to the claim deadline for anyone having difficulty claiming Universal Credit - without the need to provide supporting evidence.**

### 2. Strengthening non-digital routes to claiming and maintaining Universal Credit

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<sup>1</sup> DWP, Explanatory Memorandum for the Social Security Advisory Committee, June 2018

Many people moving over to Universal Credit will have significant difficulty completing or managing their claim online without support - for example, those with learning difficulties, low levels of literacy or who don't have access to the internet at home and have difficulty leaving the house.

At present, people can ask to claim over the phone with the help of a DWP agent or request a home visit. However, our evidence suggests that these alternative ways of claiming Universal Credit are not well advertised and can take some weeks to arrange. Managed migration is also likely to increase the demand for these services. Without alternative ways of claiming, people who need additional support could face delays to getting their first Universal Credit payment. To ensure people get the support they need to move to Universal Credit the Government should:

- **Set out what work is currently being undertaken to:**
  - **Assess demand for non-digital routes to claim Universal Credit among existing claimants**
  - **Gather data on the cohort due to be migrated to project future demand**
- **Publish any guidance provided to Jobcentre and service centre staff which sets out how discretion should be applied in granting access to non-digital methods of claiming (e.g. for people with no internet access, those with a learning disability).**
- **Ensure that all those moving to Universal Credit through managed migration can access support to make and manage their claim where needed**
- **Show how non-digital routes to claiming Universal Credit will interact with any package of support for people subject to managed migration.**

### **3. Exploring options for transferring claims from legacy systems to Universal Credit**

Making a claim for Universal Credit can be a complicated process. Requiring everyone to make a new claim puts the burden of moving to Universal Credit onto individual people.

We therefore welcome the Government's commitment to explore options for using existing data or decisions within the legacy benefit system to simplify this process for people subject to managed migration. We are asking the Government to:

- **Confirm whether - if regulations are passed as they stand - there is legal capacity to change the migration process to incorporate the transfer of claims from legacy systems.**
- **Publish any assessments made of the feasibility of transferring claims for people who will face difficulties in engaging with and completing the migration process, including:**
  - **What information held on legacy systems can be carried across**
  - **What evidence already provided by claimants can be carried across**
  - **What additional input would be required from claimants**

- **Set out what has been learned from the transfer of people claiming Support for Mortgage Interest to the new loan system and how that learning is being applied**

#### **4. Clarifying the calculation of payments to Severe Disability Premium recipients**

Many disabled people are set to lose out under Universal Credit. To acknowledge the losses faced by people who currently receive the Severe Disability Premium but who won't under Universal Credit, the Government has put measures in place to ensure this group receive top up payments at the point they move onto Universal Credit.

It has also committed to providing top up payments for people in this group who have already moved on to Universal Credit without any financial protection. However the payment set out in regulations does not reflect the largest losses faced by people in this group. To match these losses, we estimate that the flat rate payment would need to be increased by as much as £100 per month. The Government should:

- **Set out in detail their method of calculating the rate of payments to people previously in receipt of Severe Disability Premiums.**

#### **5. Ensuring that people going through significant life events don't face a penalty**

We strongly support the Government's commitment to ensuring that people do not face losses at the point they move onto Universal Credit. However, while people who move through managed migration will receive transitional protection (i.e. top up payments), there is no equivalent payment for those transferring to Universal Credit before July 2020 who may also face losses.

We are concerned that the conditions under which transitional protection is awarded or lost may result in people facing financial penalties as key points in their lives - for example, when they are considering taking a new job or separating from a partner.

Most people who face changes in their lives which lead to a change in their benefits will naturally migrate, meaning they will have to make a new Universal Credit claim without top up payments. As the Social Security Advisory Committee [has noted](#), families in identical circumstances will face significantly different and long-lasting financial outcomes based on arbitrary factors, such as the timing of when they move house or separate from a partner. Groups who will lose out from the move to Universal Credit - such as disabled workers and lone parents - may face a financial penalty because of when they move to the new benefit.

People who do qualify for top up payments will generally see this amount eroded over time. However, this payment will be lost entirely when someone separates from a partner or forms a couple, or when someone's income falls below an earnings threshold of between £300 and £600 for longer than 3 months in a row. This has particularly worrying implications for seasonal workers or people trying to escape an abusive relationship.

We are concerned that the way transitional protections are awarded and lost will mean people having to put their lives on hold - or face a financial penalty. The Government should:

- **Identify groups which face losses moving onto UC and consider putting in place gateway conditions which prevent them from naturally migrating without transitional protection.**
- **Extend the period during which claimants who see their earnings drop can keep transitional protection from 3 to 6 months.**

## **6. Continuing to address known issues with Universal Credit**

Citizens Advice continues to see fundamental problems with the design and delivery of Universal Credit.

Delivery issues - including problems with ID verification and evidencing additional costs - are causing additional delays to people's Universal Credit payments. This is on top of the designed in 5 week wait for first payment which many are struggling with. While many benefit from the move to Universal Credit, some groups - including disabled people - will still lose out. Finally, our evidence suggests the system of monthly assessments and the Minimum Income Floor for self-employed people are resulting in financial difficulties for some claimants.

We welcome the additional investment in Universal Credit recently announced, including the £1000 increase in work allowances. However, we are concerned that the the two-week run on of legacy benefits will not be introduced until July 2020. With Universal Credit now rolled out to all areas, the number of people moving onto the new benefit is accelerating significantly. This delay will mean hundreds of thousands more continuing to wait 5 weeks for their first payment when moving to Universal Credit.

The Government must prioritise fixing existing problems with Universal Credit. It should:

- **Clarify the reasons why the two-week run on of legacy benefits will not be introduced until July 2020 and consider introducing this measure urgently**
- **Evaluate the impact of design features of Universal Credit - including its monthly cycle of assessments, the initial 5 week wait, and the Minimum Income Floor (MIF)**
- **Commit to continued assessment of the financial sufficiency of Universal Credit, taking into account the financial disparities between people who naturally migrate and those subject to managed migration.**
- **Complete the outstanding 'to do' list for Universal Credit build and fix - for example, fully automating payment calculation and completing rollout of the Landlord Portal**
- **Commit to continuing to investigate and respond to problems within Universal Credit as and when they become apparent - rather than at the end of rollout.**