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Baroness Sherlock

19<sup>th</sup> November 2018

Dear *Maeva*,

I am writing to you on matters raised during the Statement that I made to the House on Universal Credit on 5<sup>th</sup> November.

You asked why the Government did not take up the Social Security Advisory Committee's recommendation on transferring data held on existing benefits to enable a claim for Universal Credit to be made.

The Department believes it is crucial that new claims are made to Universal Credit, because we must ensure that data is as accurate and as up-to-date as possible when claimants move to Universal Credit. This will ensure that any errors will not be migrated from the existing benefit system to Universal Credit.

In addition, as Universal Credit replaces six different 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. For example, no information on capital or other benefits received is held in respect of tax credit claims.

Universal Credit is a different regime so the Department cannot simply assume that all existing claimants will want to make a claim, some form of consent from each claimant would be required. Requiring a claim to be made will provide that and it will be important that claimants understand the new Universal Credit regime into which they are moving and the corresponding responsibilities this will bring. This is especially important for vulnerable groups.

The Department has also learnt from the migration to Employment and Support Allowance (ESA), where some decisions on entitlement did not consider the possibility of whether claimants may also have been entitled to income-related ESA. This has led to the Department estimating the need to spend around £1bn on historic underpayments. As a result, we believe that requiring people to make a new claim for Universal Credit will ensure that all their relevant details are updated and confirmed and that we can establish the claimant's full benefit entitlement when the claim is made.

With regard to pre-populating claimant data, there is a high risk that the data may be incorrect. This could result in confusion and may lead to delays to payments. If claim data were simply transferred, they would have to be verified before we could pay the Universal Credit entitlement. If there are errors in the claim data, verification processes would highlight this, triggering the need for changes to be reported and, therefore, slowing down the claim process and requiring further verification.

Nevertheless, we have said that we will use existing decisions or verification to make aspects of the process easier. For example, if a claimant has an existing WCA decision, they will not be required to have another assessment in order to get the disability elements of Universal Credit. Where Tax Credit claimants have already verified their identity in order to make and maintain their Tax Credit claim, we may be able to reuse this digital registration to the benefit of the claimant. Also, for claimants who do not have any work-related requirements, we already operate a digital claimant commitment acceptance process and we will carry that forward as part of the managed migration process. This will mean a significant number of claimants will not need to attend a face-to-face interview. We will continue to explore options for elements of pre-population, and will provide an update in due course.

You also mentioned that the Budget announced a further delay to the rollout, which was scored as a net saving to the Government.

We have carefully considered the plan for migrating claimants to Universal Credit from their existing benefits. Following feedback from stakeholders, we have extended the testing period and moved back the start date to ensure we have the time necessary to get this right.

This means that managed migration will now commence in a July 2019 with a lengthy, small-scale testing period during which up to 10,000 claimants will be migrated. This gradual and steady approach will allow us to ensure that the process works for everyone. We expect the test to run for a year and after that we will take on larger volumes in 2020 and will complete the managed migration process by the end of 2023.

Although this adjustment was scored as a net saving, this has a minimal effect on the number of households that we estimate will be managed migrated to Universal Credit, which is still around 2 million. However, it does mean that

some claimants that may have been managed migrated to Universal Credit will either naturally migrate to Universal Credit during this period or stop claiming existing benefits altogether.

I hope you find this letter helpful. I have copied it to all peers who spoke in the debate and will place a copy in the House Library.

Best wishes,  
Peta

**BARONESS BUSCOMBE**

**MINISTER FOR WORK AND PENSIONS (LORDS)**