

To: UC Programme Board**From: Paul Mckeown/Debbie McMahon****Sponsor: Ian Wright****Author: s40****Date: 19 July 2018**

Universal Credit – EU Exit Scenario Planning

This paper seeks to provide assurance to Programme Board that as per the Major Projects Review Group (MPRG) recommendations we have considered the impact on Universal Credit (UC) of implementing EU Exit policy.

Background

Ahead of a settled EU exit policy position (expected November 2018) the Programme has collaborated closely with colleagues across the Department to understand the likely high-level policy options and implementation dates, in particular...

- **Maintaining the Status Quo (October 2019, January 2021 and July 2021)** – Pay EU nationals as we do now, with no restrictions
- **Restrictive (October 2019, January 2021 and July 2021)** – No access to benefit until settled status reached after 5 years

High-level impacting on the UC plan with key stakeholders, and independent assessment by the Infrastructure Projects Authority (IPA) and Cabinet Office Implementation Unit (IU) enabled the UC Programme to reach the following conclusions and recommendations.

We have developed 3 scenarios in response to the impacts of the two policies.

EU Exit policy implementation – October 2019

The overarching message is we **strongly recommend avoiding implementing EU Exit policy in 2019** (See **Annex A**). The key points from the IPA and IU assessment are...

- **Dependency on integration with the Home Office system** which is not expected to be developed until July 2021
- The **recommendation that DWP does not proceed with any solution** which asks us to **deliver independently of the Home Office**

In addition, introducing scope change on this scale in 2019 would have a significant impact on the Programme and Department, in summary...

- **A delay to managed migration** of up to 21 months, impacting on **almost 4 million legacy benefit claims** – Managed Migration creates a significant increase in the caseload with minimal additional costs to the benefit handling process and unit cost; Delaying Managed Migration delays these savings

- Operations and Partners such as HMRC would be required to run multiple systems concurrently for longer potentially leading to **degradation of service levels and increased error**
- The DEL cost of implementing EU exit in October 2019 adds **£50m**. This would occur in the final year of the **spending review when the department already has pressure**

EU Exit policy implementation – January 2021

Impacting work (see **Annex B**) highlighted a level of risk, in particular...

- A marginal **extension of Managed Migration** of up to 6 months
- Integration with the **Home Office system only available from July 2021**
- **Manual processing** to cover the 6 months to July 2021; Further impacting work would be required to understand the scale and delivery of any manual intervention

We recommend **avoiding implementation in January 2019**, a view supported by the Infrastructure Projects Authority and Cabinet Office Implementation Unit.

This scenario impacting work does not take account of the continued **risk of new or amended policy**. Further impacting would be undertaken if the Programme is required to accommodate scope change.

EU Exit policy implementation – July 2021

Impacting work suggests we can implement EU Exit policy from July 2021 (see **Annex C**) with no impact on the UC Programme.

Conclusions and next steps

- Programme Board are asked to note...
 - The 3 scenarios and the impact to the UC plan
 - IPA/ IU independently assessed the Programme's EU Exit impacting work
 - We are unable to implement EU Exit policy from October 2019 – assured and supported by the IPA/ IU assessment
 - With some risk we could accommodate EU Exit policy implementation from January 2021. However, the IPA have recommended not implementing until the Home Office system is ready (current target date July 2021)
 - We are able to implement EU Exit policy from July 2021
- All scenario impacting has been undertaken on our understanding of likely EU Exit policy options. Further impacting will take place when we receive policy clarity later this year; this may change our scenario modelling and subsequent conclusions.

Scenario Description

EU Exit October 2019 (Restrictive Option) – No access to benefit until settled status reached after 5 years.

EU exit October 2019 (Status Quo Option) – Pay EU nationals as we do now, with no restrictions.

2018		2019		2020		2021		2022		2023		2024		2025		2026	
Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec
	SDP Jul 18 - Dec 18 (6 months)	EU Exit Work (Manual) Jan 19 – Sept 19 (9 months)		MM TP Cal Oct 19 – Jun 20 (9 months)	HO Integration Jul 20 – Mar 21 (9 months)				◆ New Parliament								
				MM Test Sept 19 – Mar 21 (19 months)		MM at Volume (circa TBC per month) Apr 21 – May 24 (38 months)											

Programme Plan Impact

Opportunities:

- Length of natural migration opportunity increased, reducing volumes for Managed Migration
- Potential for increased time for Full Service to build and iterate for Managed Migration and Legacy cases to be cleansed.
- Potential time between Transition and Managed Migration increasing to higher volumes allows Product Development the option of building all functionality, so avoiding potential interfacing issues.

Risks

- Ministerial commitment not met.
- Operations having to run a greater number of benefits for longer, puts pressure on efficiency, staff knowledge and leadership expertise.
- Legacy systems, HMRC and Local Authorities are required to deliver for longer.
- Increase in cost due to delayed Managed Migration caseload build
- No integration with Home Office systems until July 2021; resulting in high volume complex manual processes

Product Development Impacts

2019

- Impact on significant planned development including Managed Migration, Northern Ireland specific design, and the automation of several manual processes including manual stop notices for ending legacy benefits.
- Data gather to be amended
- Evidence requirements communicated to claimants would need to be amended
- The 'Prove You Can Apply' (PYCA) tool and accompanying agent-led process will need to be amended plus changes to the HRT processes
- Claim would need to be closed, and a new claim closure reason recorded if the claimant cannot provide the required evidence, or does not provide it within required timescale.
- New appointment type would need to be created

2021

- Full two-way integration with the Home Office will need to be developed, to enable electronic confirmation of the status of EU nationals; we envisage a simple 'pay/don't pay' instruction
- UC's interest in a claimant on Home Office systems will need to be removed if the UC claim is closed
- Changes to the UC data gather are required to identify claimants from the CTA

Scenario Description

EU Exit January 2021 (Restrictive Option) – No access to benefit until settled status reached after 5 years.

EU exit January 2021 (Status Quo Option) – Pay EU nationals as we do now, with no restrictions.



Programme Plan Impact

Opportunities:

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- Potential time between Transition and Managed Migration increasing to higher volumes allows Product Development the option of building all functionality, so avoiding potential interfacing issues.
- Potential longer testing window for Managed Migration prior to an increase in scale, therefore enabling improvements/changes to accommodate design/policy complexity, greater automation and more robust findings based on increased test cases.

Risks

- Ministerial commitment not met.
- No integration with Home Office systems until July 2021, resulting in high volume complex manual processes
- There is a risk that Managed Migration regulations require further substantial amendments or exemptions as they progress through parliament, the consequences of which is not currently in the plan. This would require further impacting and given the fixed nature of the EU policy delivery there will be even less flexibility to absorb this

Product Development Impacts

- Product Development team required for longer at 100% capacity

Scenario Description

EU Exit July 2021 Restrictive Option) – No access to benefit until settled status reached after 5 years.

EU exit July 2021 (status Quo Option) – Pay EU nationals as we do now, with no restrictions.

2018		2019		2020		2021		2022		2023		2024		2025		2026		
Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	
	<div style="border: 1px solid black; background-color: #f08080; padding: 5px; width: fit-content;"> SDP Jul 18 - Dec 18 </div>							<div style="border: 1px solid black; background-color: #f08080; padding: 5px; width: fit-content;"> EU Exit Build and Integration Feb 20 – May 21 (16 months) </div>										
	<div style="border: 1px solid black; background-color: #f08080; padding: 5px; width: fit-content;"> MM TP Cal Oct 18 – Jun 19 </div>							<div style="border: 1px solid black; background-color: #90ee90; padding: 5px; width: fit-content;"> MM Test Dec 18 – Jan 20 (14 months) </div>										
								<div style="border: 1px solid black; background-color: #90ee90; padding: 5px; width: fit-content;"> MM at Volume (circa 80k per month) Feb 20 – Mar 23 (38 months) </div>										

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