

To: UC Programme Board Members From: Will Garner
Sponsor: Ian Wright
Date: 30/05/2024

Paper Title: Move to UC Tax Credit Deferrals plan

Issue: To describe the plan for removing deferrals for Tax Credit claimants.

Recommendations/Decisions required:

- **For Discussion**

Timing: Routine

Introduction

1. Programme Board have asked for sight of the plan to remove all Move to UC deferrals and any associated risks that would impact completion of Move to UC.
2. This paper is intended to make Programme Board aware of a list of deferrals that are complex in nature particularly for Tax Credit claimants, hence they might require: careful handling of communications to stakeholders and wider public, policy steer, and additional development in the service or operational processes.
3. This paper articulates the approach, risk and mitigations we are planning to put in place for making sure that the Tax Credit claimants that have been deferred can Move to UC ahead of HMRC stopping payments by April 2025.
4. There will be a separate paper discussing the deferrals that we may have to do for other migrating benefits (JSA, ESA, IS and their combinations).

Background to Deferrals

The legislation that enables Move to UC gives the Department operational control of the 'flow' of notifications sent as part of the migration process. As a result, it is therefore possible to defer notification where certain groups of claimants can be identified, or not to notify (exclude) them at all. This may be because:

- they would not be entitled to UC;
- they may not be entitled to UC until sometime in the future;
- they will only be entitled to an existing benefit for a short period;
- the claimant's circumstances are such that it would be inappropriate to migrate them at the current time;

- a combination of the above.

By deferring entry into the Move to UC process it enables resources to be used more effectively as we are only contacting those claimants where a successful UC claim can be made.

Deferrals type and the total deferrals volume

Table 1 below shows a sub-set list of deferral types and the volume associated with them. The total deferrals volume from Table 1 below is circa 26,756. These deferrals were considered either based on policy steer or from the readiness of the service to process these cohorts of claimants as of the time this paper is written. Our aim is to start notifying these claimants well ahead of Tax Credit closing down in April 2025.

The full list of deferrals is available in Annex 1.

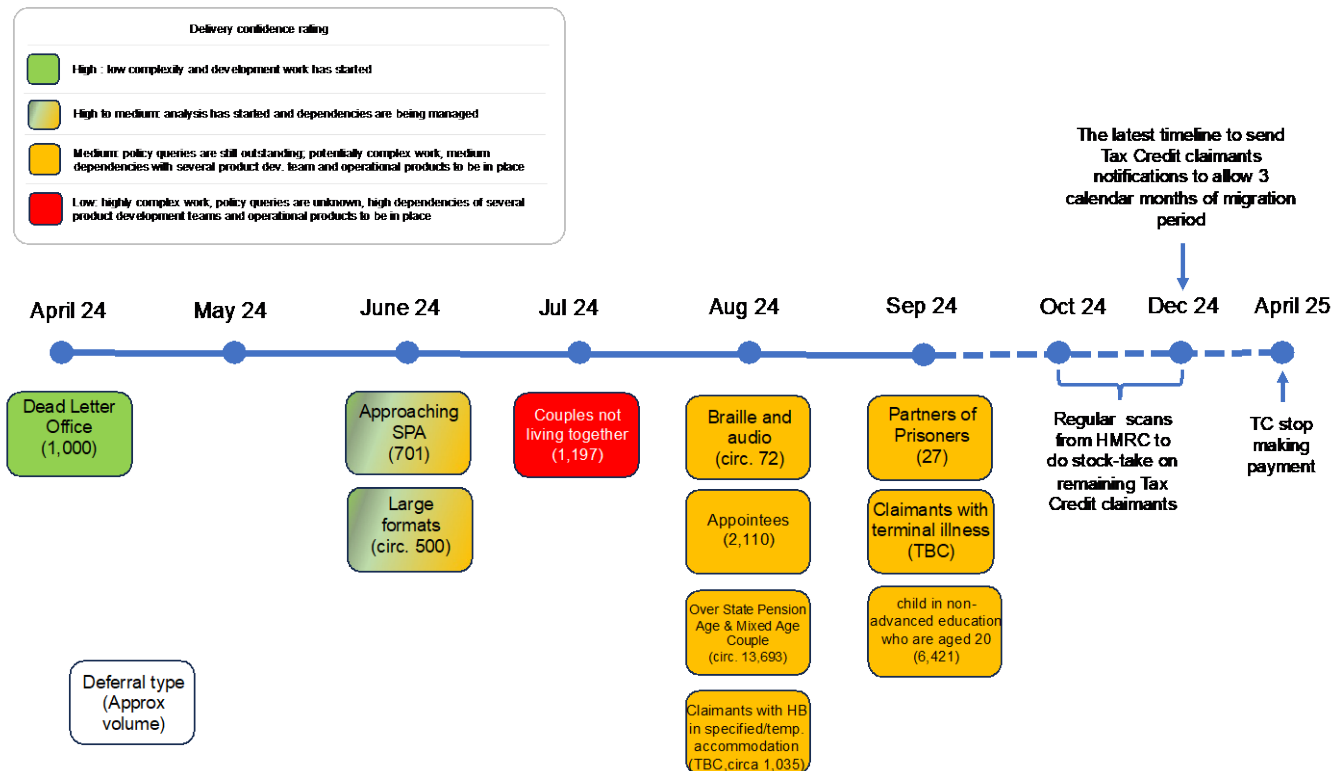
Table 1 – Sub-set list of deferrals for Tax Credit claimants and their volumes

Deferral Types	Volume of Tax Credit claimants
Couple claimants who fall under Mixed Age Couple households and over state pension age	Circa 13,693
Claimants with a child in non-advanced education who are aged 20;	Circa 6,421
Claimants who require appointees	Circa 2,110
Tax Credit couples who are not living together claims	Circa 1,197
Claimants whose mail has been returned as they are no longer resident at the address it was sent to (Dead Letter Addresses);	Circa 1,000
Claimants who require braille or alternative formats (large printed documents);	Circa 572
Claimants who are approaching State Pension Age	Circa 701
Joint tax credit claimants where their partner has been imprisoned in an EU Member State;	Circa 27
Claimants who are terminally ill;	Unknown as HMRC does not capture the data
Tax Credit claimants with Housing Benefit in specified/temporary accommodation	Still being confirmed, the latest volume is circa 1,035

Timeline to start inviting them to Move to UC

We looked at how we could start inviting these deferral cohorts to Move to UC, based on the volume and amount of work to process them within the service. Diagram below shows the high-level timeline with the projected volume of Tax Credit claimants.

Diagram 1. Deferral timelines and the risk/ complexities associated with inviting deferred Tax Credit claimants



Approach and delivery confidence

We have identified the approach, delivery confidence and mitigation for the above deferrals. The approach proposed for each deferral includes claimants that might have other benefits as well (JSA, ESA, HB and IS). We understand that the risk profile might change overtime, hence close involvement of colleagues from HMRC and Working Age has been critical in making sure we have successful delivery.

1. Claimants whose mail has been returned as they are no longer resident at the address it was sent to (Dead Letter Addresses)

- **Approach:** process agreed with HMRC to update their system and stop Tax Credit payment when this event happens. If claimant contacts HMRC and provides updated address, the claimant would then be included back in the pot for being notified.
- **Delivery confidence:** high as process is in place and we continue to monitor it.
- **Mitigation:** we will have regular scans from HMRC between October – December 2024 of the remaining tax credit claimants to make sure no Tax Credit cases are left.

2. Claimants who are approaching State Pension Age

- **Approach:** HMRC will provide the scan of claimants who are approaching State Pension Age between October 2024 to April 2025, and they will be notified accordingly.
- **Delivery confidence:** high to medium as scan is in progress with HMRC.

- **Mitigation:** the scan from HMRC is scheduled to be delivered end of May and we will do the checks and validation for early June upload.

3. Claimants who require alternative formats (large printed documents, braille and audio)

- **Approach:** HMRC and Working Age would be able to provide information on claimant's accessibility needs, such as requirement for large prints, braille and audio and we will use this information to notify them accordingly. The ability to provide large print support is on track to be delivered in June 2024 and the ability to support claimants that require braille and/or audio support in August 2024.
- **Delivery confidence:** high to medium for delivery of large-printed formats for June delivery as work has just started. Medium risk for braille and audio for August delivery as work has not started.
- **Mitigation:** we will handle any other alternative format on exception basis, and we are confident that with the low volume we would be able to accommodate any other alternative formats.

4. Tax Credit couples who are not living together claims

- **Approach:** policy and legal steer for claimants that have a joint tax credit claims but do not live in the same household, is that they will have to claim UC separately as two single claimants and when there has been changes on their couple status, they will not get Transitional Element but they will still be entitled to the capital and student disregards.
- **Delivery confidence:** low as the complexity of the cases might require larger than expected development work.
- **Mitigation:** working closely with policy, development teams and operations to ensure we can do what is required within the service and appropriate manual interventions within the timeline.

5. Joint tax credit claimants where their partner has been imprisoned in an EU Member State

- **Approach:** same as Tax Credit couples who are not living together claims.
- **Delivery confidence:** medium as we still waiting for the confirmation from policy on the other scenarios of couples not living together, despite the low volume of this deferral.
- **Mitigation:** same as Tax Credit couples who are not living together claims.

6. Claimants who require appointees

- **Approach:** HMRC and Working Age will provide details on the appointees and there is a business-as-usual process within UC which allows agents to handle claims with appointees. A new migration notice for the appointees will need to be created and support provided to both appointees and claimants through the journey.
- **Delivery confidence:** medium as design work will begin in June for August delivery.
- **Mitigation:** development team has prioritised this work to be delivered in August and need to make sure the work starts in time to meet the timeline.

7. Couple claimants who are over Pension Age, including Mixed Age Couple households

- **Approach:** it has been agreed that Tax Credit claimants that are over state pension age (either single, or in a couple where both are over state pension age) and in receipt of Working Tax Credit only or Working Tax Credit and Child Tax Credit will be notified to move to UC. UC does not currently accommodate new claimants over pension age, so a substantial amount of development work will be necessary to design and build the necessary processes.
- **Delivery confidence:** medium as UC has not catered for Pension Age new claimants within the service, there will be significant delivery work in terms of letting them claim UC, pulling the information and applying the appropriate rules for their Transitional Protection and Transitional Element.
- **Mitigation:** this work has been prioritised to be delivered for August 2024 however timeline might be very tight to make sure the end-to-end journey for pension age claimants is in place on time.

8. Tax Credit claimants with Housing Benefit in specified/temporary accommodation

- **Approach:** Tax Credit claimants who are also living in specified or temporary accommodation have been deferred due to the nature of their circumstances. When we start notifying them to move to UC, we will need to make sure they understand their Housing Benefit claim will still be paid outside of UC and that their Transitional Protection and Transitional Element are calculated accordingly.
- **Delivery confidence:** medium due to the characteristics of the claimants that might require more support to move.
- **Mitigation:** working closely with Local Authority and Working Age colleagues to ensure we have the appropriate support for this cohort.

9. Claimants who are terminally ill

- **Approach:** HMRC does not capture the information of when a claimant has terminal illness. We are relying on claimants to contact our agents and let us know that they have exceptional circumstances and they their notifications would be cancelled. Currently, we have circa 26 Tax Credit claimants whose notifications have been cancelled with terminal illness as the reason. These claimants will need to be re-notified in September 2024 with potentially a tailored migration notice. We are currently also working on a strategic approach to move Working Age claimants who have terminal illness.
- **Delivery confidence:** medium as we might have claimants who survive the terminal illness prognosis following the re-notification and remain in Tax Credit after April 2025.
- **Mitigation:** we are working closely with stakeholder groups, policy and operations to make sure that we are aligned on how to support claimants to claim UC, if appropriate, within the timeline to close down Tax Credits in April 2025. They may also be picked up as part of the HMRC scans from October to December 2024.

10. Claimants with a child in non-advanced education who are aged 20

- **Approach:** claimants with a child in non-advanced education aged 19 and under 20 are not eligible for UC child element for that child and this means they will be worse off

moving to UC. PDE Move to UC sub-group in December 2023 suggested a timeline of September 2024 to start inviting this cohort, to align with the new academic year. The Equality Analysis for this cohort went as below the line to Programme Board in March 2024. Following this, these claimants who have either been notified or self-identified and having their claims cancelled will be re-notified in September 2024.

- **Delivery confidence:** medium due to potential reputational damage for removing the cancellations reason for this cohort of claimants and requesting them to move to UC.
- **Mitigation:** closely working with stakeholders' groups to agree on the handling strategy, communications products, guidelines and lines to take for agents.

Decision / Recommendation

5. Programme Board are asked to note the timeline and risk associated with starting to invite deferred Tax Credit claimants ahead of Tax Credit closing down in April 2025.

ANNEX 1 – Full list of deferrals for Tax Credit claimants and their volume

Deferral Types	Volume of Tax Credit claimants
Couple claimants who fall under Mixed Age Couple households	Circa 13,693
Tax Credit claimants with Housing Benefit in specified/temporary accommodation	Still being confirmed, the latest volume is circa 1,035
Claimants with a child in non-advanced education who are aged 20;	Circa 6,241
Claimants who require appointees	Circa 2,110
Tax Credit couples who are not living together claims	Circa 1,197
Claimants whose mail has been returned as they are no longer resident at the address it was sent to (Dead Letter Addresses);	Circa 1,000
Claimants who require braille or alternative formats (large printed documents);	Circa 572
Claimants who are approaching State Pension Age	Circa 701
Joint tax credit claimants where their partner has been imprisoned in an EU Member State;	Circa 27
Claimants who are terminally ill;	Unknown as HMRC does not capture the data
claimants who are aged 16/ 17-year-olds who are claiming in their own right or as part of a couple claim until they reach 18 years old;	No more claimants that meet these criteria for Tax Credit

claimants under investigation for fraud;	Unknown and currently going through pre-migration check by HMRC and BAU for Move agents
HMRC Special Customer Records.	Unknown
Claimants with a nil award	Circa 41,985
Cyber Attacks	Unknown
Local authorities merging their IT systems	Unknown