

BENEATH THE TRENDS

A detailed look at the issues facing claimants going through managed migration

May 2023

Introduction

Child Poverty Action Group (CPAG) is undertaking research to identify the difficulties that claimants face during the process of managed migration to universal credit (UC). Throughout 2023 and in the first half of 2024 we will be gathering case studies, speaking to both welfare rights advisers and claimants to understand how managed migration is affecting households, what is going well and how it can be improved. We are sharing our evidence with the Department for Work and Pensions (DWP) on an ongoing basis and this report is the first in a series of public briefings summarising what we have found to date.

The DWP is in the process of moving legacy benefit claimants onto UC through managed migration. By the end of 2024/25, the DWP intends to close the legacy benefit system for all except employment and support allowance (ESA) claimants (and associated claims for housing benefit) – this will mean that 1.8 million households on legacy benefits will need to move to UC.

As the DWP wrote last year in [Completing the move to Universal Credit](#):

Managed migration is a significant undertaking and requires the department to design and build an end-to-end service that safely supports claimants to make the Move to UC. This includes being able to confidently identify and contact eligible claimants, appropriately support claimants through their claim and accurately calculate transitional protection for eligible claimants, to ensure their entitlement on UC at the point of managed transition is not below that of legacy benefits.

Alongside the challenge this poses to the DWP, UC requires claimants themselves to make significant adjustments to how they manage their day-to-day finances: UC payments are less frequent, UC is primarily claimed and managed online, and claimants have their income assessed each month. Around 600,000 households will be financially worse off claiming UC and are entitled to ‘transitional protection’ to preserve their income at its pre-UC level. But some households will be worse off despite this if deductions are made to their UC award.

In 2022 the DWP began the 'discovery phase' of managed migration. Small numbers of legacy claimants in a range of locations have been invited to migrate to UC. Through a test-and-learn approach, the DWP has been adapting the managed migration process and is gradually scaling up its reach. As part of the process the DWP has frequently been updating stakeholders on its progress and welcoming feedback and, in January 2023, published a [report](#) of what has been learned.

While the DWP's report on the discovery phase was positive and found that 'on the whole households are able to make the move to UC,' our evidence shows that, beneath these trends, a more complex picture emerges. This report takes a deeper dive into specific issues claimants are facing and how these can be remedied, alongside examples of good practice.

This first report covers the following issues:

- Moving older claimants unnecessarily
- Unclear entitlement to transitional protection
- Process delays resulting in incorrect benefit payments and conditionality
- Falling into rent arrears due to managed migration
- Appropriate and inappropriate use of appointees
- Missing child elements

Moving older claimants unnecessarily

Managed migration poses an administrative cost to the DWP and requires claimants to make significant adjustments to how they manage their benefit claim and day-to-day budgeting. But the completion of managed migration will allow HMRC to close down the tax credit system for working age people, and the DWP to close down the legacy benefit system which will reduce administration costs in the long run. As such, the government is committed to completing the moves of all tax credit, income support (IS), jobseeker's allowance (JSA) and all housing benefit only claims by the end of 2024/25.

Migrating people who would qualify for pension credit before the legacy systems are closed places an unnecessary administrative burden on the DWP and HMRC. It also increases demand on advice services and causes disruption, stress and risk to claimants who will have to move from legacy benefits to UC and then to pension credit within a short space of time.

It's the DWP's policy to exempt claimants from being selected for managed migration if they are within six months of the age when they would become eligible for pension credit.¹ This means that some people will undergo managed migration shortly before moving onto pension credit. Based on the timescales of the managed migration process, someone who is selected when they are seven months away from pension age could only receive four UC payments before moving to pension credit.

Claimants are encouraged to initiate a pension credit claim four months before becoming eligible to avoid any delays to their benefit payments. The DWP's current policy of only exempting claimants within six months of pension credit age means that some people will be encouraged to apply for UC and pension credit simultaneously.

¹ The following families/claimants are exempt for this reason: (1) part of a couple where both claimants are within six months of reaching pension age; (2) part of a couple where one member of the couple is aged over pension age and the younger member of the couple is within six months of pension age; and (3) a single claimant within six months of pension age.

In addition, older claimants who receive housing benefit will have to move on to UC only to move back to claiming housing benefit when they reach pension age.

While this issue only applies to a minority of claimants, the numbers are still sizable – in April 2022 around 100,000 tax credit claimants were aged 60 and over.² Our evidence³ demonstrates how this policy creates unnecessary stress for claimants and poses a significant administrative burden on the DWP and support services.

Mrs Y is a 65-year-old single claimant with very poor health and limited mobility, no digital ability, and is due to turn pension age in spring 2023. She received a migration notice in summer 2022 and needed significant extra help from the DWP and her housing association in connection with her UC claim. Within six months of her UC migration deadline, she would need to change benefits again, to pension credit.

Mr F is a single 63-year-old who is a long-term ESA (support group) and housing benefit claimant. He received a migration notice in summer 2022. He has severe mental health problems and has needed a lot of support from the DWP and Citizens Advice in connection with his UC claim.

Given that legacy benefits and tax credits will continue to operate at least until the end of 2024/25, we do not see any advantage in sending migration notices to claimants who will move to pension credit before the applicable legacy benefit system closes.

Recommendation

Any legacy benefit claimant who would qualify for pension credit before April 2025 should be exempt from managed migration. This would include:

- Members of a couple in which the younger member will reach state pension age before April 2025.
- Single claimants who will reach state pension age before April 2025.

Unclear entitlement to transitional protection

Sometimes a UC claim is unsuccessful because, after submitting a valid claim, the claimant fails to provide necessary follow-up information or evidence. For example, a claim might fail because a claimant does not book an initial job centre interview for the purposes of verifying their identity or fails to attend the interview when arranged. Claimants normally have a month to comply with these requirements, or longer as the DWP sees fit.⁴ A claim might also be refused because someone fails to accept a claimant commitment.⁵

When someone selected for managed migration makes a failed claim for UC in this way, but then makes a subsequent successful claim while they are still within their three-month time limit, the UC regulations⁶ suggest that they will not get transitional protection.

² HM Revenue & Customs, Child and Working Tax Credits statistics: Provisional awards – April 2022

³ The cases presented in this briefing come from CPAG's Early Warning System (EWS), a database of case studies submitted by frontline workers about the problems people experience accessing social security benefits.

⁴ Regulation 37 of the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013

⁵ Section 4(1)(e) Welfare Reform Act 2012

⁶ See regulation 57 of the Universal Credit (Transitional Provisions) Regulations 2014

This inconsistency was raised in 2018 by the Social Security Advisory Committee. It stated that *'there are a range of reasons why a claim might not work and the claimant has to reclaim. We are of the view that if a claimant is able to make a successful claim within the time limits, transitional protection should apply'*.⁷

In response to the Committee's feedback, the DWP increased protection for people who make 'defective claims' for UC (ie, submit a claim missing crucial information).⁸ However, this does not extend to 'failed claims', where a claim is valid but the claimant does not complete the necessary process requirements (eg, attending an initial job centre interview) to complete the claim. This appears to contradict the DWP's policy that transitional protection is available to all claimants moved to UC under the managed migration track.

Recommendations

Any of the following changes would protect claimants who apply for UC in good faith but whose claims fail for administrative reasons:

- Amend regulation 57 of the UC (TP) Regs to state that a second or subsequent claim to UC will attract transitional protection if it is a 'qualifying claim' as defined in reg 48 of the UC (TP) Regs (ie, if it is a valid claim made within the managed migration time limits).
- Make a more limited amendment to reg 57, stating that a second or subsequent 'qualifying claim' as defined in reg 48 will attract transitional protection only if the earlier claim(s) 'failed' because the claimant did not meet the requirements in reg 37 of the UC, PIP, JSA & ESA (C&P) Regs or in section 4(1)(e) of the Welfare Reform Act 2012.
- Issue guidance to direct that decision makers in managed migration cases give claimants at least three months to satisfy the information requirements in reg 37 of the UC, PIP, JSA & ESA (C&P) Regs and/or to accept a claimant commitment. The guidance should direct decision makers to send regular, clear reminders to claimants during this period about what is required of them and the consequences (for their UC claim and for the amount of UC they can get in future) if they do not satisfy the information requirements.

Process delays resulting in incorrect benefit payments and conditionality

As part of the discovery phase of managed migration, the UC team and legacy benefit teams use forms, called MGP1 forms, to communicate with each other about individual claimants. The process works as follows:

1. The UC team:
 - fills in the MGP1 form with the details of the claimant's new UC claim
 - sends the partially-completed MGP1 form to the shared inbox of the relevant legacy benefit admin office.
2. The legacy benefit team:
 - ends the legacy benefit award
 - completes the MGP1 form with the details of the claimant's legacy benefit award that affect their new UC claim
 - sends the completed MGP1 form by email to the UC managed migration team.

⁷ The Draft Universal Credit (Managed Migration) Regulations 2018: Report by the Social Security Advisory Committee, November 2018

⁸ DWP's response to the November 2018 report by the SSAC, *ibid*

We've gathered evidence which shows that delays in this process are leading some claimants to experience overpayments of legacy benefits which are being recovered in full from claimants' first UC awards. While this is lawful (per reg 10 of the Universal Credit (Transitional Provisions) Regulations 2014) it can create confusion and cause budgeting difficulties for claimants who are having to adjust to UC's less frequent payments.

These delays have also resulted in work capability status not being carried over onto new UC awards as it should be, so claimants are being invited to unnecessary and inappropriate work-focused interviews.

Ms L is a former ESA (support group) claimant, with physical health problems, who is also in receipt of personal independence payment (PIP). She was sent a migration notice in 2022. Because of MGP1 delays, her limited capability for work-related activity status was not carried over to UC and she was asked to attend a work-focused appointment, causing her confusion and anxiety. Her first UC payment also featured a £165 reduction for an ESA overpayment resulting from the delayed MGP1.

Mrs U is a former ESA claimant, who has learning difficulties and mental health problems and is in receipt of PIP (including the enhanced rate of the daily living component). She made a new UC claim after getting a migration notice in 2022. In her case a delayed MGP1 led to a £60 ESA overpayment being deducted from the first UC payment. It is not straightforward for Mrs U to understand and budget for this kind of error.

Automation and scaling

The DWP has told CPAG that it plans to move away from the use of MGP1 forms as managed migration scales to different groups of claimants. A small number of all legacy benefit claimants will continue to be managed migrated to UC using MGP1 forms, but in 2023/24 the DWP is focusing on migrating the 580,000 tax credit only claimants without the use of MGP1 forms. The DWP has developed a process to automatically retrieve data from HMRC about a claimant's tax credit claim to calculate their entitlement to transitional protection. We will monitor how effective this automation process is for tax credit only claimants in the coming months, and what lessons can be learned for the effective sharing of data regarding DWP administered legacy benefits and local authority administered benefits.

Falling into rent arrears due to managed migration

Many legacy benefit claimants who rent their homes from a social landlord receive housing benefit which is often paid directly to the landlord. Unlike legacy benefits, the housing cost element of UC is combined with other elements of UC and provided in a single payment to the claimant. By default, the claimant will be responsible for using the housing element of their UC award to pay the rent.

Claimants moving from housing benefit to UC through natural migration (where they move to UC because their circumstances have changed rather than because they've received a migration notice) often fall into rent arrears as they adjust to the new system of using their monthly benefit payment towards their rent. It is crucial that all claimants moving from housing benefit to UC through managed migration are made aware, and reminded, that the housing component of their benefit award is no longer being paid directly to their landlord to avoid rent arrears mounting up when they move to UC.

Some UC claimants can access a managed payments to landlord (MPTL) arrangement whereby the housing element of their UC award is paid directly to the landlord. Claimants in vulnerable circumstances going through

managed migration, such as those in serious debt or with a mental health condition, need early signposting and access to a MPTL to support them to maintain their tenancy and avoid rent arrears.

We have seen other cases where rent arrears have built up following managed migration.

Mr G has learning difficulties, claims ESA, housing benefit and PIP, and was selected for managed migration. As a result of moving to UC, Mr G's housing costs element was unpaid for over three months. He was asked for evidence of his tenancy agreement when his housing costs had already been verified by the landlord via the UC landlord portal. Mr G was chased for rent arrears by his landlord before they understood the situation.

Mr Y is a 63-year-old claimant with mental health problems including a history of self-harm. During the managed migration process, the DWP set up a MPTL on the wrong payment cycle leading to rent arrears.

We also received evidence from an advice team manager within a social landlord who has dealt with several managed migration cases:

'We have noticed that many of the tenants who have received migration notices have long-term health conditions. We have had to request quite a high percentage of [MPTLs] with migration cases due to tenants having longstanding mental health difficulties. When we request MPTLs... often we can get the rent payments [from DWP] quite a few weeks later than the tenant [is paid UC], which adds to their worries as arrears mount up.'

Our evidence indicates that there are a number of issues arising with the managed migration of tenants in social housing. This includes delay in MPTLs being set up, MPTLs being set up incorrectly, and poor communication between the DWP, landlords and claimants. This has led claimants to fall into arrears causing them distress and is burdensome for landlords who spend time remedying the situation.

For managed migration to be scaled safely, these issues with the housing element and MPTL need to be addressed. As managed migration is only being scaled to tax credit only claimants in 2023/24 the DWP has the chance to fix these issues before migrating housing benefit claimants at scale in 2024/25. We will continue to monitor these issues in the coming months.

Recommendations

- Decision makers in the managed migration specialist team should be given up-to-date information and training about alignment of MPTL with the claimant's UC payment date.
- While the number of managed migration housing benefit cases remains small, checks should be made to ensure that claimants have their MPTL set up on the correct schedule.
- The DWP should thoroughly investigate the issues arising for housing benefit claimants in social tenancies who are migrated as part of the discovery phase.
- The DWP should hold focus groups with social landlords in the discovery areas to understand how UC's landlord portal can be best used to verify information about a claimant's tenancy, initiate a MPTL and alert the landlord if the tenant has any outstanding actions relating to the housing element of their UC award.

- The DWP should proactively inform tenants about their responsibility to pay rent to their landlord and the option to request a MPTL. For example:
 - On the UC claim form, the claimant should be asked if they would prefer for the amount of their rent to be paid out of their UC directly to their landlord. Where this option is selected and the landlord's details are provided, the DWP should proceed to arrange the MPTL.
 - Where an MPTL is not requested, the DWP should clearly explain to UC claimants when part of their award is in respect of rent. This could go beyond the information currently featured on the payment statement. For example, there could be a telephone call/journal message scheduled immediately before the first UC payment reminding the new UC claimant that part of their award is in respect of rent, that they are expected to pay rent directly to their landlord and that they have the option of requesting an MPTL.

Appropriate and inappropriate use of appointees

UC's digital platform can make it easier for some claimants to manage their claim compared to the legacy benefit system. But for others, UC is harder to manage as it requires more frequent engagement, while the legacy benefit system tends to require less frequent, letter-based engagement.

Where a claimant is unable to manage their UC independently, their best option can be having an appointee who manages the claim on their behalf. Appointees are third parties – often a family member or close friend – who take on all the claimant's rights and responsibilities in relation to their UC including, usually, being paid the benefit on their behalf. Having an effective system to identify when an appointeeship would be beneficial for a claimant, and who their appointee should be, is crucial for the safe roll out of managed migration.

We have come across an example of best practice where the DWP team considered appointeeship proactively and took appropriate action to support a claimant.

Mrs S is a long-term ESA and PIP claimant in her mid-thirties, with a mental health condition. She needs her parents' support with her benefits but has never had a formal appointee. When she was selected for managed migration, her father completed the UC claim with help from an advice worker employed by their social landlord. The advice worker called the specialist managed migration phone line to explain the situation and asked that Mrs S not be invited to a face-to-face job centre ID appointment as she would not be able to cope. After this call, the case was proactively referred by the DWP for a home visit and appointeeship assessment.

While appointeeship has enormous potential for good, it also carries risks. Regrettably, we have come across a managed migration case in which appointeeship was granted inappropriately, leading to significant issues for the claimant and their family.

Mr B is a long-term ESA claimant with cognitive difficulties who was selected for managed migration in 2022. His (paid) care worker helped him to complete the claim and somehow this care worker was made his appointee. This was not appropriate for several reasons, including the fact that this person was an employee of a care company who had no ongoing relationship with Mr B, and that his mother already had a power of attorney for his financial affairs. Subsequently, and despite this being explained, DWP staff on the managed migration specialist line refused to speak to Mr B's mother about the claim, refused to disclose the appointee's name, and wrongly said that the appointee could only be removed at their (the

appointee's) request. The family endured stress, worry and several weeks of administrative struggles to correct this mistake.

We have also seen a managed migration case in which a claimant has been told that appointeeship is her only option, in the face of evidence that she could manage her UC for herself (as she had been managing her ESA award) so long as reasonable adjustments were made to the ways the DWP contacts her.

Ms D is a working-age ESA and PIP claimant with physical and mental disabilities, and is supported by a community of friends and neighbours and by her local advice centre. With this support, she was able to manage her own benefits. On being selected for managed migration she made a telephone claim for UC with support from a friend. Her advice worker then helped her make a clear written request to the job centre that, if DWP ever needs to contact her about her UC by telephone, they phone her adviser instead of phoning Ms D directly. The request included reasons (including that Ms D has a speech impediment) and a clear statement of 'explicit consent'.

Ms D was told that this communication adjustment would not be possible and that she must get an appointee instead. This message was reiterated by the job centre manager. No one person in this claimant's support network can act as her appointee, meaning that 'corporate' appointeeship would be her only option. This would disempower Ms D, undermine her support network and come at a cost to the public purse.

We have also seen this issue arise for claimants who move from legacy benefits to UC through natural migration.

Recommendations

We welcome the recent news that the DWP is carrying out a full review of the current appointee process which will include how new appointees are identified and registered, and how reviews, resignations and revocations of appointees are carried out. We hope the outcome of this review will result in:

- An expansion of the guidance on checking appointee suitability. The publicly available guidance⁹ does not equip staff to make appropriate decisions in the cases like those outlined above (for example, it does not cover checking for 'conflicts of interests' like commercial relationships).
- Improving the BF56 form used in making an appointeeship to set out a list of checks for the DWP staff member to go through and require a signature from the relevant staff member *as well as* a declaration from the prospective appointee.
- Refresher training for UC telephony agents on how to act on information about 'problem' appointees. Although the guidance at ADM A2140 is clear about the DWP's powers to end an appointeeship, front-line agents are not always aware of this.

In addition to improving the appointee process, the DWP can minimise the need for appointees through the provision of 'reasonable adjustments'. The changes that were made in late 2022 to guidance and processes to enable claimants to access non-digital claims are a welcome step forward in this area. As part of its review of the

⁹ DWP, A2138 - A2140 and UC Full Service Guidance, 'Appointees, Personal Acting Bodies and Corporate Acting Bodies', v10.0, deposited in the House of Commons Library

appointee process we encourage the DWP to evaluate how requests for reasonable adjustments in UC are accommodated and the risks (and costs) of using appointees as an alternative.

Missing child elements

We are aware of several natural migration cases in which a claimant's children are not all included in their UC award because of a verification issue that only affects one child (for example, this could arise when a parent has difficulties providing evidence that a 16-year-old is continuing in education). Affected families miss out on up to £270 a month per child from their award. This problem can also affect other elements of the UC award like the work allowance or housing element (as affected families are assumed to need a home with fewer bedrooms).

After raising this issue with the DWP we understand that it arises because, when a declaration is made that contains more than one child, the system only allows an agent to verify the declaration as a whole and does not allow for one child to be verified while others within the same declaration remain outstanding. We have been informed that the UC design team recognises this as an 'issue to fix' and that it *may* be prioritised for action between May and November 2023, depending on team capacity and other priority tasks.

The DWP has issued guidance to frontline staff to help claimants to navigate the issue. Staff support claimants to gather the necessary evidence to verify their children and, in the interim, ask claimants to amend their UC claim to re-declare all the children excluding the 'unverified' child. This approach has several flaws:

1. It amounts to making a false/incorrect declaration.
2. It means the DWP has to process multiple declarations for a single UC claim.
3. It does not recognise that many claimants will not know what the error is with their claim and how to fix it. As a result, many families will not receive the full UC award that they are entitled to.
4. It increases the risk of inappropriate erosion of transitional protection when any remaining children are added to the claim (as children could be incorrectly added to the claim in a later assessment period, instead of from the first assessment period).

Overall, this approach undermines claimants' access to their legal entitlements.

Our evidence shows the significant impact this issue is having on claimants' UC awards, and the difficulties they have understanding and remedying the issue.

A working couple with six children moved from tax credits to UC in late 2022 through natural migration. Despite having child benefit in payment for all six children, the first UC statement only included one child element and, as a result, housing element for a two-bedroom property. There was no explanation in the UC journal for the lower-than-expected award. After investigating the matter, a local authority adviser determined that it arose because the claimants entered one child's date of birth incorrectly in the claim form. The adviser helped resolve the issue, but the correction was only applied from the second assessment period and the adviser had to help the family challenge it. The lower award meant that the family struggled to pay for essentials and, had it not been resolved, would have been in rent arrears.

Ms A has four children, for one of whom she receives disability living allowance. She recorded this child as being on low-rate care, when she was in fact on mid-rate care. This was irrelevant for her UC award because the lower disabled child element would be awarded in either case. The DWP asked her to correct the error but Ms A did not acknowledge the message because English is not her first language. As a

result, she wasn't paid the child element (or disabled child addition) for any of the children for three consecutive assessment periods. She also had no work allowance applied and her housing element was reduced. She missed out on around £1,500 per month, was in extreme hardship and got into massive debt.

This has serious implications for managed migration in 2023/24 given that 580,000 tax credit recipients will be migrated on to UC, the majority of whom are families with children. It's likely that many of these families will experience an issue verifying their children (for example, if they accidentally give incorrect information about any of their children or if one of their children is moving into further education). As a result, they will not receive their full entitlement to UC in their first award making it harder to make ends meet.

We also know from the managed migration discovery phase that tax credit claimants appear more digitally capable and able to make the move with less support. As these claimants are less likely to seek help, they may be less likely to notice an error in their UC award and, if they do, know how to remedy the error.

Recommendations

- Given the likelihood that this issue will affect many families selected for managed migration in 2023/24, the DWP should prioritise this issue for the UC design team to fix in the May-November 2023 design 'phase'.
- In the interim, as the DWP has developed a way to share data with HMRC so that a family's entitlement to transitional protection can be calculated automatically, the DWP should consider how it uses HMRC data to verify children declared in the UC claim where information is incomplete or inconsistent.

Conclusion

While the DWP's research during the discovery phase concluded that 'on the whole households are able to make the move to UC,' we find that, when issues do arise, the consequences can be serious for claimants causing stress, budgeting difficulties and debt. Our evidence shows claimants struggling as a result of DWP error, or claimants' situations made worse due to DWP inaction. The department has intentionally adopted an iterative approach to the roll out of managed migration so issues can be addressed early. In that spirit we urge the DWP to act on the evidence here to ensure that no claimant falls through the cracks.

Do you have evidence to share?

If you are a benefit claimant, welfare rights adviser or third sector stakeholder affected by managed migration, please get in touch. We want to hear about your experience (good and bad) of managed migration to help us understand what's going well and issues the DWP needs to address. More information is available at cpag.org.uk/managed-migration-project.

About Child Poverty Action Group

Child Poverty Action Group works on behalf of the more than one in four children in the UK growing up in poverty. It doesn't have to be like this. Our vision is of a society free of child poverty, where all children can enjoy a childhood free of financial hardship and have a fair chance in life to reach their full potential. We use our understanding of what causes poverty and the impact it has on children's lives to campaign for policies that will prevent and end poverty – for good. We provide training, advice and information to make sure hard-up families get the financial support they need.

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