



Department  
for Work &  
Pensions

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Debbie Abrahams MP  
Chair, Work and Pensions Committee  
House of Commons  
Palace of Westminster  
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28 January 2025

Dear Debbie,

### **Evidence session 13 November – further information requested**

Thank you for your letter of 27 November requesting some additional information, following the evidence session on 13 November.

Sir Peter and I were honoured to be the first witnesses to appear before the Committee in this new Parliamentary session and we are pleased to hear the feedback on the session. I hope the following information is helpful in answer to the questions you raised:

#### **1. Transitional protections for severely disabled people transferring to Universal Credit**

We have now started the move to Universal Credit (UC) journey for income related Employment and Support Allowance (ESA) only and ESA with Housing Benefits (HB) households. As we move these customers to Universal Credit, we will continue to work closely with our key stakeholders, encouraging them to share their feedback and insight.

The Department has built, and continues to have, good working relationships with stakeholders since we restarted Move to UC. These relationships have been key in developing the Move to UC service; for example, through stakeholder input, we added 'advice local' to the migration notice which provides customers with easy access to a directory of local support organisations.

The Severe Disability Premium (SDP) is an additional amount of benefit awarded to eligible customers as part of their IS, ESA IR or JSA IB awards.

All eligible people, including severely disabled people, who are invited to claim Universal Credit as part of the managed migration will be considered for Transitional Protection including the Transitional Element.

Customers in receipt of SDP who make a new claim to Universal Credit, outside of managed migration, will be considered for the Transitional Severe Disability Premium Element (TSDPE) and eligible for it where they meet the relevant conditions set out in the legislation.

The purpose of TSDPE is to support customers with their transition from legacy benefits to Universal Credit and is subject to erosion (over time) and termination (if, for example, their UC entitlement ends), in line with Move to Universal Credit and managed migration rules.

We are also protecting some customers who moved to UC following a change in their circumstances and not via the “managed” process. In response to a High Court judgment and to end the ongoing losses new customers to Universal Credit were facing, new regulations came into force on 14<sup>th</sup> February 2024 and provide newly eligible customers, who move to Universal Credit following a change in their circumstances, with additional Transitional Protections where they are entitled to a Transitional Severe Disability Premium Element. These regulations provide eligible people with an additional amount of transitional protection to reflect the loss of the Enhanced Disability Premium, the Disability Premium, and an amount for disabled children.

Accordingly, as part of my Department’s response to the judgment, and whilst having regard to the ongoing administration of Universal Credit, we are fully committed to identifying and paying eligible customers who have already moved to Universal Credit following a change in their circumstances.

These payments commenced in a controlled manner in January 2025. This is a complex piece of work and we are continuing to make payments to all eligible customers as soon as possible.

## **2. Introduction of the proposed Fraud and Error Bill - timing**

The Government introduced a new Public Authorities (Fraud, Error and Recovery) Bill last week and the Minister for Transformation’s office has contacted you to make arrangements to discuss the Bill in more detail.

## **3. The previous Committee’s report on Defined Benefit Pensions Schemes and indexation of benefits built up prior to April 1997.**

You also asked how much progress we have made in addressing the previous Committee’s recommendations about the indexation of defined benefit scheme benefits built up before April 1997.

As we agreed, the Minister for Pensions will be writing separately to the Committee regarding indexation of pre-1997 rights in the Pension Protection Fund and Financial Assistance Scheme. You can expect to receive this letter shortly.

With regard to the second recommendation around discretionary increases, I recognise the Committee's concern about how the improvements in the funding position of many schemes raises the question about how surpluses will be treated and whether the interests of scheme members are being overlooked, particularly in relation to discretionary increases. I understand the upset felt by some pension scheme members who are no longer receiving the discretionary increases they have been used to receiving.

My department is working closely with the Pensions Regulator to gather further information on the number of schemes that provide discretionary increases on pre-1997 benefits. The Regulator is obtaining information in relation to discretionary indexation through the 2024 iteration of their annual DB survey, which is sent to a number of occupational pension schemes. The Pension Regulator is planning to publish the results in spring.

We are currently preparing a response to the Committee's report on Defined Benefit Pension Schemes and intend to send it to you as soon as possible.

With every best wish,

A handwritten signature in black ink, appearing to read 'Liz Kendall', written in a cursive style.

**RT HON LIZ KENDALL MP**