

THE RT HON THERESE COFFEY MP
Secretary of State for Work & Pensions
Caxton House
Tothill Street
London, SW1H 9NA

Rt Hon Stephen Timms MP
Chair
Work and Pensions Committee
House of Commons
London
SW1A 0AA

27 May 2021

Dear Stephen,

Thank you for your letter dated 17 May, surrounding the *Move to Universal Credit (UC)* managed pilot, and the associated assessment made by the Office for Budget Responsibility (OBR) in its *Economic and fiscal outlook – March 2021* report.

Please see a response to your questions below.

1. Could you confirm whether the April 2022 start date was provided by DWP, as the OBR states?

- a) **If so, why did you choose April 2022 as the date for resuming the pilot, given that coronavirus restrictions are expected to be lifted on 21 June?**
- b) **Have you considered bringing this date forward? Are there barriers to doing so?**

The OBR is responsible for determining the *Move to UC* assumptions that were included in the Spring Budget. The Government was not in a position to confirm a definitive restart date, due to the uncertainties around the public health situation and subsequent implications for the labour market.

Nonetheless, my officials worked with the OBR in identifying a reasonable central estimate for when *Move to UC* might resume, taking into account delivery considerations. More generally, it is the Government's intention for *Move to UC* to start again as early as possible.

Although lockdown measures may be fully lifted come 21 June, there is still a significant amount of work for my department to carry out, to support people back into work through our ambitious and comprehensive Plan for Jobs. To restart *Move to UC* at this stage would mean diverting significant resource away from this important priority at this pivotal moment in time

2. In your letter of 16 April, you said that the Department is “exploring an approach to encourage those who will benefit from moving to UC to do so voluntarily”. Can you provide more detail on this work?

My department is continuing to explore how we can help inform and support legacy benefit claimants to realise when they may be better off claiming UC.

This builds on our estimate that around half of legacy benefit claimants may have higher notional entitlement on Universal Credit, even before including the £20 standard allowance temporary uplift. Since March 2021, we have been engaging with a range of recognised

stakeholders, who represent numerous sectors and communities from across the country, to aid our planning and inform our next steps.

In tandem, we continue to develop our strategy around how, and when, it will be appropriate to restart the *Move to UC* process.

I will continue to keep Parliament updated as our plans develop.

A handwritten signature in blue ink, reading "Thérèse Coffey". The signature is written in a cursive style with a large, prominent 'C' at the end.

Secretary of State for Work and Pensions



Work and Pensions Committee

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Rt Hon Dr Thérèse Coffey MP
Secretary of State
Department for Work and Pensions

17 May 2021

Dear Thérèse,

I wrote to you on 24 March about the restart date for the Universal Credit managed migration pilot. This followed the publication of the OBR's *Economic and fiscal outlook* on 3 March, which said that the pilot would resume in April 2022.

In your response to questions about the restart date for the pilot, you said "I cannot comment on the independent assessment of the OBR". The Committee has since written to the Chairman of the OBR about the managed migration pilot, and in his response, he confirmed that the April 2022 date was provided by DWP. I have enclosed a copy of this correspondence.

Following this, it would be helpful to have responses to the following questions:

- 1. Could you confirm whether the April 2022 start date was provided by DWP, as the OBR states?**
 - a. If so, why did you choose April 2022 as the date for resuming the pilot, given that coronavirus restrictions are expected to be lifted on 21 June?**
 - b. Have you considered bringing this date forward? Are there barriers to doing so?**

- 2. In your letter of 16 April, you said that the Department is "exploring an approach to encourage those who will benefit from moving to UC to do so voluntarily". Can you provide more detail on this work?**

We would be grateful for a response by 27 May.

Yours sincerely,

Rt Hon Stephen Timms MP
Chair, Work and Pensions Committee

Rt Hon Stephen Timms MP
Chair, Work and Pensions Committee
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London SW1A 0AA

Richard Hughes
Chairman

102 Petty France
London SW1H 9AJ

7 May 2021

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RE: Universal Credit in the March 2021 Economic and fiscal outlook

Dear Stephen,

Thank you for your letter dated April 23rd in relation to the Universal Credit (UC) managed migration pilot and apologies for the delay in getting back to you. Below I briefly set out our approach to the Universal Credit rollout and pilot in response to your questions.

We forecast the speed of the UC rollout based on a number of factors, including the pace of natural migrations in the outturn data, DWP's operational plans for managed migration, and our judgement as to how central those plans look in our median forecast. On a number of occasions since 2012 we have felt it necessary to aim off DWP's plans for the purposes of our forecast. In our earlier forecasts progress (and delays) in rolling out UC nationwide for new claims was a key indicator for our assessment of how likely the managed migration rollout was to proceed in line with DWP plans. The early delays led us to add a 6-month OBR contingency to DWP overall plans initially and then for the managed migration plan, later. In our March 2020 *Economic and fiscal outlook* we decided that both the accumulated experience of the past seven years and the greater emphasis apparent in recent statements from DWP Ministers on taking things slowly to protect claimants meant that we should add 2 years to DWP's operational plans. To date these factors have been more important indicators for our forecast than the start or end date of the relatively small-scale pilot study.

Any delays to the overall managed migration rollout will typically save money – largely due to fewer transitional protection payments for claimants (which initially protect awards for legacy claimants that stand to lose in moving to UC via managed migration). Any delay to their being managed migrated means that some claimants will instead transition via natural migration, missing out on transitional protection and generating savings relative to no delay. These are the higher value scorecard savings we have typically seen associated with delays to the UC rollout (such as the savings that peaked at £180 million a year in 2023-24 reported in Table A.3 of our March 2021 EFO).

But in fiscal terms the managed migration pilot itself is negligible now, once complete, and also under any delay, since the numbers involved are so low. As part of the routine forecast meetings during the March 2021 forecast, DWP alerted us that the pilot would need to be delayed because of the Department prioritising its response to the pandemic. The DWP provided us a revised start date of April 2022 to inform our forecast.

For reasons described above, a delay of one year in the small-scale pilot did not affect our assumptions on the end date of the overall managed migration rollout. At the same time the pandemic has increased the level of natural migrations from legacy benefits due to higher numbers of changes of circumstances, which means fewer managed migrations are required once it gets operational. The level of managed migrations in our latest forecast peaks at roughly the same level as before.

Yours sincerely



Richard Hughes
Chairman