Universal Credit: an update on managed migration

General Features

01 March 2019

Universal credit full service completed its roll-out across the UK in December 2018. Existing tax credit claimants are not affected by the roll-out unless they choose to claim Universal Credit, have a change in circumstances that ends their tax credit claim (and they need to make a new claim) or they need to claim another benefit that Universal Credit has already replaced. Existing tax credit claimants will be moved to Universal Credit through a process called ‘managed migration’.

The completion of the full service roll out of Universal Credit (UC) in December 2018 means that most people will no longer be able to make brand new claims for working tax credit and child tax credit (as well as housing benefit, income-based jobseeker’s allowance, income related employment and support allowance and income support) and instead will have to claim UC. There is however some complexity for claimants because some people are still able to make new tax credit claims. At present those who can claim tax credits include frontier workers and those who are entitled to the severe disability premium (or recently received it) in certain benefits. There have been several changes in this area recently and we suggest advisers check our website www.revenuebenefits.org.uk for the latest position.

Existing tax credit claimants are not affected by the roll-out of UC unless they choose to claim UC, have a change in circumstances that ends their tax credit claim (and they need to make a new claim) or they need to claim another benefit that UC has already replaced (such as housing benefit). The government plan is to move existing tax credit claimants to UC through a process called ‘managed migration’. The regulations outlining the managed migration process were consulted on by the Social Security Advisory Committee in summer 2018. SSAC’s report and the government’s response were published in November 2018. Several of SSAC’s

recommendations were accepted in the draft regulations published at the same time. However, there was significant external criticism of the proposed process including from the Work and Pensions Committee and other organisations such as the Child Poverty Action Group. The main criticism focuses requirement for people to make a UC claim by a specific deadline and if they do not or fail to understand the process, their existing benefits will be terminated.

The government withdrew the draft regulations in January 2019 and replaced them with new regulations which, although setting out exactly the same process and rules, limit the regulations to a pilot involving around 10,000 claimants. This pilot will take place between July 2019 and July 2020 with a view to scaling up, following Parliamentary approval, in November 2020. Between then and December 2023, tax credit claimants will be moved to UC. Anyone who moves through the managed migration process will receive ‘transitional protection’ which means if their UC award is less than the amount they received under legacy benefits they should receive an extra element in their UC to compensate for the loss. This transitional element will remain in place until certain changes of circumstances occur, or it is eroded over time.

Tax credit claimants who move to UC before they are invited to do so under managed migration are said to be naturally migrating. They will not receive any transitional protection if their UC payments are less than what they were receiving from tax credits and other legacy benefits. Tax credit claimants who are thinking about UC should ensure they speak to a welfare rights specialist before doing so in order to fully understand their position.