Changing the world of work for good

TUC response to Social Security Advisory Committee's

consultation on the Government’s proposals for managed migration of Universal Credit

Introduction

The Trades Union Congress (TUC) exists to make the working world a better place for everyone. We bring together more than 5.5 million working people who make up our 49 member unions. We support unions to grow and thrive, and we stand up for everyone who works for a living.

We appreciate the opportunity to respond to the SSAC consultation on the Government's proposals for managed migration of Universal Credit. The introduction of Universal Credit (UC) is one of the most significant social security reforms in recent decades. And the managed migration of around 3 million claimants holds significant challenges.

The TUC believes that UC based on its current design, and on the experience of the roll out so far, is not ready for the next phase of managed migration. It is fair to say that the roll out of UC has been shambolic. Warning after warning about the new system has been ignored. **And the TUC has repeatedly called for the roll out of UC to be stopped and for a fundamental rethink of the policy.**

The problems with UC are well documented; difficulties in registering a UC claim online, excessive payment delays, housing arrears, financial hardship and increased use of foodbanks. And it is not just the delivery of UC; there are serious issues with the design and the policy of UC embedded within the new system. This includes the rigidity of the monthly assessment periods not working for all claimants, financial cuts to UC which have made it less generous than the previous system, questions on the notion of 'making work pay', and the lack of detail on how in-work conditionality will work in practice.

A wide range of other organisations also raise issues and concerns on UC.

The delivery of UC so far

The recent National Audit Office (NAO) report on UC was highly critical of UC. It was clear-cut that the Department must ensure that the UC programme does not expand before business-as-usual operations can deal with higher claimant volumes, and that it must learn from the experiences of claimants and third parties, as well as the insights it has gained from the rollout so far.[1]

Key issues highlighted in their report includes

- Evidence from local and national bodies shows that many people have suffered difficulties and hardship during the roll out of the service. These have been caused by a combination of issues with the design of UC and its implementation.
- In 2017, around 113,000 new claims were not paid in full on time (approximately 25 per cent of all new claims). Late payments were delayed on average by four weeks, but from January to October 2017 40 per cent of those affected by late payments waited in total around 11 weeks or more, and 20 per cent waited almost five months. Despite improvements in payment timeliness, in March 2018, 21 per cent of new claimants did not receive their full entitlement on time with 13 per cent receiving no payment on time.
- In three of the four areas the NAO visited and for which data was available, the use of foodbanks increased more rapidly after UC full service was rolled out. This is in line with the Trussell Trust's report showing upsurges of 30 per cent in foodbank use in the six months after UC rolls out to an area, compared to 12 per cent in non-UC areas.
- The NAO states the Department has not shown sufficient sensitivity towards some claimants. The Department has found it difficult to identify and track those who it deems vulnerable. It has not measured how many UC claimants are having difficulties because it does not have systematic means of gathering intelligence from delivery partners.
- Local authorities, advisory and advocacy service providers have seen demand for advice rise since UC was introduced in their area. Support agencies have expressed concerns that the current level of support they provide to claimants will not be sustainable as the caseload increases.

The DWP also commissioned a survey of claimants who made an online claim to UC and used their online account to manage their claim. This was published in June, and the Department's own survey of full service claimants found that four in ten claimants who were surveyed were experiencing financial difficulties.[2]

Other key issues included

- Only half (54 per cent) of all claimants were able to register their claim online unassisted, with a further fifth (21 per cent) completing it online but with help. And 20

[1] https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf
[2] https://www.gov.uk/government/publications/universal-credit-full-service-claimant-survey

percent had registered their claim in a Jobcentre plus office with the help of a work coach.

- A quarter (25 per cent) were not able to submit their claim online at all, predominantly due to difficulties using or accessing computers or the internet.
- Three in ten (30 per cent) of those who registered a claim online found this difficult.
- Overall, more than four in ten (43 per cent) claimants said they needed more support registering their claim for UC. Older claimants (aged 55 and over), those with a long-term health condition, and those without regular internet access were more likely to agree (59 per cent, 53 per cent and 65 per cent of each group, respectively).
- The process of verifying their identity online was seen as particularly difficult. Nearly half of this group (48 percent) said they found the process difficult, with a quarter (25 percent) saying they found this very difficult.
- The findings also indicated that over half of UC claimants were experiencing difficulties keeping up with bills and commitments over the duration of the survey period.

Separately there have been issues with the Real Time Information pay data (RTI) and UC. The Low Incomes Tax Reform Group (LITRG) has raised this issue[3]. The basic idea of the RTI system is that employers can submit PAYE data to HMRC on or before their employees' pay day. The RTI is fundamental to the working of UC. However, if employers submit data late or submit incorrect figures (even if they are subsequently corrected), there can be potentially serious consequences for the UC award. In some cases, it could alter the level of UC payments or it could lead to a UC award stopping.

A Freedom of Information request reveals, "*between January 2016 and February 2018, DWP passed 10,698 cases, where the claimant disputed the earnings reported through RTI, to the Jointly Managed Engagement Team, for HMRC to clarify earnings with employers.*" [4]

As UC is rolling out gradually at the moment, the number of claimants with RTI issues is relatively small. However, if the issue is not addressed now, RTI problems will cause a major hindrance to the successful roll out of UC.

There are also serious concerns about inadequate levels of staffing to deal with the rollout of UC, and the impact that this has on staff and those having to claim it. PCS, our affiliate union, continue to raise this issue. Their members report that they are under significant pressure, trying to deliver a system which has been beset with problems and which often leaves claimants without the money they are entitled too. There continue to be excessive backlogs causing delays in payments, and staff are having to spend a significant amount of their time on the phone at the expense of processing claims. This creates a 'delay cycle' with insufficient staffing levels to address the level of calls being made about UC; staffing resources are re-allocated to answer phones; as a result claims begin to back-up; this

[3] https://www.taxadvisermagazine.com/article/real-time-information-and-benefits-update
[4] https://www.litrg.org.uk/

creates more delays and results in more phone calls from claimants; resulting in more staff being re-allocated to answer phones, often at short notice.

PCS firmly believe that the DWP will struggle to cope with the enhanced rollout of new claims to UC, which significantly ramps up from this autumn, without the added pressure of converting those on legacy benefits over to a system which is nowhere near being in a stable state of delivery yet.

By the end of UC rollout, work coach caseloads are expected to increase significantly - from 85 claimants per work coach to 373 in 2024. For service centre staff, caseloads will increase from 154 claimants per case manager to 919.[5] Adequate resources need to be in place before this expansion.

[5] https://www.citizensadvice.org.uk/Global/CitizensAdvice/welfare%20publications/Making%20a%20Universal%20Credit%20claim%202018%20-%20final.pdf

The design of Universal Credit

The recent focus on UC has been on the delivery of the new benefit; however, there are serious issues with the design and policy of UC embedded within the new system.

While we know that SSAC are not consulting on the design of UC, we feel it is necessary to raise the design flaws as they affect the experience of those moving on to or migrating to UC.

Cuts to Universal Credit

The accumulation of cuts to UC means it will be less generous than the previous system.

The 2015 Summer Budget made dramatic cuts to UC. These included:

- Reductions to the 'work allowances' for most UC claimants, from April 2016.
- Limiting the child element of tax credits and UC to two children for new claims and births after April 2017.
- Removing the family element in tax credits (and the corresponding first child premium in UC) for new claims from April 2017.

These elements, plus frozen benefit rates, mean a real cut in support for claimants.

The Resolution Foundation estimates UC will be around £3 billion a year less generous than the current tax credit system and will lead to an average loss of £625 a year for working families. [6]

Lone parents are disproportionately affected as they face some of the biggest cuts to the work allowance.

The TUC is concerned that the introduction of UC has become primarily a cost-cutting exercise, rather than a mechanism for supporting low-income households.

Payment Schedule

The November 2017 Budget reduced the waiting period of UC to five weeks, by removing the seven-day waiting period at the beginning of the claim, but this will do little to reduce the pressure on claimants' household incomes. Five weeks is still a considerable amount of time to wait for essential financial support (and we know even this target is not met).

In the Budget, the Chancellor said: "We have looked at reducing the delay at the end of the first month assessment period. But to do so would mean compromising the principle of payments being made on the same day of the month. A key feature of the system which is very important for claimants in managing their budgets." [7]

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[6] https://www.resolutionfoundation.org/app/uploads/2017/10/Universal-Credit.pdf

[7] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/661480/autumn_budget_2017_web.pdf

However, a claimant cannot budget without money. Clearly, the speed of the first payment should take priority over a neat (and hence rigid) monthly payment schedule.

UC payments must be made more swiftly – claimants need money for essentials such as food and paying for their rent. To help claimants budget they should be able to request to receive UC on a 2-week basis. In addition, all claimants should be entitled to having their benefit paid directly to landlords when they receive UC.

Monthly assessment period and Universal Credit

Those in insecure work also face a challenge in UC. Ministers have said that UC was designed to better support this group, with benefit payments adjusting monthly to reflect real earnings. In contrast, this group are more likely to experience fluctuations in their earnings as the new monthly assessment periods do not work well for them. The monthly assessment periods are set arbitrarily, based on the date of someone's claim rather than being aligned with pay cycles. For some claimants, temporary increases in monthly incomes due to short-term work or overtime can take them over the earnings threshold for UC. In these cases, their UC automatically ends, and they must reapply.

Also not everyone gets paid monthly; the new benefit does not reflect real working life for many people. The system of monthly assessment periods and the corresponding benefit payment can be highly complex to understand. Those paid non-monthly wages may earn a sufficient amount to take them over the earnings threshold for UC altogether (for example, where two four-weekly wage packets happen to fall in a single assessment period).

The UC award is also based on people's circumstances on the last day of their assessment period; it is not adjusted on a pro-rata basis to take into account when their circumstances change. This means that whenever a change in circumstances occurs like moving property or children moving in or out their property, claimants can experience significant over- or underpayments. Hence, if a claimant moves from a higher-rent to a lower-rent home during an assessment period they will not receive enough money to cover the rent for the first part of the month. The date of the end of the assessment period is significant here, as they will lose more if their change of circumstances happens towards the end of their assessment period.

Passported benefits

Due to the fluctuations in earnings as discussed above, claimants who receive passported support with health costs will be found not eligible in some assessment periods. This could be damaging for claimant's health if they delay seeking any support by waiting for an assessment period that makes them eligible.

Making Work Pay

Policy designs have reduced incentives to work, especially for single parents. One of the original aims of UC was to ensure people were always better off in work than on benefits. However, the increasingly less generous work allowance, and the relatively high taper rate of 63 per cent (75 per cent once claimants start paying taxes and national insurance);

reduce incentives to work especially for single parents. Early designs of UC suggested a taper rate of 55 per cent.

Second earners in a household have no work allowance, so all their initial earnings are immediately subject to the taper. They therefore keep just 37p in the pound of their pay, which again reduces incentives to work. In most couples, the second earner is more likely to be a woman, so this will disproportionately hit women's employment rates and incomes.

Financial abuse

Women are further disadvantaged as UC payments go to one person in a household, which will often be the man, increasing their financial dependence on their partner.

Splitting UC couple payments by default could provide some protection for victims of domestic abuse. This option needs to be explored.

Self-employment and Universal Credit

Families with a self-employed earner will face reductions in the level of support they receive on UC if they do not meet the 'Minimum Income Floor' (MIF), which requires them to earn the equivalent of 35 hours a week at the National Minimum Wage.

The OBR in its recent welfare trends report confirms that the low-income self-employed face a much tougher benefits system under UC. It estimates that the MIF in 2022-23 will overwrite the actual income for around two thirds of self-employed UC claimants. And on average, those affected are assumed to lose around £3,000 relative to what they would receive if the MIF were not in place. [8]

The introduction of this measure is expected to lead to savings of more than £1 billion for the Exchequer, which is in effect coming out of the pockets of the low-paid self-employed.

While there is a grace period of 12 months for a new business before the MIF applies, this period is considered too short for a new business set up, as large numbers of the self-employed earn very little at the outset of their business. Such a short start-up period in the MIF could close businesses with the potential to become sustainable and profitable. In addition, these rules could discourage people from starting self-employment in the first place. Self-employment can sometimes be the only option for single parents, carers and groups that find traditional employment difficult to access.

In addition, the monthly income assessments in UC are expected to be problematic for the self-employed, as they are more likely to have unpredictable and fluctuating earnings. UC is designed around monthly assessment periods, and while this may work well for the employed with steady hours and income, it does not adapt well to the self- employed.

In-work conditionality

UC extends and intensifies conditionality in the benefits system. Claimants will be expected to look for more or better paid work until they reach a certain income – which for non-

[8] http://obr.uk/wtr/welfare-trends-report-january-2018/

disabled single people and those with caring responsibilities will normally be 35 hours paid at the minimum wage.

The Department's internal analysis indicates that there will be around 1 million claimants in-work potentially falling into in-work conditionality on UC, receiving support when UC is fully rolled out. [9]

The Chancellor announced in the November Budget that £8 million over four years has been allocated to trial innovative approaches to help individuals on UC to earn more. At this stage, there are no details beyond this. The in-work trials are happening, however no information on them has been provided.

With little detail on this – this could unravel into chaos and financial hardship for claimants. The DWP should at the least for now set out proposals that guarantee it will not sanction anyone who has worked short hours because their employer will not offer them additional hours.

[9] https://www.parliament.uk/business/publications/written-questions-answers-statements/written-questions-answers/?page=1&max=20&questiontype=AllQuestions&house=commons&member=4400

The Managed Migration draft legislation

The overall migration timetable

The Department for Work and Pensions (DWP) plans that between July 2019 and 2023, the final phase of UC roll out will have taken place. The full-managed migration process will start from January 2019, with the intentions to increase volumes by July 2019. They will use the 'test and learn approach' before larger volumes of claimants are managed migrated to UC.

As we have discussed, UC is not ready to be rolled out, there are fundamental issues with the design and delivery of UC which need to be addressed before further roll out can be considered. There are horrific examples of claimants being penniless and relying on foodbanks to survive, which has seriously affected their physical and mental health. The DWP's one-line response to this, 'that you can get repayable advance payments' does not resolve the fundamental issues within UC.

The test and learn approach suggested for managed migration is not reassuring, as the DWP has repeatedly said that they are using this approach for the initial roll out of UC, and despite the well documented failings of UC no major changes have been made. The 2017 Budget announcements to UC are of minimal help to people claiming the new benefit. Cutting the waiting period from six weeks to five for UC will have little impact on claimants, and there was nothing in the budget to address the huge cuts set to hit families in the coming years.

In July this year the Public Accounts Committee reported on the transfer to employment and support allowance (ESA) from incapacity benefit between 2011 and 2016. An estimated 70,000 claimants were found to be underpaid by between £5,000 and £20,000, and the report was critical of DWP. The Committee concluded that:
'This unacceptable and entirely avoidable situation stems from multiple failures on the part of the Department. It failed to design a process that reflected its own legislation. It failed to subject that process to proper scrutiny. It failed to listen to its own staff, claimants, or external stakeholders and experts who told it things were going wrong and that it needed to slow down. And it failed to act even when it was painfully obvious that it was underpaying a significant number of people, taking over six years to take the necessary corrective action'[10]

The Department should also seek to learn lessons from the roll out of the tax credit system, over a decade ago, which caused considerable hardship to claimants. In a report from the Parliamentary Ombudsman into the roll out, they concluded that:
"the delivery of tax credits has been designed to be wholly IT based and does not take proper account of the needs of customers".

It went on to emphasise the importance of access to staff available to resolve queries, and makes clear that claimant needs must be put at the centre of any new system:

[10] https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/975/975.pdf

It also suggests that, if the system is intended to meet those needs, then a much-improved level of customer service is required in the form of better and clearer communications, easier and quicker customer access to Revenue staff who can address problems and queries, and prompt and efficient complaint handling. Without these, a sizeable group of families will continue to suffer not only considerable inconvenience, but also significant worry and distress. The tax credits experience also provides important lessons for the future design of major IT projects for all public bodies, but particularly in the social welfare field. It demonstrates the importance of making consideration of all potential customers a central element from the start. The intelligibility of information to customers, good communication, and effective mechanisms to deal with things that go wrong should not be afterthoughts, but central and built into the system design. [11]

We hope that the Department will seek to learn from these experiences, rather than repeat the hardship experienced by large numbers of low income families due to a failure to take their needs into account.

The TUC calls for the roll out of UC to be stopped and for a fundamental rethink of the policy.

The claims process

The draft regulation says that initial communication from the DWP will inform claimants that their legacy benefits will be ending soon, and they will have to make a claim for UC in the future. The Secretary of State will then issue a notification informing them that they will need to make a new UC claim by a specific day (deadline day). This notification will give existing benefit claimants a timescale in which to make their UC claim, and there will be a minimum of one month.

DWP staff can extend the deadline day if a claimant with good reason asks for an extension on or before the deadline day. And that when claimants do make a UC claim by the deadline day, their legacy benefits will be paid up until the day before the deadline day. If they do not claim by the deadline day their benefits will terminate the day before, and they would be treated as not complying with the managed migration process.

It further says before existing benefits are stopped, if it is considered that the claimant has complex needs or is vulnerable, the agent has the option of either to suggest an extension of the deadline day, arrange a home visit, or remove the claimant from the managed migration process by cancelling the notification and re-issuing it later.

We have some serious concerns with these proposals. Rather than automatic migration as the process of 'managed migration' suggests, it is ending an existing claim and making a completely new claim. Understanding and applying for UC is complex, this will cause

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11 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/273492/0124.pdf

considerable stress and anxiety for some claimants. **The department should consider how claimants could be automatically transferred onto the new benefit.**

It is also unfair that all the responsibility for navigating the process of claiming UC is placed on the person who is being migrated. If you are unable to understand and follow the UC rules, claimants can find their legacy benefits have ceased and have no new benefit to move on to. While the DWP claim that this will not happen to those who are vulnerable, we question how the DWP will know if claimants are vulnerable, as they have no method to identify them. The National Audit Office report on UC stated that the Department has found it difficult to identify and track those who it deems vulnerable. It has not measured how many UC claimants are having difficulties because it does not have systematic means of gathering intelligence from delivery partners.[12]

The responsibility of the claim needs to shift from the claimant to the Secretary of State. As currently drafted, the regulations provide that the serving of a notice becomes the trigger for benefits to cease on a given day. There is no regulatory requirement placed on the Department to satisfy itself of the reason/s why no claim has been submitted. The regulation must be amended to add that, **the Secretary of State must in advance of the deadline day, satisfy themselves that the termination of existing benefits will not cause undue or unnecessary hardship to the claimant or members of the claimants household**. Unless the Secretary of State is satisfied that the termination of existing benefits will not cause undue or unnecessary hardship to the claimant or to members of the claimant's household, the Secretary of State has to change the deadline day to a later day.

Otherwise, vulnerable people could see their benefits stopped entirely while they struggle with the process of claiming UC, which will create considerable stress for them.
We are also seriously concerned that claimants who migrate over to UC will have to wait a minimum of five weeks for their first payment like new claimants. This is an unacceptable wait and will lead to increased debt; a solution has to be found for how to manage migration without a break in payment.

One of our affiliate unions, UNISON has identified two possible alternatives that would avoid the gap in household incomes in migration to UC.

The first proposal is to consider delaying the end of legacy benefits by a month so that they cease one month after the deadline day proposed in the draft regulations.

The second proposal is to make a payment during the first assessment period but using the ‘UC methodology’ using the Real Time Information (RTI) for what would have been the previous assessment period.

[12] https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf

Illustrative Example

Proposed by draft regulations	UNISON alternative
Step 1: Claimant receives a letter dated 31 January 2020 advising of the need to make a new UC claim by 28 February 2020 **Step 2:** Claimant completes the steps necessary to make a claim for UC on 15 February 2020 – before the deadline **Step 3:** This date starts the UC claim and marks the beginning of the first UC assessment period **Step 3A:** It also means that tax credit ceases on 14 February 2020. **Step 3B:** The first UC assessment period ends on 14 March 2020 **Step 4:** Claimant receives first UC award on 21st March 2020 including any transitional protection.	**Step 1:** Claimant receives a letter dated 31 January 2020 advising of the need to make a new UC claim by 28 February 2020 **Step 2:** Claimant completes the steps necessary to make a claim for UC on 15 February 2020 – before the deadline **Step 3:** This date starts the UC claim and marks the beginning of the first UC assessment period **Step 3A:** It also means that tax credits cease on 14 February 2020. **Step 3B:** Using the assessment period from 15 January to 14 February DWP base the bridging payment on the RTI feed for that period to make a bridging payment including transitional protection if it applies. **Step 3C:** Claimant receives a bridging payment on 22 February 2020– 7 days after making the UC claim **Step 3D:** The first UC assessment period ends on 14 March 2020 **Step 4:** The first UC award is paid on 22 March 2020 including any transitional protection.

The bridging payment avoids creating a gap in income.

Separately, there is no detail in the draft regulation on how the roll out of UC will proceed, will it be geographically, alphabetically or a different system? Claimants and advisers clearly need to understand the process of roll out so that they can plan.

Transitional Protection

Transitional protection (TP) will be paid if the difference between the legacy benefits is greater than the total amount of UC to which the claimant would be entitled to (calculated based on *their circumstances at the point of managed migration on their termination day). The amount of TP will remain the same; there will be no increase over time.*

When claimants do not claim by the deadline day and their benefits are terminated, they are treated as not complying with the managed migration process. If claimants do not comply with managed migration or their UC claim is disallowed, no TP would be applied to any subsequent UC award, even if another new UC claim is submitted by or before the original deadline day in the migration notice.

The process of Transitional Protection is another complex feature of UC. We are concerned how claimants will understand the calculation of TP and how it will work with their UC payment. We are also concerned that over time TP will lose its value, as there will be no increase in this element over time. The term 'Transitional Protection' merely serves to freeze entitlement at the point of migration. Yet when the Government launched UC it made a commitment that no-one would lose as a direct result of the reforms. [13]

A change of circumstances in your claim ends your TP payment. The interaction between UC assessment periods and payment arrangements can also end your TP. If you have an assessment period that ends up with two paydays within this, your UC could end because of a design flaw and you would have make a new claim and lose your TP at this stage. A recent change made by the DWP to this in June, allows the TP to be re-awarded if the claimant makes a new claim to UC within 3 months. But this is an incredibly complicated process. The Department has yet to make clear whether the TP will apply automatically, whether claimants will have to apply, and how they will know they have to. Regardless of how this is received, you have still suffered a loss of income because of a design flaw.

It is also clearly unfair that you can be denied TP because your UC application was rejected, as you were unable to understand the claims process and therefore seen not to comply with the rules of managed migration. And even harsher that if you reapplied and your UC application was accepted by the deadline day, you still lose your TP. From the draft regulation, we cannot see how you could challenge this decision.

Disability payments and the process of TP further highlights that UC is not ready for mass migration. The recent court case involving two men with severe disabilities highlighted this as they lost additional disability payments received in legacy benefits when naturally migrating to UC. [14]

UC does not have an equivalent to the SDP element. Until recently anyone claiming a severe disability payment (SDP) and naturally migrating to UC, lost out on TP as this would not be available till managed migration in 2019. It was then announced in June by the

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[13] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/48897/universal-credit-full-document.pdf

[14] https://www.leighday.co.uk/News/News-2018/July-2018/Men-with-severe-disabilities-win-compensation-foll

Secretary of State that those entitled to SDP in legacy benefit will not move on to UC until they qualify for TP.

A transitional arrears payment will be made if the claimant has already lost the SDP premium as a consequence of moving to UC. These payments will eventually be converted to payments of TP at some point in the future, to be decided by the Secretary of State, after the managed migration of existing benefit claimants begins in July 2019.

The transitional payment for a UC claimant in the UC Limited Capability for Work and Work – Related Activity Group (LCWRA) has been determined at a flat rate of £80.00 a month. The basis for arriving at the figure of £80 in the draft regulation needs clarifying.

The reform also does nothing to stop new claims being made for SDP, meaning that new disabled UC claimants could lose entitlement of around £2,000.

There is also no mention of the enhanced disability premium (EDP), like SDP this is an additional disability premium you may be entitled to when receiving ESA.

The proposal to prevent natural migration should not just be limited to those in receipt of SDP, this should be extended to anyone with disabilities who stand to lose by moving on to UC.

The impact on workers, including the self- employed

Within this consultation response we have covered the impact of UC on workers, and in this section we focus on the impact on the self-employed. When it comes to in - work benefits in UC for the self- employed, in many cases the imposition of the MIF puts the self-employed in a far worse off position than they would have been if employed with commensurate levels of income. In this sense, the MIF acts as a kind of super sanction disproportionately affecting those who are judged to be self-employed and in gainful self-employment.

Equity, our affiliate union use the following example to illustrate this:

A self-employed entertainer has gross profit figures of £2,452 over a four-month period for UC purposes. They had been found to be gainfully self-employed and the MIF is applied. Their UC awards over this four-month period amount to £1,116 in total including housing costs. Had they been assessed as an employee over this same period using the same gross figures, they would have received £2,164, a difference of over £1,000. It is also worth noting that this person’s legacy benefit award over the same period would have amounted to approximately £2,688 including housing costs.

For this reason, a self-employed worker with variable income who is transferred to UC and found to be self-employed would find themselves substantially worse off over their employee counterparts in most cases and equally in many cases if they had remained on legacy benefits. This impact should be part of the consideration on how TP is applied for the self -employed.

The six-month 'grace period' in UC before the MIF is applied to claimants who have been self - employed for over a year is not considered as TP.

Equality impact

We are concerned that there has not been a sufficient Equality Impact Assessment on this system, which will result in discrimination against many groups.

Monitoring and Evaluation

We have raised our concerns about the 'test and learn' approach, as serious issues have been raised by a broad range of organisations on the design and delivery of UC, and they have been completely ignored. This is not test and learn.

Regular data on the roll out needs to be published by the DWP, alongside regular assessments of the impact of the roll out on claimants.

Summary of recommendations:

The TUC calls for the roll out of UC to be stopped and for a fundamental rethink of the policy.

Our recommendations include:

- Reversing the cuts to the work allowance in full, scrapping the unfair 'two child' policy and the removing the first child premium. The cap on benefit uprating must also be lifted.
- Speeding up UC payments. Claimants need money for essentials such as food and rent. To help them budget, claimants should be able to request to receive UC on a two-week basis. In addition, all claimants should be able to have their benefit paid directly to landlords when they receive UC.
- There needs to be a recognition that not everyone gets paid monthly, so the monthly assessment period may not work for them. This is similar for those in insecure work with fluctuating incomes, so flexibility with rigid monthly assessment periods may be required.
- To ensure continued eligibility for passported benefits for those with fluctuating incomes, a three- month average income could be considered.
- If the aim of UC is to make work pay, the taper rate needs to be revisited. And second earners, who are often women, should be entitled to a work allowance too.
- In addition, there needs to be a process of splitting payments between recipients within the same household, which would reduce women's financial dependence on their partners.
- The implementation of the Minimum Income Floor for the self-employed should be reconsidered, as this could close businesses with the potential to become sustainable and profitable. In addition, these rules could discourage people from starting self-employment.
- In-work conditionality should include proposals that guarantee claimants who work short hours because their employer will not offer them additional hours will not be sanctioned.

On managed migration

- There are fundamental issues with the design and delivery of UC which need to be addressed before further roll out can be considered.
- The Department should learn from past experiences of changes to the benefits system, rather than repeat the hardship experienced by large numbers of low income families due to a failure to take their needs into account.
- The Department should consider how claimants could be automatically transferred onto UC.

- The Secretary of State must in advance of the deadline day, satisfy themselves that the termination of existing benefits will not cause undue or unnecessary hardship to the claimant or to members of the claimant's household.
- To consider the proposal for making a speedy payment – during the first assessment period, using the 'UC methodology' for what would have been the previous assessment period.
- To reconsider how transitional protection will work, some claimants are unfairly losing this protection.
- Regular data on the roll out of UC needs to be published by the DWP, alongside regular assessments of the impact of the roll out on claimants (including equality impacts).