HOUSE OF COMMONS

Public Accounts Committee

Oral evidence: The Restart scheme for long-term unemployed people, HC 733

Monday 12 December 2022

Ordered by the House of Commons to be published on 12 December 2022.

Watch the meeting

Members present: Dame Meg Hillier (Chair); Dan Carden; Sir Geoffrey CliftonBrown; Mrs Flick Drummond; Mr Louie French.

Work and Pensions Committee member also present: Sir Stephen Timms.

Gareth Davies, Comptroller & Auditor General, National Audit Office, Adrian Jenner, Director of Parliamentary Relations, and Marius Gallaher, Alternate Treasury Officer of Accounts, were in attendance.

Questions 1 - 84

Witnesses

I: Peter Schofield, Permanent Secretary, Department for Work and Pensions; Angus Gray, Director and SRO for the Restart scheme, DWP; Preeta Ramachandran, Southern Area Director, DWP; Mark Leigh, Commercial Director, DWP.

Report by the Comptroller and Auditor General

The Restart scheme for long-term unemployed people (HC 936)

Examination of Witnesses

Witnesses: Peter Schofield, Angus Gray, Preeta Ramachandran and Mark Leigh.

Q1 **Chair:** Welcome to the Public Accounts Committee on Monday 12 December. Today we are looking at the Restart scheme for long-term unemployed people. This was established partly as a response to Covid and to the then predicted increase in unemployment, which was expected and indeed predicted by the Office for Budget Responsibility at the time.

In the end the scheme has not supported as many people as expected partly or largely because there has been a different unemployment rate—much lower than expected. This means each person who has been through the Restart programme has cost more money to the taxpayer. There is still a net gain to the taxpayer, but it is not as high as the original business case expected. In that sense it has not been a failure, but it has not achieved what it set out to for some of the reasons I have outlined. We are keen to hear from our witnesses today about what has happened, what lessons have been learned and what the plans are going forward.

I would like to welcome our witnesses. We have Peter Schofield, the Permanent Secretary at the Department for Work and Pensions. He is supported by Angus Gray, who is the director and senior responsible owner for the Restart scheme. Mark Leigh is the commercial director for Restart and so was involved in all the negotiations on the contracts, which we are very interested in today. Preeta Ramachandran is the southern area director, covering a swathe of Britain from Cornwall through to Kent. We are mind-boggled, in the snow, at how you would ever do your job. Anyway, thank you for coming to London today to join us.

I would like to kick off. As I mentioned, there was a reduced demand for the scheme because there was an expectation at the beginning that there was going to be a higher rate of unemployment. You are now only helping about half a number of people that was expected, but the key thing is that only 35% of those flagged as eligible by the universal credit system are going on to Restart. Do you want to explain a bit more around that, Mr Schofield?

Peter Schofield: As you say, stepping back, the background here is that at the time of the plan for jobs, when Restart was originally announced by the then Chancellor of the Exchequer, we were anticipating that unemployment would go up very significantly and peak, according to the Office for Budget Responsibility, at around 11.9%. Happily, we never reached those levels.

At the time probably the biggest question for us was around not the forecast of demand but the scale of capacity we could build in the time available. We had a really important policy objective of avoiding the labour market scarring of long-term unemployment, particularly from the big increase in the number of people coming into universal credit as the pandemic began from March 2020 onwards. Very soon after the anniversary of the pandemic coming into place, we were looking to have this scheme ready for the long-term unemployed.

At the time, when we were looking at something like 11.9% unemployed, we thought that could lead to the number of people who were potentially eligible for a long-term unemployment scheme reaching well over 2 million. When we were designing the scheme, we ended up designing it for 1.4 million because we thought that was as much as we could build in terms of market capacity in the time we had available, in order to have something ready for the anniversary of the pandemic.

The big focus was on capacity building. You are right to say that the question—this is one of the key challenges in the Report—is why we did not anticipate smaller numbers. The smaller numbers came from two things, as the report says. One is the happy reduction in unemployment or the forecast growth in unemployment that we saw.

Chair: It was 4%.

Peter Schofield: Yes, it peaked at around 5% but is now happily below 4%. We had also anticipated that more people than the system identified as being eligible for Restart would turn out to be eligible. There are a number of things that were going on in that.

One was the reality at the time. Our understanding of the case load then was not what it would be in the current world. If you think back to the end of 2020 and the beginning of 2021, when we were designing the scheme and negotiating the contracts, we were not opening jobcentres for regular interactions between work coaches and participants. The normal knowledge you would have between a work coach and a claimant was not there. We had many new work coaches. As a result of that, the knowledge of our customer base was certainly not what it would be now.

Q2 **Chair:** You are saying that qualitative knowledge, rather than just data, was critical and was missing.

Peter Schofield: Yes. There is a table in the Report that sets out the reasons why you went from the number the system thought would be eligible for Restart to the numbers that were, in the end, referred by work coaches. Some of it was around the complexity of barriers that we did not know until we got to know the people, which you only do face to face.

Chair: Is it figure 6?

Angus Gray: Figure 6 has the reasons, yes.

Peter Schofield: Yes.

Chair: It is page 32, if anyone is looking for it.

Peter Schofield: That accounted for 57% of the reduction but 43% was because people's circumstances were changing all the time.

Q3 **Chair:** We have picked up on this point about circumstances. It was highlighted by the NAO. Were they changing massively faster than normal? Surely you are used to people's circumstances changing. That is going to be the nature of the beast.

Peter Schofield: At the time, the case mix coming into universal credit was unusual. We talked a bit about that when we were talking about employment schemes, the annual report and accounts, and what we were discovering about the propensity of people with capital or who were selfemployed.

It was a very different situation. The labour market was incredibly dynamic at the time as well. There is a graph in here that shows vacancies growing over time. The position we were in at the beginning of the period of the plan for jobs in June 2020, with a very significant number of people expected to be unemployed and a reduction in vacancies, was changing in real time.

Q4 **Chair:** That really explains the difference between the 82% you thought were eligible and the 43% who were. Mr Gray is nodding.

Peter Schofield: Yes.

Chair: If that explains it, I am not asking you to explain it again.

Peter Schofield: It does. I paused because I was reflecting on the genuinely important challenge from the NAO about whether we could have done more to test the assumptions before we wrote the contracts. All the challenges in the NAO's Report are good challenges, certainly when you look back on it. At the time, we did not feel this was the important variable. We were focusing on quite how much we could—

Q5 **Chair:** We will come back later, particularly to Mr Leigh, on some of that. The commercial negotiations are very interesting; we might see some lessons from them.

One of the other things I am interested in, Mr Schofield, is that one in five of those who work coaches thought were eligible did not go on the scheme. Can you or Mr Gray—and maybe Ms Ramachandran can highlight what it feels like on the ground—explain why that was? That is the bit DWP has control over. It is in your bag.

Peter Schofield: Let me say something, and then I will hand over to Preeta for a bit more flavour of how it feels on the ground. This is a mandatory scheme. Once we refer you, you are required to go.

Chair: Exactly, yes.

Peter Schofield: The big focus for us as well is that we want to have willing participants, not grudging participants. People are going to get more out of the scheme if they know why they are doing it and how it is going to benefit them.

Chair: One in five did not go on it, though.

Peter Schofield: They are a work in progress. That is the point. Ultimately, we can take that to a sanction. As the Report says, sanctions are relatively low for this population. We are trying, in a free way, to have a combination of the work coach, the employment adviser and the provider working alongside the participant to encourage them as to why it is worth them doing that.

Preeta, do you want to say a little bit about how it turned out in practice?

Preeta Ramachandran: Yes, it is exactly what Peter has said. We are doing re-engagement sessions across all the operational jobcentres. We want people to go and feel motivated to do it. If someone does not go, we work with the providers and bring them in to the jobcentre. We are running really big re-engagement sessions.

The success of this is where their heart is in it, when they go there and they really participate. Rather than sanctioning people and making it mandatory, we are making them really enthusiastic to go on to it.

Q6 **Chair:** I know you have this discretionary fund in jobcentres to help people get a skill—literacy, their driving licence or whatever it might be—that they need where there is a barrier to a job. Are your work coaches doing that before they send people on Restart?

Preeta Ramachandran: Not normally before they go on Restart, because Restart should do that for us.

Chair: That is what I thought. I was just making sure there was no overlap.

Preeta Ramachandran: For example, if you have someone who has drug dependency and we do not think they are ready to go on Restart, we might use some of our specialist providers and work with them first. Then we have those people still there so that six months later they might be the right people to put on to Restart.

Chair: The door is not shut at that one point in time.

Preeta Ramachandran: No. We always have them on hold, waiting to put them on.

Q7 **Chair:** Could you have had any better information or better data to predict demand? I do not know whether Mr Leigh or Mr Gray wants to contribute to that answer.

Peter Schofield: Do you want to say a bit about the data we have, Angus?

Angus Gray: Yes. Certainly I am keen that we learn from this because this has clearly taught us a lesson. As Peter said, the real challenge was what was going on at the time. One of the striking things about that suitability rate, for example, was that it was worse early on because we had some competing provision, with Kickstart and the other things that we could refer to. There were genuine choices for a work coach to make about what to focus on.

We also had people in the case load who would not normally be there because we had not yet been able to do the gainful self-employment test, for example. The overall figure so far is distorted by that turmoil at the very beginning of the programme, where there were people on the case load who in normal times would not be. That feels to me like quite a unique situation.

Q8 **Chair:** You say "unique". I am interested in whether there are lessons you could learn from that.

Angus Gray: We will not see some of that again, touch wood. It was a very unusual recession. We had all those easements because we could not see people face to face in jobcentres and so on. There is a chunk of it that I feel is unique, unless—heaven forbid—we find ourselves in the same position.

Then there are the other things, as you were saying, about the dynamism of the case load, which is not a complete surprise to me, having worked in employment for 30 years. The ease with which UC enables people to flow in and out of work has probably accelerated that a bit, maybe beyond what we were expecting. There is something there to think about in the design of future programmes.

Q9 **Chair:** You say "think about". What would you do in the future design of a scheme that would make a difference?

Angus Gray: That particular point raises two policy questions. First, can you design an incentive system for providers that means it is okay to send somebody who already has some work but you want to help them to get more? The risk at the moment—it is the reason why we exclude those people—is that they already have some of the salary that would then generate a payment outcome for the provider.

Chair: It might not be a lifelong career option.

Angus Gray: Exactly, so you might be able to have a different regime for them, for example.

Peter Schofield: There might also be barriers that are stopping them from doing more work.

Angus Gray: Yes, where the provider could work with them. You need to get the incentive scheme for providers right.

The second thing, which is where your first challenge was coming from, is a better estimation of what proportion of a group that looks eligible on paper is likely to end up in the programme. We would use the learning from this in determining that number as an assumption for any new programme.

Chair: Mr Leigh, do you want to add anything there, as the person who draws up the contracts?

Mark Leigh: One of the key challenges of this programme was trying to understand what the market could bear and how that connected with where the Department thought demand was. We effectively stepped demand down to what the market could bear. That was quite successful in putting the Department in a position to execute the programme.

In future, we will have to consider quite carefully where that volume band sits. We design programmes to cope with volume susceptibility. We have run programmes a number of times with variability around a central estimate where we have a view of what can be sustained.

The critical thing for this programme was that the changes in the economic context were so great, it moved us well outside that boundary. We will have to look at some different designs for how we might choose to contract with people, but those have other risks in terms of our ability to respond quickly to demand from jobcentres and other issues. It is not a binary context, if you like.

Q10 **Chair:** I will come on to the commercial stuff a bit more but, by reducing eligibility and therefore pushing more people through, in a sense you could argue that DWP bailed out the contracts. You gave them more to do partly to cover the fact that you were paying them a fixed rate for fixed costs. Is that fair?

Peter Schofield: The starting point was that we thought the demand was going to be much higher. We narrowed eligibility in order to keep it down to something we thought the market could bear. We then had the ability to expand it further to above 18 months. That definitely should have been within the core offer. Between nine and 12, you can argue the case.

The big challenge for us, in the context we faced back in 2020, was where we set the midway point for the structure of the contract Mark was describing. If we had gone well below 1.4 million and it had turned out to be where the OBR was forecasting, you would be challenging us for not having enough.

Chair: We understand that. That is why this is an interesting session.

Peter Schofield: It genuinely is. When I looked at the NAO's conclusions about whether we did enough to test the different scenarios, we could always have done more to demonstrate that we had thought about different scenarios up front. At the end of the day, I am not sure we would have taken a different decision with the information we had at that time.

Chair: That is interesting and candid.

Q11 **Sir Stephen Timms:** Good afternoon. Is it not rather wasteful to have jobseekers reporting fortnightly to both jobcentres and Restart providers?

Peter Schofield: It is a good challenge, Sir Stephen. When we designed Restart, as the Report says, we were working on a lot of the findings from the Work programme. That interaction, it is fair to say, was not part of the system. We felt we had missed something by not having that.

Sir Stephen Timms: Do you mean on the Work programme they were not doing that?

Peter Schofield: In the Work programme, we did not have a connection with the work coach. We were feeling that we needed to put that back in in order to get the benefits you get from the claimant commitment and following up on the claimant commitment on one hand, alongside the work of the provider tackling barriers on the other.

As the report fairly brings out, we know we need to do more work on that relationship. A core part of the three-way combination happens in the warm handover, which does not tend to involve the actual employment adviser from the provider. It tends to be a more generic entry into the provider system, but it does involve the work coach.

Then there are challenges about how you get the most from the relationship going forward in terms of the connections and how that works in practice. We do quite a lot of work where a participant does not show up. We look quite a lot of case conferencing work between the provider, the work coach and the participant.

Preeta might want to say bit more about how we are trying to work better between work coaches and providers.

Q12 **Sir Stephen Timms:** The point the Report brings out is that very often the people in the jobcentre do not quite know what this person has been up to in the Restart provider and vice versa. It all seems a little dysfunctional.

Peter Schofield: This is genuinely something we are working on and trying to improve. Do you want to say more about that, Preeta?

Preeta Ramachandran: We have really built up those relationships with the providers. When I go across the south of England, every week I see providers and work coaches working together and case conferencing each person. We might bring our disability employment advisers into it if it is something to do with health as well, but both of them will share information about the customer. We will work together. If there are any barriers, how do we work together on them?

There has been a continuous improvement of that relationship. At least once a week they will be in our jobcentres. We are doing joint recruitment events together. Two weeks ago, I went to a joint recruitment event in Southampton. We had employers that DWP worked with and employers that the provider works with. We were hosting it together. Sometimes the providers will come to our recruitment events and vice versa.

The relationships are working out really nicely, and there has been a real continuous improvement of that relationship since the start of the programme. It is getting better each week.

Q13 **Sir Stephen Timms:** Jobseekers are going fortnightly, typically, to the providers and to the jobcentres. It seems a bit over the top. Anecdotally, the NAO is suggesting that quite often the conversation with the jobcentre is, "What are you doing with the Restart provider?" It is a briefing exercise rather than doing anything very helpful to assist the jobseeker get back into work.

I had not realised that this did not happen at all in the Work programme. Is there at least a case for reducing the frequency of jobcentre attendance for somebody who is on Restart?

Angus Gray: If I may, the Work programme was slightly more nuanced than that. We deliberately turned it off as a pilot. The effect was that the outcomes got worse. We turned off the jobcentre contract. That was one of the pieces of evidence we used in thinking about whether to use it this time.

We should continue to reflect on it. There is a question about how you make that not feel lumpy for the participant. Even if it is effective, it needs to feel like you are adding value rather than making people grumpy.

Chair: And they have to repeat themselves.

Angus Gray: Exactly, and then, as Preeta was describing, there is a continuous improvement point about how we make it as smooth as possible, so people do not feel like we are repeating and asking them to account to two different places, and so on.

Q14 **Sir Stephen Timms:** Work coaches are taking on quite a lot of additional responsibilities, are they not? They are supporting people to extend their hours and that kind of thing. It hard to think that there are lots of people sitting around in jobcentres with not enough to do. Could the Department reduce the frequency to once every month, once every six weeks or something, rather than fortnightly? That might at least be worth a try.

Peter Schofield: You are absolutely right about the pressure on work coaches, work coach numbers and all that we are doing more broadly, particularly in light of recent Government decisions about adding things on inactivity and the conversation you and your Committee had with the Secretary of State the other day. It would be fair to say that dimension is being played into this thinking as well.

Q15 **Sir Stephen Timms:** What is the scope for the IT systems of the jobcentre and the Restart provider to connect with each other so that information is
available both ways?

Peter Schofield: That is covered in the Report. We did not want to delay the introduction of Restart by procuring an IT system. I know this Committee would have views about unnecessarily introducing a new IT system.

Chair: I am glad to hear you were thinking of the Committee.

Peter Schofield: I would not say there is an IT solution to this, necessarily.

Q16 **Sir Stephen Timms:** Is it not just about getting two systems to talk to each other rather than inventing a new system? Presumably the Restart providers have a system, you would imagine, and jobcentres obviously do.

Peter Schofield: Yes. I am hesitating because I am thinking about how a big part of the health transformation programme, of which your Committee is fully aware, is building an IT system. That is necessary because we have a long-term relationship to manage there. In this case, for a programme that finishes in 2025, that may not ultimately be the right solution.

I would go into this by asking how to get the best information exchange between the work coach and the provider. If there is a technology element to that, that is fine. At the heart of it, it is about planning and co-ordinating what that interaction looks like and all the things Preeta has talked about.

Q17 **Sir Stephen Timms:** Will you do that investigation perhaps for future programmes, rather than this one?

Peter Schofield: I do not know whether you are getting at this, Sir Stephen, but there is a wider challenge here around the nature of these contracted employment programmes. In an economic downturn, when unemployment is going up, you suddenly build capacity, and then the pressure is to reduce the capacity as, happily, the economy turns the other way.

That means there is a question about whether you invest in a long-term infrastructure for contracted employment schemes, which may be what you need when you are rushing to build capacity but may look like less relevant infrastructure when capacity is much lower.

This is part of the learning from Restart. Ultimately, if you are going to have the customer, the claimant, working between the work coach in the jobcentre and the employment adviser in the contracted employment provider, you need to work out exactly how that exchange of information is going to work and co-ordinate it.

This is something we are working on in real time, in the here and now. Preeta's teams are out around the country working to do that, but there may be a longer-term solution. That could involve technology, but I would not say right now that—

Q18 **Chair:** Does it need to include technology? If you take the health field, in maternity people carry their notes. Increasingly in health people see their own record digitally. People have their work log. What is the phrase?

Peter Schofield: Is it the claimant commitment? Sorry, there is the journal in universal credit, yes. The real thing providers would like to get more access to is the claimant commitment. That is the agreement between the Department and the claimant in terms of their work search, what they are going to do and how they are going to proceed.

The work of Restart fits as one element of that, which is about trying to address barriers. That is the sort of thing we should try to do more of, if we can. We need to cut through the various data issues. I do not know whether you agree, Preeta.

Q19 **Chair:** Ms Ramachandran, what is it like for you on the ground?

Preeta Ramachandran: The providers say to us that they would like to know about some of the barriers the work coaches know about before they go and see the provider. We have found manual ways to do that. We will do it in the warm handover.

As Peter says, to have an IT system would be perfect, but it was not possible for this one. It is something we will think about for future programmes. That is the main area that providers have spoken to me about. It is about knowing those barriers.

One of the issues with that, though, is that it moves all the time. Some barriers can change week to week. It is very difficult for work coaches to keep inputting the data.

Q20 **Chair:** You really need an IT system that you can turn on and off, which can be shared by outside providers. That is an easy thing to say but very hard to deliver.

Mark Leigh: It might be helpful to say that we have looked in the past in the Department at whether it would be commercially feasible to produce an IT system that was common to the providers, which would allow people to move in, engage and move out of the market.

Talking to the market, there was really clear feedback to the Department that they felt it was a potential barrier to innovation and success. I regret to say they felt we might be a bit slower than they were in updating systems, perhaps.

Chair: You have to be a bit realistic, Mr Leigh.

Mark Leigh: Perhaps so, and there is always the challenge of funding in these times. We did engage with the market. We had a really clear view of what we might choose to do, and the feedback both internally and externally was not supportive.

Chair: It sounds like you need an app.

Mark Leigh: Indeed, and our providers are using a lot of that technology. Where we could do better is by setting out more clearly the information that might need to be shared, perhaps in the warm handover. We did introduce the warm handover to get that greater engagement. It is perhaps not quite where we would like it to be right now, but there is opportunity to improve it. One IT system would be quite a challenge to do.

Q21 **Mrs Drummond:** You say that it is a mandatory scheme, Peter, but the evidence is that claimants are failing to turn up at the jobcentre. Does this mean it has been harder to identify suitable people for Restart in the first place? Does it have an impact on the ability to support them when they enter the programme?

Peter Schofield: As we were discussing earlier, when we have got to know the participants or the claimants, we have then thought about whether they are actually suitable. In theory they look like they should be suitable, and then when you meet them you realise there are some barriers—Preeta talked about one or two of them earlier—that mean they really would not be suitable, certainly right now. That is one element.

You are right: having identified, agreed and referred them, there is then a challenge because they do not turn up. As the Report says, that accounts for about a fifth of the people who are referred. It then goes back to what we were talking about earlier, really. We have the opportunity ultimately— it is a mandatory scheme—to sanction the claimant, but sanctions are always a last resort for us.

This is what I said earlier to the Chair. We do not think you get the most out of this programme if you are going into it grudgingly. We want you to go into this programme realising what it is going to do for you, how it is going to help you, and how tackling the barriers to employment and getting a job is going to change your life.

In a small number of cases, we do ultimately end up sanctioning people who do not turn up. That is only after we have tried everything else, including case conferences between the work coach, the employment adviser and the claimant, where we are trying to sell the benefits of Restart.

Q22 **Mrs Drummond:** If you do not sanction or they do not turn up, what is the alternative? What other programmes do you put them on, then? Presumably, you have to have a stick-and-carrot approach. This is such a good programme. It does say that, which is great. If they are not sanctioned, why would they do it, if they are allowed to carry on and do nothing, as it were?

Peter Schofield: All I would say is that this is a journey we are on with each participant. The figures you have in the Report are a snapshot of where you are in time. We are working with the people who are not turning up in some other way. We are trying to encourage them to re-engage. We do not want to give up on the re-engagement until we have tried everything.

You are right: there is a whole range of different types of support beyond Restart. You are aware of many of them. At this point, we are talking about claimants for whom the work coach has decided, having got to know them, this is the right programme for them. We really want them to go on that programme.

Q23 **Mrs Drummond:** You feel you have enough evidence to say, "We are not going to impose sanctions on them."

Peter Schofield: You are probably aware of what the sanction process involves. We get to this point of referring someone for a sanction only when we have tried everything else. In this case, we will have done all the things I was just describing in terms of case conferencing and selling the benefits of Restart. We will say, "Restart will really help you. This is how it will address the barriers you have."

If that really does not work, they are not prepared to engage and they do not have a good reason for it, we would ultimately then refer that individual for a sanction. There is then a decision-making process that is not taken by the work coach but by a separate team, which looks at sanction referrals across the piece to make sure we are applying those in a consistent way, tests evidence for good cause and then ultimately makes a decision. If the claimant wants to appeal against that, we have a mandatory reconsideration process and everything that goes beyond that.

This is looked at very, very carefully. As with all aspects of conditionality, sanctions have a place. They are really the last resort here. The focus here is on having a willing participant in Restart.

Q24 **Mrs Drummond:** There is limited publicly available data on Restart, no release of performance information through the DWP's Stat-Xplore portal, and none of the participant survey data has been made available. We have a participant rating of 6.5 out of 10. Is this accurate? Are you satisfied with that figure?

Peter Schofield: Stepping back, this is a new part of our approach to measuring the performance of contracted employment. You need to look at it alongside the customer service standards and the job outcome data, which is ultimately how we pay for the performance-related element of the contract.

This is a new thing. As you say, it is based on a participant survey, which we will do on a regular basis. We have not made decisions about publication, although you have seen the number of 6.5. Is it good enough? We have never done this before, so we do not really have a benchmark, it is probably fair to say. We have made a decision that we are going to push the providers up to 7. Do you want to add anything on publication, Angus?

Angus Gray: On publication in general, the Secretary of State, at the Work and Pensions Committee, was saying he would consider everything on a case-by-case basis. You will probably have seen that at the end of last week we said we would publish the first data in an ad hoc statistical release on Restart more generally. That is coming out on Thursday. It will be good to have that out there, and we will be putting the case for further publications to him to consider.

Q25 **Mrs Drummond:** We will find out on Thursday. That is great. All the evidence that has come in suggests that Restart is a good thing. The criticisms are mostly around the implementation and the alignment of other services. For example, the Local Government Association would have liked to work more closely with the programme. What are your expectations of that compared to other previous work programmes?

Peter Schofield: It is a challenge people often make, less so in this case. Angus might want to say a little bit about our work in developing Restart with a range of local providers, particularly local authorities and mayoral combined authorities, but the key thing here is that we were developing at pace. We needed to have it in place for the summer of 2021. We wanted to do this in a way that was also relevant to the local labour market, which is why we have the 12 contract areas. Angus, do you want to say how we involved local authorities?

Angus Gray: In the design phase, my policy team spent a lot of time on the road talking to local authorities. The feedback was that they knew why we had to proceed at pace and do this nationally. This was the way to get the thing in place on time. We spent a lot of time making sure we understood what they thought was necessary. There was a set of local questions, was there not, Mark, to assess the process?

Mark Leigh: I can come in here. As part of our evaluation, we have a strategy of buying national programmes, then trying to execute them locally and fit them to the CPA areas that Peter just talked about. On Restart, we worked progressively through policy teams with local authorities and MCAs to tailor part of the programme's evaluation around how well it was done. Those questions were designed by local authorities.

Although moderated by us, they were scored by those local authorities. In some cases, they were the defining context as to which provider won a contract. We did get some really positive feedback after the event from a number of chairs of local authorities about how engaging that was and how positive they were about being part of that process.

Preeta Ramachandran: The examples I have seen across the local authorities in my area have been fantastic, for example recently with the Afghan resettlement group and the Ukrainians. We are working with them on ESOL provision through Restart providers. That is happening all the time. That is a key relationship in terms of being able to provide ESOL for that group.

Chair: That is specifically because councils said, “We need this in our area.”

Preeta Ramachandran: Yes. That has been really successful. All the engagement I have seen has been fantastic.

Mrs Drummond: In fairness, it was just a few local authorities that were upset and had said it had gone too quickly and was not aligned with what they were doing at the time.

Q26 **Chair:** There are 77 providers in total with all the subcontractors. Could you give us an example, Ms Ramachandran, of some of the smaller providers underneath the main primes in your area that are presumably doing some of this specialist work?

Preeta Ramachandran: The main ones for me are Seetec, Fedcap and Reed in Partnership.

Chair: Can you tell us what they do?

Preeta Ramachandran: They are the big providers that we work with. They are the ones we engage with.

Chair: They are the primes.

Preeta Ramachandran: Yes. Underneath that, there are some smaller subcontractors that we work with. They will do specialist support. Where the main contractor does not have that kind of relationship with smaller specialists, they will subcontract that out. For example, on mental health or CBT, they will know of smaller subcontractors that can do that work for them. A lot of that has been hugely successful.

When we started Restart, they found a lot of people who had employability barriers but were close to the labour market. What they are telling me now is that the people they are seeing probably have more health and social barriers to going to work. You need those smaller subcontractors that have the specialist support to do the work rather than just the bigger primes.

Peter Schofield: Preeta and I were visiting a Restart provider last week. They are based mainly in London but also in Greater Manchester. They said that in recent cohorts something like 45% of people referred had English as a second language. I would not want to understate the importance of ESOL provision, given some of the very real barriers that folks have. Once you have got over that barrier, you often have people with great skills who could make a real difference.

Q27 **Chair:** Work coaches and Jobcentre Pluses have access to money that could be used for barriers to employment. What is the difference between what the Restart programme providers are doing and what you would be doing?

Peter Schofield: It is more intense and sustained.

Preeta Ramachandran: It is the intense support they can get. The work coaches do not have time to do that intense support. If there are barriers around counselling or they need CBT, for example, the work coaches do not have time to do that.

On the point about local authorities, we have seen some lovely examples where we have seen Restart providers going into bridging hotels where there are Afghan cohorts and working in the bridging hotels with those groups. It has been really positive.

Chair: I had some cases only this morning at surgery to refer to my jobcentre.

Q28 **Mrs Drummond:** How confident are you that Restart will achieve the same impact as previous work programmes? At the moment six in 100 is a good outcome.

Chair: Do you want to put that in context? Some people listening might not realise why six in 100 is a good outcome for such programmes.

Mrs Drummond: Six in 100 is a good outcome because those six people now have a job, and they are working and contributing. That is seen as a good thing. It would be really nice if it were 100.

Chair: The point is that it is never 100 in any job scheme.

Mrs Drummond: Yes, exactly. You mentioned Thursday. Is that the start of your evaluation? Are we going to see some good aspects from it as compared to previous work programmes?

Peter Schofield: There are a number of things here. Angus will want to add a bit in terms of the evaluation. The basis of the business case looks at the outcomes we saw in the Work programme, takes some pretty conservative assumptions and then works through whether this is value for money when you take into account the up-front cost on the one hand and the benefits on the other hand, which is people on benefits for less time and in employment for more time, who are paying tax, and all the wider benefits that flow from that.

Then you get the numbers you see set out in the Report. They are based on relatively conservative assumptions, and they do not necessarily take into account some of the additional things we have done compared to the Work programme. You have talked about the performance regime, the customer service standards, the warm handover and some of the other aspects we did not have in the Work programme. They might move the other way, but we are carrying out and will finish over a period of time an evaluation programme.

Angus, do you want to say a bit about how we are doing that?

Angus Gray: In answer to the confidence question, I would say we are reasonably confident because we have been cautious in our assumptions, and we based the design of the programme on what we learned from previous programmes. We have really robust evidence from previous programmes that this sort of intervention works.

Of course, the thing that is always an unknown in employment programmes is the additionality above what would have happened anyway in a dynamic labour market. That is where the impact evaluation will be key. Our evaluation has several strands. We will do a proper impact evaluation, which looks at the performance of the people who went on Restart with a counterfactual of the people who did not. We are designing those carefully so they are a fair comparison and we can measure the difference in impact.

There is a longitudinal survey-based study as well, where we interviewed 5,000 people in spring this year and looked at their outcomes so far. We will then re-interview as many of them as we can find in February and March next year. Then there are elements of qualitative evaluation as well. Particularly around implementation, we have been able to feed quickly back into the providers to make sure they learn early lessons. Finally, as more and more people complete the programme, we can do quite a lot with our own management information to work out which groups benefited and so on, to really try to sweat the lessons from it.

Yes, I am as confident as I can be, sitting here at the moment, that it will have a good return, as set out in the business case.

Q29 **Sir Stephen Timms:** Can I return to the transparency point? It is welcome, as you have said, that the Secretary of State told the Work and Pensions Committee he is rethinking the approach the Department takes to this. As you know, my Committee has been quite critical of how, in the last few years, the Department has been very reluctant to disclose information that we thought should certainly be in the public domain. Indeed, it would be in the Department's interest for it to be in the public domain.

With the Work programme, there was massive data published every quarter. There was information about job outcomes and the proportion of people getting a job outcome for each provider separately so you could compare how the providers were doing. You could look at the different claimant groups, those who are out of work on health grounds, those who are on jobseeker's allowance and so on.

I suppose the problem about that was that it was a bit of a treasure trove for Opposition spokespeople like me at the time, who were always trying to find something to pick holes in. To have none of that now seems to me to be quite a seriously retrograde step. I will look forward to seeing what is published on Thursday.

The NAO does recommend clearly in the Report that the Department "should improve the transparency of its employment support programmes and publish quarterly statistics on Restart participants and job outcomes". What consideration will the Department give to accepting that recommendation?

Peter Schofield: I would say three things. First, we are putting out an ad hoc on Thursday, as Angus says. That is the start.

Secondly, I would see this, Sir Stephen, in the wider context of the response the Secretary of State gave your Committee a couple of weeks ago.

Thirdly, there is value in transparency, as you say. In terms of how we are doing and how we are performing, you should look at what we produce in the annual report and accounts, and how we use that as a way of talking about performance going forward.

We will want to be able to demonstrate that we are delivering value for money for the taxpayer as part of this programme. Part of that is about openness on performance, but the main thing is probably my second point: see this in the context of the wider conversations with the Secretary of State.

Q30 **Sir Stephen Timms:** We will wait and see. You have just launched the new data lab, which is about data for employment support programmes. That strikes me as an opportunity to put more of this data into the public domain. At the moment there is just one report in there about one particular scheme. There would be an opportunity to put much more there. It would be useful.

One particular thing that is not there, which there was with the Work programme, is the ability to compare the performance of providers. That strikes me as something that is not really something that ought to embarrass the Department in any way. It is just comparing whether Reed in Partnership is doing better than Seetec or whatever it is.

With the Work programme, you could very clearly see in each contract area who was getting more job outcomes than the other. Is that going to be covered? Is that information going to be in the ad hoc release on Thursday?

Peter Schofield: I do not think it will not go into that much detail on Thursday—or will it? Maybe wait and see on Thursday.

Angus Gray: There is geographic comparison, yes.

Peter Schofield: You can look at it by prime.

Q31 **Sir Stephen Timms:** You can compare it by prime within each geographical area.

Peter Schofield: No.

Angus Gray: There is only one prime.

Peter Schofield: There is only one prime for each geographic area.

Sir Stephen Timms: I see what you mean.

Peter Schofield: It will not get into the detail of providers. There are two elements to your question. First, how are we performance managing providers going forward? What data do we have and how do we work that out? Maybe Mark might want to say a little bit about that.

Secondly, there is a wider thing about what we publish. I probably need to go back to my answer to that previous question for now. Do you want to say a little bit about how we compare and contrast and how we use performance data?

Mark Leigh: We spent a lot of time using the Department's MI and providers' MI to compare and contrast the performance of our providers. We spent a lot of time building up a collaborative relationship with providers, so they are working together to share best practice. It is in their interest not to keep practice to themselves, but to work together to improve right across the piece.

We have a robust performance management intervention scheme that goes through various levels. In this programme we have introduced some challenging CSSs, which we are working to drive providers to deliver. They mesh the customer journey through the programme. They should be not that burdensome to deliver over time.

We also spend a lot of time working with providers to drive changes in their culture around working together to drive continuous improvement and sharing best practice. It is in their interest and in the Department's interest for them to share that practice and improve performance all the time.

Q32 **Sir Stephen Timms:** Can I just point you to one sentence in paragraph 18 in the summary of the NAO Report? "DWP only collects contract management information at a contract package area level and not by provider".

Mark Leigh: There are some nuances in there, which are worthy of a little bit of explanation, if you will pardon me for a minute. Providers are accountable in each of their package areas for delivery. We do not routinely collect the subcontractor data in driving their day-to-day performance, but we do collect subcontractor data. We have rights to that data.

We look across the market and see whether there are variances. In fact, I was reviewing some data only two or three weeks ago looking at the performance of all the providers across the whole of the market. We do not routinely use that for the day-to-day management of the primes because it is the primes' job to drive that management inside their own CPA data. We take an interest in those things at a market level, and it falls under my responsibility to look at that.

Q33 **Sir Stephen Timms:** Can you see which subcontractors are doing the best job?

Mark Leigh: We can see some of that data, yes.

Sir Stephen Timms: "Some of that data" sounds a bit—

Mark Leigh: We do see that data. I have just gone through a whole look at that. It will not go all the way down to all 77; it will cut off at a reasonable point.

Peter Schofield: There are two things in what Mark is saying. One is accountability for performance and delivery, which we drive through the primes. That is what the primes are there to do. The second is this constant understanding about what is out there in the market and what provision is available.

I want to pay tribute to Mark and his team because over the last five or so years that team has been ensuring that there has been capacity out there that we could scale up at short notice to deliver Restart, even though the actual provision we were buying has been much smaller over the period running up to the pandemic.

It is not about performance; it is about understanding the nature of the capacity that is out there.

Q34 **Sir Stephen Timms:** Can I raise a different issue? I want to read to you paragraph 15 of the NAO Report summary. It says, "We saw work coaches using their knowledge of the claimant's circumstances to make decisions about whether they were suitable for Restart. This included information such as the claimant's living circumstances or mental health. The type of information that work coaches use to make these decisions is not generally recorded in DWP's systems in a way that can be easily analysed, and DWP does not have access to this type of information centrally when it designs employment support schemes".

You would not have known, before you did this, that 45% had English as a second language needs, for example. This gets us into a discussion about something my Committee has raised a number of times. It would be very useful to have vulnerability markers in the universal credit system so you can see, centrally, how many people have an additional language need, a mental health need or whatever. Would that be useful as well?

Peter Schofield: Your Committee and this Committee have also raised that with me before. We do take a different view—it is a subtly different view, but it is a different view none the less—about the value or otherwise of categories that you put claimants into, in terms of, "This where you are and this is where you are."

What the journal does and what the system does is to record notes that tell you in more detail about the particular situation of the claimant. Preeta can say a bit more about how that is used by work coaches.

We know about the individual, and people's circumstances change. For someone with a mental health condition, the impact it has on their employability could change if there is some change to medication, for example. Things can change quite rapidly and quickly.

Chair: That is not quite what Sir Stephen was talking about, was it? It is not fluctuating health things; it is things like English as a second language.

Q35 **Sir Stephen Timms:** It seems to me that it would have been useful in designing Restart for you to have known that 45% of the people who were going to be referred to it would need English language support. There is no way at the moment for you to know that. Probably there would have been a post-it on each of those people's universal credit record saying, "This person needs English language support," but there was no way of compiling that information centrally. It seems to me that is a weakness.

Peter Schofield: Preeta might want to come in and say how we do use this, but one thing we have been doing more of is data mining from those pinned notes that we have on each of the cases, so we have a better understanding. That is then looked at and considered by our customer experience people, for example.

Q36 **Sir Stephen Timms:** Is there now a way to say, at the centre, 45% need English language support by data mining the post-it notes?

Peter Schofield: I am going to be cautious about answering that specific question, Sir Stephen, but there is much more we can do now to understand the nature of our claimants from data mining. Preeta, do you want to say how—

Q37 **Chair:** Sorry, I just want to go back. We have had this issue before with other schemes not collecting ethnicity data, for example. Is there a barrier?
Are you worried that work coaches will have too many boxes to tick?
Peter Schofield: No.

Chair: Information on English language is not just about whether people might need help learning English, but they have a skill because they speak another language, which might be quite useful in some settings.

Peter Schofield: There are three dimensions to this. Personal data, such as on ethnicity, is something we collect. The issue is low declaration rates. We have talked about that in this Committee before, and we are doing a lot of work to try to drive that up. That affects our ability to understand the nature of some of our cases. That is something we are pushing on. That is the first one.

Secondly, in terms of the opportunity to do more to understand the needs of customers, that is absolutely where the journal entries and what we have on universal credit help the work coach to make decisions about provision and what support is there. That is there. That is what all of that is about.

This is a very different point; at least, that is the way I took it in the NAO Report. Can you have high-level categories of claimants and put them into those boxes? We have always questioned whether that is useful because you do not know what is useful until you do the analysis afterwards, whereas data mining enables you to take the more detailed notes you have on each customer and pull out the themes you need for the particular piece of analysis you are seeking to do. That is one of the things we are using in our customer experience teams.

Do you want to say how we record vulnerability, Preeta?

Preeta Ramachandran: Peter is exactly right. We have case managers who data mine for particular words that may come up. It could be "selfharm", for example. We can see all of that through data mining. We can see customers who may be affected by that.

More generally, it is about that relationship with the work coach, is it not? That is what we will put in our journal notes. It is about them being able to disclose to us their particular vulnerabilities, and us being able to work with them to look at those barriers and get them on to specialist support. That is where we are prioritising and putting our efforts, rather than creating the data systems.

Q38 **Sir Stephen Timms:** The NAO point is that it would be useful for some of that information to be available at the centre when a programme like Restart is being designed.

You have reminded us that in Restart there is just one prime for each contract package area; in the Work programme there were two or sometimes three. Certainly, it was more than one. The benefit of that was that you could compare the performance of different primes in an area, and see who was doing a good job and who was doing a less good job. Do you have any reflections on whether one or more than one is the right approach?

Peter Schofield: Mark should come in, but, at the heart of this, we were trying to build capacity quickly and thinking about quality.

Mark Leigh: There are a couple of things here. When we looked at some of the data around the Work programme, we did not find that it made a significant difference to performance. What it did do was build some barriers to collaboration, engagement and that sharing of best practice.

Certainly pre-Covid, we had another hard look inside the Department at our commercial strategy for maintaining the market, building the market and building confidence in us as a commissioner. There was some academic work done by Adam Brandenburger and Barry Nalebuff about a concept called co-opetition, which is about using collaboration and game theory to help all people in a market succeed and have the rising tide lift everybody.

We have used that theory. I have used it in the private sector previously. There are other good examples, such as the collaboration between vaccine companies in the private sector. We have been breaking down barriers between providers. We have had CEOs visiting and reviewing each other's performance.

We have really found it really positive in helping to drive engagement, helping to drive performance and breaking down barriers, including with the JCPs, because that is a route to leaking insight and improving performance overall.

It has been a conscious step. We did publish it in a commissioning strategy on gov.uk in 2021. It has been positively regarded by the marketplace and the trade associations as well.

Chair: Thank you very much, Sir Stephen. I should have welcomed you properly as a guest on our Committee today. It is a pleasure to have the Chair of our sister Committee. I know you will be coming back later.

Sir Stephen Timms: Thank you for having me.

Q39 **Chair:** I just wanted to pick up on one thing. You talked about the work you are doing with providers. That is work coaches working with providers. Ms Ramachandran, are you losing any of your staff to the providers? Are you recruiting from the providers? It is great to work together, but that can be a risk.

Preeta Ramachandran: Not that I know of, no. I have not heard of anyone going to the providers. That sharing of best practice is really good. We will bring some of the lessons we have learned back into the jobcentre as well, particularly some of those complex barriers. We know what works with certain groups so we can bring that back in. I have not heard personally of anyone who has jumped ship into the providers yet, but who knows?

Q40 **Chair:** I suspect the DWP pension scheme might keep people in their jobs. There are some benefits to public sector pay, even in the current circumstances.

I just wanted to turn probably to you, Mr Leigh, for most of the questions I have about how you set up the contracting for this. First of all, you used the Cabinet Office outsourcing playbook. Did that help you get more from both the original contracts and the later renegotiations? I will come back to renegotiations in a moment.

Mark Leigh: The outsourcing playbook has a huge amount of really good commercial best practice. It has best practice for some other functions as well. We had been looking at that for quite some time and building capability, particularly in three real areas inside our commercial team:

what we call open-book costing, which I will come to in a minute; should costing; and having a hard think about risk, particularly in the context of this scheme.

Open-book costing gives us the ability to collect data from each of our providers on each of our contracts as to how money flows through those contracts. Is it what we expected when they bid? How has it changed? How does that relate to their overall position? We have been doing that since the Work and Health programme. We did that on the Work and Health programme for the first time. For IPES, we made that a bit more sophisticated.

Q41 **Chair:** Just remind us of the timeline.

Mark Leigh: So 2017 would be the Work and Health programme.

Chair: I know this Committee has been keen on open book.

Mark Leigh: IPES would be 2018 and 2019, and the apogee in this context. That has enabled us to build an understanding of what we call a "should cost", which is really what it says on the tin. It tells us what we think a provision should actually cost. What we do, effectively, is look at that data with our commercial finance experts, look at the specification we get from our policy colleagues, and look at the differences. That then gives us a range to set a pricing context and gives us confidence that we can forecast the outer boundaries of how much a programme should cost.

Q42 **Chair:** When people bid, what percentage was for cost? You can have relative costs being 40% of the scoring on a bid.

Mark Leigh: Performance and cost was 35% of the evaluation.

Chair: Performance was wrapped in with cost.

Mark Leigh: Yes.

Chair: That is different to some previous schemes.

Mark Leigh: We took a conscious decision to wrap those two because they interact, to some extent. Our experience on the Work and Health programme was that divorcing them created some perverse incentives.

Chair: On this Committee we have certainly seen many perverse incentives when cost is too highly scored because it does not necessarily mean delivery. On the other hand, we have to think about the value for the taxpayer.

Mark Leigh: What the "should costing" data gives us is the ability to feel confident about where we set the boundaries. Based on our experience on the Work and Health programme and talking a lot to our policy colleagues, we were really keen to make this a sustainable programme that we felt comfortable was funded to the right level to drive success. From a commercial perspective, it is about driving success in the programme and delivering an outcome. It is not necessarily about getting a price, whatever that price might be, but about delivering the policy goals.

Peter Schofield: Also within that is the risk of avoiding premium parking.

Chair: We will come on to the parking in a minute.

Mark Leigh: I did not cover risk. Do you want me to?

Q43 **Chair:** Yes, could you cover risk? When we looked at the Work programme there was a big issue about where risk lay, so we are interested to know where you think risk lies here and how you approached that.

Mark Leigh: We looked quite carefully in designing the payment model at how we managed risk through the programme, particularly in the context of the huge shift in capacity that we were driving. When providers would break even, would the market have sufficient financial capacity to deliver the scale of programme that Peter has previously outlined? That drove some changes in how we chose to procure this programme. For example, it changed how we set up the delivery fee and payment at the front end of the programme to manage risk to the providers.

Q44 **Chair:** Just to be clear for people who have not been following it in detail, you worked out a payment for fixed costs, so their fixed overheads, and then they get a fee for results. It seems to me that means there is very little risk for them because they have the up-front costs. As the renegotiations show—I will touch on them in a moment—they have that fixed cost that is covered by the taxpayer regardless, and of course they make money for every success story they get through, but that relies on volume as well. There is actually not that much risk on the supplier, is there?

Mark Leigh: There is a reasonable amount of risk. They have to execute their programmes. They will ultimately deliver the returns to their boards if they deliver the overall position in the programme. We are trying to balance that risk in the context of the Covid situation and expanding the marketplace. If you remember, we were running the Work and Health programme before, which had 50,000 people a year going through, relative to a programme that would require hundreds of thousands of people.

We are trying to balance all those risks and get the right outcome for the taxpayer. Obviously as a commercial person I am really interested in value for money. The Permanent Secretary is very interested in that, but we also had to make it attractive to bring people into the market, encourage people into the market and get that right dynamic. In my judgment we managed to bring new providers into the market, ranging from large outsourcing companies to a VCSE that won one of our programmes. We managed the risk across the programme, but we also designed a contract that was able to be flexible and resilient.

Q45 **Chair:** You have the prime contractors that you give the contract to. Did you have any management of the relationship between them and the subcontractors?

Mark Leigh: We set conditions on what the primes can do but we do not manage the relationship with the sub-primes.

Q46 **Chair:** Do you have sight of those relationships through the open book?

Mark Leigh: We have sight of where the money flows, if that is the question you are asking.

Q47 **Chair:** Under the Work programme it was apparent that there were some subcontractors who, because they were charities in some cases and very specialist, would often provide the service but not get any of the fee, or a very, very small proportion of the fee for success.

Mark Leigh: We set conditions on what terms can be offered to subcontractors—no worse than the Department's terms, as an example. We can track the money down and flow it through. In the marketplace we also do what we call a mystery shopper exercise, where from time to time we will choose a number of subcontractors. We have visibility of all the subcontractors across all our programmes. We will go and ask them whether they are being paid appropriately or being treated appropriately. We have been conducting those exercises for a number of years.

Q48 **Chair:** Do you think that has upped the game?

Mark Leigh: The best phrase I could use is that it reminds people that we are watching.

Chair: Good, they are quite an important part.

Mark Leigh: We are really interested in having a positive tapestry of small providers supporting large providers in delivering this. We do not believe it can be delivered solely through the relationships with our primes.

Chair: There has been a rapid increase in inflation since you set the contracts. It seems to be that the risk on the inflation falls entirely on the prime contractor.

Mark Leigh: There is an inflation risk in any of the contracts that we do. The providers were allowed to assess their view of inflation when those contracts were let, but going forward the risk does lie in that space. There are some issues that they can clearly manage, such as the salaries of their people. I do not have the exact number with me, but energy is a very, very small amount of the total contract value of the programme so it should not be substantial in that context. I did check.

Q49 **Chair:** You are not worried that they are going to take it off the services.

Mark Leigh: I am always worried about that.

Q50 **Chair:** You can follow that through.

Mark Leigh: That is one of the beauties. We hold an annual review of the contracts. We will run an annual open-book costing exercise. We have not run that yet, but if that data causes us concern, we will talk to and work with our performance colleagues to address whatever those concerns are with provider behaviour and engagement.

Q51 **Chair:** The big issue that the NAO highlights is that you did not plan for different scenarios when designing the scheme. We recognise that is quite challenging when the OBR had set certain figures, but looking back do you think you could have built some flexibility into the contract for a range of
options? Did you set it too fixed for a one-plan scenario, or was it just going to be too challenging to try to have something that could be all things to all situations?

Mark Leigh: The first thing I would say in answering that question is that we expect there to be a degree of volume flexibility around that central context. That is the way the market has seen the Department operate over a range of programmes. Had volume been within that band, I am quite comfortable that providers would have been able to manage that. The Department would have been able to manage that. It would not really have been an issue. We planned for our usual best practice. There would be variability. It would be within a band that we could cope with, that we were broadly comfortable with, and where the market understands that context.

Here we ended up in something that was completely different, and in context I do not really remember a conversation about volume falling as far as it did. As I said earlier, ultimately we could design a different system, but the counterfactual is quite challenging. Had I chosen not to trust my policy colleagues' view of volume, and had we ended up in a situation where we bought a much smaller programme and the forecast had been correct, I suspect we would have had a much harder time today than in the Report.

Peter Schofield: We have not finished the meeting.

Mark Leigh: I know. That was a beginner's mistake. *[Laughter.]*

Q52 **Chair:** In the original business case there was a very different return to what happened, but there was still a positive return for the taxpayer. Did you have some sort of tolerance in mind when you were setting the contract about how low you would want that to go, and did that shape the commercial negotiations at all?

Mark Leigh: When procuring the contracts, where we chose to set the bar for unit cost in consultation with our programme and policy colleagues throughout was driven by that should costing. In the first part of the procurement exercise we asked providers to give us their performance and cost bids without the Department signposting where it would set the bar. We then went into the commercial dialogue and started to understand the differences between bids, and where the difference in discounts or performance was driving certain positions in the providers that we were comfortable with or not comfortable with. On the basis of that intelligence and consulting our colleagues, we set the bar where we did.

Q53 **Chair:** Looking back, would you change anything?

Mark Leigh: In that process, absolutely not, no.

Q54 **Chair:** It sounds like it was quite an open process, because often it is very difficult. Departments do not want to talk. We get this a lot from businesses who talk to us. "We would love to get to talk to the Department about what it is shaping while it is shaping it to help make it realistic." It sounds like you did that.

Mark Leigh: We have chosen to take a slightly different approach. We have chosen to be open in our commissioning strategy about what is important to us. We have regular meetings with our strategic providers about where we want them to focus on and improve. We did all that activity prior to restart. What we have also found is this process of competitive dialogue, and we are lucky we are under the light-touch regime in public procurement regulations. I do not want to bore people with some of the regulations, but it does give us more flexibility to design a bespoke process that fits the market we are operating in.

It gives us the ability to run this process where we can effectively test the bid and they can test our understanding of the bid. It is a two-way process. As a good example of how that works for providers in particular, a provider that produced one of the worst indicative bids—I will not name it—was one of the providers that actually won at the end of the process because of what it learned and because of how the engagement has gone. It really does facilitate a joint understanding of what the programme is going to look like in service, what they need to do to deliver it and what we need to do to help them make it successful.

Q55 **Chair:** You had the renegotiation, of course, and you chose to do that en masse. You had limited scope for renegotiation, so you then decided to do it en masse and got some success from doing it en masse. It sounds like you could not have done it individually because of the way the contract was set up. Again, what lessons have you learned from that? Ideally you would save more money, but in the way the contracts were set up you gave yourself limited scope for renegotiation.

Mark Leigh: The economic conditions or power dynamics between the Department and the provider always change as you go through the process. The Department has much more power when you procure. When you are renegotiating in that context the Department clearly has less power because it has a live, running programme.

Q56 **Chair:** They could have just pushed you back.

Mark Leigh: They could have just said no, quite frankly.

Q57 **Chair:** Do you count it as a success that they did not?

Mark Leigh: It shows the collaborative context that we are working in. Because we were using this open book methodology, we had a factual negotiation about where the costs were. We could see it and they could see it. We could work with them collaboratively to drive those costs back out of the programme. As the Report says, they came in £78 million over where we were. We negotiated with them, effectively redistributed the funding inside the envelope and took waste out where we could agree that it was appropriate to do so. Throughout that, we had at the forefront of our mind protecting the service, making sure it was what our policy colleagues and my operational colleagues needed, delivering savings and redistributing the overall funding envelope, but making sure the programme was really successful in the long run by protecting that context.

Q58 **Chair:** You talk about taking out waste. Can you give us some examples of that? The NAO also highlights some of the fixed costs, like the office costs. Did you find any big variations? Obviously there will be regional variations—Cornwall is no doubt very different to Kent, even in Ms Ramachandran's area—but did you see any particular bad issues of where the providers had spent more than they needed to or were not very commercially savvy about getting some of those fixed costs?

Mark Leigh: I do not think we saw any examples where they behaved particularly egregiously. We did see examples where the fixed costs recognised the scale of the programme we originally thought we were going to deliver. In some cases, we have been able to agree with providers where those costs are stranded, so that if they are successful in subletting part of the building, for example, some of that cost will flow back to the Department.

Q59 **Chair:** So it is savings share. Is that negotiated or in the contract?

Mark Leigh: They are identified in the agreement.

Chair: Is it in the negotiation afterwards?

Mark Leigh: Yes. We did not particularly find any examples where they behaved inappropriately.

Q60 **Chair:** What type of waste did you find? Can you give us some examples?

Mark Leigh: I do not have those with me today.

Q61 **Chair:** Is there anything you can send to us?

Peter Schofield: It is not so much waste; it is more the opportunity to get out of fixed costs.

Chair: They are savings opportunities, however you phrase it.

Peter Schofield: The heart of this was scaling up for a different scale of service, as Mark said. What were the fixed costs that they took on? It was partly staff, but leases in buildings was a big part of that as well.

Chair: The Report highlights the detail.

Peter Schofield: It is also worth saying that we brought in external advisers.

Mark Leigh: Waste was the wrong phrase, so apologies for that.

Chair: That was a subtle cue from the Permanent Secretary.

Mark Leigh: That is my private sector background, I am afraid. Waste was the wrong phrase. "Costs that we could work together to remove" would be the right one.

Chair: You are learning to be a mandarin.

Mark Leigh: Maybe—I do not know. I want to talk about the external advisers. In among this, we employed an external company to check our homework. In a programme of this scale we have a good system, a good way of working and a good understanding of how cost works, but we did also bring in another organisation to just check and provide a counterbalance and a challenge to ourselves. Both of the sets of numbers— our own numbers and that organisation's—were broadly in the same ballpark, so that gave us a great degree of confidence that we could work together to remove those costs with providers, and that we have not got into a bit of a groupthink and just taken a particular perspective. That was a really important exercise in giving both us and the Permanent Secretary confidence in our ability to move forward through the negotiations.

Q62 **Sir Geoffrey Clifton-Brown:** Good afternoon, Mr Leigh. With those metrics, particularly with your consultants, are you able to discern any particular differences in the quality of provision between different providers?

Mark Leigh: I do not think the open-book costing gives us the ability to draw a determinative view of where people spend the money and what happens with the programme. What we have used that data for is to see where people have moved money around, perhaps if there have been particular issues with an area of spend in a programme and they have moved money out of that area in the past, and then draw providers' attention to that.

Peter Schofield: Sir Geoffrey, you might be referring to their performance in delivering the service and the customer service standard. The eight metrics we have used have been very useful. That then enables us to identify where there is underperformance, and that might then lead to an action plan.

Q63 **Sir Geoffrey Clifton-Brown:** What did you do when there was underperformance?

Peter Schofield: I do not know whether anyone wants to say a bit about the action plans.

Mark Leigh: As we talked about before, we have a performance management intervention regime run by some of my contract management colleagues. They use that to drive performance. There are various escalation routes through that, but we have seen that have an impact on provider performance and change the outcome trajectories of providers on this programme and on other programmes.

The customer service standards are effectively designed to map the journey of a participant through the programme to make sure that a minimum standard of service is delivered. that in fact was a response to some of the NAO's previous criticisms of the Department. Alongside that there is a commercial framework when those service standards are not met, and my contract management performance colleagues feel that we are not making the progress we need.

Peter Schofield: On page 42 of the Report, figure 9, there is quite a useful indicator of where some of the providers have been in terms of those eight customer service standards. There is more recent data from the month after this report that shows a further improvement. This is really effective data that helps our contract management teams to hold the providers to account for performance.

Q64 **Sir Geoffrey Clifton-Brown:** That is really helpful. This scheme still has quite a long way to run. It runs until 2025 and the last referrals are in 2024. Are you satisfied with the way the scheme is working at the moment? Are there any plans to reset these contracts at all?

Peter Schofield: No, not to reset the contracts. Obviously the renegotiation we have just done has been a major event as part of this. We hope that that would then set the scene to be able to drive performance going forward. In terms of how we use the contract, the customer service standards, the incentives that are based into the outcome fee and the participant surveys that we are doing are all things that enable us to have the right sorts of conversations with providers. They help to address areas where there may be slippage and people falling back, or address the risk— as comes out in the report—of creaming and parking, and not actually giving enough support to the people with the most barriers to employment.

Q65 **Mrs Drummond:** Following on from Sir Geoffrey's comments, only one of the 12 contract packages met all the standards in the last month. Are you saying that that has improved, and it is not only one in 12 now?

Peter Schofield: It has gone up. I am always reluctant to share any new data with the Committee, but with the Chair's permission I could give you the latest. You have eight times 12, so 96 is the maximum you can get. The latest data is 83, I think I am right in saying.

Chair: Presumably this is a moving figure. We do not want to be relying too much on those in the Committee.

Peter Schofield: It is a moving figure. We get this every month.

Q66 **Mrs Drummond:** At 3.15, the providers gave us a range of reasons why they have not met the standards. It is interesting that one of them is about sanctions, because they feel they cannot use them. That is something you might need to consider. One of the criticisms of other work programmes is this creaming and parking. For those who might be listening, creaming is when they help the customers who are most likely to find employment while providing little assistance for those who are harder to help. Is this true for the Restart programme?

Peter Schofield: This is a really important consideration, and one that we gave a lot of attention to. I might ask Angus to say something about how that drove our policy thinking, and then Mark to talk about how that then played out in the contract.

Angus Gray: We have already touched on the customer service standard, so that is all about trying to make sure that a consistent level of service is delivered to people. It is not just motivated by the job outcome payments. We then have an accelerator mechanism in the payment by results, which means that you get more money when you help more of the people into work. Again, that is designed to make sure that you go deep into each cohort, because that is how you earn the money from the contract.

Almost every bit of the design is trying to make sure that the provider understands who we have given them. We have that warm handover to make it more likely they start. Those standards and the continuing support from the work coach are all designed to make sure that we know whether there are some people who are not getting the help, and then we can follow that up.

As the NAO fairly and logically remarked, there are always going to be people who are much, much harder to help. It will either be the case that they do not get into work because the provider tries really, really hard but cannot manage it, or in some cases it may still be the case that something about the dynamic does not work. We have put in place all these controls and measures to make sure that it is a programme that helps a range of people.

Mark Leigh: We have taken that policy design, rolled it into the programme, and then fitted a set of deferrals or forfeiture around the payments that we make to providers. We have contractualised many of those concepts from our policy colleagues in terms of the accelerator and making the customer service standards follow a journey so that you cannot actually miss a person out or just stop working with them.

Where my contractual management colleagues feel that the journey has not been addressed or there are still issues with the performance of the providers, we have taken appropriate commercial action. It is always a fine balance on the commercial action, because we are trying to sting enough to make sure they understand that we are serious and we want something done, versus taking so much money out of the programme that it actually diminishes the money you spend on the participants. Based on our experience of the Work and Health programme, on what we have seen so far in this programme, and on some of the conversations I have with CEOs, MDs and boards of the companies, when they are in this position it grabs their attention and drives changes in behaviour. We have seen that flow through into provider performance across the piece.

Q67 **Mrs Drummond:** Are you convinced that people are not in an endless cycle, being put on another Restart programme and yet another Restart programme because they are finding it very difficult? Are you convinced that they are put on another programme that might be more appropriate for them if they have employability challenges?

Peter Schofield: There are three elements to this, and they relate to the performance regime. First, they get the job outcome only if they get the individual into work and they get the requisite amount of real-time income coming through the system.

Secondly, we make absolutely sure that everyone gets the proper support that they need, and we go through all the different steps in the customer journey that they need to go through. It is interesting. One challenge that comes from the Report is that we can hold back quite a lot of the delivery fee, but we have held back very little in practice. That is because, as Mark was saying, we have found that when we hold even a relatively small amount back, we see providers look up, notice, react and change their performance. Obviously, we do not want to take the money out of the system so it is not there to support the participant.

The third element is surveying a sample of participants on a regular basis so that we can identify whether they feel satisfied about the support they are getting from a customer point of view. Those three things together give us quite a lot of confidence that this system will drive real outcomes.

Q68 **Dan Carden:** Good afternoon. We touched on it earlier, but the net social and economic benefits of this are predicted to be £2.3 billion—about £2.44 to each pound—and the work that is ongoing at the moment is to see how that compares to work in the jobcentres up and down the country. Is that correct?

Angus Gray: In essence, I guess, because we are comparing it to people who did not get Restart, so what they would be getting is the core service.

Q69 **Dan Carden:** Peter, come 2025 will there be a need for something to replace Restart? Is it now filling a capacity issue you have that cannot be dealt by the jobcentres as is?

Peter Schofield: As you say, it is a scheme that runs until 2025. The last referral is 2024. That is what the spending review agreement was. That is what our budget has set out going forward. The contracts have the opportunity to extend for a further two years, but we obviously do not have the funding to do that as yet. It is genuinely a choice that we have going forward. It is a choice for the Government in terms of financial priorities and where we stand, in the case of not only whether we are seeing the outcomes that we wanted to see out of the scheme, but crucially—and this goes back to what we were saying earlier about the volatility of the labour market that we have seen looking back—whether there could be more volatility going forward. That is genuinely a choice that we want the Government to be able to consider when the time happens, but at the moment it does run out. The last referral is in June 2024, but there is the opportunity to extend for two years under the current contract.

Q70 **Dan Carden:** Listening to the evidence today and, Preeta, some of the stuff that you have covered, what Restart can offer seems to be the time that work coaches cannot, and more innovative programmes to deal with health and social issues that many claimants may be facing. Peter, at your level, are you looking at how you can allow jobcentres to deliver some of this?

Peter Schofield: Yes, and some of this can be done in jobcentres. At the time when we were looking at this provision back in June 2020 in the plan for jobs, let us remember that at the same time we were massively escalating the scale and capacity in jobcentres. We were doubling the number of work coaches. We were going through a big training exercise to bring people in and building more jobcentre estate capacity. At the time we were creating Restart, we were also creating more capacity in the core regime.

Going forward, we all need to continue to look at the balance. Happily, the unemployment situation that we face at the moment is much more benign than it was back in 2020 but obviously the OBR is currently forecasting a rise of unemployment looking forward. We need to be ready, should that come along.

We then need to look at what the right balance of provision is. Doing it in house has a lot of benefits in terms of having direct control over the delivery of what we are doing, but we also see great benefits in contracted employment for exactly the reasons that you are saying, Mr Carden. This is an opportunity around not just scale, but also innovation, working with a wider range of partners that may have a different network, particularly as it connects to local provision, and an opportunity to learn and compare back. As for what that balance looks like post 2024 or 2025, we do not yet know, but our evaluation and the work we do to monitor performance will really help us make those decisions.

Q71 **Dan Carden:** Preeta, as a constituency MP I am speaking to local businesses, people who run cafés and restaurants on the high street, amenities, and they are desperate for staff. Out in the real world, people might think it is a bit strange that we have these difficulties of getting people into jobs when businesses are crying out for employees. Could you set out why that is the case?

Preeta Ramachandran: It is a really good question. We have had some huge successes in DWP. You obviously know about our Kickstart scheme, where we are able to get a lot of young people into work. We have just done Way2Work. We got nearly 500,000 people into work through that campaign. With all the things we have talked about today, there are complex barriers for people going into work. Even though there are those vacancies, we need to work with them to be able to get them into that. For the south of England, we have customers who have health issues, complex needs and barriers, so it is not as easy as it seems.

I always think that myself. We have so many vacancies and so many people unemployed, but how do we move them all into these jobs? We are doing some brilliant work. Nationally since April we have brought 4,848 employers into the jobcentre to recruit. In the south of England in that timescale over 1,000 employers have come into the jobcentre and recruited people. We have some great external links with employers, but sometimes it is just those complex barriers—mental health in particular—of actually getting people into those jobs. It is not as easy a scenario as it seems.

Q72 **Dan Carden:** From what I see in my own constituency, I cannot help but hear the evidence and wonder. This is billions and billions that we are pumping into DWP. Is this not a sticking plaster for failures in public services elsewhere? I am always contacted by constituents who are struggling to get mental health appointments. Do we really need to go through a process where we contract out to various companies, subcontract through DWP, through jobcentres, on to another company, for people to get a mental health appointment and to get support for what they need in order to get back into the job market? Is this not symptomatic of a broken system?

Chair: We often call it cost shunting. You are perhaps partly picking up the cost of the failure of mental health.

Peter Schofield: I am struggling with how to say this diplomatically. At the end of the day, in many ways DWP is here for people who, for whatever reason, have been unable to achieve their potential in a whole load of ways. There are complex reasons for that. We spend a lot of time in DWP working with other Departments to think about how we get upstream of the challenge and upstream of the problem. For example, we have been doing a lot of work with my old department, DLUHC, in terms of how we get more and better-quality housing in place to avoid a situation where benefit recipients are in the private rented sector and paying higher rents for poorer-quality accommodation. That is one example. We are obviously working closely with DHSC in terms of mental health provision as well.

There is plenty to do in terms of the structural challenges.

Q73 **Dan Carden:** The point I am trying to make here is that I have businesses across my constituency crying out for labour and for people to fill jobs. It seems one of the big pieces of work and the struggles that you have at DWP and in jobcentres is getting people fit for work, because there are such complex mental health and social barriers that people are facing. The answer to that problem, surely, is better public health and better capacity in the national health service, so that people have access to those services as a matter of course. Instead, we seem to have this convoluted system where people are having to go to the jobcentre to get the mental health support they need, and at the same time face the anxiety and possible sanctions that come with all of that.

Peter Schofield: We are here to support the claimants who are referred to us or who are on universal credit. As Preeta says, we will do everything we can to address their barriers, help them into work and support them. We see the difficulties that many people have, and it gives us the opportunity to feed that up to colleagues in other parts of Government to talk about some of the things that could be done and how we can join up.

This Committee will know that I am passionate about how we join up across Government to support the social challenges that we face and how we can work to get ahead of the issue, as well as everything that we do on a dayto-day basis in DWP to tackle the barriers in the here and now.

It is a combination of those things. Before too long we are going to be publishing a White Paper on health and work, and part of that is how we work more closely with the NHS, the Department of Health and Social Care and employers to enable people to be supported before they fall out of work if they develop a health condition, so that the system is there, helping them to do what they can and giving them the reasonable adjustments to stay in work or to be supported with the lower-level support that they need before they get into a more acute situation further down the track. It will need a system-wide move.

Chair: The White Paper is one to look forward to.

Dan Carden: The evidence we are hearing is telling us what we already know. There is a mental health crisis in this country, and it is for Ministers to think carefully about that.

Q74 **Chair:** That is for Ministers rather than Mr Schofield, but Mr Carden is raising points that were raised years ago on this Committee when we were looking at the Work programme. Work programme providers were really hitting a barrier when they needed to talk to a GP. They wanted to have contact with health professionals because they had some people with whom they could get no further because that was the biggest barrier. The White Paper is heartening. What is the date for that coming out—or a window of time?

Peter Schofield: It is early in the new year.

Chair: So the first six months of 2023.

Peter Schofield: Sir Stephen's Committee asked the Secretary of State that very question and I am trying to remember the precise form of words.

Sir Stephen Timms: He gave that answer, I think.

Chair: You are aligned with your Secretary of State.

Peter Schofield: I was sitting next to him, so I should remember.

Chair: Both of our Committees will be interested in that, because on this Committee we often highlight this issue of cost shunting. You, the police and other bodies pick up mental health problems. That is a particularly egregious one.

Q75 **Dan Carden:** The other important point for us to take away is that the innovations within the Restart scheme that are starting to put programmes in place to support people, whether it is with mental health or complex health and social barriers, are new. That needs to be taken forward or put
back into the jobcentre before a more system-wide change.

Preeta Ramachandran: We are also piloting extra work coach time with health customers in our jobcentres. We got quite a lot of funding in the spending review to do that, and that is being rolled out across all jobcentres at the moment. We have more resource in terms of work coaches. They are spending additional time with health customers and really working through their barriers there. It is the same with 50-plus customers. We have 50-plus champions working with employers. A lot of the work that Restart does, we have started to do in house.

Angus Gray: Having worked in the joint DWP/DHSC work and health unit for four years I thought it was worth namechecking a couple of other things we have been investing in. One of them is a programme called Employment Advisers in IAPT. IAPT is the NHS mental health service in England. We have paid for employment advisers to be actually embedded in that service, which means that it frees up the therapist's time to spend on mental health, and then the individual also gets the job help. That has proven quite successful, so we are in the process of expanding it.

There is a provision called IPS, which has international evidence, for people with severe mental illness. We have been piloting it with both physical and mental illness. I just wanted to say there are other bits of the firmament that are definitely targeted at that problem you are describing.

Q76 **Chair:** One of the challenges is that, although it is illegal to discriminate against someone on health and disability grounds, employers need to be part of this picture too. I would like to talk about that more today, but I think you agree, so that is helpful.

I just wanted to move on to some of the issues that we have raised in the past when we have made recommendations to you. We are keen to pursue where you have taken our recommendations. When we looked at child maintenance you came back to us with the Treasury minute response on that. One of the issues we raised was under recommendation 7 in our child maintenance Report. We said, "As part of its Treasury minute response the Department should set out its plans to review the affordability of child maintenance payments and the appropriateness of the current award calculations, including the earnings thresholds".

You disagreed with that, Mr Schofield, and your disagreement was based on the guidance from the Treasury—I am sure the Alternate Treasury Officer of Accounts has this in his head—and the Parliamentary scrutiny of public spending, which sets out that the Department cannot set out its plans for the affordability of liabilities in its response to the Committee as this relies upon a policy decision. This was an issue that was talked about by the National Audit Office and this Committee, and neither of us stray into policy areas. We are a bit puzzled as to why you rejected it on the grounds that it was a policy issue or based on a policy decision. We were looking at it from a different angle. Are we just talking crossed purposes here?

Peter Schofield: We possibly are. We interpreted it as thinking about the formula that we use for assessing the affordability, which is all set out in regs and set out in this policy framework that we work within.

Chair: It is set out within the policy framework, but exactly how you look at it and review it, and the appropriateness of it, is not a policy, because you have that framework already. The policy is that you have the framework.

Peter Schofield: Yes, but whether we change it is a policy decision. This may be crossed purposes.

Chair: We had this once with the Treasury, where, once we had the discussion in the room, the then Permanent Secretary realised that they had perhaps been overthinking it a bit—if I paraphrase him—at the time. I wonder if we could perhaps just go back with you and work with our sister Select Committee on this as well, because it is certainly possible that Sir Stephen's Committee could pick this up. It seems a bit unnecessary that we cannot make a recommendation on something we thought was pretty mechanical. That was the point. We were not trying to make a policy recommendation, because we are very keen to make sure we stick to our brief.

Peter Schofield: No, completely. The point we discussed in the hearing, as I recall, was that we had very little flexibility on this because of the way the legislation was set out. That is what we apply.

Q77 **Chair:** It is a policy decision to pass legislation but quite a lot of the legislation is quite technical, especially around this area. Maybe we could take this offline, have further discussion and get a different response on that.

Peter Schofield: I am happy to.

Q78 **Chair:** Overall on our recommendations you agreed to only four out of 10. I wonder what your thinking is when you look at our recommendations—we perhaps got a hint of it there—and decide whether to accept them or not.

Peter Schofield: On that one?

Chair: Well, you agreed only four out of our 10. Either we were way off beam or you are being very conservative about how you respond to them. We are just challenging some Departments that we have had some interesting responses and we are interested to know your view on it.

Peter Schofield: I very much felt in the hearing that we were quite aligned with the challenge you were bringing. The Child Maintenance

Service has been on quite a journey, and we have seen a transformation. One of the questions you had was around take-up. Since we met, there has been a very significant increase in the take-up of child maintenance. We now have over 600,000 cases and families that we are supporting through the Child Maintenance Service. I feel there is a lot of alignment.

There were some quite specific elements to some of the recommendations. The reason why we pushed back was that the technicality of the recommendation was not something we felt we could do, or maybe it was proposing a review in an area we were not prioritising for review work. I will happily talk offline about the specifics or go through them if you want.

Chair: I might bring in the Alternate Treasury Officer of Accounts in a

moment. For example, recommendation 8 says, "As part of its Treasury minute response, the Department should set out new cost effectiveness and wider value for money targets against which it can be held to account", and you disagreed. You gave a short reason why, but it again seemed to us a bit unclear. Maybe we need to look at the phrasing of our recommendations to make them as blunt as possible. I am looking at the people behind you.

Peter Schofield: I do not know whether blunt is the right thing, or less blunt.

Chair: There speaks a true mandarin, Mr Schofield.

Peter Schofield: I can agree, but agree in the way that works. On that particular one, the place we put a lot of our performance and value for money reporting is through the annual report and accounts. There is quite a big section on performance across the Department in there, so I was proposing the way that we address that and report. Our transformation work is making a big difference to unit costs across the Child Maintenance Service.

Chair: We will look at how we write them to make them blunt, but we are not going to give you too much wiggle room. I wonder if Marius Gallaher, the Alternate Treasury Officer of Accounts, wanted to say anything.

Marius Gallaher: There is sometimes a misunderstanding between what the Public Accounts Committee wants and what Departments understand. If there is such a discrepancy, I would recommend that recommendations are reviewed again to make clear exactly what you meant.

Chair: We might have a bit more dialogue, then.

Peter Schofield: That is fine.

Q79 **Chair:** That will entice us to make our recommendations clear and it will entice you to get them right; otherwise you will be called in front of us every time we have a disagreement. I know Sir Stephen's committee will watch these as well.

I just wanted to touch on the underpayment of state pensions, which Sir Stephen might want to come in on as well. We have obviously been very concerned about this. This is an issue that is still going on. What information has been made available for those who may have been underpaid? We are still hearing and reading in the media of examples of people who are still very worried about whether they have been underpaid. How is your communication strategy on that?

Peter Schofield: The key thing is to work through the cases that we are doing that as part of that administrative exercise. We reported on progress a couple of weeks ago and we are increasing the run rate at which we are getting through them. In the last seven months we did more than we did in the previous 15 months, so we are making progress. The first thing is that people will hear from us as we get through those cases. We are focusing on that.

The second thing is obviously being clear on gov.uk about those situations where someone might need to make a claim or where they will be covered in the LEAP exercise, which we have been trying to improve as we have gone along. I am very happy to take feedback on how that looks at the moment, but the most important thing is to get through the cases so we can pay people what they are due as soon as possible.

Q80 **Chair:** How far behind the target are you? You had committed to review all the married and over-80 groups by the end of 2023. This is mostly women, we should say. Just to recap for people, it is about 237,000 pensioners who have been underpaid—mostly women—because of the nature of the technical reasons why they were underpaid. How on target are you?

Peter Schofield: We started slow because we had to work through it. It is incredibly complex detective work.

Chair: You had to train and bring people in.

Peter Schofield: We had to train people. We now have around 600 people and we are building to 1,200 at the beginning of next year. We are getting our run rate up. As I say, we did more in the last seven months than we did in the previous 15, so we are increasing the run rate. We have now done over 100,000 cases. We are on track to do the first two categories, as you say, by the end of next year. What then emerged as we did more scans is that we found more cases that we needed to look at. We then will need to spend time on those.

Chair: You are still estimating 700,000 cases to review.

Peter Schofield: Yes, it is just over 700,000 that we need to do. It is the numbers that we included in the annual report and accounts. The positive coming out of this is that we have got better at identifying these cases. The scans have helped us to identify where they are. We are committed to putting them right. We are putting huge numbers of people on to this. It is really difficult, complex work, and I pay tribute to the skilled people doing it.

Q81 **Chair:** Do you have a simple message for people? We have discussed it before, but for the record it is worth giving a simple message to people who think they might be caught up in this, and also if someone has sadly died or is getting to the point where that might be a possibility. We know that records are not kept by you now, or they have not been. First, are you keeping records and, secondly, what is your message to people out there who might be affected?

Peter Schofield: In terms of the records that could relate to anything like this, we are not doing our normal process when we do not need to hold on to records any longer. As we have probably talked about, for next of kin we have created a portal. If you think a deceased member of your family might have been entitled, please go on to that portal and register.

Chair: That is through gov.uk.

Peter Schofield: That is through gov.uk. That means that, as we get through to that case and then when we are looking to trace the next of kin, we can do it very easily and it makes that connection. The third thing is what we say to folk. You have challenged me on this before, because the complexity of this is a difficult one. If you are someone who is affected by the three categories that we are talking about here—over-80s; someone whose spouse has died who should have received the benefit of their national insurance record; and someone who has retired and then their spouse has retired after them, and the spouse retired before 17 March 2008—then you would be covered by the category BL thing and then you also do not need to make a claim. It will come to you.

If you are someone who is divorced and worried about that, or someone whose spouse reached retirement age after 17 March 2008, you would not be covered by this case, so you would need to come to us and tell us about that.

Chair: Thank you for that clarity. Hopefully some people might pick up on it.

Sir Stephen Timms: I do not need to raise anything more on this, this afternoon, other than to make the point that this is one area where it would be in the Department's interests—as well as everyone else's—to be a bit more forthcoming than has been the case over the last couple of years. Regular updates would help.

Q82 **Chair:** Will you be providing regular updates, not just through our committees, but generally on this? Mr Gray is nodding.

Angus Gray: Sorry, I nod too much. I nod when I listen.

Chair: It is not your responsibility on this, luckily for you.

Peter Schofield: We do provide regular updates, as we did a couple of weeks ago.

Q83 **Sir Geoffrey Clifton-Brown:** Mr Schofield, you have made it quite clear that you are not keeping the records that you used to.

Chair: No, they are. They used to destroy them if someone was deceased.

Peter Schofield: We are.

Sir Geoffrey Clifton-Brown: You are keeping records.

Peter Schofield: Yes. The policy is that we keep records for as long as we have a business need to do so, and then we do not, because that is the appropriate point. It was only when we did this exercise that we suddenly realised there was now a business case for retaining this information.

Chair: You are now retaining it.

Peter Schofield: We are now retaining it.

Q84 **Sir Geoffrey Clifton-Brown:** I think you have answered the next question for next of kin and so on when somebody is deceased. If they do not realise that their relative has been underpaid, will your deep-dive systems eventually catch up with that case?

Peter Schofield: Yes. We will get to those cases, and we will realise that we need to make a payment. The problem then can be that we might not be able to trace next of kin. We are doing more work, as we have done on previous LEAP exercises, with some of the other agencies who might know. We have also created this online portal that is a very direct way, if you think that a deceased member of your family should have benefited from this. What I have been saying to people is to go on to that system and record it. Obviously, you may then find that there is no underpayment due, in which case you probably will not hear from us, but if you have done that we will get in touch.

Chair: Thank you very much for that clarity. Can I thank our four witnesses very much indeed for their time? Ms Ramachandran, it is always great to have someone from the frontline. I have nothing against your colleagues in the heights of Whitehall, but we deal with people in your position and your staff in Jobcentre Plus offices all the time. Our thanks to them, because of course they are doing a lot of the hard work in this area and all these areas that we have discussed today.

Can I thank our colleagues at Hansard for their work? The transcript of this session will be posted on the website in the next couple of days, uncorrected. Our report will be out sometime in 2023, just to please Mr Schofield, but we cannot give a precise date either. It is likely to be February time, given our current pipeline. Thank you very much indeed.