



Secondary Legislation Scrutiny Committee

Corrected oral evidence: Regulations to increase the administrative earnings threshold

Tuesday 14 May 2024

3.55 pm

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Members present: Lord Hunt of Wirral (The Chair); Lord De Mauley; Baroness Lea of Lymm; Lord Powell of Bayswater; Baroness Randerson; Lord Rowlands; Lord Russell of Liverpool; Lord Thomas of Cwmgiedd; Lord Watson of Wyre Forest.

Evidence Session No. 1

Heard in Public

Questions 1 - 17

Witnesses

I: Jo Churchill MP, Minister for Employment, Department for Work and Pensions; Ian Caplan, Director for Employment, Youth and Skills, Department for Work and Pensions; Henry Ripley, Legal Director, DWP Legal Advisers, Government Legal Department.

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Examination of witnesses

Jo Churchill MP, Ian Caplan and Henry Ripley.

Q1 **The Chair:** Good afternoon, everyone. This is a formal evidence-taking session that is on the record and is being webcast live. A transcript of the session will be put on the public record in printed form and on the parliamentary website. We will send you a copy of the transcript beforehand for the amendment of any errors. In case of fire, there will be a voice-activated alarm. Any bells you hear are Division bells. Should there be an incident, please follow the clerk's instructions. I will now ask my fellow committee members if they have any interests they wish to declare for the record. They do not. The session is scheduled to last for about 45 minutes, but we may ask you to provide supplementary information to support your answers.

Welcome, Minister. Today's session is all about evidence-based policy. The instrument before us is the third in a series of changes to the administrative earnings threshold, and it is not unreasonable for us to expect some information on how the first two changes turned out. They were on 26 September 2022 and 30 January 2023. We need to know a little more about them when we consider this latest instrument.

I acknowledge that you kindly offered our staff sight of informal findings, similar no doubt to the material that the Social Security Advisory Committee saw, but correctly it declined it. If information is not available to the House and the public, we feel unable to consider it either. The essence of the scrutiny system must be about transparency and accountability, and that is what we would like to explore today.

Minister, we are delighted you have brought with you two colleagues, Ian Caplan and Henry Ripley. Would you like to introduce them to us, please?

Jo Churchill MP: If it is all right with your Lordships, I will introduce them, but they will explain the areas they cover. They provide me with the continuity of information on which I base my decisions, having only taken my appointment up last November. To my right I have Ian Caplan.

Ian Caplan: I am the director for employment, youth and skills policy in DWP, which includes the policy on conditionality and the administrative earnings threshold.

The Chair: Thank you, Mr Caplan.

Jo Churchill MP: To my left I have Henry Ripley.

Henry Ripley: Good afternoon. I am the legal director for the Department for Work and Pensions. My team is responsible for, among other things, delivery of secondary legislation for the department.

The Chair: Good. Thank you very much. Would you like to say any words at the start of the session, or shall we move straight to questions?

Jo Churchill MP: It is possibly easier if we move straight to questions. The only thing I would perhaps like to just spend one minute on is that the point of universal credit is that it took those legacy benefits that were complex, and it simplified the system in order that work will always pay. It is both an in-work and an out-of-work benefit. If somebody does not do many hours, which is what we are here to talk about today, it is there to top up their earnings. However, if they are at that moment in time looking for work or whatever, they will meet with their Work Coach, which is important.

The thing that I would like you to keep in mind is that this is based on conversations with your Work Coach in order that we can support you in the best way possible. There is a constant stream of other things, such as childcare support, which has very much been brought to the fore recently, that we can offer people to get them back into work. We know that work is a powerful force for good. I meet right across the spectrum. In health, we have a joint work and health unit. Making sure that we can enable people into the world of work and then to stay and succeed in that work is the thing that I keep in my mind all the time.

Q2 The Chair: That is very helpful, because it leads me into my first question about the policy objective. Our terms of reference require us to consider whether the legislation will indeed achieve its policy objective. Last year, your predecessor, Guy Opperman, stated that the aim was to help claimants to boost their earnings. This Explanatory Memorandum gives the policy objective as reframing the social contract. You have just been explaining some of the background, but could you remind us why there has been this apparent change in the emphasis of this legislation?

Jo Churchill MP: I am not so sure that it is a change, in that the reframing is part and parcel of the same thing. Reframing the social contract is being fair to both the taxpayer and our customer—that we try to balance the needs of somebody who is looking for work or looking for more hours, against taxpayers and their expectations of how the system operates. The intention is to help people to find more work and to find better work and, I hope, to progress in work. It is that in-work progression that is part of us getting them to meet with their Work Coach, to reinforce that claimant commitment, and to see how we can work with them, whether it is to address barriers to work like travel, childcare and skills, in order that they can get in and succeed in work. Ian, would you like to add anything there?

Ian Caplan: Only to reinforce, Minister, that they are not mutually exclusive objectives. One of the department's four strategic objectives is to maximise employment and in-work progression. I am sure we will want to talk through some of the evidence that sits behind this and the previous AET changes, but this is a measure that delivers benefit to the claimants affected. It is expected to increase their earnings and, in doing so, as the Minister says, is part of that fundamental point about fairness and agreed contract between the claimant and the state about what is a reasonable expectation of somebody's work search requirements in return for the universal credit payments that they are receiving.

The Chair: Thank you, Mr Caplan. Now let us move on to the administration. Baroness Lea has a question.

Q3 **Baroness Lea of Lymm:** Welcome, Minister. In your Written Statement on 19 April to introduce SI 2024/536, you said that the change will mean that the threshold will have been doubled since September 2022. In fact, I think you were referring to the hours component of the calculation of the administrative earnings threshold.

Jo Churchill MP: Indeed.

Baroness Lea of Lymm: I have to get the jargon right. I really should be able to as an ex-civil servant, but we will leave it at that.

Jo Churchill MP: As an economist it is all about the numbers.

Baroness Lea of Lymm: It was interesting that the hours have been increased in three stages: September 2022, January 2023 and now May 2024. In the latest one it is expected that an extra 180,000 people will be drawn into the IWS regime, and that is after the 114,000 who were expected after the first increase and 130,000 after the second increase. These are pretty big numbers. I noticed that the SSAC questioned whether the Jobcentres would have the capacity to cope with the influx of 180,000. Do you think that its reservations are fair? How do you see the DWP and the Jobcentres coping with this extra influx?

Jo Churchill MP: Our Work Coaches, which we have about 16,500 of, are integral to the delivery of this. Their case load varies from Jobcentre to Jobcentre, as you would expect. There is an understanding that we programme, and we work with, and I meet with Ian and my senior leadership team weekly in order to make sure that we are managing that inflow. It is important that we get this right. There is no point in promising people an experience—that they will be able to have a conversation with a Work Coach—that will not happen, because nobody benefits from that at all.

I do not know whether it is appropriate—please stop me if it is not—but Merthyr Tydfil was given to me as an example. At the moment, that Jobcentre is operating with around 16 Work Coaches and at about 33% below capacity. Do not forget: unemployment varies across the country and ranges from between 1.8% in the lowest area of the country up to 7.2% in different areas. I have a variable number of Work Coaches. I have different into-work rates due to the vibrancy of the local employment market, and so on. It is very dynamic, making sure that we are on it.

In Merthyr Tydfil, in the latest tranche I will have 250 enter the system. We have the capacity in our current Work Coach headcount there to meet that capacity. That is the programming that we have done. We look at this all the time in order to make sure that the front line can cope. We also make sure that, sitting above that, those who lead in the districts can assist, and then above that at director level.

It is important that we are all focused. We are the Department for Work and Pensions. It is important that work is our focus. They are called Work Coaches. I believe that we have the capacity to drive the changes through the system as well as pulling everybody into the universal credit stream as we go. It is important that we see that as our primary objective.

Ian Caplan: We also monitored very closely the two previous increases to the AET. The department is using its management information to make sure that those two changes went in the way that we had planned. One of the changes we have made for this phase specifically is that for claimants brought into the intensive work search regime as a result of raising the AET, those initial appointments will take place over a six-month period rather than a two-month period, as happened on the last change. So that phases over a larger period of time. That initial claimant commitment review meeting is a 30-minute meeting and is one of the things that puts the most pressure on Work Coach time into the system, so phasing that gives us additional confidence that it is absorbable into our forecast Work Coach numbers.

Baroness Lea of Lymm: Of course, you are benefiting from the previous experience.

Jo Churchill MP: Exactly. It was a point that I wanted to stress. As you have said, we shared other information with SSAC, and it is important that for the purposes of this committee everything is transparent. However, we have other lines of longitudinal study going on for the previous uplifts and constant flows of information as to how things are bedding down in the field.

I am in Jobcentres all the time. I was talking to them in Cardiff not very long ago, and talking to them about the challenges of devolution, because we do not necessarily hold all the levers for things like childcare and travel in devolved areas, for example. I was in Colchester last week. Getting out is very important to see how it is delivered.

Q4 **Baroness Lea of Lymm:** You have probably answered my supplementary question, which was going to be about the different Jobcentres throughout the country to make sure that the capacity was in the Jobcentres where most of the work was going to be done. I get the impression that that has already been accounted for.

Jo Churchill MP: There is a difference across Jobcentre districts and in Jobcentres. If you think about it, wherever you come from there will be a Cardiff, but then there will be a Neath or somewhere tiny. In my neck of the woods, Bury St Edmunds is not anything like Cambridge, for example, because they have entirely different markets. It is right and appropriate that they operate differently with their line managers. However, the quality should be the same. The experience should be the same. That is why we try to learn—for example, with young people, building the youth hubs and the youth employment offer, and with the more mature workers. I always struggle to say that, because they are

50-plus, which seems very young to me. We have 50-plus champions in every district, for example, just to help the different cohorts get into work in the most effective way.

Baroness Lea of Lymm: You can adapt as you go along.

Jo Churchill MP: Indeed, because every commercial business may do that as well.

Q5 **Lord Rowlands:** Thank you very much for the information. I served that borough for 30 years and a very large portion of my time was spent on benefits issues. Indeed, I have written quite extensively about the history of the relationship between benefits and the borough. This borough has gone through every conceivable benefit change and policy. At one moment in the 1930s, a very distinguished Whitehall mandarin suggested that the easiest job would be to close the whole town down and move everybody out, and it would be cheaper. Fortunately, they did not do that. So I am very interested.

We have been told that there is robust evidence that there has been an improvement and that people on lower incomes have been able to boost their earnings. In the case of Merthyr Tydfil, can you give me some figures and evidence to show that?

Jo Churchill MP: I can give you the broader evidence from the randomised control trial, drilling down into a particular Jobcentre. I am looking to Ian to take that bit up—

The Chair: I apologise, Minister. The Division bells are ringing. We believe there is just one vote, so we will adjourn for 10 minutes.

The committee suspended for a Division in the House.

On resuming—

Q6 **The Chair:** With apologies, Minister, Lord Rowlands had not quite finished his question.

Lord Rowlands: Could you tell us how many people who have gone through the Work Coach process have found jobs in Merthyr Tydfil as a consequence?

Jo Churchill MP: That is quite difficult to say, because it is a constant flow. We constantly have people coming into the Jobcentre—those who have been customers for some while, those who come in for a short amount of time, those on a health journey who have degrees of conditionality, and so on.

As part of work that we have been doing on in-work progression, we have been speaking with current employers in Merthyr—part of this jigsaw is the employers—to encourage applicants. Employers such as EE, Kepak, OP Chocolate and Merthyr Valleys Homes now advertise twilight, evening, days only, flexible working and compressed working patterns. Eighteen hours, very gently, is only four and a half hours for four days a week.

That would cover particularly a lunch shift while people are on lunch, for example. It might cover a part of relief in the day. It would allow people to work around school children commitments, for example, if the scheduling and the job design were right.

There is more than just us. There is also what was the NEPT team, now the strategic relationship team, which is the team that goes out and speaks with employers all the time in order to ask them about the jobs. It is a dynamic marketplace. In Merthyr, we have the employer and partnership team in partnership with the county borough council. It has hosted an event at its hub, attracting 132 people to engage with non-contracted employers. We held a jobs fair in March. We have held midlife MoT sessions in April. There is a disability employment adviser attached to the Jobcentre. There is a youth job pick-up at the town centre hub, and that is now recognised for its outreach work. We obviously look at the into-work rates the whole time. Merthyr's unemployment rate is currently running at about 3.3% and its Work Coach ratio is about 88 to the claimant load.

That is how we judge, because we do not want people long-term unemployed. We know that the longer people are out, the harder it is for us to get them in. Our lives change. The AET is specifically designed to encourage people to take on more hours where appropriate. We have also had quite significant uplifts, including 9.8% this year, in the national living wage. If we can move people on to more hours, with the taper rate they are always better off in work.

Lord Rowlands: Thank you. The policy is very heavily dependent on job availability. Without that availability the whole scheme fails or will fail. It is very important.

Jo Churchill MP: Yes, but, for example, the data indicates to me that currently within a 10-mile radius of CF47 8AF—the Merthyr Tydfil Jobcentre itself—we have nearly 400 live vacancies on Find a job, which is the Government's website, and we have about 750 live jobs advertised on Indeed. Those are never all the jobs in the job market. When you walk around all your various areas you will still see things advertised in windows. I talk to employers all the time who still say, "We need people. We need skilled people". For want of a better phrase, we are matchmaking. We are trying to make sure that people can find a job, get a better job, build a career.

Q7 **Lord Russell of Liverpool:** Minister, this will be the second question to do with the administration. Baroness Lea's question was really to do with the actual workload and managing that. This question is about consistency of application.

The reason that was given last year for making the second uplift so soon after the first was that the MI indicated that the process had been handled successfully by Jobcentres and that the majority of impacted claimants had a tailored claimant commitment. Yet after visiting Jobcentres the SSAC report described the existing policy as being

administered in different ways “both across Jobcentre districts and within Jobcentres”. Can you explain this disparity and how is it being addressed?

Jo Churchill MP: I slightly alluded to it earlier. I would expect there to be variation, both in the system and in districts, because of the size of towns, the vibrancy of the job market and the number of applicants that we have coming through the door. You do not necessarily have the same number of customers coming to you, and then you have different vibrancy in the job markets. You have different rates of unemployment in the broader environment—as I said, stretching from 1.8% to 7.2%.

I would expect there to be variance. We work with our senior leadership teams—as I say, I talk to those on the ground very regularly—to make sure that we give consistency of approach, that our training for our Work Coaches is on point, and that where we have gaps we identify them and address them rapidly. For me, it is about quality, not about variation. I would be happy to take any of you to any Jobcentre of your choice, because it is about delivery.

Lord Russell of Liverpool: With respect, the SSAC knows far more about this, I suspect, than all the members of this committee put together, and I suspect that it would have anticipated that although there will be some variation across the different geographies, it has enough experience to anticipate that there will be patterns of similar approach and, effectively, good or best practice. We understood from its comments that it was concerned that there seemed to be less rigour and acknowledgement of patterns of how to do things best. Reading it, it feels like SSAC felt that it was a slightly random approach rather than a very carefully considered one.

Jo Churchill MP: I would dispute that what we do on the front line is random, while respecting totally SSAC’s opinion. Supporting products for the AET change are in place, with operational colleagues aware of the steps we need to take, alongside the insight that Ian referenced earlier, from the management information and the changes that we have put in thus far. It is important that Work Coaches have a degree of autonomy to tailor things to support different needs. You do not know the customer who will walk through the door. You do not know whether they have care needs or whether they are a care leaver. You do not know whether they have children. That is why, for me, the variation is important.

Ian Caplan: If it is reassuring, our Work Coaches operate within a national framework of guidance. It is also one that encourages them to apply their discretion in the appropriate way to tailor their expectations of the specific claimant in front of them. For example, the maximum work search expectation that a customer is expected to do is a tailorable one based on the conversation between them and their Work Coach, taking full account of their circumstances.

Building on some of the SSAC’s findings, we have carried out deep dives by our dedicated teams of researchers into what has been happening in our Jobcentres and into the quality of those conversations, and we use

that to inform the guidance and learning products that are made available to our Work Coaches, so that as more claimants are brought into intensive work search as a result of this increase to the AET, they have some new and additional learning products to help them.

That includes things like ensuring that they know the right benefit calculators to signpost claimants to that show the benefits to that person of increasing their hours due to the way our taper rate and our work allowance are designed, to make sure that work pays when claimants take on additional work. There are specific training products—for example, about the role of the National Careers Service—so that our Work Coaches know when to refer somebody to the NCS for some additional support.

As we have gone along, we have tried to learn from each successive change to the AET and to make sure that our Work Coaches are getting the best possible guidance and information for engaging with this customer group.

Lord Russell of Liverpool: If the management information that you are talking about from a variety of sources is as reassuring and robust as you have said it is, and if you had considered sharing some of it with this committee, a lot of these questions would not be put to you. Data is king, but it is not necessarily king if it is held only inside the department. It should be shared particularly with Parliament, which would reassure us and would give you a much easier ride.

Jo Churchill MP: Point noted.

The Chair: We move to post-implementation review, still on the same theme.

Q8 **Lord Powell of Bayswater:** Thank you, Minister. This question goes back to what the Chair was saying at the beginning: our job is to advise the House on the measures put before it, and to do that effectively we need evidence. If we ain't got the evidence, we cannot give anybody good advice. In any sphere of life, whether it is business or politics, if you are taking a multi-stage decision, you assess what you have done, and then you move on and you assess what you have done. We are confronted with no assessment of what was done in the last stage or the impact of it, on people or on the way that the policy operates. That makes it very difficult.

Is there not some way, which the enormous ingenuity of the Civil Service could find, to get us some feedback and data from, for instance, the two increases that preceded this third one, even if it is caveated in some form or another? We are all expert at caveating things we do not want others to know too much about. It would help, because otherwise it leaves us a bit naked when it comes to giving the House serious advice.

Jo Churchill MP: Basically, the core piece of evidence that we rely on is the randomised control trial that took place in 2015 to 2018. That report is published. That showed quite clearly the impact on the light touch

group and that it has impact on a broad range of earnings and then it uplifts. If you input into customers and assist them to move up in the employment market, that delivers results for them.

Additionally, we have evaluation of the two previous AET increases that are ongoing and we plan to evaluate the effect of this increase, which that will become operational in May 2024, using a range of quantitative and qualitative analysis. That helps further to build the understanding of how Work Coach supports helps those claimants into better paid work. We have also, as I said earlier, commissioned the longitudinal research, which includes the research into the in-work progression and claimants impacted by the changes thus far.

This is several iterations and waves of survey, and that is part of the challenge here. We started with this uplift to 18 hours being done over a relatively compressed period of time. So we are doing the study and the evaluation, we are gauging the management information, but this is a direction of travel that the Prime Minister outlined. If we were to look at it with the hat of doing that research, waiting, coming back, waiting, we probably would not progress at the speed that people in the employment market need us to move at.

It is not denying that the robust evidence to help you along would not be beneficial, but it is to say that we are doing that work, and we take that work very seriously, but it is ongoing. If not, the iterative nature of the research and so on would mean that we do not drive that success into people's lives of being able to lift their salaries and their opportunities, which is essentially what this is about. If we are to have that statistical confidence and to show causation that that link is there, we need to have those longitudinal pieces of research, I would argue. I know that is not a highly satisfactory answer, and I apologise.

Lord Powell of Bayswater: I am glad you admitted it; 2018 was quite a long time ago—I was still quite a young man in 2018—and we all need slightly more real-time information where possible to do these things. We are in no sense being obstructive, but one feels inadequate if one cannot base advice on the best figures.

Jo Churchill MP: No, but with the greatest of respect—

The Chair: We find it very difficult to know why you should be keeping this robust data secret. Why can you not share it with us, Minister?

Jo Churchill MP: I will pass over to Ian, but I would gently point out that the pandemic and employment during the pandemic was a very different equation, while the evidence from the randomised control trial of over 30,000 customers is robust, and that is what we based our analysis on.

Q9 **Lord Thomas of Cwmgiedd:** I just wondered what public policy reason there is. There is no national security. There is no personal data. It is almost inconceivable to think of any justification for failing to give us the

figures. You can qualify them. You can say they are provisional. The impression I get is that you do not think they will meet the story you are trying to sell. I am sorry to put it that bluntly, but if they do, publish.

Ian Caplan: Perhaps I can explain the different sources of evidence and which have been published so far, which are in the process of being published and which are in the process of being developed. That might help to explain.

As the Minister said, there are two pieces of evidence that were available to Ministers at the time that they took the decisions to increase the AET initially to 12 hours, then to 15 hours, and then, in the most recent of those announcements at the spring Budget last year, to raise it to 18 hours, which came into effect this week. The first of those is published. That is the randomised control trial that the Minister has referred to. That is our highest level of evidence that we produce from any form of trial. It was a major trial, of just under 31,000 claimants, over that 2015 to 2018 period. It demonstrated that for claimants earning between the administrative earnings threshold as it was set then and the conditionality earnings threshold, claimants who were brought into the equivalent of the intensive work search regime benefited on average in their average earnings when assessed 52 weeks later.

Some further qualitative studies, which were also published at the time in 2018, showed other benefits that those claimants had experienced in their work search capabilities, their access to training, their motivation for work search, and so on. There is a very wealthy body of evidence, published in 2018, that supports the principle that applying conditionality and Work Coach engagement for claimants who have earnings above the AET can be effective in achieving that strategic objective for the department to support in-work progression.

The second study that Ministers had sight of early findings from at the time of those decisions is the regression discontinuity design study—if you will pardon the bit of jargon here. This is quite an unusual study for us to do, but at the time when the administrative earnings threshold was set, at just below the equivalent of nine hours national living wage, which I think was 8.94 at the time, we looked at the experience of claimants who joined universal credit just above and just below that threshold to see whether there was a difference in the end earnings experienced by claimants just below that threshold who came into the intensive work search versus just above it who came into the light touch regime.

That is an unusual piece of research, so we have put it through very extensive quality assurance. That is now complete, and we are looking to publish that as soon as possible. That was another key piece of information and will, I hope, be a welcome step towards the transparency that you and Lord Russell have referred to.

That is separate from the evaluation work that we need to do that looks backwards at the effect of these AET changes to say, “Have they been affected, and can we assign causality between someone’s change to their

earnings and the change to their conditionality status that came from increasing the AET?”

That is an ongoing study. We have already started collecting data for that. We know that it takes six to nine months for someone’s earnings to typically materialise. We need to get sufficient volumes through. We need to make sure we can identify suitable control groups to show that this is a meaningful change. We are conducting both qualitative and quantitative studies. We have had the first piece of research returned to us on that, which we shared in confidence with the SSAC to help inform its deliberations. When all three waves are complete, we intend to publish the full report later next year when all that research is finished.

Lord Thomas of Cwmgiedd: You still have not answered the question. You are taking decisions now on the basis of figures. What conceivable public policy justification is there for not sharing them? That is a very simple question. There must be a single-sentence answer as to why you will not publish.

Ian Caplan: As I have said, the regression discontinuity design study will be published. We shared it in the spirit of helpfulness with the SSAC before it was fully complete, but that will be published very soon. The fundamental piece of evidence on which Ministers took their decision to increase the AET, first to 12 hours, then to 15 hours and then to 18 hours, was the randomised control study, which was published in 2018.

Lord Thomas of Cwmgiedd: As to the decisions taken—for example, of this statutory—you say there is an unspecified public policy reason for not publishing them, because you cannot specify it. One has to draw the conclusion that there is no justification.

Jo Churchill MP: I would not draw that conclusion. I would look to the fact that the research that we are doing and the into-work rates and everything else are constantly dynamic and changing. The Jobcentre performance operational data is what I work on weekly in order to help guide whether I have enough people in the right place in the system, what is working and so on.

With all due respect, I am not sure that the decision-making process around this is as black and white as that and about a singular piece of research. It is about the building blocks of research and information coming in. I would not take one strand. It is the different strands of policy and operational data that I have that help me to work with my colleagues at DWP to help the customers who walk through the door. At the end of the day, it is them that I focus on 100%, because I want them to have the benefit of being in work and to be in better work.

The Chair: If you do not mind, Minister, we would like to continue this line of questioning with Lord Rowlands and then Lord Watson.

Q10 **Lord Rowlands:** Your predecessor said specifically in February 2023, “We have robust evidence (which we plan to publish soon) that the

Intensive Work Search regime can support the lowest earning UC claimants to boost their earnings". That was in February 2023. We were promised that robust evidence then. It is now May 2024, and apparently the department has intimated that it will not publish this robust evidence until 2025. You are asking the House and this committee to buy this policy without any information.

Jo Churchill MP: Actually, the information that I believe my predecessor was alluding to was the RDD study. I have asked for that to be available as soon as it can be, and we hope—

Lord Rowlands: That study is from when?

Jo Churchill MP: The date I was given was spring, as in 2024, so I have been quite clear, have I not, that I would like it out the door as soon as possible so that you have more data on which you can—

Lord Rowlands: This will be the robust evidence that your predecessor mentioned.

Jo Churchill MP: That will be the RDD, which is the next piece, the next building block, and then, as Ian said, the longitudinal study. That information from the three lifts will come through in 2025.

Lord Rowlands: Why not pause this third-stage legislation until that evidence is available? Why are you pushing ahead with it despite the fact that evidence is not yet available?

Jo Churchill MP: Because I think everything, including the first study, indicates that when people are in work, those conversations with the Work Coach, that support that we give individuals in order to progress in work, is backed up by the original randomised control trial which showed that people are better off increasing their hours. With the greatest of respect, the alternative is that you stop. 18 hours is about £10,700, so 15 hours probably sits at about £8,000. There is a quantum difference there of thousands of pounds to individual lives on the hours of work. If you have dependants, if you are on a health journey, all these things will be taken into account on the conditionality side, but if you are able to lift your hours, surely it is right and proper that we encourage people to do so. That is the policy.

Q11 **Lord Watson of Wyre Forest:** Minister, do you believe in evidence-based policy-making?

Jo Churchill MP: Yes, I do, but you will immediately, I would imagine, come back with, "Then why haven't you got it?" The robust evidence from the RCT, the first trial, is published. The next tranche, which is what my predecessor said would be published, will be with you in short order. The third longitudinal study will come next year. Those studies are not the only pieces of evidence on which I would base my decision-making. I would also look at my into-work data and my operational data.

Lord Watson of Wyre Forest: When the SSAC looked at this, it looked

at the randomised control trial study, which you have both referenced today. That concluded in 2018. That was before the first uplift of AET. Is that correct? Can you confirm that that study, which concluded in 2018, informed your decision to uplift the second time and has contributed to your decision to uplift the third time?

Jo Churchill MP: Indeed.

Lord Watson of Wyre Forest: The SSAC also looked at your second study—

Jo Churchill MP: The RDD.

Lord Watson of Wyre Forest: —and concluded that the sample size was too small to draw meaningful conclusions. Can you tell us what evidence you will provide and what the sample size will be, so that Parliament can make an evidence-based decision on the uplift?

Jo Churchill MP: Would you like to go into the details of the RDD for me, Ian, or would the committee like us to write with the full—

Ian Caplan: Certainly. The RDD itself will be published. It looked at about 9,000 claimants,¹ which is a sizeable group, either side of the AET, and the specific reason for doing that was to try to identify that there was nothing else that might be causing a difference of experience. We were able to say that across those 9,000 claimants we felt confidence—that this will be in the published research—that the only thing that would explain their different earnings a year later was the treatment of being in the intensive work search conditionality regime.

I come back again to the randomised control trial, which looked at claimants earning right across the range of the light-touch group, from the level of the AET, as it was set then, right up to the full level of the conditionality earnings threshold, which showed that on average those claimants were better off when they had been subjected to that full intensive work search.

Lord Watson of Wyre Forest: Just on that sample size, in your professional opinion, is that sample size big enough for you to give Ministers advice to do the uplift proposed?

Ian Caplan: Yes. As ever, you look at multiple pieces of evidence alongside each other. The reason for looking at that study in particular is because, when we look at the randomised control trial, the obvious question is whether we think the benefits experienced by an individual claimant are uniform across that light-touch regime or—this would have been our hypothesis—that actually those benefits might be stronger for someone who is lower-earning than someone who is higher-earning. Somebody who is already earning 25 hours a week might benefit less from being subjected to intensive work search than someone who is

¹ The Department for Work and Pensions subsequently corrected this figure to c. 7000 claimants.

earning at nine hours a week. The purpose of doing the regression discontinuity design study was to provide further additional insight for Ministers about the impact of the AET at the level that it was set then.

I know I am sounding very boring repeating it, but the randomised control trial is the thing that gives us confidence to advise Ministers that bringing that group into conditionality, in the way that was originally designed in the way the legislation set up, was going to be the best way of helping those people to increase their earnings.

Lord Watson of Wyre Forest: So you are satisfied that that sample is large enough.

Ian Caplan: When seen alongside the randomised control trial as well, yes.

Lord Watson of Wyre Forest: The randomised control trial concluded in 2018. Do you think that the data or the evidence from that original trial is looking a bit threadbare now that there is a third uplift asking claimants to do different things?

Ian Caplan: The same earnings range affected would have been part of that randomised control trial. Claimants earning 15 to 18 hours in that period of 2015 to 2018 would have been subject to randomised control trial. The results would have been included in those average earnings I have referred to in just the same way as they are now. I do think it is reasonable for Ministers to use that when determining what level to set the AET, since it shifted from being a matter of Secretary of State discretion to a matter of regulations.

Lord Watson of Wyre Forest: On definitions, you say "soon", but the previous Minister, Mr Opperman, said "soon" in 2022, and the knowledge we had then was that there was going to be published evidence in 2025. Could you define what you mean by "soon"?

Jo Churchill MP: I asked for something of very tight order: that is, in the next couple of weeks. I was given that that is actually too tight and that it would be spring, so I pointed out in my book that that was probably at the end of May, but we will endeavour to have it with you as soon as possible.

Lord Watson of Wyre Forest: As a former Minister, I would like you to define spring for me. What months of the year are spring? Is it the end of May?

Jo Churchill MP: Technically, I would agree that it is the end of May, but I think we will use spring in its broadest sense to be until June, because I have been told that it will be with you soon.

Lord Watson of Wyre Forest: The Neil Diamond line, "And spring became the summer" might apply to this announcement.

Jo Churchill MP: I will endeavour to ensure that the department has that evidence to you as soon as is possible. Ian, I am sure we can do that, can we not?

Lord Watson of Wyre Forest: Ian, you confirm that the Minister was right and that you can do that by June.

Ian Caplan: We have been asked to publish this as quickly as we can and that is what we will do.

Lord Watson of Wyre Forest: Yes, and you are confirming June as well. The department can give the Minister that evidence by June.

Ian Caplan: We will get the report published as quickly as we can. I would very much hope we will have it published in June.

Lord Watson of Wyre Forest: I do not think you answered my question there.

Jo Churchill MP: As you well know as a former Minister, it has to go through certain iterations before it is published. I can assure you that we are on it, and we hope to have it with you in short order, because I was very keen that you were to see it—to Lord Russell’s point—to give you more reassurance.

Q12 **Lord Watson of Wyre Forest:** Thank you, Minister. I have one supplementary question, and I am grateful for your answers. My worst ever experience as a Minister was a period before a Lords Select Committee, so I realise how difficult they can sometimes be.

We have received representations from the actors’ union, Equity, which is concerned about how this might apply to self-employed workers in the creative industries. How satisfied are you that these proposals will help claimants who do some self-employed work but are not gainfully self-employed and so are subject to all the work-related requirements as part of their claim?

Jo Churchill MP: The self-employed claimants who are in an intensive work search who are not gainfully self-employed do not have their self-employed earnings count towards their AET. This is to prevent claimants who are expected to look for work avoiding conditionality by declaring low levels of self-employed income and moving into light touch. Customers who are gainfully employed will be subject to the MIF, the minimum income floor.

In all these cases it is about that conversation with the Work Coach, and we have many people, including those on zero-hours contracts and various other things, who have work that is non-consistent. I think that was the nature of your question, if I have interpreted that right.

Lord Watson of Wyre Forest: I do not want to put my shoes into the work of a jobbing actor, but a jobbing actor has to do prep for performances. They need to memorise their scripts. There is a whole load

of work. When they enter the labour market as a jobbing actor it is very, very low paid. Their argument is that these requirements on a self-employed, low-paid worker prohibit them from building their career. So what I am really trying to work out is how satisfied you are that this new legislation is adaptable enough to allow people to build careers in the creative industries.

Jo Churchill MP: I believe it is adaptable enough. I also believe that many people I know who have been in the creative industries, as musicians and as jobbing actors, have had to take alternative employment to help to supplement, whether it is as usherettes in theatres or working in the hospitality trade or whatever. There is always that duality, but it comes down to talking to the Work Coach about what employment is and ensuring that people can be assisted to be successful in the role they have but also to look for other work. I am assuming you would not think it was acceptable to do no work, but I will hand to Ian.

Ian Caplan: If I may, I will answer in more general terms on the treatment of self-employment. You have rightfully drawn a distinction between a claimant who is gainfully self-employed, where their Work Coach has judged that their self-employment is a sustainable and prolonged source of income. In that case, the application of the minimum income floor would mean that they and their household, if they were in a couple, would be above the AET, at its individual and its couples threshold, so they would not be affected.

On the specific question of a claimant who has a mixture of earnings between self-employed and payroll employment, their self-employed earnings would be taken into account by the Work Coach when judging the appropriate conditionality earnings threshold to set for them, and the work search expectations that were reasonable for that claimant to carry out.

What we would not do is consider those self-employed earnings because, as the Minister says, they are very unpredictable and often not sustained to determine their conditionality regime. What it does do is bring them into contact with a Work Coach, who can then have that more detailed conversation. Where there are self-employed earnings, we also tend to refer claimants directly to a dedicated self-employment Work Coach as well who only works with those customers.

Jo Churchill MP: Very gently, we would not expect somebody on an apprenticeship scheme, for example, who is already doing their hours at work learning their trade, to be looking, but that question is very broad. Is your hypothetical actor playing Macbeth or doing a voiceover for an advert? That is the challenge that we have to deal with, if you see what I mean, and I am not unsympathetic to somebody wanting to drive a career in the creative arts at all.

The Chair: We apologise, but we will have to suspend. As in the last vote—there was only one in it; 220 to 221, or thereabouts—I am afraid we will have to adjourn for 10 minutes, as long as you are happy for us

to do so. Thank you. We stand adjourned.

The committee suspended for a Division in the House.

On resuming—

The Chair: We realise that we are up against a time constraint, so we move straight to Baroness Randerson, who has a question.

Q13 **Baroness Randerson:** Thank you, Minister, for your comments so far. You have referred several times to the complexity of the situation and the issue of “building blocks”—your phrase. My question is basically seeking more information about those building blocks. I accept that the report is not ready, but the report must be based on those building blocks, and DWP, we judge, must have information on more than 200,000 claimants in the first and second cohorts. Your success criteria so far appear to have been based on operational factors of moving claimants into intensive work search, rather than based on understanding the impacts on claimants of things such as increased childcare costs and the effects in some cases on their health.

Do you have numbers, and can you give us numbers, on those who have been given easements and directed to support paths by the Work Coaches? Do you have the number of claimants who have successfully increased their earnings? That has been emphasised as an important issue. How many have simply ceased to claim universal credit and dropped out of the system? How many have moved on to sickness benefits instead? How many have been sanctioned for non-compliance?

Assuming that you must have that information—and I hope you will feel able to share it with us—was that what you based your decision on to have the third increase in the AET? Did you base that increase on those factors, and did you, Minister, have all those pieces of information at your fingertips when you made that decision?

Jo Churchill MP: That is a big, broad question. Much of the data will be in the longitudinal studies, as far as that goes. The rate of sanctions has remained very constant. If there was a big kickback in the system, that would not have happened, for example.

The whole point of the AET is that with the earnings thresholds we are trying to lift lives. We are trying to help people into better work and more work. This is about an individual who is working for only 10 hours, , for example; as I say, this also goes to employer interaction and making sure that contracts are not being written for 10 hours and myth-busting that there is no 16-hour cliff edge in universal credit. It is also about whether somebody would know that we could assist them with up to £1,000 for their childcare costs for one child and up to £1,700 for two or more children if they had not actually been in and had that conversation.

If it was their childcare cost that was stopping them, we can help with that. If it is travel, we have the flexible support fund in every Jobcentre that can help assist them to get travel, if travel is a blocker. We can have

conversations with them to help to look at their CVs and at how they might approach an employer.

We have relationships with employers, and some of my team have been having those conversations with them about employing people on a 10-hour contract but then having them work 20 hours a week for just about all of the year and then dropping them away, say, after Christmas, which is perhaps not an entirely fair way to employ people.

This is about all those different areas. We have the AET. We have the RCT study that is published. I have committed here and now to getting you the RDD information that is there. We then have the longitudinal study that looks at the evaluation of these three rises, and our ongoing day-to-day information, the data for which is vast. We would take into account things like movements in number of sanctions as a warning sign, as we would people coming into the system and not moving through. It is about lifting lives.

I understand fully what your Lordships are after, but this is really quite challenging, in that I have to make those assessments based on everything from people walking through the door of the Jobcentres, talking to my level 6s, talking to my directors, talking about the intent, looking back at the RCT, looking at the RDD, and so on. I understand it is frustrating for you that I cannot give you something more in thesis style that is neatly boxed to say, "Here you are. This is what I'm making the decision on". Ian, is there anything else?

Ian Caplan: The only additional point I would like to make, Minister, is about drawing a distinction between the type of real-time management information that we receive in the department, which we use in some of the processes the Minister has described for managing day-to-day delivery, and the type of evaluation that allows us to assign causation to a change. It is not enough just to look at data and say, "Of claimants who have been moved into the intensive work search, how many have increased their earnings?" because we know that the light-touch regime is always a very fluid group. People come in and out of it all the time. Their conditions change all the time.

We need to be able to provide a proper evaluation that says, "Has a change in their earnings been specifically as a result of them being brought into the conditionality?" As I have explained, the decision to increase it has come from the strength of evidence in the randomised control trial, our backwards evaluation that says, "Have these changes had the effect that that randomised control trial predicted it would have?" It will come from that long-term three waves evaluation that should complete next year.

Q14 **Lord Russell of Liverpool:** I would simply comment that I think we are having this discussion, because the way in which these different iterations have happened could lead people to believe that these are political decisions based on political belief, rather than on solid, cumulative evidence. It is the solid, cumulative evidence that we are looking for. It is

entirely right for us to question whether, indeed, it is political belief alone that is driving this—not quite regardless of the evidence but political belief that is so sincere that this is the right thing to do that the evidence can come later, or whether it is being done in lockstep. That is at the heart of some of our questions.

Jo Churchill MP: My personal belief is that we are doing it in lockstep to lift people's lives so that they can be supported in order to have the opportunities that so very often are not afforded to people who walk through our doors, who have not had the benefits that many of us will have had, be that in training or support. That is why in every district we have the 50-plus champions, a disability employment adviser, the youth employability coaches. It is about driving a consistent offer to people.

People very often have a view of a Jobcentre, and our Work Coaches do a phenomenal job on the front line. I have been in position since November and I have met with 30 different Jobcentres from Manchester to London, down to Croydon, up to Colchester, into Bury St Edmunds, Thetford and across into Cardiff. I go out every week to talk to them, because it is important to understand how the policy is landing. That is what gives me the confidence in what I am being told by colleagues that support me in the department.

Q15 **Lord De Mauley:** Minister, this meeting has dwelt at some length on the dissatisfaction of this committee with the way the development of the policy over time is explained in the explanatory material. I want to go now to issues of how civil servants communicate with Ministers, how continuity is ensured, how corporate memory is retained. Our report on the second increase said that we thought that, without proper evaluation, further legislation was premature. The much-discussed Explanatory Memorandum on the third increase does not give that evaluation. We have discussed that all this afternoon. Were you made aware of our concerns when you signed this last round of regulations?

Jo Churchill MP: Not explicitly. I became aware that your Lordships had articulated concern over the mislaying of the explanatory material—for which I apologise unreservedly—but you started that question with, "Do you have sufficient corporate memory?" I believe that through my DGs and those that support me at a senior level in the department that I do have that proper understanding of the policy intent, that corporate memory and that continuity of information that comes my way.

I recognise that it is important. I think my taking my position and the timing of the articulation of a concern were virtually simultaneous. I recognise that it is our responsibility to put high-quality EMs in front of you. That is our job. I was not pleased that we had made mistakes. It was on my watch. We are looking at it. We are making sure that we improve. Hopefully, my officials and I will not need to come before you again. That is what I want, but it is our responsibility to produce the best quality we can before you so that you can make your decisions.

Q16 **Lord De Mauley:** Thank you. My question about corporate memory was

going to be how confident you can be that the department has sufficient corporate memory to ensure that mistakes such as those can be avoided. You said just now that you had not been aware specifically of our concerns on the last round. How can you be sure that those sorts of things are brought to your attention in future?

Jo Churchill MP: On the corporate memory point, Ian has been my right-hand policy on this matter, because he has been there through the entire iterations. I will perhaps move now to Henry, who has sat quietly through the whole thing. We all had a frank discussion about the mislaying and the evidence in the memorandum, and that I am given a clear understanding of the timelines, and that if there are deadlines to be met, I am given them in good time so that I can appropriately respond to your Lordships, out of courtesy if nothing else.

Henry, perhaps you would like to talk briefly about how we have had these conversations and are learning the lessons, because we were doing it so much better on the SIs and we would like to continue that trajectory of improvement.

Henry Ripley: Absolutely, Minister. We recognise that there is more to do on SI quality, and in particular on instruments that perhaps are being produced at pace. There is a focus in the department on identifying additional safeguards that we can put in place.

On the question of corporate memory, it also applies that the legal teams have that continuity as well and can identify issues moving from one set of regulations to the next, and obviously we will flag that with both our policy counterparts and with the ministerial team.

Q17 **The Chair:** Minister, thank you very much indeed. I suppose, if I am now to speak on behalf of the committee, that we are looking for an undertaking from you not to further expand the cohort until the department can publish robust evidence of its effects. Are you able to give us that undertaking?

Jo Churchill MP: Are you alluding to us holding at 15 hours or with this latest laying at 18? I could certainly say to you—I think with all confidence—that at 18 we want to understand the iterations and make sure that we have a sound evidence base from there.

The Chair: That is exactly what I was hoping you would say. We accept your undertaking, except that we are still as dissatisfied as we were because, in the view of the committee, you have not provided sufficient explanation yet. We are awaiting this robust evidence.

Jo Churchill MP: It will be published shortly.

The Chair: Thanks to Lord Watson of Wyre Forest, I think we have June in mind. An extension of the spring.

Jo Churchill MP: I am always keen to exceed expectations, and we have already had that discussion while you were voting. We hope to have it with you at the earliest opportunity. Thank you for your time.

The Chair: Thank you very much for coming today, Minister. Thank you, and Mr Caplan and Mr Ripley too.