



Work and Pensions Committee

Oral evidence: Work of the Secretary of State for Work and Pensions, HC 799

Wednesday 22 May 2024

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Members present: Sir Stephen Timms (Chair); Debbie Abrahams; Siobhan Baillie; Neil Coyle; Marsha De Cordova; David Linden; Nigel Mills; Selaine Saxby; Dr Ben Spencer; Sir Desmond Swayne.

Questions 1 - 119

Witnesses

I: Rt Hon Mel Stride MP, Secretary of State for Work and Pensions; and Peter Schofield CB, Permanent Secretary, Department for Work and Pensions.

Examination of witnesses

Witnesses: Rt Hon Mel Stride MP and Peter Schofield CB.

Q1 **Chair:** Welcome everybody to this meeting of the Work and Pensions Select Committee. A warm welcome to the Secretary of State and to the Permanent Secretary. Let me inform everybody that we will take a brief pause after about an hour of the meeting. Secretary of State, I know that you want to say something in opening.

Mel Stride: I will be brief. First, thank you very much for once again inviting me to appear before you. As you know, we take the work of your Committee extremely seriously and welcome that engagement.

As this is a session about the work of the Secretary of State, I did want to touch on some of the things that we have been focused on since I last appeared before the Committee. Perhaps I could frame that by saying that I think the economy is at something of an inflection point with inflation down, growth up, wages up and a good outlook generally on employment.

As you will know, we have been focused on several areas of important welfare reform, so we have come forward with our call for evidence around fit notes. WorkWell—which we may touch on in the session—was rolled out from the autumn across substantial parts of the country. There



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have been changes to the AET that have recently been brought through, and yesterday I launched Recruit with Jobcentre Plus, which is a major drive, which we may be able to discuss in a minute, to increase employment in those areas where the reduction in net migration may be difficult for some employers. There are the PIP reforms that we will no doubt come on to also.

I want to make one final point, which is about the overall way in which I and the Department view our work. First, jobs matter and a lot of what we are doing is driving that; secondly, to target what we are doing to those who are in greatest need; thirdly, a system that is fair, and we will probably discuss fraud and error in this session. I think poverty plays into that, so the LHA changes, which I pushed very hard for in the recent fiscal statement, as you will know, but also welfare should be sustainable and affordable. I do not think we can ignore the costs of welfare if we are to maintain the confidence of the public.

Q2 Chair: Thank you very much. We will certainly want to ask you about a number of those areas in the course of the morning. I will start with some questions about Carer's Allowance specifically where, as you know, there has been a good deal of recent public concern. I very much welcome the publication of the previously unpublished research report on the experience of carers and also the candour of some recent answers to parliamentary questions about overpayments. I am grateful for those.

As you know, five years ago the predecessor to this Committee made some recommendations on tackling the problem of overpayment of Carer's Allowance and recent reports do suggest that there has not been very much progress in resolving those problems since. Do you accept that more should have been done on this and can you tell us what plans the Department has now to improve in this area?

Mel Stride: Thank you for your acknowledgement of the candour with which we have approached this. I think it is always the best way to proceed. There are issues with Carer's Allowance that, as a benefit, has been around in one form or another for many decades, in fact back to the 1970s.

An element of that problem hinges upon the threshold, which is currently an earnings threshold of £151 per week as a kind of proxy for establishing whether somebody is in gainful employment or not, because of course the benefit is there for those who are caring for 35 hours per week. It is very important that somewhere within the mechanism of Carer's Allowance there is that particular element.

Some of the problems of course hinge around thresholds. We always keep these benefits under review. This is one of those things that I am acutely aware of. If you were to look at ways of changing it—and some have suggested some kind of tapering arrangement as you have for example within Universal Credit—there are a host of complications that come with that. I am not saying there are not any solutions going forward, but we should just be clear that this is not one of those simple



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things where you just flick a switch and solve the problem. It is quite complex.

Part of the problem of course has arisen over this issue of notification and whether sufficient notification has been provided to people who may have found themselves in excess of that threshold, for whatever reason. Of course, we do notify people at the point that they sign up for this benefit—and given that these people are doing such extraordinary work up and down the country, often described as unsung heroes, it is important that we provide this benefit. Nonetheless, when they apply for the benefit the basis on which application is accepted is very clear. Then when we write to people to explain the uprating that we may be bringing in around that benefit the conditionality for the benefit is then further stressed.

What we have also been doing are the alerts called VEP Alerts, which allow us to get a fix on the amount of income that is coming in to the individual. Hitherto we have been using an algorithm to try to establish within that data those who are most likely to be over the threshold, meaning that they do not qualify for the benefit.

Let me just explain that. As I think you will know, Sir Stephen, one of the further elements of complexity is there are deductions from earnings that can be perfectly legitimately—and rightly in my view—made to determine how close or otherwise you are to that threshold. That will include income tax, National Insurance, and it could include half the value of transfers made into private pension schemes, for example. It is not possible from the centre to know with certainty, even if someone shows more than £151 a week, that that necessarily means that they do not qualify for the benefit.

On the issue of alerts we do have these VEP Alerts. We do proactively approach people in terms of their likelihood of not qualifying for the benefit. Where I am looking to go still further is to see if we can develop this VEP system such that we can alert people as a matter of course as soon as they are at £151 or above, albeit, as I have explained, that might not be an issue.

My final point—and I do think that this is important—is that we do not lose sight of the fact that there is personal responsibility involved here. It is incumbent on all of us in our lives to exercise a reasonable level of personal responsibility. We are very clear as to what the qualification for this benefit is.

Q3 **Dr Ben Spencer:** Thank you, Secretary of State. I share the welcoming of the good news on the economy today. We have looked at the situation with carers a few times and had some very interesting evidence. In terms of our measures of GDP, obviously the work of carers is not part of that. Is there an issue in terms of the role of carers in our society? Does that cause a problem in terms of focus on carers and focus on carer support? I know you spoke last time about going into a bit more work in terms of



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improving productivity, but where do you see the role of carers in that in terms of our core mission and is there more that we can do to support them?

Mel Stride: The work of carers is extraordinary and outstanding and has huge value to society. When you were talking about the economy there, Ben, you were talking about the fiscal impacts of all that hard work that people are doing, and it is very significant. There is no doubt about it; if it were not there the state would be looking at what arrangements it would need to bring in instead of that. I accept that that would be extremely expensive. On a purely fiscal level, but also just on a human level, the work that these thousands of people are doing is hugely important.

In terms of the benefit itself, it is not designed to be there as some kind of income replacement. It is there as something to recognise the work that people are doing. Of course many of those who receive Carer's Allowance will also be able to receive other benefits. Peter, you might be able to talk a little bit more to that.

Peter Schofield: The Committee heard from the Minister and some of my colleagues only last month about carers. One of the points that was made is that of course you can claim Carer's Allowance and Universal Credit, but the two overlap, so the people who benefit financially from Carer's Allowance are people who are not on Universal Credit, mainly because their household might have savings above the limit or might have other earnings from a partner, for example, which are taken into account. Carer's Allowance does play that really important role.

The other point I want to get across to the Committee is that, as a Department, many colleagues across DWP have caring responsibilities themselves. We are a Department that genuinely cares for those people who are on Carer's Allowance and doing the work that the Secretary of State has just described. What we are trying to do is implement the benefit in a compassionate way but also protect the taxpayer at the same time and get the balance right. We can maybe talk more about how we try to do that.

Q4 **Dr Ben Spencer:** I completely get the point on personal responsibility but at the same time I think all processes in DWP are fiendishly complicated. As part of your engagement with carers—and you have just mentioned that in terms of your Department—what has been the feedback from carers in how the system could be simpler so that carers do not get into the situation of overpayments?

Peter Schofield: You saw the evidence that was published last week. There is generally quite a positive view about how the policy is implemented. Part of the complexity is something that carers like and Carers UK have welcomed, in that it gives the Secretary of State the ability to adjust the income that is taken into account for other costs, such as alternative care costs, as well as the costs of employment or the costs of paid into pension funds and suchlike. The complexity is



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something that people welcome, and that is the challenge that people have had over the last 50 years that the policy has been in place.

Chair, you talked at the beginning about whether progress had been made since the 2019 report. I was here with the predecessor Committee under the amazing Frank Field as Chair back in 2019. We talked about the progress that had been made since the then NAO report had been put in place. Let me go through a number of things that have changed in the last five years.

First, one of the problems that was identified in the NAO report in 2019 was the backlog that had built up in terms of new claims and change in circumstances. I am glad to say that over the years that backlog has come right down. We are processing new claims within the time period that we would seek to do, which is between about 11 and 21 working days, and the same is true of changes of circumstance.

Q5 Chair: Looking at where we are in overpayments, we do not seem to be much further forward in terms of the impact on claimants. I think 1,400 people last year had an overpayment of more than £5,000. The number of people looking at this in the Department is about the same now as it was five years ago—it is 49 now, 46 then. Are there enough people on the case to try to stop these overpayments building up to the very large numbers that we see now?

Peter Schofield: I was rereading the NAO report before coming in. Back in 2019 we had tripled the number to 33. You talk about a number of 40-odd. The number is 74 as I speak now.

Q6 Chair: The most recent number, I thought, was 49. It has gone up.

Peter Schofield: Okay. We are always trying to balance our resources across the piece, and we also have 462 people managing the Carer's Allowance benefit alongside that and getting the balance right in terms of skilled staff is always the challenge that we have.

Q7 Chair: Should we expect the number of these overpayments to come down sharply?

Peter Schofield: We saw overpayments in Carer's Allowance when we last measured it at 5.2%. We are going to be measuring it as part of our fraud and error statistics during the course of this year over the next sampling period so we will see what comes out of all of that then.

Q8 Dr Ben Spencer: A final question: with all the resources you are putting in, do you think it is possible to get the level of overpayments down to a level that you would be satisfied with as normal variations in the system, or do you think with the current way Carer's Allowance is provided that is not possible and fundamental reform is needed to get it to a point where you do not have this backlog of awful overpayments?

Mel Stride: Any level of overpayment that puts anybody in the position of having to repay something—and we all know the issues that surface



around that—is an amount too much. I would like to squeeze it down to zero. That is rather unrealistic but it has always got to be the goal.

One thing I would add to what Peter has just said is that of course, to the extent that we now use the VEP approach more widely, we are more likely to alert people to circumstances in which they do not qualify for the benefit. That in turn may lead to some increase as a consequence. What it will do at the same time, which I think is the benefit, is, first, ensure that accurate payments are being made, which is what the taxpayer expects; secondly, it will mean that at an earlier stage we will alert people to an issue, as opposed to letting it grow and become more of an issue.

Peter Schofield: We need to work through how we can do this. The Secretary of State has talked about an initiative that we are taking forward over the next couple of months. What we are seeking to do is to try to see, when we get a VEP Alert, if we have a mobile phone number that is up to date for the individual and to send a message at that point. We are going to test that on a relatively small number to begin with to see whether we can make it work. Then we will see whether we can roll it out.

Q9 **Chair:** We will be very interested to hear about the progress of that. Last year, 2023-24 there were 1,340 overpayments of Carer's Allowance worth over £5,000. It is quite difficult to see how such a large number of cases can have been allowed to build up, given the Department does get these monthly alerts when somebody is over the limit. We will follow progress with great interest.

Peter Schofield: As we said—and as the NAO reported in 2019, if I remember their report rightly—VEP is not the answer in itself. VEP is part of a process. We received 107,000 VEP Alerts in 2022-23, which is the last year that I have the full data for. We looked at 50,000 of them. Only 12,500 of those turned out to lead to an overpayment. This is not an automatic one fits through to another. There is quite a lot of work. I was listening in to a VEP Alert call only yesterday and it is incredibly time consuming, and you need quite a lot of skilled resource to do the work.

Chair: Okay. We will follow progress.

Mel Stride: Sir Stephen, to quickly add on the quantum that you mentioned there, the £5,000 and the number of people, in total it is about £250 million, which is a very large figure; 134,000 people, which I think comes out at about £1,800 per person. That is the average. I understand why in the press it will be people who are deeply in debt and in difficulty. Just to be clear, the average is much lower than many people are reading about.

Chair: Understood.

Peter Schofield: Can I also make one more point? I know you want to move on, Sir Stephen, but there is one more point I want to get across.



If there is a customer who is looking at a repayment schedule that they are struggling to pay, please phone debt management in DWP. We will adjust the payment schedule accordingly.

Q10 Chair: We will move on to another subject. In January of last year Peter told us that the discussion about a section 23 agreement with the Equality and Human Rights Commission was going well. It clearly did not go well, because it has been announced this morning that there will not be a section 23 agreement and that instead the Commission is launching an investigation into whether successive Secretaries of State may have broken equality law in their treatment of disabled benefit claimants. In your view, why was it not possible to reach an agreement with the Commission on this?

Peter Schofield: Shall I answer that? The reality is, and Ms Abrahams knows this well, I cannot talk about the nature of the conversations. It is covered by the Equality Act 2010.

Q11 Chair: Can I pick you up on that? I have had a discussion with the Commission. It says that now that those discussions have ended you are completely free to tell us what happened in those conversations. The Commission says it cannot under the terms of the legislation, but you can.

Peter Schofield: That is very helpful to know. The challenge we have had all along—I will say this, and I do not really want to say much more—is understanding the nature of the concerns that EHRC have had and where the issue was in terms of where the suspected breach of the Equality Act was. That was a question that we asked throughout so that we could have a tailored approach to the next stage of the investigation.

I will not say any more than that, other than to say this: the terms of reference that have been published this morning are a welcome move in that respect, in the sense that they give a clear sense about where the Commission wants to investigate, which is primarily as I understand it around the policy guidance for the process for determining the channel by which a health assessment is carried out for one of the disability benefits. I am very happy to understand a bit more about what the Commission wants to do as part of that bit of the process.

In terms of where we stand on that, there has been a lot of change in the way we do health assessments over the last three or four years anyway, as the Committee will be aware. The vast majority of health assessments nowadays are done over the phone rather than in person. We have been taking a lot of steps in terms of changing the way we do health assessments as part of the Health Transformation Programme.

We have given quite a lot of evidence to the Public Accounts Committee on that, but we are happy to go into that in more detail. Of course, where things have gone wrong and where they go wrong, the work of the



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Serious Case Panel is something that we have shared very regularly with this Committee as well.

Q12 **Chair:** You were talking to the Commission for over two years about this. When did it become clear that an agreement would not be reached?

Peter Schofield: I guess finally when the Commission had written its letter, which it wrote on Monday.

Q13 **Chair:** Will the Department be co-operating with this investigation?

Mel Stride: We will always co-operate with the Commission, and we always have done. I will add to Peter's comments that over this extended period, going back a few years now, I am satisfied that the Department has fully engaged with the Commission at every stage. This is all about good faith rather than anything else.

I would add that I received the letter setting some of these elements out—including further comments on the terms of reference—late on Monday afternoon when it finally arrived on my desk. We have obviously had a press release that came with that. It was embargoed until one minute past midnight—just past, so into the news this morning. There has been rather a lot happening in a rather concerted period before my appearance before your Committee. I feel I need to have a little time to have a bit of advice on some of this.

As to what we can share around the section 23 matters, clearly if it is the case—and this is news to me—that we are at liberty to do that we will take that on board. That is not the advice that I have received to date on that particular issue. I just want to be clear that the advice that I have received is different.

Q14 **Chair:** Have you met the Chair of the Commission since taking up your role as Secretary of State?

Mel Stride: No, I have not met Baroness Falkner.

Q15 **Chair:** Do you envisage engaging with this investigation as it goes forward?

Mel Stride: Sorry, me personally?

Chair: Yes.

Mel Stride: Clearly. It is a significant moment, and it is something that I take very seriously, as I do any suggested criticisms of the Department particularly in the area of more vulnerable people.

Q16 **Chair:** Will you now meet the Chair of the Commission?

Mel Stride: I have no prima facie reasons why I would not meet with the Chair. Clearly we would need to understand what it was we were due to discuss. I would need to take into account all the factors that may pertain



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at that particular moment, but I have no hard and fast reason why I would not meet with the Chair of the Commission. Absolutely not.

Q17 **Chair:** Might it be a good thing if you did?

Mel Stride: Conceivably. However, as I say, Sir Stephen, you are asking me hypothetical questions about the future, and this has come upon me in this particular circumstance with a certain immediacy that has not given me the opportunity to sit down and take various pieces of advice that I think, as Secretary of State, you would expect me to take.

Q18 **Chair:** Can I raise a final area on my part with you? What preparation is the Department making for the proposed abolition of National Insurance?

Mel Stride: I think you are referring to the aspiration that the Chancellor and I have spoken about, which is that we see National Insurance as a double taxation because it is a tax on jobs, in addition to the tax that people are already paying by way of income tax.

We also see it as one of those taxes that erodes the level of employment and makes employment less attractive compared to, for example, welfare where there is a choice between the two in certain circumstances. That is an aspiration. It is not a scored, firm commitment in the short term. It is something that may be one or more Parliaments to deliver. Under those circumstances to be actively preparing for that change, reducing National Insurance to zero, would probably not be a proportionate use of our resources.

Q19 **Chair:** There are no preparations for it being made at the moment?

Mel Stride: When we say "preparations" we have the ability within government, the Treasury, HMRC and ourselves to make the adjustments that are required to deliver on a policy that is about reducing National Insurance. We have already seen that twice. We have already gone down from employee National Insurance at 12% to 8% and we have done it. We are ready.

Q20 **Chair:** If it is abolished obviously the entitlement conditions for lots of benefits will be fundamentally changed. I am interested to hear if you are doing any preparation for that at the moment.

Mel Stride: To clarify that, when you say that, if the question was, "Look, there has been a firm commitment to abolish National Insurance in the near term. What are you doing?" I think that is an absolutely fair question. To say that we should be making preparations for something that is an aspiration perhaps over more than one Parliament is a different question. Under those circumstances, I do not think we would be doing lots of work although I have no doubt there are people who will be thinking about those matters within the Department.

Q21 **Chair:** It is not something you would expect to happen in the next Parliament, for example?



Mel Stride: No, I did not say that. I said that I think an aspiration that is about getting National Insurance down to zero and abolishing it is something that we recognise will take certainly one Parliament but may take more than one.

Q22 **Chair:** Can I make one further point to you and then Nigel wants to come in? Silver Voices, the pension campaign group, says that abolishing National Insurance would mean “threatening the continuation of a universal state pension”. What reassurance would you give to people who have those concerns?

Mel Stride: A very firm reassurance, which is that there is not a hypothecation between those revenues raised through National Insurance, which as you know are very considerable—along with income tax and VAT they are the three biggest revenue raisers—and the provision of the state pension. For a very long time now—and you will know as a former Minister for Work and Pensions, Sir Stephen—pensions are paid for out of the general taxation pot.

The first thing is it is very mischievous on the part of those that are suggesting that link, because it does not exist. The second point I would make is to look at our record as a Government since 2010. We have seen a couple of thousand fewer pensioners in absolute poverty after housing costs across that period. We brought in the triple lock. We have honoured the triple lock and we have committed further to the triple lock beyond this Parliament. I think those things should give pensioners reassurance that we are standing fairly and squarely behind them.

I would say one other thing. To the extent that people are knowingly and mischievously propagating this myth, it is very unkind to a lot of elderly people, some of whom will be quite vulnerable and worried.

Q23 **Nigel Mills:** Is it fair to say now that the starting point for National Insurance and income tax is basically the same amount so that you could quite straightforwardly just use paying income tax as the trigger for earning a year’s state pension entitlement, as you can do with National Insurance? It is essentially the same data feed on the same amounts from the same place and you could just flick to using income tax now.

Mel Stride: You are getting into very complicated issues. I feel like I am being transmogrified back to being the Financial Secretary to the Treasury when I was responsible for all these tax issues. I do not know if Peter has any specific observations on that but mine would be that it would be inordinately complex to bring in changes such as that. It would also throw up a lot of winners and losers under that system. I suspect that, depending on how tight the economic conditions were and your ability therefore to compensate those that were going to lose out on those arrangements, it might be politically rather difficult to deliver.

Q24 **Nigel Mills:** If you did not have National Insurance the only way you could have an entitlement-based state pension would be to use income



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tax being paid as the trigger rather than National Insurance, unless you just say, "Well, everybody can have a full state pension with no earnings requirement". That would be incredibly generous. It is pretty much the only way, isn't it?

Mel Stride: What the payment of National Insurance is currently doing is identifying those who are conducting or carrying out a certain amount of paid work. That is effectively what it is doing. You reach the threshold for paying NI, which as you say is now in line with the personal allowance, and you start to pay National Insurance. Clearly in a world where there was not any National Insurance you would have to come up with some other metric that you measure.

I think we are getting a long way ahead of where this may or may not go, not least because—as I said to Sir Stephen—I think these are aspirations to abolish NI and they are some way in the distance. These are not early things.

Q25 **Chair:** Did the Chancellor consult you before announcing his aspiration?

Mel Stride: It is generally recognised across government and between me and the Chancellor that we are a party that wants to see lower taxes. I have always held the view that National Insurance is a good tax to lower because from where I am sitting as Secretary of State it is about driving employment and the OBR—as you will know, Sir Stephen—has forecast that the increase in employment, due to the NI changes and some other fiscal changes, will be about 300,000 more people in work. That is a prize worth having. I would say that it is a general government-wide view that we should be getting taxes down.

Q26 **Sir Desmond Swayne:** Can I ask about fraud? In the last financial year it is up by 0.1% or £1.4 billion. In Peter's letter of 16 May he says that over half that increase is down to pension credit where claimants have stayed abroad too long or underdeclared their capital assets. That strikes me as quite clever that you know that and that your systems can tell you that. In that light, therefore, how do you justify that you "have prioritised new powers to improve our access to vital third party data and are preparing a new fraud Bill for the next Parliament to align our powers with HMRC"? Two questions: given what you are able to know now, do you really need those powers? If you do need those powers, how confident are you that it is going to drive down fraud substantially?

Mel Stride: Thank you, Sir Desmond. I will let Peter come in in a minute. I think there are a couple of things happening. One is a Bill in the next Parliament that will be about the HMRC alignment point that you have made.

There are also amendments that we put through in the DCMS digital Bill, which relate to the ability to try to establish the answer to the question that you have asked. How do you know if somebody qualifies for a benefit where qualification may hinge, for example, on the capital that they have



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in their bank account? You do see that within pension credit. You also see it within Universal Credit.

Within Universal Credit the level of fraud and error is quite significantly higher, for example, than in other benefits on average across the suite of benefits that we have. Therefore, it is important to have some way of trying to understand who might be in a situation where they are claiming when they should not be.

If we take capital fraud within Universal Credit, what our proposals are doing is giving us the ability through third parties, such as banks, to identify people where there is a signal that they may be receiving the benefit inappropriately; not to delve into their bank account and look at what they are spending all their money on and so on, as we have existing powers to do that where we have a clear suspicion of fraud or error. We already have those powers, but that is what that amendment to the current Bill going through the Commons is all about.

Peter Schofield: On your first point, in terms of the statistics that were published last week, it is not that we know what is going on with every single person who is claiming pension credit. Across the benefit system we do a sample of about 15,000 cases selecting a number of benefits that we do every year and some we do only now and again.

Pension credit is one that we looked at this year. We sampled a number of people who were claiming pension credit and we said, "Right, we are going to look at your claim. We are going to go through it. You are claiming on this basis for this amount. This tells us for example that you do not have income coming in from capital to a large extent. Let us understand that. We need to see your bank account details. We need to go through your cases and look at all the evidence".

Off the back of that sample we will then identify a certain number of people within pension credit who are receiving an overpayment. We extrapolate that out across the whole of the pension credit caseload and the percentage that you will have seen, as you say, on pension credit overpayment was 9.7%. More than half of that was accounted for—rightly, as you say—by capital, so people had more than they were allowed in terms of savings to claim pension credit, or they were abroad for a period of time that you are not allowed to be to claim pension credit. That then played into our fraud and overpayment statistics.

That does not mean that we know who all these people are. That is where the data powers that the Secretary of State was describing come in. We need to translate, and this is where this Committee and the Public Accounts Committee have held me to account regularly over the last few years, which is how do we start detecting more of the fraud and error that we know is out there? One of the ways we do that is through data.

To give you a great example of where that works brilliantly, and we talked before about this, earnings data in Universal Credit means that we



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know precisely what people have earned who are claiming Universal Credit. Fraud and overpayment from people in employment in Universal Credit last year was 0.0%. It worked out at about £11 million in total, whereas fraud from the self-employed in Universal Credit was well over £1 billion. That is the difference that you get in terms of access to data.

Q27 Sir Desmond Swayne: You are going to use advanced analytics and machine learning. I think the Secretary of State just implied that that would be intelligence-led because you spoke of who might be claiming when they are not entitled to and the signals that would give rise to that. It strikes me as perfectly proper that it should be intelligence-led, but how do you square that with accusations that might be made that by targeting the criminal classes you are targeting elements of the community unfairly?

Peter Schofield: We have talked a lot about this. I know this Committee, and the Public Accounts Committee before and the National Audit Office report on our accounts last year, looked at the safeguards that we are putting in place in terms of machine learning. The main thing to bear in mind is that these tools, when we use them, are only a tool to start to help us look through the haystack and start to identify where the needle might be.

The decisions that are made about any individual claimant and their circumstance is always made by a human being looking at the evidence. I do want to reassure everyone that that is at the heart of everything here. It is about giving our people more tools to look in a more focused way to find those needles in those haystacks more accurately, but we do test ourselves in terms of whether there is bias in the system. We have been testing ourselves again and again on that and we have been doing some further research on that, which I think we will say more about in our annual report and accounts when they are published in July.

Q28 Neil Coyle: Can I start with the survey that your Department is doing with Ipsos MORI on tax credit claimants not applying for Universal Credit after receiving managed migration notices? Where is that survey? Is it finished yet?

Peter Schofield: No, it is still underway, but we are looking to finish it over the course of the summer and ideally publish in the autumn.

Q29 Neil Coyle: How many people will it involve?

Peter Schofield: Well, we talked a bit about this at the Public Accounts Committee on 11 March. I think we are aiming at 30,000 or so folk. The challenge with this population, Mr Coyle, is they are people who have not engaged with us to claim Universal Credit.

Just to go back so that everyone knows what this is all about, we have been looking at those people as we move people from tax—shall I give a bit of background?



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Q30 Neil Coyle: Immediately hackles are up because you are saying that people have not engaged with the Department, but it is the Department that is not engaging with the people who are affected, isn't it? It is the other way around and this is the systematic problem with the Department, that it fails to engage with the people it is either meant to be supporting or engaging with.

Peter Schofield: I disagree with that entirely. These are people who are on tax credits who we have been trying to engage with. My point is the reason that we may not get the full response to the survey is that, if they have not responded to us in the context of claiming Universal Credit, they may not respond in terms of the survey. We will see. I am very positive about how this could go.

What this is all about is trying to help us understand what the circumstances are of people who are on tax credits who, despite our engagement with them, did not make a claim to Universal Credit and because of that fell out of payment from tax credits and are not receiving Universal Credit. It is for us to understand why they did not engage and what has happened to them.

Q31 Neil Coyle: You are not going to have those findings until late summer. What are you doing right now to ensure that the gap in the estimate that the Department provided of 3% and the reality of 21%, so seven times the Department's estimate, failed to engage, in your words? What are you doing to reach those people better? That is your responsibility. It is not up to those individuals to do it.

Peter Schofield: I agree. I do not know if you read the transcript of our appearance before the Public Accounts Committee on 11 March.

Q32 Neil Coyle: Yes, with great interest.

Peter Schofield: We talked you through the enhanced support service as part of that.

Q33 Neil Coyle: Are you revising the 3%, then?

Peter Schofield: We talked about the basis of the 3% back on 11 March and where that came from. It was a very conservative estimate that was produced as part of our forecast that we needed to do. In terms of where we thought we would end up; we have been learning as we have gone along through a discovery phase. We have been learning as we have gone on through a process of engaging with our customers as we have done this.

The key point is that, at the end of the day, as we have engaged with customers and as we have engaged with stakeholders, we have found no evidence that people are not claiming Universal Credit because they do not need it. With tax credits, remember, many people's circumstances on tax credits change in the year so they get to the end of the year, and



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they were no longer entitled to tax credits, which is why there is an overpayment.

Now the crucial thing for us is that, as we move on to people who are on DWP legacy benefits, who do not have an alternative earning source and do not have alternative support, we make sure that we are there for people to engage, support and help them on the way to getting into Universal Credit.

This is where our enhanced support service comes in. We write to people twice. On the 11th week, at that point, we then try, if they still have not made a claim—and this is people who are on an ESA or on a legacy benefit from Department for Work and Pensions—we will make a phone call. We try three times to make a phone call over the course of a week.

If we fail to engage we will send a visiting officer around to their home to try to see what we need to do. If we still fail to engage with the customer we will have a case conference involving other agencies who might know something about the customer to understand the nature of the situation. Only after that will we make a final decision.

Q34 Neil Coyle: The outcome of all of this was that the PAC concluded that Universal Credit will not reach the savings that were predicted in the business case for the entire change. It is not just a failure of the Department to engage with people. I am mindful that this is the unprecedented day when the Department is facing legal action for its failure to engage with disabled people in an accessible way, but this is a failure to engage on this issue in a way that costs the Department, the Treasury, and the taxpayer.

Peter Schofield: Can I just finish on what I was talking about in terms of engaging with customers? I have described how we are engaging with customers. We have had one complaint a month since we started this process. We have had no concerns raised with us from stakeholder groups that this is a process where people who should be moving across have been unable to.

Where we have been working through discovery we have taken on board all the comments that people have made in terms of how to make the process as straightforward as possible. I simply disagree with you, Mr Coyle, that we are not engaging with our customer base. Let me start with that.

Q35 Neil Coyle: Okay. Let us look at a different form of engagement because time is tight this morning. Why did the DWP only announce the change in the date of the move to ESA claimants to Universal Credit on a staff member's social media account? Is that good engagement?

Peter Schofield: There was an announcement by the Prime Minister on 16 April.

Q36 Neil Coyle: Why was Parliament informed after the social media



notification? Is that engagement?

Peter Schofield: The Prime Minister made his announcement on 19 April. As you say, we then engaged with stakeholders to do exactly what you described in terms of engaging with customer groups and those who represent them. What I had not appreciated—and I have written to apologise to the Chair of the Public Accounts Committee—is that the Public Accounts Committee was meeting the following working day to review its report on the hearing that it had had with us on 11 March.

I did apologise to the Chair in that letter. In my letter I also talked about the nature of what we were doing, and the Minister for Employment has laid out exactly what our plans are in a bit more detail in a written ministerial statement.

Q37 **Neil Coyle:** In your letter to the Chair of PAC did you outline the cost of this policy change and how the Government intend to afford it?

Peter Schofield: There are two elements to the cost. One is the cost of doing the work within the Department. We need to recruit an additional 3,100 staff to do the work and we have plans to build that resource up. We have an additional £45 million from the Treasury to fund that. It has been added to our DEL for the year that we are in now. We will build up 3,100 staff over the course of the period to March.

Mel Stride: Can I quickly add to that? That would mean we would have 400 people at peak to carry out these home visits as part of the enhanced engagement that Peter has described. It is a significant investment.

Peter Schofield: There is then the AME cost of the fact that, as I think you know, about half of the people who are on ESA benefit by £100 a month on average when they move across to Universal Credit. That is additional cost to the benefit system. Those additional costs were quantified in the NAO report, and I think netted out at about £990 million over the then scorecard period. Those would be in addition to benefit spending that would be taken into account by the Treasury in the normal way at the next fiscal event.

Q38 **Neil Coyle:** If PAC says that you are not going to make the savings intended and the OBR says you are not going to make the savings predicted for wider plans is DWP the least reliable Department?

Mel Stride: Can I make an important point here? When the ESA migration was slowed down we were very clear that it was on the basis that it saved the AME spend, which Peter has just identified, about £1 billion. We were then criticised for slowing down a process that takes people from a relatively inactive benefit environment into a very active benefit environment under UC.

Now we are responding, and the Chancellor has made the money available to speed up that process. I think that is a good thing. Of course,



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it does mean that the previous saving that was in the AME and the scorecard has now come back on to the scorecard, but it was taken in the round by the Treasury as they go into their various fiscal—

Peter Schofield: Just in terms of the net benefits from Universal Credit, I do want to set the record straight, Mr Coyle, in terms of the business case. As we discussed on 11 March the total investment in Universal Credit is something like £2.8 billion. The annual savings that we are seeing in terms of admin and other things generate that within about five years, let alone the savings that you get from getting 200,000 people into work, which dwarf that.

Q39 **Neil Coyle:** These are Public Accounts Committee figures. You are suggesting they are my figures. They are not. You did not make a credible case to PAC. They have doubted your figures. I am just repeating them today. If you want to go back to PAC and try to revise its report you are more than welcome to.

Look, the final point on migration for ESA claimants—given that the Department has been found to discriminate against disabled people, and to have acted unlawfully—is there a pause on more disabled people being affected by migration or is there an improvement to how those disabled people will be contacted as part of the process? What is your interim measure?

Peter Schofield: The Government have not discriminated against disabled people. There is an investigation that the EHRC has launched but nothing has been proved and, as I say, the whole approach that we are taking in terms of the way that we deliver health assessments is one where we are listening and learning and we have made big improvements, as I described in my answer to the Chair earlier in the hearing.

Q40 **Neil Coyle:** Many years ago I was a parliamentary officer at the Disability Rights Commission when we drafted the legislation on the public sector equality duty that DWP later adopted. The EHRC cannot pursue the investigation unless it is confident that the law has been broken. I think we are going to come back to the EHRC. You are trying to suggest that what is true is not true.

Mel Stride: I think the statement you made, Neil, is that we had been found to have acted unlawfully in this respect and that is not true.

Q41 **Neil Coyle:** The investigation does not begin without that threshold being reached.

Mel Stride: No, the investigation begins on the basis of a suspicion that something has occurred. It is not, in and of itself, conclusive proof that that of which it is suspicious has occurred. That is simply a fact.

Q42 **Neil Coyle:** I think we are coming back to that investigation. I have one final question, which is a follow-up to something you said earlier. Is



abolishing National Insurance an aspiration or a policy?

Mel Stride: I describe it as an aspiration. It is not a policy in the sense that we are saying by a certain time this will occur. We are however clearly signalling a direction of longer term travel, the destination being the abolition of National Insurance.

Q43 **Neil Coyle:** Did the Chancellor mislead Parliament?

Mel Stride: Not to my knowledge, no.

Q44 **Neil Coyle:** On 7 May he said it was a policy to abolish employees' National Insurance.

Mel Stride: I defined what I meant by "policy" when I just answered your question and, in those terms, he will have his own definition of what he meant by "policy" at the moment he said that, but I have said—

Q45 **Neil Coyle:** It is your Department.

Mel Stride: No, but hold on, Neil, you have asked me if it is a policy and I said that, in the sense of a policy being a clear commitment at a moment in time to abolish National Insurance, then, no, it is not. The Chancellor may have his own views as to what a policy is, and we can have a very long conversation about it, but I am—

Q46 **Neil Coyle:** The Chancellor says it is a policy but the Department that is responsible for the spending raised by employee National Insurance—

Mel Stride: That is an ingenious line of argument, but it is not reasonable. I have defined "policy" in certain terms. I then explained that, on that definition, our aspiration to abolish National Insurance is not a policy. If you can give me a two-line version of what a policy is and how it is defined, which everybody would sign up to and agree, we will have an equal playing field on which we can answer your question.

Q47 **Neil Coyle:** I use the Government's definition for this. Gov.uk is very clear what employees' National Insurance pays for, including contributions-based ESA. What is the policy for contributory ESA if NI is abolished?

Mel Stride: The word "if" is very important in that question. Nobody is saying that any time soon.

Neil Coyle: The Chancellor is saying.

Mel Stride: Nobody is saying that in the short term we are going to be abolishing, at a stroke, National Insurance. I think most fair-minded people would know—not least because the cost of doing that would be several tens of billions of headroom that are not currently there, according to the current forecast—that is not the situation we are in. You are predicating your question on something that is not solid.

Q48 **Neil Coyle:** Would it mean a £5 to £6 deduction in the state pension per week if £46 billion in revenue is lost?



Mel Stride: These are hypothetical questions that you are postulating.

Q49 **Neil Coyle:** Based on the Chancellor's announcement.

Mel Stride: You can ask me anything. Say we put the defence budget up by a 3% aspiration instead of a 2.5%. That would cost X. What would that mean for another part of government expenditure? That is a pure—

Q50 **Neil Coyle:** I am asking you, as the Secretary of State for Work and Pensions—

Mel Stride: I understand that.

Neil Coyle: —if pensions will be affected by the Chancellor's stated policy to abolish National Insurance, which raises the revenue to pay pensions?

Mel Stride: The Chancellor and I and other members of the Government have an aspiration to abolish National Insurance through an indeterminate but long period of time.

Q51 **Neil Coyle:** Will it mean a deduction for pensions?

Mel Stride: Decisions around how money is spent within government are typically announced—in the main at least—at fiscal events in the spring and autumn. As you will know they are underwritten in the scorecard by the OBR to check that all the numbers add up and are within the fiscal rules. That is the way it operates. Those decisions that you are theoretically putting forward would be ones that will be taken in that way.

Q52 **Neil Coyle:** To be clear, the Chancellor has announced a policy that takes £46 billion out of government spending primarily to your—

Mel Stride: Over what period?

Neil Coyle: Per year primarily to your Department, and you are not suggesting today that pensioners will be protected from that change, so they can expect to lose £5 or £6 per week per person.

Mel Stride: Can you refine your question a bit? When you say this policy will take £46 billion out of public spending, over what period do you believe that will—

Neil Coyle: That is per year.

Mel Stride: Per year?

Neil Coyle: Perhaps what you need to talk to the Chancellor about—

Mel Stride: So when does this happen?

Neil Coyle: —because he has announced this policy at the Despatch Box.

Mel Stride: He has not announced a period during which this will happen. Any further moves to cut National Insurance are a matter for the Chancellor. They will be scored by the Office for Budget Responsibility in the normal way, and they will be funded. To make the suggestion that



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suddenly £46 billion is going to be taken out of the public finances is just not a reasonable assertion to make.

Q53 Siobhan Baillie: I am not going to spend my time trying to terrify pensioners unreasonably. What I am interested in is that the Government have been very clear that they want to help people get back into work where possible and support people to get into the jobs and stay in the jobs.

On one of the mechanisms of that and one of the ways to determine what kind of package goes around people on Universal Credit, my understanding is the administrative earnings threshold, which has risen three times since 2022 and quite significant rises. From 2022, when it was £494 for individual claimants, we are now at £892 per calendar month. Can you clarify how the Department calculates and decides about these increases and what increases you anticipate in the coming months?

Mel Stride: I will pass to Peter in a second, but in general you are right. We have gone from 12 hours at the national living wage in 2022 stepped up to 15 and now to 18. We have just laid the regulations for that. I think that has meant 400,000 extra people getting the additional support, which comes from being in the Intensive Work Search group. That will drive employment. The reason for doing it is that we want people to progress in work, to have more work, to be able to support themselves better and we want to give them more support and that is one way of doing that.

Peter Schofield: In the evidence on this presented in a hearing of the Scrutiny Committee last week, a lot of the evidence for the benefit of doing this comes from various studies that we did between 2015 and 2018. We followed a series of people who received intervention who were earning above the administrative earnings threshold, and we looked at what happened to them 52 weeks later and the impact. What we saw was greater engagement with the job market looking for better paid work, engagement with employment and training opportunities and a general increase in motivation.

Alongside that we had further qualitative studies that showed similar results. A set of those studies together give us confidence that when we take the support that is offered in the Intensive Work Search group and apply it further up the administrative earnings scale we will get outcomes in the job market and get more people progressing in work and getting into higher paid jobs.

Q54 Siobhan Baillie: Do you see 18 hours as a bit of a ceiling, or are you looking at further increases to bring more people into the net?

Mel Stride: We have no immediate plans to look further than 18 hours.

Q55 Siobhan Baillie: There is a clear benefit in getting more people supported and into these intensive packages particularly, but there is an unintended consequence for single parents and parents that we have



heard evidence for. This Committee campaigned hard to make the changes on childcare. You did that and we are very grateful for it, but some parents, particularly single parents, are not feeling the benefits of the childcare hours because of these changes that have come alongside for the AET.

Ruth Talbot, founder of Single Parent Rights—which you may have seen when you were preparing for this—told us she did not think the benefit system adequately recognised the existence or needs of single parents. She notes that there is a couples' AET which in effect allows one parent to stay at home, so obviously not something that is available for a single parent or many single parents. That prompts her to ask why is it that a single parent is both the breadwinner and sole carer in most circumstances but that is not just taken into account. She suggested it would be useful for there to be a lead carer category specifically for single parents, and for there to be more priority access of free childcare for single parents.

I know that the work coaches have some discretion, some flexibility, but that can be patchy. Are you looking at making some changes along the lines of a lead carer category for single parents or something that will directly support them and ensure that they are heard?

Peter Schofield: I am not aware of any plans to make a policy change along those lines. I do want to emphasise what you said, Ms Baillie, about the world of work coaches. It is absolutely right for the way our work coaches operate to build that understanding about the unique circumstances of each individual customer that they are supporting including access to childcare.

You talked about the greater access to childcare or the funding that we have made available. The key thing then is enabling our claimants to then find the childcare. As I have sat in on many work coach interviews with single parents in Jobcentres, I have observed the fact that our work coaches do listen very carefully to the circumstances and tailor the job search, ask about the circumstances of that individual's caring responsibilities as a single parent. Hopefully, that reassures you.

Q56 **Siobhan Baillie:** That is interesting. Will you commit to taking this away to look specifically at whether—as we now have the higher AET—work coaches are thinking clearly and that advice is going out for single parents, or whether we need a new lead carer treatment for single parents?

Peter Schofield: I would be very happy to, as we did with the childcare and UC, to liaise closely with you on that.

Chair: Thank you very much indeed. I propose at this point to take a very brief pause.

Sitting suspended.



On resuming—

Chair: Welcome back to our resumed meeting.

Q57 **Nigel Mills:** Mel, you have quite a lot of work ongoing about how people who do not think they are fit for work should get support, whether they should have to work or not. Could you talk us through what you think is the right journey going forward? Say I suddenly get injured or ill and do not think that I am fit for work anymore. What should I do, what will the process be that decides whether I have to work or get benefits?

Mel Stride: The key word you have used there is journey. That is exactly how I see matters around benefits, long-term sickness, disability and so on. At the start of the journey often is somebody who is perfect fit and well in every sense, who may be in employment and then something happens. The first thing that they do is go to the GP and they explain their circumstances. The GP may at that point sign that person off work with a fit note. That is a very early stage of what can then be—to get back to the word journey—a journey into a situation where somebody is on long-term sickness and disability benefits, of which there are about 2.5 million people.

There is no conditionality involved with that. People are on benefits and that is where they are. Part of my personal mission and belief is that within that journey—we will talk about various other stages of it in a minute—we should try to intervene as early as possible and as helpfully as possible to try to secure people being close to the labour market and not falling out of the labour market and progressing along that journey.

On fit notes that means that we have had a call for evidence on how we might reform the fit note. We have about 10 million of those a year. In 94% of occasions, when somebody presents themselves to their GP, a box is ticked that says that they are not capable of any work whatsoever under any circumstances. That is broadly the gist of it. Only in 6% of cases is anything else decided.

Part of that, I think, is because of the sheer pressures of time on our GPs, who do a fantastic job, but they have a lot to do. Part of it is because there is a lack of a joined-up moment there where we can bring together healthcare support that that person might need, alongside work coach support that is about helping them to stay in employment, or if they are close to the labour market, helping them into employment. When it comes to situations, for example, of mental health conditions, one of the things that we know—and I strongly believe—is that work can often be part of helping people through those difficult times, with the structure and social interactions and purpose that work brings.

Going back to our GP, what I am setting up now—and it is being rolled out in the autumn across a third of England—is something called WorkWell. I want a situation where the GP is able to say to that person, “Go to WorkWell; they will help you”. We can look at the healthcare



support alongside the work coach support at that point and maximise the chances.

You used the example of somebody who has hurt their hand. It could be—if I slightly change your example—somebody who has fallen over, has a very painful and bruised hip and they have had an accident. Under the WorkWell system, what might happen there is that the work coach says, “Yes, it’s really difficult. You’re not going to be as mobile as you have been for a while, but that doesn’t mean, given that job that you do, that you could not continue to work, maybe from home. Maybe we can have a conversation with your employer and talk about your working arrangements. You might not need to climb that flight of stairs that you are currently climbing”. At the same time, the physio and the healthcare support are brought in alongside it. That way we stop that journey at that point in a very helpful intervention. A bit further down that journey we are into situations where—

Q58 Nigel Mills: Before you move on, whose choice is it if I go into that process? If I go to my doctor and say that I am suffering from a mental health condition, is the GP not able to sign me off as unfit for work or do they decide, “You’re not really in a state to go for this WorkWell thing”? Whose voice is it?

Mel Stride: There are many questions like that. We are working on the basis that we will have 15 pilots of WorkWell. We are learning from what happens over the autumn with them. That will be across 15 ICB areas, about a third of England. Within at least three of those—it might be four—we will have the fit note reform piloted at the same time, but it is a voluntary arrangement. This is not a case of you having to go to see these people. It is an option that hopefully most people will see the benefit of.

Peter Schofield: It is at least two.

Mel Stride: At least two, I am sorry.

Q59 Nigel Mills: One of the things that looks a bit strange to me is at this point I may be on full sick pay from my employer and there is no cost to the taxpayer of this. Is it not a job for employers to send me an occupation health assessor to assess me, which many employers do if you are off sick for a period? Yet we are talking about abolishing the work capability assessment, which is at the point that I try to claim out-of-work benefits. It looks like we are not doing the assessment at the point that I try to claim something and end up trying to use some kind of interaction much earlier when I am not a burden on the state. Is that not a slightly counterintuitive position to get to?

Mel Stride: You are absolutely right that it is important that we have good occupational health within businesses. The evidence is that in larger companies something over half—I have the figure of 63% in my mind and I may or may not be right on that—have that kind of provision to a



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degree. Among SMEs it is much lower. There were two consultations carried out on occupational health. One was through the Treasury. That was looking at what fiscal tax incentives there might be to drive more of that. We had our own consultation, which Peter might be able to refer to a little bit more in a moment. I do absolutely recognise that prevention is better than cure further down the line. For that reason we have looked exactly at that first stage of the journey.

Peter Schofield: I want to give an example of this, because this is already happening in joint work that we are doing with the Department of Health and Social Care and with an NHS Trust. A few weeks ago I visited Employment Advisors and Talking Therapies in South London. Sometimes it is referred by the GP and sometimes it is self-referral. I met one of their clients, who was struggling to engage with their employer in terms of reasonable adjustments and what needed to be done to stay in the workplace.

The employment adviser, through EA and Talking Therapies, became an advocate for her, engaging with the employer, and getting the support with that employer. It ended up with the customer moving to a different role within the company but also having the confidence to say what they need and what they asked for. That resulted in that person staying in employment for much longer, without ever falling out of the employment and out of the benefit system. I am not sure that she ever needed any clinical support through the NHS either. It was engaging in that moment where someone is first approaching their GP to do something to intervene to stop someone falling out of work in the first place. These are the sorts of initiatives that WorkWell will cover and provide an umbrella for, to enable us to try different things in various places and learn lessons from that.

Q60 **Nigel Mills:** It sounds like a great service to have, I am just trying to get my head around what the logic is of saying that at the point that somebody starts trying to claim benefits we do not want an assessment because we do not think that it helps, but we will try to do something at the point somebody first starts to feel that they might not be fit for work, even though we are not spending any money on them. It seems like a strange place to try to intervene at that point.

Peter Schofield: The thing is once someone gets into the benefit system, you have missed a lot of opportunity to do something early, to intervene earlier before maybe the medical conditions or the functional issue has become more entrenched. Often the fact of going to work and staying in work and being able to stay with that routine is good for mental health as well. We felt that a lot of the times DWP comes in too far down the stream and you want to get upstream of the problem before it becomes a bigger problem.

Q61 **Nigel Mills:** If you think that you are in this problem because someone goes to the GP and says, "I don't think that I'm fit for work" and the GP just says, "Okay, have a couple of weeks off or a couple of months off",



unless you have some level of compulsion to go into WorkWell, they will just say, "And you're not fit to go to WorkWell", because people will not want to. Some people will not feel fit to engage in this. Therefore, for quite a lot of people with quite a lot of conditions, you will need some level of compulsion right at the start of this, won't you?

Peter Schofield: This is what we will be trying out in at least two of the WorkWell areas as part of this trial in how we do fit notes. We need to work out how it would operate in practice. It could be that, after someone has signed off sick for four weeks, instead of going back to the GP for the new fit note they would go to a specialist group. That specialist group, crucially, would have more time with the client but crucially also it would have a range of specialist expertise and access to the support umbrella through WorkWell.

Q62 **Nigel Mills:** What consequence are you thinking of if I refuse? Presumably, you are not going to bar employers from paying sick pay at their own costs, so the consequence would be that I would not get statutory sick pay, or I would not get Universal Credit calculated based on sick pay rather than my normal earnings. What would be the stick, do you think, if I just said, "No, I don't fancy that, thanks"?

Peter Schofield: At the moment we are not in the stick, we are in the carrot. We are trying to work out what would work and see whether you could do this by way of persuasion and make the case that this is an added value in terms of outcomes. If you decided that there was a strong case for it, it raises further questions of the type that you are describing, but we are not there at the moment.

Q63 **Nigel Mills:** We are not there yet. Do you still think that scrapping the work capability assessments is a right idea? It feels like we were feeling cuddly a year ago and now we have decided that we have too many people signed off as unfit for work and we need to get these numbers down and be a bit tougher with the system. Do you not need an assessment at the point at which I try to claim benefits, to work out whether I really need them or not? It is a policy question for Mel.

Peter Schofield: It is a policy question for the Secretary of State. I would say that all the evidence is that there are quite a number of people—I think that it is a fifth of people, in the ESA support group or in limited capability for work-related activity—who say that they would like to work. We want to be able to provide access to different types of support to enable them to move towards work because we think that that is the best thing for many people.

Mel Stride: To add to the 20% statistic, which is telling, in LCWRA about one in five want to work with appropriate support, a sizeable proportion give the reason that they do not want to try to work is the fear of the loss of the benefit. Ultimately, the WCA abolition, using PIP as the gateway, will iron out that particular issue. That is fundamental and it is not



something that has changed over the period that we have been considering and rolling out that policy.

Q64 Nigel Mills: The problem is that other people out there think that the way that you are taking away fear of the loss of benefit is by people not having it in the first place because there will not be any enhanced benefit. Unless I have PIP, I will get all the conditionality and the standard level of benefit and that will be it, or are you thinking that you will end up with a lot of people who do not currently get PIP getting reassessed and having PIP when you do this? There were 600,000 people found unfit for work who never got PIP. What do you think that they are going to do?

Peter Schofield: What we have said is where there is a short-term issue—or others with a diagnosis like cancer, for example, or maternity—they would be eligible for the Universal Credit health element as part of that. More broadly, we need to work through what support those people would need to help them to move back to the labour market.

Q65 Nigel Mills: Then we talk about changing PIP so that I would not get a monthly award; I might get a one-off sum or vouchers. If you are going to use a PIP assessment as a proxy for whether I get reduced conditionality or an enhanced Universal Credit benefit, how does that work if I get a money to pay for an adaptation as a one-off payment and then never get anything else? Do I not get the enhanced Universal Credit at that point?

Mel Stride: They are very fair questions and there are many other questions like it. We are consulting on PIP, as you know, and, as part of this process, we have to think about those issues. However, we do have time. The WCA abolition for the flow on to the LCWRA starts in 2026 through to 2029 or thereabouts for flow. We have time to get those points right.

On the PIP consultation, it is not just about whether one changed PIP payments into one-off grants. That is one of the elements that has been ventilated a lot in public but there are all sorts of different changes that may or may not be desirable and it could be that grants is one of those things that we decide we do not think is not appropriate. It is one of many options.

Q66 Nigel Mills: I want to explore the fact that you have two consultations that compete with each other, because if you did one you could not do the other in that situation.

Mel Stride: You are right that there is an interplay between PIP reform and WCA changes that needs to be thought through. There is the time to do that, and we will be very careful. That is part of the reason that we are consulting and listening on PIP and did so on the WCA reforms as well.

Q67 Nigel Mills: Do you not think that people would have a little more



confidence in the new system that you are proposing if in the meantime, before you abolished the work capability assessment, you had not suddenly made it a hell of a lot tougher? It seems like a slightly inconsistent thing to say, "We don't think this helps. We don't want it going forward, in the meantime we're going to make it much tougher so fewer people will be found unfit for work". That looks to be haphazard, doesn't it?

Mel Stride: You have used the expression that fewer people are going to "be found unfit for work", as if that should be a goal in itself.

Nigel Mills: I agree.

Mel Stride: I would like to see it as trying to help as many people as possible who—despite the fact that they have genuine barriers—we are able to work with and help into work. As I said earlier in terms of mental health conditions, seeing work as being a positive thing and part of an improvement in somebody's condition.

Q68 **Nigel Mills:** Finally, for a lot of people to have confidence that the benefit system is fair and giving support to those who need it but not to those who do not, is not having an assessment that decides whether you are fit for work or not key to maintaining that level of confidence? Do you worry that not having it would be perceived as opening the floodgates in a way that is not helpful?

Mel Stride: Within the system there always needs to be—and rightly is and will continue to be—elements of assessment that, for example, differentiate between people who we would all immediately recognise as not being able to work. As a civilised society we have a duty to support those people to the maximum extent that we can. There always needs to be that mechanism. I don't think that that is something that at any point we are looking to resile from. That is fundamental to the way that the system does, should and will continue to work.

Q69 **Nigel Mills:** Abolishing the assessment and moving it almost to a subjective judgment of a work coach is exactly that, isn't it?

Mel Stride: Somebody has to make an assessment, so there always has to be a human being. The question becomes: what is the assessment? How is it conducted? Is it fair and reasonable?

Q70 **Nigel Mills:** Is it consistent? Can I appeal it?

Mel Stride: Yes, can you appeal it? Can you pause the process for whatever reason? Do you have a holistic approach to it whereby the work coach sees it as their duty to prompt you into providing further information that might be leading to a better solution in terms of you going on to a benefit where you are not required to work? There are all sorts of issues on that. I have no doubt that those are the big questions that we will constantly be coming back to.

However, as Peter explained earlier, the Department needs to be a



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learning organisation that—through research and the experience of doing things, and, as described by WorkWell, testing and piloting things and learning from that—can over time continuously improve what we are doing, while recognising that, as a Department with 90,000 people working and interfacing with tens of millions of people, almost on a daily basis, sadly, we will never always get it right. However, we must always strive to get it right.

Peter Schofield: I think that the tone of the conversation would be different in a Jobcentre with a work coach, where the conversation is about what you can do. The functional assessment or work capability assessment is often about what you cannot do as opposed to what you can do. We want to be supporting our work coaches to have that empathetic, positive, constructive conversation about what people can do, the skills that they bring and the nature of the opportunities that are there in the local area, and engaging with employers to take Disability Confident seriously so that they adapt the roles that they have to enable people with health conditions to access those roles.

Q71 **Chair:** You are replacing the work capability assessment with the PIP assessment as the gateway to benefits. Does that apply to contributory employment and support allowance as well as Universal Credit? Is that the intention?

Peter Schofield: Yes, it would be, but I would need to double-check that.

Q72 **Selaine Saxby:** How are the Government tackling the root causes of mental health problems, which is one of the main reasons that we are seeing a rise in economic inactivity?

Mel Stride: I have already set out some of that: the fit note reforms, the call for evidence, WorkWell, and trying to intervene early and provide support. There are other measures in the back to work plan that the Chancellor announced funding for, £2.5 billion, to include the expansion of things like universal support. That is a place, train and support measure that sees people into work but they are then supported for up to 12 months to stay in work. In many cases where mental health is a factor that is extremely important.

We do invest a huge amount in mental health support. In the last year the figure is about £16 billion, £1 billion of which was to mental health for children. There is a lot of money going in there. In terms of mental health treatment and where it interfaces with us, talking therapies in the NHS is very important. The Chancellor announced funding for 400,000 more of those at one of the recent fiscal events. That is one of the resources that we can draw on in the context of things like WorkWell and so on.

All of those things in the mental health space are important but I do come back to the primary thing that I keep saying, which is that work, whenever work can be present, particularly for those with mental health



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conditions, can be a very, very powerful and positive thing. I have met people who have gone through that process, and I know that work works in that way and is important.

Q73 Selaine Saxby: I agree entirely, but when I talk about root causes in my own constituency I am aware that it is particularly the younger generation who are just not going to work. Do you think that there is more that could be done to prepare youngsters for work during their time at school so that they do have the skills? For so many of the youngsters who spent two years at home in their bedrooms that has not been the world's best preparation for the world of work. I am concerned that we are seeing a cohort of youngsters whose life opportunities are being held back because of their pandemic experiences.

Mel Stride: You are absolutely right, 16 to 24 year-olds have seen a very marked increase in mental health conditions, which is very worrying, not least because they are young people with their futures ahead of them. You are right to identify Covid and lockdown and that breaking of the social interactions at that stage of one's life are particularly important as a factor.

Social media and telephone technology—iPhones—are a big, big part of what is going on. I say that because there is a correlation if you look at some of the evidence—Jonathan Haidt in particular has been very powerful on this—between the advent of these technologies, their accessibility and what they can do and the way that they do it, and mental health issues.

For example, the iPhone arrived in 2007. It had a front-facing camera by 2010, we had Instagram, we had liking things, we had, "How many people liked what I am putting on" and so on. What went from an era of lowish-grade e-mail communication across the internet has become something that is in your pocket there all the time. For young girls that has meant that it has propagated the idea of an idealised life that one can have, and everybody is beautiful, and everything is friendly, lovely and wonderful. The real world is not like that, but it is in your pocket all the time telling you it is that when you look at your TikToks and Instagrams and so on.

For boys the evidence is that it has done things around drawing them into things like gaming and, sadly, pornography and things like that as a more prevalent factor. Probably as a society we have not explored and fully opened up exactly what this technology means for young people's mental health, because I think that the impacts are very profound, and it is probably an area where there needs to be more research.

Q74 Selaine Saxby: You have detailed some of the provision on employment support that is being expanded, but how confident are you that everyone can access it? I am a very rural MP and many of the services are not always available in a rural environment. Some of the smaller providers of that mental health support struggle to interact with the DWP and the



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bureaucracy surrounding a large Department. Do you have any thoughts as to what more can be done to make sure that everybody can access the support that they need and that the support that is there to give is reaching the people who need it?

Mel Stride: Some of these are questions for the Health Department, but we work very closely with it. We have a joint working group, for example, which is delivering WorkWell and looking at fit note reform. I have run through some of the heavy level of investment that we are putting in, particularly into mental health.

Peter, do you want to say anything further about progress in that area? It is a challenge.

Peter Schofield: It is a really good point, and it is a challenge for leaders across Government, about how we make sure that we join up in a way that means that the customer or the citizen gets the wider set of support that they need. It is particularly true of the young as they move from education into employment and how we join up with the Department for Education in terms of schools curricula around that.

Employability skills is somewhere we do a lot of work, reaching into local schools from Jobcentres. What more can we do along those lines; how can we talk about positive aspects of the world of work alongside that? Then absolutely, as the Secretary of State has said, how do we make sure that we join up all the different agencies and types of support in terms of mental health, both low-level mental health support and when it gets to crisis point, so that we are all signposting people in the right direction and supporting people on a journey that hopefully takes them into the world of work, into employment and into a positive life going forward?

Q75 **Selaine Saxby:** You mentioned, Secretary of State, with the WorkWell programme—which you have already detailed—the link with the Department of Health. However, I think that you are aware that back home in Devon our own integrated care board is in special measures, which has meant that Devon has been excluded from the WorkWell pilot. For an area that potentially has gaps in our health provision, coinciding with a growth in this, are we not exactly the people who should be trialling the WorkWell programme, perhaps more so than where the mental health provision and health provision is already better?

Mel Stride: You and I have a very strong vested interest in Devon. Let's keep an eye on that and see where these current pilots go and what we may or may not do. I have to recuse myself from any decisions as to where these particular pilots land, for obvious reasons.

Q76 **Selaine Saxby:** I was told by my Jobcentre that the reason we did not have it in Devon was because my integrated care board is in special measures. I recognise that that is not your Department, but it does make it very hard to provide the services that those young people need, when



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we are excluded because of the state of our health service.

Mel Stride: One of the elements of any decision to award a WorkWell project to a particular area would be capacity to deliver. That obviously is impaired when we have our ICB in that situation. Let's hope that things improve.

Q77 **Selaine Saxby:** I do hope that there is an opportunity to find some other solutions for places in the same situation. I only know my own constituency, but I cannot believe that I am the only part of the country impacted in this way.

Peter Schofield: The crucial thing for us is making it work in the 15 areas that we select and demonstrating the case, demonstrating the value, so that we can get investment to roll it out to all 42 care boards in the foreseeable future.

Chair: Thank you very much. We have to bear in mind that we are a bit now up against the clock.

Q78 **Debbie Abrahams:** I want to first make a comment on your opening statement on the economy. It does not require any response. The facts are that the employment rate is still below pre-pandemic levels. Prices, for example food, are 15% higher than they were in the last few years. I want to make that point.

My questions follow on from Selaine's. I hope that we can agree, again based on the data, that economic inactivity due to long-term sickness has increased, particularly for the over-50s but it is the case for all age groups. I want to drill down to what Selaine was asking about, the root causes of that, and to try to understand the basis and the evidence for the Prime Minister's speech on the fact that there is a sicknote culture. You were in the front row of the audience of that speech. What is the evidence that you are using to make the statement that there is a sicknote culture?

Mel Stride: The evidence that we have 10 million sicknotes. The way that the system works is that on average there is a seven-minute appointment between the person and the GP. In 94% of occasions the box is ticked that no work is possible under any circumstances. It is evidence that has led us to a big investment in a big intervention in WorkWell. In a sense we put our money behind where we think that the evidence lies.

It is a case of trying to intervene to provide additional support, get the healthcare element in early, get the work coach input alongside that and therefore to be as helpful as possible in ensuring that people do not move further down that health journey into ultimately the discussions that we are having around the WCA.

Q79 **Debbie Abrahams:** I am conscious of my warning from the Chair, but that is your solution to what you are describing as the evidence base. I



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held an event that was trying to examine the evidence on if there is a sicknote culture. Kamila Hawthorne, chair of the Royal College of GPs, attended that. She was at a loss to understand why a statement like that had been made, why a speech had been made like this. Some of the offensive language in the speech was, "There's the support of the welfare state but it is for those who genuinely need it".

Professor Hawthorne said quite clearly that GPs are not under pressure just to do a tick-box. That is a bit insulting as well to the professional integrity of GPs who spent seven years of their lives training, plus their specialism of becoming a general practitioner. It is not about signing off people as an easy option, these are people who are genuinely in need of their support and not to be in work at that time.

Professor Sir Michael Marmot was also at the event, a long-standing, internationally reputable epidemiologist. He has described over several years, going back to 2017, our declining life expectancy and our declining healthy life expectancy, how long we will live in good health. Current figures, according to the ONS—I am not sure if you are aware of your own constituency figures on healthy life expectancy—are that across England 63 and 64 is an average.

In my constituency in Oldham it is 57 and 58, for men and women. In your constituency, Secretary of State, it is 67 and 68, a 10-year difference. The inequalities between healthy life expectancy across the most deprived and least deprived areas is 20 years.

This is the evidence base that seems to be completely at odds with the understanding and the policy interventions that are meant to address it. If we look at the root causes, Helen Barnard from the Trussell Trust was also at the event and said that seven in 10 users of foodbanks are people who are sick and disabled. Mind provided some evidence last night that 2 million people with mental health problems are on the waiting list in the Department.

We started the session today on the EHRC having to escalate its work because of a failure to reach an agreement over two years—two years—of the issues that had been raised with them and have had to publish that. That is on top of the UN Committee publishing its report again on breaches in the rights of disabled people, including their right to work. The evidence base that I put to you, Secretary of State, is very different.

I have asked you a number of times about the assessment that you have undertaken of the impact that this is having. This rhetoric and these inappropriate policy interventions that are driven by—again, all the evidence shows the poverty and inequality that our country is facing, record levels of poverty and inequality, and the impact that this is having on the increase in long-term sickness and ill-health. What assessment have you made about how these policies will add to that sickness and disability and potentially, as we have seen over the last few months, will result in additional deaths of vulnerable social security claimants?



Mel Stride: Debbie, thank you for that. There was a lot there and I will try to cover it. I know that we have met to discuss various issues and I do take your questions seriously and in the spirit in which they are asked.

To suggest, though, that signing people off is an easy option is what I am saying about GPs, I am not. The point that I was making is that they understandably—and I did say that they do a fantastic job in the comments that I have just made—have very little time. What they do not have and what WorkWell does have is first the ability to spend far more time with the individual and secondly to look at all those issues, I will not repeat them, that we have discussed about getting into work.

Q80 **Debbie Abrahams:** You explained very comprehensively to others about WorkWell. My point is that, in spite of what the Prime Minister said about valuing social security, we have seen £14 billion cut out of working age support for people on low incomes or who are unable to work. That has resulted in an increase in poverty, destitution and the resulting inequality. It has increased the issues on healthy life expectation.

I have given the contrast between your constituency and my constituency in a more deprived area. The policy intervention that you are suggesting, WorkWell, is just a sticking plaster. It is not dealing with the real issues that we are facing in terms of ensuring that we have a healthy workforce. Again, if we equated the health in the north to the health of the south, we know that productivity would increase by over £13 billion a year. We have the wrong policy solutions, and it is just a sticking plaster.

My real concern, Secretary of State, is Naz Anderson. A prevention of future deaths notice has been issued by the coroner back in February because of the concerns about the circumstances of her death as a vulnerable social security claimant. Kevin Gale: there was also a prevention of future deaths notice. There is another inquest that you are waiting on. These are the consequences of a failing social security system.

This is not personal, this is about having to get the policy interventions right and they are not, they are absolutely not. Can you give me some assurance that you will be a learning organisation? I do not see any evidence, Peter, I am sorry. I really do not see any evidence; I have just given you three examples of when the coroner has said that the DWP still has not got it. That is the eighth that we have had in the last eight or nine years. I am not reassured; I am really not reassured, and I am hoping that the EHRC investigation will try to put some light on that.

Mel Stride: Can I just come back because there are lot of important points there? I might ask Peter to say a bit more about a learning organisation and the cases that you have raised, which we clearly we cannot comment on individually. You said that longevity was declining since 2017.

Debbie Abrahams: In deprived areas, and a healthy life expectancy.



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Mel Stride: It is still increasing but at a diminished rate than John Cridland anticipated when he wrote his report in 2017, that is true.

However, you are right that it is very unsatisfactory that there are various parts of the country that have this very different level of both longevity and healthy longevity. There are many things that impinge on that. Health policy is one of them, obesity is one of them, smoking is one of them. Education is one of them and poverty.

Debbie Abrahams: You are talking about—

Mel Stride: I am trying to answer that is all.

Debbie Abrahams: You have not understood or recognised what the key determinants of health are.

Chair: We will hear the answer and then we need to move on.

Mel Stride: Just very quickly, you are absolutely right to raise poverty. There is a strong correlation between poverty and the issues that you are raising. My Department is very central to that issue. Since 2010 we have 1.1 million fewer people in absolute poverty after housing costs. However, I accept that there are all sorts of pressures and challenges that we still have.

Covid, and a shrinking of the economy by 10% overnight and getting us through that difficulty is part of the picture, as is the imported inflation due to the Ukraine-Russian war.

Debbie Abrahams: I am sorry, Secretary of State—

Mel Stride: If I could just say, Debbie, what we as a Department have to do—for example, LHA, the move of that to the 30th percentile, was a £7 billion cost across the scorecard and I fought very hard for that because of the issue of poverty, not just generally where the poverty line is but how many people in deep poverty would benefit from that measure. Increases in the national living wage, so that those on lower incomes and incomes can benefit beyond the level of inflation.

I will not go on and on, but I say these things because on this point about longevity, disparities, and inequalities, that bit of that where my Department can make a difference I am very cognisant of and work very hard to try to have a positive impact in exactly those areas. LHA was one quite strong example of exactly that. It has benefited 1.6 million people by £800 a year. That is huge for low-income families.

Chair: We do need to move on because there are a couple of important areas still to cover.

Q81 **Marsha De Cordova:** The disability employment gap, as we know, has remained around 30% for more than a decade. Despite all the different programmes that your Department has implemented, we have not seen



much movement on that. As an organisation, you should be leading by example in how disabled people are treated and helping them into work. One of the areas that I am challenged by—and that I want you to respond to—is what work you are doing with employers to help to shift their attitudes in employing disabled people.

Mel Stride: We have Disability Confident that we are looking at making improvements to. That is there, with its three levels to encourage behaviours and engagement by employers in just that respect. In 2017 we set a goal of seeing one million more disabled people in employment. That was a 10-year goal, but in 2022, just five years later—in other words, halfway through that period—we had exceeded that target.

Q82 **Marsha De Cordova:** They were not all new people into work, though, were they?

Mel Stride: It was one million more disabled people in work. That is what we achieved, achieved early and over-achieved on.

Peter, in terms of the Department and people who we employ and how we look after them, would you like to say something?

Peter Schofield: On average, across the wider working-age population, something like 20% of people have a long-term health condition or disability. In DWP it is more like 25%. We are more representative in that respect. One of the things that we pick up in the people survey is one of the questions about: how does it feel to be someone with a health condition or disability working in DWP and what is it that we need to do to improve that? One of the aspects on that is reasonable adjustments. We are doing a lot of work on that to support people in terms of mental health. Some of the improvements we are seeing in that are coming out in the people survey.

I also want to respond to Ms Abrahams's point about being a listening and learning organisation. I want you to know that I have the same passion that you have about supporting the vulnerable people who come to us. In everything that we are trying to do—and we will listen and learn with the next stage with the EHRC—we absolutely will do that.

Alongside that, everything that we are doing in terms of changing the way we do health assessments through the Health Transformation Programme—we will put more in the annual report and accounts from the serious case panel and other things that we are doing, just to give visibility and give you transparency. I want you to have the confidence that we are making a difference and that we have that same passion that you have in terms of making a difference, supporting the life chances of the people who we serve all across the country.

Q83 **Marsha De Cordova:** When we look at the Disability Confident scheme, your own evidence suggests that more a third of them do not employ a single disabled people, on that point.



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In relation to employer attitudes, we conducted some polling by YouGov that found that nearly a quarter of employers said that they would not employ a disabled person. Nearly half of them were not even aware of where they could get support, such as access to work, to help disabled people get into work. I have to say that I do not feel that what you are doing about challenging some of those attitudes is good enough.

You talk about your own Department, but we know, for example, that not every Jobcentre Plus in this country is accessible. We also know that if a disabled person went into a Jobcentre, if they were blind or partially sighted and required assistive technology, they potentially would not be able to do that job search on site. What are you doing in those spaces to make sure that people, if they were seeking it, were able to come into a Jobcentre and be able to do a job search?

Peter Schofield: Two points, one on what employers are doing. To give you a story that I have, I visited a wonderful organisation based in Bristol where they take young people with Down syndrome, and they give them employability support and then look to get them into roles in jobs and employment. One of the struggles that they had even with organisations that said they were disability confident, they would not even change a shift to enable that person, who may be able to work a four-hour shift, to come to do that job because they said it was an eight-hour shift. That brought back to me the need—as the Secretary of State has just said—to look at Disability Confident and see whether we can push that further for firms who are Disability Confident to make a difference in all of that.

On access to assisted technology and other things that we are doing, there has been a recent case where we realised that we needed to do more with a range of assisted technology. I have a team of people who are working that through. On the service modernisation that we are doing, we are committed to doing all the things that you describe. Technology does help us to provide support to people who need additional help, such as with access to sign language, access to different languages, access to different types of physical assistance and access to Jobcentre buildings and suchlike. There is a programme of work underway, and I am very happy to report back on how we do on that.

Q84 **Marsha De Cordova:** Would you commit to ensuring that every Jobcentre Plus will have adequate assistive technology to support, say, somebody living with sight loss?

Peter Schofield: Why don't I come back to you about where we are on that? I would love to let you know about progress that we have already made as well as what we are trying to do going forward. I can come back to you on that.

Q85 **Marsha De Cordova:** Also on the Disability Confident scheme, you said you are doing more work on that. One of the challenges with it is that it lacks accountability and clear performance measures. With the work that you are doing on that, are you seeking to make that scheme a bit more



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independent but also to have a bit more teeth so that no employer can be part of that scheme if they are not employing disabled people?

Mel Stride: It is certainly fair to say that we are looking at it to make it more exacting. The idea that you just apply for it, go on to the first level of it and that is the end of the story and you have ticked the box is something—

Marsha De Cordova: That is what it is currently doing, isn't it?

Mel Stride: In some cases. There are many, and I have visited fine organisations that are doing incredible things. I do not think that we should signify that this whole scheme does not have considerable merit, because it does.

Marsha De Cordova: I am not suggesting that.

Mel Stride: However, we are looking at it because we do want to make improvements.

Peter Schofield: There is not a lot more that I can say about the next stage but watch this space.

Q86 **David Linden:** Secretary of State, does the Parliamentary and Health Service Ombudsman retain the confidence of the Government?

Mel Stride: Yes, we see the benefits and the role of the ombudsman as being very important.

Q87 **David Linden:** Excellent. When did you last meet the PHSO?

Mel Stride: The Department regularly meets with the ombudsman.

Peter Schofield: I met him the week before he retired. He is now retired but I have been meeting him probably every six months since I started in this role.

Q88 **David Linden:** We have a new interim ombudsman, have you met her?

Peter Schofield: Not since she has become interim, but I have met her as chief executive.

Q89 **David Linden:** Secretary of State, can I confirm that you have not met the ombudsman at all?

Mel Stride: No, and there have been ongoing inquiries—

Q90 **David Linden:** When are you next due to meet with the ombudsman?

Mel Stride: I believe that the Pensions Minister might be due to meet her. I would have to come back to you on that.

Q91 **David Linden:** Do you know when the Pensions Minister is meeting the ombudsman, Peter?

Peter Schofield: I do not know his diary, no.



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Q92 **David Linden:** Almost three years ago, in July 2021, the ombudsman issued a communique that ruled that there has been maladministration on the part of the DWP when it came to communicating the increase to women's state pension age. You are not refuting the conclusion of maladministration, are you, Secretary of State?

Mel Stride: As I have committed to Parliament to do, I am looking actively at the report and all the points that are made in that report, without undue delay, to come to conclusions on the report in the round, as you would expect me to do.

Q93 **David Linden:** However, in July 2021 the ombudsman made that ruling of maladministration, and you are still making your mind up as to whether there has been maladministration for three years?

Mel Stride: In 2021 I was not Secretary of State, but that is not necessarily—

David Linden: Your Department, then.

Mel Stride: The point, David—and I know where you are pushing on this—is that the reality is that is a comprehensive report that has taken five years to produce, which surfaces a lot of very deep and complex issues and matters.

My role is to do justice for everybody who has a view on this matter—and there are many different views on this matter—by looking very closely into all elements of that report and coming to a conclusive and comprehensive view on the report in its entirety. That is what I am engaged in doing actively at the moment.

Q94 **David Linden:** Given that I first asked the question about whether or not the ombudsman retains the confidence of the Government, as a principle do you accept that fundamentally it is—

Mel Stride: I do not whether you will have heard me—

David Linden: Sorry, Secretary of State, you have been in a Select Committee before—and particularly in the Chair—and you understand that we are tight for time. Do you accept that fundamentally it is the ombudsman's job and not yours to adjudicate on the issue of maladministration?

Mel Stride: It is for the ombudsman to come to conclusions on that matter and others. It is then for the Government to respond to the ombudsman's report. As it happens, the ombudsman has not come forward with any recommendations directly to my Department, but that does not absolve me of the important role that I have in assessing that report and the conclusions that it has come to. That is what I am actively doing at the moment.

Q95 **David Linden:** The ombudsman shared its provisional report with your Department in November before publishing the final version of the report



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in March. What did your Department communicate to the ombudsman in the period between November and March?

Peter Schofield: We were given the opportunity to comment on the report, comment on the various aspects of the report as part of the ongoing engagement that we have been having with the ombudsman over the last five years.

Q96 **David Linden:** What were those comments?

Peter Schofield: We looked at different aspects of it. We looked at the question of maladministration, and the question of maladministration in the context of—as you know, the ombudsman has found maladministration for the fact that we might have written letters to the women affected. In August 2005 we might have started that process, and in the end we started that process in December 2007, so there was a 28-month period there that the ombudsman concluded was maladministration.

We were commenting on that and whether in practice we would have been able to write those letters in 2005. It is quite difficult to put yourself back in the shoes of where we were 19 years ago, but back then there was pensions legislation going through to raise the retirement age to 66, if I recall rightly, so there was a question of whether that was the right time. There was a debate about whether the timing of letters was right.

There was a question of injustice. As the ombudsman says, there was no direct financial loss that he was able to find. What does that mean in terms of injustice and how do you understand that? There was a question about how people respond to letters when we write to them and looking at the sample of the six people who the ombudsman looked at and the proportion of those who had received a letter, whether they remembered that they had received a letter and whether they had done anything about it in that respect.

Q97 **David Linden:** Quite a lot of comments going back and forward, then?

Peter Schofield: Yes. There was then the question of remedy and whether financial remedy was the right remedy to offer and then the question of how you would calculate a remedy, given that quite a lot of people were fully aware of the fact that their state pension age was rising. How would you determine who you would provide a remedy to and what should that be? There was a question about how you would manage a remedy system, the trade-off between on the one hand a remedy that is a blanket amount of money to everyone and one where you have to assess everyone's individual case and the practicability of that.

Yes, I suppose that your summary that there were quite a lot of comments is quite a good one.

Q98 **David Linden:** Was that done by way of meeting or was that done in writing?



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Peter Schofield: As I say, I met the ombudsman regularly. We tended not to talk about this particular topic but wider issues.

David Linden: In terms of the feedback to the provisional report, was that done in writing, the Department's feedback?

Peter Schofield: Yes.

Q99 **David Linden:** Can you provide the Committee with copies of that correspondence, please?

Peter Schofield: I do not know whether I can. I will have to check.

Q100 **David Linden:** It would be useful if you could check. When the ombudsman appeared before our Committee they said that they had taken the almost unprecedented step of laying the report before Parliament because they could not trust that the Government would comply. What do you think that says about the confidence that the ombudsman has in your Department?

Peter Schofield: In the same hearing he talked about the very constructive relationship he has with the Department, and he was very nice to call out the constructive relationship that he has with me as well. The interim ombudsman, when she was chief exec, appeared on the media and said as much as well. I take confidence in the fact that I think that we do have a very good relationship with the ombudsman.

He obviously has not made findings, he has passed this to Parliament, but the scale of this and the implications of it are such that he has made a judgment that this is something that Parliament should take a view on rather than passing it directly to the Department.

Q101 **David Linden:** As you know, this is a cross-party Select Committee. One example would be that as a Committee, we have called for the Government to bring forward a wider compensation scheme before Parliament rises for the summer recess. Will you do that, Secretary of State, before summer recess? Will that happen?

Mel Stride: I will thoroughly and actively go through the ombudsman's report and come to conclusions in a timely manner. I do not think that I should enter into some kind of situation that has been determined by some arbitrary deadline rather than having the time to do justice to what is a complicated matter.

Q102 **David Linden:** When we wrote to you last week, we made clear that there is evidence that supported a two-tier approach to compensation. What is your view on that, Secretary of State?

Mel Stride: It is a view. Maybe I should say at this point, Sir Stephen, because I think that this is important, we are getting into debating some of the "What if this?" and "How would you provide remediation?" and so on. I want to be clear that I am happy to entertain some of those discussions, but nobody should read one thing one way or another in me



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so doing. In this set of discussions, I do not want people to conclude that because I have gone down an avenue or been led down an avenue and discussed it, that that is where my conclusions will lead me. I have an open mind. I am looking closely at the report. It will take a bit of time to come to those conclusions. Just to say that.

On your specific point, having said that, thank you for writing to me. I am familiar with and aware of the suggestion that this Committee has made, which I think was a suggestion put to you when two members of the campaign group appeared before you. In other words, there should be a rules-based approach to taking into account the amount of notice that people may or may not have had and the change in pension age that resulted and then this idea of a second tier where the issue of direct financial loss could be examined. That is one consideration of that part, if there is that part to what I conclude.

I can assure you that I am looking closely at the suggestion that was put forward. I think, though, that this starts to move into the complex matters that surface as one looks more closely at it. Peter touched on that in the dialogue about the ombudsman and the draft version of the report. Peter mentioned, "What do you do in the case of x, for example?" The ombudsman cited the fact that there are many in this category of women born at that time who have not suffered any injustice at all. In other words, they were fully aware at that time of the changing arrangements.

The sums suggested for total compensation that may—may—be applied, for example, to 3.5 million women or thereabouts, come in the level 4 recommendation by the ombudsman, and are between £3.5 billion and £10.5 billion. There are others. I watched the backbench business debates, every single moment of that without distraction, and I was struck by the range of views, for example, on quantum.

One contributor was at pains to talk about the fiscal implications—the opportunity cost of making compensation payments, a pound that is spent somewhere is not available to benefit someone somewhere else—through to contributors who were saying that the ombudsman's report should be accepted in its entirety, so a level four payment as described between £1,000 and £2,900 pounds, through to the one of the co-chairs of the APPG, who rejects parts of the report and says that in fact we should look at level 6, which is a much higher level of compensation, through to at least three speakers who conjured a figure of about £50 billion, five times the upper end of the scale suggested or implicit within the recommendation within the ombudsman's report.

The reason I go through this and why it is important to have this conversation is that there are big issues here. My question to the Committee in response to the letter, to a degree, would be: if you are suggesting that everybody should be included within this rules-based scheme, what do you say to the fact that inevitably there will be a sizable



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proportion of those people who suffered no injustice at all? Yet, if you take the upper end of the suggestion in that debate, that will be a significant proportion of a £50 billion cost. Those are things that one has to conjure with, along with lots of others incidentally, in order to try to come to something that is fair, acceptable and right. It is quite a challenge.

To your point, as I interpret it—getting on with this—I understand it. That is why, at the earliest possible practical opportunity of appearing at the Despatch Box before Parliament when the report was published, I took that opportunity and I presented myself to Parliament. I took an hour and a half's worth of questions because I recognise it is important.

Q103 David Linden: Talking specifically, because we are very much up against time, Secretary of State, there are two things that I would say. First, it strikes me that you caution us to say that you do not want to get into hypotheticals. At a fairly lengthy session earlier on, we were talking about the hypotheticals of abolishing National Insurance, so it seems to work for the Department sometimes. Secondly, if you have the time to sit in your office and watch a backbench business debate unfold on a Thursday, I might suggest that that time might be better used on your part to go through this report and get the—

Mel Stride: Can I, just on that point—

David Linden: I want to be respectful to colleagues, Secretary of State.

Mel Stride: That is quite a thing to say. May I, Chair, quickly respond to that? I did not actually watch it in my office in working time. I watched it quite late at night after a long, hard day because I thought that I owed it to those people who are concerned about this to do exactly that. Had I not watched the debate and had you asked me the question, "Did you bother to watch the debate?" and I said, "No I did not have time, I was working in my office", you would now be challenging me for not watching the debate. I think that there needs to be some equity in the way in which you approach that, David.

Q104 David Linden: Interesting. If this process has been stressful for 1950s women—arguably it has been, and I represent many of them—it would be fair to say that the issues of pension changes for 1950s women and how it was communicated have been a headache for the Government. It has taken up bandwidth. It has perhaps taken those of you watching the debate back even in your own time. Permanent Secretary, what lessons has the Department learned from this whole affair?

Peter Schofield: It goes back to a lot of the conversation we had earlier about how we engage with customers. How do we make it easier for our customers to understand the changes that are made? One of the things that has happened over the last few years is that it is much easier to use our online systems to find out when your state pension age is and to check your National Insurance. We talk a lot about the National Insurance



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record in the context of the state pension. You can check your state pension and how that works.

We have recently introduced an ability to go online and see where you stand in your ability to make voluntary National Insurance contributions, to do that online, and to give people the confidence of how they understand the nature of what their income will be in retirement and what they need to do to support that. We have not talked about the pension dashboard programme, but I know you are taking evidence next month with my colleagues from MaPS on that.

These are all things that we are doing to try to make it easier for millions of people to know where they stand with their income in retirement and to make provision for that when they can in their working age.

Q105 **David Linden:** Okay. I have two more questions, Chair. Over 270,000 WASPI women have already sadly passed away during this whole process. Almost certainly more will have died during the time that we have been sat here this morning. As a principle, Secretary of State, do you understand that time is not on the side of these women?

Mel Stride: I totally understand that time is a very important factor. I made that clear, David, when I made a statement to the House at the earliest practical opportunity. I could have gone a bit earlier, but it would have been a one-line Whip day. There would not have been many people there. In some circumstances, Ministers see that as a distinct advantage. I did not. I wanted to appear before the House when people were there and could ask their questions. I had an hour and a half or thereabouts of questions, and I made it very clear that I totally understand that point.

Q106 **David Linden:** The last question I have—and I know, because I represent a lot of them—is that many 1950s women are concerned that the Government's plan here is to just kick the can down the road a little bit further, that this will get lost in a prorogation, in an election campaign. The Westminster circus moves on. We go into a new Parliament. What can you say, Secretary of State, in all sincerity, to reassure these women that that is not the strategy?

Mel Stride: Exactly what I said when, at the earliest opportunity, I went to the House and made my statement, which is that the approach here is to come to a conclusion without undue delay.

There is one other point that I think is important—and there are many points that we have not touched on—the ombudsman has passed this to Parliament and, as part of that process, I want to understand. I understand from Sir Stephen a recommendation around a part of the ombudsman's report. It is a question for Parliament as well as for the Government as to how that is communicated; how the will of Parliament is expressed. There was the debate, there is this Committee, there will be other Committees.

Q107 **David Linden:** As a former Leader of the House, you will know the



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Government have a big role in that.

Mel Stride: Yes. To answer your question directly, I stand exactly by what I said when I stood up when the report was first published, which is that we proceed without undue delay.

David Linden: Hopefully this side of the election.

Chair: Thank you very much. We have some quick final points. Neil Coyle had something. Very quickly if you will.

Q108 **Neil Coyle:** Yes, thanks. Peter, this morning you said that you would be happy to try to understand the nature of the challenge from the Equality and Human Rights Commission. Why, then, have you given assurances to this Committee on multiple occasions previously that there would be resolution and that you were satisfied and pleased with how negotiations were going?

Peter Schofield: I was pleased with how they were going, but they never reached that final resolution.

Q109 **Neil Coyle:** You said today you do not understand the nature of the challenge. How could you not understand the nature of challenge and think that there would be resolution?

Peter Schofield: Because of what felt like the atmosphere and the good intent in how those conversations were going. The positivity of the conversation gave me that optimistic view and I am still optimistic that there will be a way forward going forward. I want to emphasise the fact that if this is a process that helps us learn further lessons, improve, build on what we have been doing and get better at how we support the people that we serve, I am very keen to be part of that.

Q110 **Neil Coyle:** The process now is that the EHRC will tell the Department and Jobcentre Plus what to do, and the Department is not to be involved in that. Secretary of State, you also gave commitments to Debbie Abrahams on 11 January last year and 10 January this year that also appear inaccurate. Are you going to make a statement to the House to correct—

Mel Stride: Sorry, statements that were inaccurate?

Q111 **Neil Coyle:** You appeared to have inadvertently misled the House in that the advice you have been given is incorrect in that there is no agreement with EHRC pending. You will now be obliged to follow whatever the section 23 investigation concludes. Will you be—

Mel Stride: I do not think I ever said that there would definitely be an agreement concluded around section 23. My view has always been the same as the Permanent Secretary's, and in part based on the Permanent Secretary and other officials' view that those discussions were proceeding positively. That has always been my understanding. Now, we unfortunately have not—



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Q112 **Neil Coyle:** Clearly that has not happened. It is a question of competence rather than accuracy, is it?

Mel Stride: It is a question of relying on the interactions between my Department and the EHRC and how those were going. All along, I have been reassured by the fact that the officials—the Permanent Secretary and so on—involved in these interactions have classed them as positive. That is where I have been.

Q113 **Siobhan Baillie:** Very quickly. Permanent Secretary, one of the greatest impacts of the issues for the 1950s women, the WASPI women, is their inability to plan and their lives being turned up on their heads when they thought they would be able to retire, thought they would be able to look after grandchildren, all those things.

I have made this case repeatedly on behalf of Stroud WASPI women and I said it in Parliament as well: the kindest thing that Government can do is to allow these women to plan and publish a timeline, even if it is a long-shot date, to their being able to be told what is happening. A lot of women are not satisfied with what the ombudsman is recommending for compensation. I recognise all of the complexities, but coming up with a timeline and finding a way to stick to it I think is the best thing that you can possibly do as a Department, regardless of what happens with elections.

Peter Schofield: A timeline to respond?

Q114 **Siobhan Baillie:** To respond and to give an announcement and a decision on the compensation, because it allows them to plan and get on with their lives.

Peter Schofield: I understand where you are coming from, Ms Baillie. I think that it is very much in the context of the Secretary of State's earlier remarks.

Q115 **Chair:** Okay. A couple more final points. The latest update on the state pension underpayments exercise underway said that you have paid about 48%, I think, of the 1.2 billion that had been underpaid. Do you still think that you will complete that exercise by the end of this year?

Peter Schofield: Yes. I think that we had to work our way through about 870,000 records and we have done—I cannot remember the latest number, but it begins with a seven and it has six digits.

Q116 **Chair:** Okay. I thought it was a bit less than half, but you have made some further progress.

Peter Schofield: There is a difference between the amount of money that we spend because the missed conversions are likely to be more on a per capita basis. The key thing in managing the process is getting through the records.

Q117 **Chair:** Thank you. A final point. This is my point to the Secretary of



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State. The Government have committed to legislate for a framework for Superfunds, which would require a new Pensions Bill. When would you hope that a new Pensions Bill would be forthcoming?

Peter Schofield: The key thing is that we have an interim regime that is working, and I think that there is—

Q118 **Chair:** The Chancellor has committed to legislate. I am just wondering when?

Peter Schofield: It is the answer you would expect us to give, which is when Parliamentary time allows. The interim arrangement is allowing the current proposal to move forward.

Q119 **Chair:** Is a Bill being prepared? Is the legislation being drafted for that?

Peter Schofield: I am not sure I can go into details on that.

Mel Stride: Shall we write to you, Sir Stephen, with what we can tell you?

Chair: I think that would be helpful. There are quite a number of pension legislation things around. That is the biggest one. It would be helpful to have some sense of when that might happen.

Can I thank you both very much indeed for giving us a long session this morning? We have covered lots of groundwork. We are grateful to you, and I think that there will be a number of points we will want to cover in follow-up correspondence, but we are very grateful. Thank you also, all members of the Committee, for being able to stay until the end.