



Work and Pensions Committee

Oral evidence: The work of the Department for Work and Pensions, HC 344

Wednesday 13 November 2024

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Members present: Debbie Abrahams (Chair); Johanna Baxter; Mr Peter Bedford; Neil Coyle; Steve Darling; Damien Egan; Gill German, Amanda Hack; John Milne; David Pinto-Duschinsky.

Questions 1-50

Witnesses

I: Rt Hon Liz Kendall MP, Secretary of State, Department for Work and Pensions; and Sir Peter Schofield, Permanent Secretary, Department for Work and Pensions.

Examination of witnesses

Witnesses: Rt Hon Liz Kendall MP and Sir Peter Schofield.

Q1 **Chair:** A very warm welcome, Secretary of State, Liz Kendall, to this public session of the Work and Pensions Select Committee. I am delighted to welcome you and the Permanent Secretary, Sir Peter Schofield. We will take it in turns to ask some questions, hopefully not too gruelling but certainly probing questions for you. We are very aware that this is your first Select Committee meeting and we are very honoured to have you with us.

I am going to kick off. Following the Social Security Advisory Committee letter to you in September, I know that an equality impact assessment was undertaken. Are you in a position to say whether you will be doing what it recommended, which was a more detailed impact assessment of the Winter Fuel Payment decision?

Liz Kendall: Thank you. It is a real pleasure and honour to be here today. I know of the excellent work the Committee has done and I believe will continue to do, and I look forward to working with you in a spirit of openness, honesty and, above all, accountability to Parliament and to the public. It is a great honour to be here today.



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Yes, the Social Security Advisory Committee did write to us about the impact of means-testing the Winter Fuel Payment, which, as you know, was a decision that was taken by the Chancellor in order to deal with the big gap that we face in the public finances, £22 billion this year and to make sure that when times are tough and money is tight, that we focus support on those in greatest need. We did publish an equality analysis. That is not normally done for secondary legislation but we did feel it was important to do that and to publish it so that people could see that analysis.

I am particularly concerned about the impact on the very poorest pensioners who are not claiming the Pension Credit that they are entitled to, so they miss out on up to £3,900 a year of Pension Credit but also Winter Fuel Payment. We will be publishing more statistics about claims, about how many of those claims are successful, later this month. I want to try to be as open as possible with the Committee and the public about the impacts and what we are doing to mitigate them.

You will know that there was an urgent question yesterday in the House of Commons. The Minister for Pensions has also published numerous parliamentary answers on the host of issues about the impact that this is having. I am very focused, above all, on making sure that the very poorest pensioners do not lose out.

Chair: Thank you. We are very grateful to you for that response.

Given that we know that cold has a particular impact on older people and also thinking about vulnerable people, particularly disabled people who may not be so mobile and for whom keeping warm is a particular issue, have you been working with the Department for Health and Social Care on the possible impacts of the changes to Winter Fuel Payment to still poor pensioners who are just outside the Pension Credit threshold? Also, what impacts might there be on our health and social care system?

Liz Kendall: Yes, I have been working with the Health Secretary, Wes Streeting, on this issue because we know that if you are an older or disabled person, maybe with two or more chronic conditions, at home, less mobile, and with greater need for heating, that is a very important issue. We have been working with Wes Streeting to ensure that frontline NHS staff, district and community nurses who may be visiting people at home can signpost people to the right help and support and not just so that they can get the Pension Credit and Winter Fuel Payment that they are entitled to. We also know that the Warm Home Discount Scheme, £150 a year, has an important role to play.

However, because of our new Pension Credit take-up campaign, something we have been working hard on, we have also seen some brilliant work by GPs, for example GP practices in Merseyside. We know about two of them. One in Kensington has sent over 500 text messages to patients encouraging them to claim. In Princes Park, over 770 text messages have been sent. We are also working with local authorities. It



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is a concerning issue that over 800,000 pensioners are not claiming Pension Credit and therefore they also will not get the Winter Fuel Payment. We have to find a way to tackle this problem which, as you know, has been there for many years.

I am very happy to talk more about what we are going to do in the long term to solve the problem, but the issues of the health needs of older and disabled pensioners is something that I and the Health Secretary have been focused on.

Q2 Chair: Thank you. I am very grateful to you. I have one more question before I hand over to my colleagues.

The pensions review is underway at the moment. How might the next phase of review be considering pensioner poverty and looking at the adequacy of pensions and other forms of support other than Pension Credit and so on when that comes around? Are you considering that?

Liz Kendall: Yes, this review has two phases. The first phase is very much focusing on reforms of the pension system to ensure greater investment in UK PLC. The second stage of the review will be looking at future outcomes, including pension adequacy, as well as further investment in UK markets.

To tell a broad story here, when we were last in government there was a focus on driving down pensioner poverty. That was the big challenge. Then we had the Turner review, a longer-term review into pensions that paved the way for auto-enrolment, which benefited 10 million low-income workers by auto-enrolling them in the system. That was carried on and implemented by the last Government. However, we know that in future there will be challenges around pension and poverty coming down the track again because not enough people are in the system. People are not saving enough. Younger people today—we obviously want to change this—are paying huge amounts in rent, cannot get on the housing ladder and if they have not paid off their mortgages they will be using their State Pension to do that. Even though pensioner poverty is much less than it was when we were last in government, there are still significant problems and we must tackle that.

Chair: Thank you, Secretary of State. Over to my colleague, John Milne.

Q3 John Milne: You have talked about the need to protect vulnerable groups who may lose out from the removal of the Winter Fuel Payment and there has been a lot of focus on the Pension Credit element and trying to get all those people that are not claiming it but they are not the only groups. There is a much wider group of people who are potentially losing out here.

Age UK estimates that 2.5 million people on or just above the poverty line will also lose the payment. We are also excluding an unknown number of people with a long-term health condition or disability. Of course everyone is losing last year's cost of living uplift of £300. Putting



all those together, there are a lot of groups where I am not clear what you are doing to mitigate.

Liz Kendall: I would start first, last and always with our commitment to the pension triple lock, which will see the basic State Pension increased by over £360 next April. The new State Pension will increase by £470 a year next April. Over the course of the Parliament, it will see over £30 billion extra spending in the State Pension. That is the absolute bedrock of our commitment to pensioners, a significant, significant commitment that this Government is fulfilling.

Secondly, I would say that it is not just what we are doing to increase the take-up of the Pension Credit. We are going to be bringing forward the long called-for merger of Housing Benefit and Pension Credit for new claims from the next year. It was first promised in 2011 by the last Government and we are making much greater progress already on that.

We also have the Warm Homes Discount of £150. That is not just available to pensioners on Pension Credit but to those on low incomes with high housing costs. We are also working with the energy companies to see what more they can do to support people. Some companies, Octopus for example, are already providing extra support. In the longer term, we are making progress on our commitment to insulating 5 million homes over the course of this Parliament. I know that will take time. I am not saying that will happen straightaway.

That package of support together does look at those maybe just above the Pension Credit level who maybe have some small savings but are still struggling.

Last but not least is our commitment to the Household Support Fund. We already committed £500 million, including Barnett consequentials. The Budget announced another £1 billion for that. In my own constituency—this is why I am quite obsessed about Pension Credit uptake and those just above the line—because of how we were running our Household Support Fund in Leicester, we discovered a lot of pensioners not on the Pension Credit they are entitled to but those just above who were missing out. The Household Support Fund can be used for those pensioners too. That is a very important message. We have done that in Leicester and I would urge anybody listening to make sure they work with their council to ensure that big lot of funding is available for those just above the Pension Credit level.

Q4 **John Milne:** We are very supportive of you maintaining the triple lock. That is fantastic news. However, the uplift there is for everyone and it is caused by high inflation so it is not—

Liz Kendall: As you know, we are looking at the three elements of the pension triple lock. It is for everybody, but it will mean that over the course of the Parliament, it is estimated that people will see a £1,900 increase in the new State Pension. That is a significant commitment to all



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pensioners but has that extra targeted support for the very poorest and some additional support for those just above the Pension Credit level. That is this Government's approach, help for all pensioners with targeted support for the poorest. We may have differences of opinion about what is the best way to spend that money but that is this Government's approach. I hope that we will see some significant improvements in the take-up of Pension Credit but also in making people's homes more energy efficient because ultimately you can put the money in but if it is going out the windows and out the roof, it is not going to help anyone. We must have that long-term plan for energy efficiency in housing as well as the upfront support into people's pockets.

Sir Peter Schofield: On the point of inflation, obviously the Committee will know this but CPI inflation was 1.7 so the triple lock being connected to average earnings in this case gave pensioners a significant increase compared with what was offered to those on other benefits.

Q5 **John Milne:** I agree and I am very supportive of it. However, there is nothing specific in that for pensioners losing out on winter fuel so it is a general payment that is considered necessary for everyone. In terms of targeting, either with that or any of the other benefits or mechanisms you are mentioning, they are not targeted, they were there already, they were not newly targeted.

Liz Kendall: The Pension Credit is, the Warm Homes Discount is.

John Milne: But it is not new.

Liz Kendall: Insulating people's homes, starting with the very poorest. We are also consulting right now on energy efficiency in social housing and the private rented sector. We do have targeted support on the very poorest and on low-income households, as well as the flat rate increase for everyone, which is significant because of the triple lock.

I perhaps do not agree with the premise of the question that there is not targeted support for those who need it most.

John Milne: It is targeted in the same way as before. It is not a response or a mitigation.

Liz Kendall: I think our commitment to insulate 5 million homes and consulting on improving the energy efficiency of private rented sector and social housing is something new.

John Milne: I am very supportive. I think my time is up.

Q6 **Mr Bedford:** It is nice to welcome you, Secretary of State, to today's session. Would you agree that there is a tension in your Department between having to make savings as a result of the changes to the Winter Fuel Payment and having to increase Pension Credit uptake?

Liz Kendall: I thought somebody might ask this question. For me, there is no tension because I think it is a scandal that over 800,000 pensioners,



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the poorest pensioners, are losing up to £3,900 in Pension Credit that they should be entitled to. I also know that over many, many years, we have not been able to solve this because it is difficult to increase take-up. People do not want to claim. They may feel stigma or ashamed of claiming. The Pension Credit form is very long. We have more people doing it online now but we have to solve that. It should not be beyond the wit of man or womankind to actually solve this problem, which is why ultimately we have to make this much more an automatic entitlement. For me, there is no tension. I am going to move heaven and earth to do what I can to stop that, because it is not right.

Q7 Mr Bedford: It is reassuring to hear that. In terms of the cost savings involved, however, I think the Government's plan was to increase take-up by 5 percentage points.

Liz Kendall: The 5% increase that the OBR has scored in the Budget was on the basis of action taken by the previous Government. I think it was around free TV licences, as to what we think it will increase by. Of course it would only be 5% if we only did what the last Government did, but we are writing for the first time to the 120,000. The letters are going out, if not all out now—Peter will correct me, I am sure, if I have this wrong.

Let me say why I am so obsessed with the Housing Benefit and Pension Credit take-up. We ran a pilot in the Department. We got the data from councils of people on Housing Benefit and wrote to them all to say, "You might be entitled to Pension Credit" and of those that came forward, 75% were entitled. Right? That is why we are so focused on this issue. We have already written to them all but, ultimately, I do not want to be writing letters to people. Letters get lost in the post and all the rest of it. We want to have a proper merger of those two systems, which will make a real difference.

I have also asked the Department to look again at the Pension Credit form, which is long. I hope I can update the House soon on how we want to simplify it and make the application process quicker. We know 80% to 90% of claims are already online but lots of people may not have good digital skills, so there is a lot more we need to do. I know it is tough to increase take-up but we have to keep trying.

Q8 Mr Bedford: I come at this as an accountant. I love numbers. It would be helpful if you could publish more data on the direct cost of increased Pension Credit take-up versus the additional costs to the Department around all those gateway benefits that would be incurred. The Government's own position in the Budget was that this would make a savings of about £1.5 billion. Clearly that is not going to happen if the additional cost to your Department is going to balloon as a result of the additional take-up.

Liz Kendall: You know the reason why we took the decision. We needed to make in-year savings. However, may I also be very clear to the Committee that the Chancellor is also onto this, increasing take-up, and



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likes regular updates of how we are doing. She is as committed as I am to doing that. We will publish data about claims and uptake. I am sure that in the normal course of things the OBR, the Treasury, will also be looking at what the savings are. That is their job. I am sure all of that information will be made available to the House.

Sir Peter Schofield: Just to build on that. as you say, Mr Bedford, the forecast in the OBR did assume a take-up of five percentage points so that has already scored, including the cost of doing all the things that the Secretary of State has described, particularly that we have written to 12 million pensioners. We started on 31 October writing to 120,000 state pensioners who are receiving Housing Benefit. Going forward, as new claims for Housing Benefit come in from January onwards, we will be using our data analysis to work out whether claimants are likely to also be entitled to Pension Credit.

The system still requires people to make the claim but prompting people much more effectively than we have ever done in the past is a good precursor to the work that we will ultimately get on to from 2026, which is merging Housing Benefit and Pension Credit so that when you claim for one you automatically get assessed for the other. These are all very important things.

Every six months or twice a year, the OBR forecasts the overall spend on benefit expenditure, including Pension Credit. They will take into account any change to their assumptions that they have made this time around about the take-up of Pension Credit. You will be able to see how that plays for overall savings and forecast going forward.

Q9 **Mr Bedford:** In summary, Secretary of State, I was pleased with some of your answers around the take-up and the push towards that. Your ambition goes beyond the 5% that was baked into the OBR's piece of work and you would want to see essentially 100% take-up?

Liz Kendall: I would like every pensioner who is entitled to Pension Credit up to £3,900 to get it, yes.

Mr Bedford: Regardless of cost to your Department?

Liz Kendall: Regardless, because they are entitled to it. That is what I want to see. I am not claiming that I am going to give you a date. It is hard but I am determined to do everything I can.

Q10 **Neil Coyle:** Congratulations to the new Secretary of State, it is great to see you are clearing up the mess of the last Government. That take-up campaign that you have talked about, what is the knock-on effect for the Department in terms of the Pension Credit processing times? Does the take-up campaign and publicity mean that you are seeing so many new applications that it is slowing down the process?

Liz Kendall: The short answer to that is, yes, we are seeing an increase in the time. The latest published figures we have show that there has



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been a 152% increase in claims. I think that for September the average time was within the 50 days, 10 weeks goal. In October, however that crept up to 52 days. That is why we have deployed 500 additional staff to make sure that those times are kept as low as possible. We have been focused and Peter has been absolutely proactive in saying that these are the steps we need to take to keep these assessment times down. I do not know if Peter wants to say anything.

Sir Peter Schofield: Yes, exactly. Just so the Committee have the numbers. In the eight weeks before the announcement by the Chancellor on 29 July, there were 29,500 claims to Pension Credit. For the eight weeks afterwards there were 74,400. That is the genesis of the 152% increase that the Secretary of State was talking about.

Naturally that is huge numbers of additional claims for us to work our way through. We are absolutely committed to addressing that. Previously we had 352 people working on Pension Credit claims. As the Secretary of State says, we are increasing that by a further 500 so that is more than double. We are also looking at other ways of streamlining processes and putting in automation where it is possible.

It is not an easy benefit to put a lot of automation in, I have to say. It is complex, it requires data that we do not have automatic feeds for, because it is more than just income. It relates to issues around residency and other aspects that are caught in the claim form. We are trying to make the claim form more straightforward, particularly by doing more online.

As the Secretary of State says, now fewer than 10% of claims are on the paper form. That has come down from about 30% or 40% earlier in the year. That is quite a dramatic change. That online form, as the Secretary of State says, we do need to make sure that customers are able to use it, but if you are able to use it, it is much more intuitive. It takes you to where you need to go to next, as opposed to working your way through a 24 page form. We are doing a lot on this front but we will keep the Committee up to date, I am sure, on the statistics.

Q11 **Neil Coyle:** Is that for the Committee or for the House? It links to Peter's question about, for want of a better term, the success rate of applications. That is one statistic that I think the Committee would want to know. You have mentioned 500 additional staff and 120,000 letters, is that right?

Liz Kendall: We have written to all pensioners about the change—

Sir Peter Schofield: So that was 12 million.

Liz Kendall: —and then to the 120,000 on Housing Benefit trying to encourage them to claim too. Later this month, I think it is 28 November, we will be publishing the latest claims and, I believe, uptake figures.

Q12 **Neil Coyle:** Are there measurables within that to try to reach the



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800,000 target? Does the Department have a target for how many you expect to see each month or is that not the process adopted?

Liz Kendall: No, we do not have a target for each month.

Sir Peter Schofield: We have to try to work out who might conceivably be eligible and that requires us to use our survey data that we only do once a year.

Q13 **Neil Coyle:** The Chair has been very strict on time, because it is very tight, but this process about automating Pension Credit applications is good news for the National Association of Welfare Rights Advisers and my local support team at Southwark Council, who do good work and have called for this for years. However, I cannot quite tell if it is going to be automated or you want it to be as automated as possible. Is the Department going to set a timetable for when it is expected that it will be an automatic process so that anyone over state retirement age applying for Housing Benefit will automatically have this done.

Sir Peter Schofield: There are two stages to this, Mr Coyle. One is the prompting. That is obviously more straightforward to do. That is what we have started already with the stock. We took 1.1 million people of pension age who are on Housing Benefit and worked out the 120,000 of them most likely to be eligible for Pension Credit and we have written to them.

Neil Coyle: But this is prompting, this is not guaranteeing—

Sir Peter Schofield: If I could have time just to finish? We do that for all new claims from January but then the crucial next stage is not automatic. We merge Pension Credit with Housing Benefit, a bit like we have done for Universal Credit in that respect so that when you claim for one, you claim for the other and we automatically ask you the questions. When you claim for Housing Benefit as a state pensioner, we automatically ask you the questions as part of that process and that will enable us to assess you for Pension Credit. In that way we will see huge impact on take-up coming forward.

Q14 **Gill German:** Welcome, Secretary of State. It is great to have you here with us today. I want to turn to employment, if I may. Yesterday's Office for National Statistics figures showed that there were 2.8 million people out of work due to ill health. I believe that is a near record. I know that you have said that tackling economic inactivity is your No. 1 priority so could you tell us more about the Get Britain Working White Paper that I know is to be published soon, and a little more about the proposals for getting long-term sick back to work, where appropriate?

Liz Kendall: I think this is the biggest employment challenge that we face. Although we have seen some changes in the latest statistics, unemployment, official unemployment, is still low by historic standards. However, we have seen this worrying increase in the number of people



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who are what is termed “economically inactive”. In a way it is a terrible phrase because these are real human beings.

The most worrying aspect for me is the 2.8 million people out of work due to long-term sickness. Within that number, one of the most concerning aspects is the increase in the number of young people not in education, employment or training. We know if that happens when you are young, the impacts on your future jobs prospects, earnings and health can be lifelong.

Our job centres have some of the most committed, brilliant staff who care about their communities and want to help but because of the way the system works, we have very much focused on official unemployment and administering and monitoring benefits, particularly the big implementation of Universal Credit. Do not get me wrong. We are absolutely determined to keep unemployment low. Our party was born out of the fight against unemployment. However, we need a fundamental series of reforms to focus on the problems of today and tomorrow and the fact that we are an older, sicker population and that is having real impact.

It is not just those out of work due to long-term sickness, there are even more people, over 4 million, in work with a health-limiting condition and 300,000 people are falling out of work every year. As we live for longer, work for longer and care for longer, we must address this health and work question. We know from the official reports that 2 million people say they want to work if they could get the right help and support. When we delved into this issue—in particular, I refer members of the Committee to a report in Barnsley that actually talked to the people this is about—we found that seven in 10 said that if they could find a job that matched their health and family needs, they would want to work.

We need to have some big reforms and there are three key areas that we need to focus on. One is we need to join up health, work and skills support locally. In my own constituency I must have visited nine or 10 different bits of support—what my hospital is doing to employ young people with special educational needs and learning difficulties; what my local football club is doing to hook back in young people who might go off track through the power of sport. There are all sorts of different projects that are not joined up, the colleges, the job centres—we have to join that all up, and I think that needs to be much more localised. I know Leicester but I do not know what the best way is to join up support in your constituency.

Secondly, we need a specific youth guarantee because we will not allow young people not to be in education, employment or training. It is terrible for them; that has to have a real focus.

The third thing is to overhaul our job centres. This is not about our work coaches; it is about the system, but it is not all about tick boxes, monitoring, assessing and policing benefits, but is genuinely what they



are there to be, which is a public employment service. Work coaches need to be more open if you are thinking of retraining or reskilling or changing your career. We need a big overhaul there and those are the three elements in our Get Britain Working White Paper, £240 million that the Chancellor announced in the Budget. That is a very big change. It is a change from being what I call a very centralised service, which we are, and a very siloed service. There are brilliant examples of people are working with employers or working with colleges or focusing on care leavers, but it is not joined up, not localised enough, and not focused on the problems.

Q15 Gill German: Back to the people who are long-term sick; you talked about working with health professionals, which I think is absolutely crucial because the right work needs to be found. Can you tell me more about what that work will look like and also how we get our employers on board? If there are workplaces where, if reasonable adjustments are made, people can get into work then how do we make sure that whole infrastructure is there?

Liz Kendall: Firstly, when you only have one in six employers ever using the job centre to recruit and that falls to only one in 10 of small and medium sized companies, that is not good enough. We need to work more closely with employers. In places such as Greater Manchester they are already doing great stuff. They have people who act as brokers between the employers, helping them to understand what adjustments they can make as well as the benefits of employing people with neurodiversity, those with autism who with the right help and support can become incredibly committed supported employees.

In working with the health service this is critical. Good work is good for health. There is very strong evidence from individual placement and support run by the NHS—and this is for people with quite severe mental health needs—that if you work with people to find the jobs that they want and are keen to do, you provide them with the support, you work with the employer to make the adjustments, and then you stay with the person once they are in work because it can be really stressful starting a job, they have shown that 44% of people are in work after five years—a number we would kill for in employment programmes—and that the person's relapses and number of days spent in a hospital are dramatically reduced. It saves £20,000 per person over five years. It is good for health, good for the person and good for employers. We need much more of that.

I am sorry that I could not be shorter.

Chair: Thank you. I know you have a lot to say on your first session but we do need to speed up, folks. I am going to hand over to David Pinto-Duschinsky.

Q16 David Pinto-Duschinsky: I will keep this to one brief question because I think we have already covered some of the issues that I wanted to



touch on.

I want to take your answers and focus in on the issue of youth inactivity. Obviously under the last Government we witnessed a huge rise in the number of young people who were economically inactive. Recent data shows that high levels of inactivity are strongly linked with low levels of skill, with 79% of young people who are inactive due to ill health having skill levels at GCSE or below. You mentioned the youth guarantee. Could you say a bit more about what plans the Department has to tackle the skills gap among the young and inactive to help them re-engage and how that guarantee will help deliver that?

Liz Kendall: First, the Department for Education is reforming the apprenticeship levy so that we have a clear focus on young people and also what they call foundation apprenticeships that are the basic skills you are talking about, so that we can make sure people have the skills they need to get onto an apprenticeship. That is extremely important.

Secondly, we need to start much earlier. That is why I am very keen to work with organisations that go into schools and work with young people who might be at risk of not getting any GCSEs or of being excluded because we need to find a hook back for those young people.

I visited many organisations in my own patch, especially around sport, arts and culture that can engage young people in a way much better than the state ever can. We need to start earlier in schools to prevent people from falling out. If they have fallen out, we need to look at basic skills, including through reforming the apprenticeship levy, to get people back onto the right track. Work going on in DWP youth hubs needs to be much better joined up with all of the different support. There is quite a lot going on already that is not joined up but crucially in my mind, there is no one body that is responsible and, therefore, accountable.

Of course, lots of people are involved but we have to find a way of both preventing people from falling out, finding those who are already not in education, employment or training, join up the support and bring them back in. There will be much more in the White Paper about this and I hope that we will see some significant trailblazers in local areas to say, "Let's put this package together, let's learn from best practice". We will not allow young people not to be in education or employment or training because we know the consequences can be lifelong.

Peter Schofield: Some examples: we know that young people might not feel comfortable coming in to a job centre, but there are certain places that they will feel comfortable going to. I was in the Emirates Stadium a few weeks ago—a few weeks before that I was in the Tottenham Stadium just in case there is anyone from North London worried about that—and we had a jobs fair where we had employers who were willing to take people on, we had the FE college there able to provide basic skills, people who did not have basic levels of maths and English for example, bringing it all together, supporting people into apprenticeships, supporting people



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into employment support that would then enable them to have long term employment. Because it was in a place like the Emirates, it is a place where people want to come.

Last week I was in West Midlands in Walsall. They have a place called The Link in one of the shopping centres there. That is a place where again it is a multiagency approach; everyone from the council to the job centre to the college. It is run by the college. They are all there in this one place. It is a welcoming place where they offer adult training courses and other courses for young people. It is a place where there is hope, there is support, and there is a real sense of mission driving forward.

The Secretary of State talks about the things that are already there. There are lots of these places all around the country when you search them out. What we want to do with the youth guarantee is join that together in a coherent offer so that all young people have that support available wherever they are.

Liz Kendall: What the Permanent Secretary says is very important. We must go to where people are, not tell them to come to us. There is no one who is hard to reach: we are just rubbish at reaching them.

Chair: Thank you. We will move on to the next set of questions, which is on health assessment.

Q17 **Amanda Hack:** Looking at my postbag and hearing a lot of conversations, there has certainly been an awful lot of uncertainty around benefits and disabled people. One area is the reform that is planned on work capability assessment. How do Labour's plans differ from the previous Government's proposals?

Liz Kendall: Thank you for that question. This is something that I am very focused on. There will be some more about it in our Get Britain Working White Paper but also in the coming months.

We have argued for a long time that the work capability assessment is not working and that it needs to be reformed or replaced, alongside a proper plan to support disabled people. That is what we said in our manifesto.

At a practical level, too many people have a really bad experience of the system. They wait too long and too many decisions are overturned. That is true for WCA and for PIP as well. I know this only too well from my own surgeries. More fundamentally, however, the problem within the sickness and disability system is that there is a binary classification between those who are able to work and those who are unable to work, when the truth is—apart from for those with very severe disabilities—many people's health conditions fluctuate and it depends on the job that they have, the flexibility that might be available, and a number of other issues.



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We are also failing to help people stay in work or get back to work more quickly. We know that 90% of people who get back into work after a bout of sickness do so within the first year. Basically, we have got to get this right very early on, but instead of doing that, the system makes you go into a benefit assessment queue, waiting to be classified. There are a number of real problems in the system and so we are looking at the system as a whole and will bring forward our own proposals. However, this extremely difficult because people are frightened. After 14 years of a Government that took a very different approach, that I believe wrote people off and then blamed them, I am not surprised that people are concerned and worried.

As the Chancellor has announced and the OBR has acknowledged, while we will make the savings that the former Government has scored, we will be bringing forward our own proposals and we will be consulting. My view is that we always need to genuinely consult with disabled people and the organisations that represent them. This is a huge challenge but we want a system that genuinely supports people into work, those who can work, that provides decent support, and above all for me, this is a principle of equality. I believe disabled people should have the same right and choices to work and independent living as everybody else. That is the core that runs through us, so that is the absolute principle. I cannot give you a more detailed response now but that is our approach and I think it is important to set that out to the Committee.

Q18 Steve Darling: I want to focus on how you are involving people with disabilities in your Department, and particularly this area of work. How are you helping to codesign, because that is extremely important? Also, I want to hear from you, Secretary of State, about culture because culture is so important. As the new Secretary of State what culture change are you driving in the organisation? I am worried that the response that you just gave to my colleague was a lot about what was wrong, but not what you are going to do. I would be grateful if you focused on what you and your colleagues are going to do.

Liz Kendall: I hope that by setting out what I think is wrong indicates the issues that I want to put right.

Q19 Steve Darling: What are you going to do? That is the crucial thing and that is what we are here to hear about.

Liz Kendall: We will bring forward our own proposals for reform and there are several important elements to that.

First, we will provide genuine help for people to get into work. This is not about making cuts. We want genuine engagement with disabled people, not just sort of presenting proposals as a fait accompli. The principle of equality is at the heart of all we do. Let me just say a couple of practical things here.



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I do believe we need to change the culture here. That is why we have published over 30 reports that have been held back by the previous Government because we want to be open. That is very important to me. It is why I have done things such as announce an independent review into carer's allowance because we need to learn from the problems and the mistakes that were made to make sure they do not happen again.

You will not know this about me—I would not expect you to—but before I became DWP Secretary of State, I worked in social care for most of my life. The principle is that you need to not just ask and consult but actually work with disabled people, because I do not always assume we know best. People know best their lives, their problems, their issues. That is something I have always believed in and acted upon. You rightly want lots more information and answers about our plans and that is your job, but I also have to look at all of these issues, which are very complex and can be frightening to people. However, we start with a positive offer of help and support for people. We want to intervene much earlier so we do not let problems get worse. The principle that we believe in, for equal lives and equal life chances for disabled people, is at the heart of all that we do.

Q20 Damien Egan: I appreciate the focus and passion that clearly comes through around the economic activity piece, and I also welcome—you touched on it—that a lot of those answers lie within our communities. As a former local government leader, I know there are local councils that are doing really good things on work programmes.

I want to delve into incapacity benefits. One of the biggest spikes that we are seeing is in people claiming around mental and behavioural conditions; a big spike, the UK is an outlier in the OECD. It would be interesting to hear your very early thoughts about why that is. It is obviously costing the taxpayer billions but there is also the human cost for the individual. The interesting bit around mental and behavioural conditions is that you can see the spikes around age. According to the IFS, 69% of 25 year-olds who are claiming incapacity benefits are coming through with mental and behavioural conditions; it is 22% among 55 year-olds. The previous Government had their consultation out on reforming PIP. A practical question—can you say when we can give a commitment to applying the consultation?

Liz Kendall: Gosh, there is a lot to unpack there.

Why is it that we are the only G7 country whose employment rate has not gone back to pre-pandemic levels? I think we are an older, sicker nation. Life expectancy and healthy life expectancy stalled long before Covid hit and we need to get people back to health and back to work. We need to sort out problems in the NHS. We need to intervene earlier. We need to tackle the root causes of ill health.

If you look around the country the places that have the worst life expectancy and lowest healthy life expectancy and the highest economic



inactivity are the same places. Parts of the country were written off by the last but one Tory Government, and the last one promised to level them up and actually did not. There is a series of issues to sort out there.

On young people, I do not agree with the last Government that people were just feeling too bluesy to work. I do not know which people or places they were going to but it was not anything that matched any kind of reality. From looking at the evidence, as well as my own personal experience, there is something about young people—the impact of Covid; possibly also built on top of the cost of living crisis; anxious, worried parents; anxious, worried children; social media; plus less stigma about reporting mental health. I wish in life that there was one reason that you could give an easy headline for but life is not like that. There are complicated things going on with mental health. That is why we have to intervene early and it goes back to the youth guarantee. One of the reasons we want mental health support in every school and mental health support in open access hubs in every community is because we know that these problems start young, so we have to intervene much earlier.

A healthy nation and a healthy economy are two sides of the same coin, but this is a massively difficult issue to solve because we are trying to join up public services nationally and locally, dealing with reform of the public sector but also where it meets the economy and the changing nature of work and jobs. This is not easy. I have never ducked a challenge in my life and I do not intend to start now. This is a big thing that we need to do.

We had 1,600 responses to the PIP consultation. They did not have a plan; they had a consultation. I was particularly struck by the comments people made around shifting support to vouchers and many organisations said that their real concern was that it took away people's autonomy, particularly when services were so stretched and tight. I have read those responses very carefully. We will be putting forward our own proposals to reform sickness and disability benefits based on those clear principles—getting the decisions right first time; early intervention; genuine support to help people into work; helping people to live fulfilling and independent lives. This is extremely difficult and I know people want more detail now but we will not do that until we are absolutely ready and have had the proper discussions with people.

Q21 Steve Darling: I wanted to probe a little bit further. At surgery, I recently saw a resident whom I have known for many years. He and his wife have fostered probably more than 20 children in Torbay. Sadly his wife is now virtually bedbound and in receipt of PIP. She is worried sick about vouchers being offered up and her not being able to have a richer life by being able to buy into Netflix. Will you rule out vouchers?

Liz Kendall: I have just said that I am very aware of people's concerns about vouchers. Again, you will forgive me for referring to my previous experience in social care. If all the support is given to local councils, the NHS, and they determine what help and support people get—people in



my council and people in my NHS are good people trying to do good things but they do not always get the decisions right for people. I never forget a young woman in Leicester who wanted to use her personal budget for personal assistance to get out and about, see her friends, possibly get work. She was feeling depressed being stuck at home and the council said, "Well, we can refer you to our befriending service". The young woman said, "I do not want to meet your friends, I want to meet my friends". She did not want to meet a false friend, "They are not my friend". The problem was the being trapped at home. Empowerment and giving people power and control over their lives is important because I think it leads to better results. I understand people's real concerns about that.

Q22 Steve Darling: Throughout your evidence so far this morning you have made plain your understanding that a lot of these wicked issues are cross-cutting and that there are no simple solutions. What changes have you made to the Department to make sure the Department has a less siloed approach to supporting people with disabilities, and what evidence can you share with the Committee about actions you have taken as Secretary of State to make sure that we have this cross-cutting approach, particularly in respect of health support to get people in the right place to be able to have meaningful and productive lives.

Liz Kendall: We already have a joint work and health unit with the Department for Health and Social Care. Earlier this week, or last week—I have completely lost track of time—I went on a visit with Wes Streeting to a new Work Well pilot in north London where we are genuinely joining up. GPs are referring people to new Work Well coaches and advisors who can also get physiotherapy, counselling, CV and interview advice.

Peter can speak for himself, but the Department knows that it cannot deal with all the problems. Our work coaches know that a 10-minute weekly or fortnightly mandatory assessment does not allow the time to deal with these problems, that they desperately do need more talking therapies to be able to refer people to, have the right skills for young people who are left without basic English, maths, or GCSEs. The White Paper will set out our vision about how we join these services up. Operationally, it is extremely challenging but I believe that together we can make that happen. I do not know if Peter wants to say any more about this.

Peter Schofield: Absolutely. While the Secretary of State was in north London last Thursday, I was in Wolverhampton also seeing a Work Well pilot.

The work has been underway for some time. The programme has been developed by our joint unit with the Department of Health and Social Care. Increasingly, however, we are seeing a momentum behind this agenda. You will have seen that backed by support from the spending review, some of the money coming out of the spending review, and the roll-out of connect for work from next year as well.



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You will see it in terms of the way the join up is being shared on the ground, the examples that we are seeing in north London, in the West Midlands, in Greater Manchester and South Yorkshire. Those are examples of great success not just in terms of crude business cases but in terms of lives being changed.

I was taken by the four participants who I met last week and the experience that they had with the type of individual placement and support that not only helped them into work but supports them through work or where there is a health condition, particularly a mental health condition. It is enabling them to get treatment for that mental health condition and in some cases to stay in work using an advocate to talk to their employer about reasonable adjustments so that they can stay in work, rather than fall out of work in the first place.

The crucial thing here is developing an evidence base of lives being changed in places in the country where we have tried this out. That will enable us to make the case for further investment in future spending reviews.

Liz Kendall: It has to be turbo charged and I believe much more led locally because that is the place you really join it up, not here.

Q23 David Pinto-Duschinsky: I will just ask a very brief question—I realise we are short of time—picking up some of the earlier themes around employment support and some of the things you raised on inactivity. Obviously support to help people progress in the labour market into better jobs has a profound impact both on long term employment and on issues of poverty and child poverty. The Government have outlined plans to merge Jobcentre Plus and the Careers Service to form an advancement service and I think this is welcome. Can you just give me a bit more detail on those plans and what services and support you envisage them providing?

Liz Kendall: If you invite me I would like to come back after our White Paper, because there will be so much more in that and I do not want to get even more on the wrong side of Mr Speaker by divulging details here. The big picture here is that we need to move our Jobcentres away from the sort of overwhelming focus on monitoring and assessing benefits in a kind of tick-box approach and 10-minute weekly or fortnightly mandatory assessments. We need to free up their time to focus much more on what we all know makes a difference. Yes, the benefit system can incentivise or disincentivise work but we know that it is childcare, family care, skills, transport, flexibility at work, all of that that matters.

So our new Jobs and Careers Service will be much more embedded locally to link up with those different services and support. It will have a clear focus on not just getting people into work but on in their work because we know only one in six people ever fully escapes low pay and all the knock-on consequences that has. There will be a big reform there and again there will be support through this £240 million investment that



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we have had from the Chancellor to model this in the coming weeks and months, very much embedded in local community, so hopefully you will find out more in the White Paper.

Q24 Amanda Hack: Would you be able to outline the plans for the review of Universal Credit? Having been involved in the original roll-out of Universal Credit, I think there is a huge amount of work that needs to be done. It would be really interesting to hear your view on that.

Liz Kendall: Thank you, and, Chair, I will try to be shorter. I apologise.

As you know, we have a very clear manifesto commitment to review Universal Credit to tackle poverty and make work pay. Those are the two absolutely central tenets of Universal Credit.

I think 15 years on from when it was originally brought in is a good time to do that, to take stock. Stephen Timms, the former chair of this Committee, will be leading that work but it has already started. You will know that one of the first things we have done that I am extremely proud of is that we have introduced a new fair repayment rate in Universal Credit, to slash the level of deductions that can be taken from 25 to 15 %, giving 1.2 million of the poorest households, on average £420 a year. The reason we did that as the first step in this review is because plunging people into even worse poverty and debt is not something we should be doing. As the former chair of Feeding Leicester—the programme to end hunger in my city—told me, that was one of the biggest reasons why people were forced to depend on foodbanks, and I am very proud that we have made that change. There is so much more to do on the review and on tackling poverty but that is a first step.

Chair: Thank you very much for that, Secretary of State. Would you be able to write to the Committee on transitional protections for severely disabled people—I know the disability premium issue is still a massive issue—to update the position with the new Government around the transitional protections for severely disabled? Thank you so much. We will move on to the next item and Gill German will open for us here.

Q25 Gill German: I welcomed the increase in the earnings threshold for the carer's allowance in the recent budget. It is obviously important that carers can carry on caring but also be able to go out to work. What assessments have you done on how that will affect carers and the number of carers who will benefit from that, either to stay in work or to get into work?

Liz Kendall: Just because you change jobs does not mean you stop caring about the things you care about. I have been a lifelong champion of family carers, from my time as a shadow Minister for social care and as a human being as well, seeing how many more people, family, friends and constituents, are caring for an elderly or disabled loved one and also trying to hold down work. This is the biggest ever increase in the earnings threshold. Now carers can work the equivalent of two days at



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the national minimum wage without losing their carer's allowance. We think that will benefit 60,000 new family carers.

It is an indication of the value that we place on unpaid carers and also, let us be honest, as a woman, as a feminist, family life is not only about caring for your kids, it is about caring for elderly relatives too. Women, as they get into their 50s and 60s, want to keep working as well as caring and we have to wake up to the fact that as part of an ageing society this is the reality of family life now. That also comes on top of—and we may come onto this—another step we have taken which is to have an independent review into the overpayment of carer's allowance, which has caused real, real concern. I am glad Liz Sayce is doing that and we hope to announce the terms of reference for that review soon. Those are two steps we are taking; there is a lot more to do but I hope it is a start.

Q26 Steve Darling: I want to explore respite care for carers. What consideration are you giving to that, as we need to make sure that we are avoiding burnout for these people who are providing this amazing support for their relatives?

Liz Kendall: That is the responsibility of the Secretary of State for Health and Social Care. He is acutely aware both of the need to transform social care in this country, to better support paid carers and unpaid family carers. If you are interested in respite care, that might be something the Chair would be able to ask the Chair of the Health and Social Care Committee to question the Health Secretary about.

Sir Peter Schofield: There is already provision in carer's allowance to deduct the cost of respite care when you calculate the earnings threshold each week. So there is something in it but, as the Secretary of State says, there is a much wider issue here at the DHSC.

Q27 Johanna Baxter: It is very positive that the Government asked the Low Pay Commission to take account of the cost of living when making recommendations on the national living wage. Do you think we could have a similar approach to deciding how benefit levels are set?

Liz Kendall: I agree with the first part of your question. The increase in the national living wage announced in the budget that will benefit 3 million low paid workers is a huge step forward. We are currently—certainly in this budget—uprating benefits in line with inflation. There are no plans to change to that at the moment but we do understand the need to review Universal Credit to tackle poverty, to make work pay. We have started with this—can I call it a poverty downpayment?—with our new fair repayment rate. That is an important step forward but it has to also be seen within the context of our bigger employment support reforms because we need more people into work, we need them into better-paid jobs, and that is a huge issue for the Government through all sorts of areas, our modern industrial strategy and clean energy plans and so on. The benefit system is part of that but it is part of a much bigger package of reforms.



Q28 Johanna Baxter: Throughout the predecessor Committee's inquiry on benefit levels in the UK, it heard evidence that shortfalls between housing support and actual rental costs had eroded household incomes. Would it be possible to set out measurable objectives for benefit levels linked to living costs?

Liz Kendall: Lots of organisations have called for things like an essentials guarantee—Joseph Rowntree, Trussell Trust and others. You will know very clearly from the Prime Minister and the Chancellor that we will only set out policies when we can show how we can afford them and how we can pay for them, but we have made a start on tackling the deepest forms of poverty through the Fair Repayment Rate and extending the Household Support Fund, despite all the challenges we face.

On housing, I understand those problems and challenges; I see them within my own city. Ultimately, however, the key here has got to be building more homes, more social and affordable housing, tackling homelessness; a whole bunch of issues which, as you know, we are doing in other parts of Government.

Sir Peter Schofield: Some £500 million was announced in the Budget to add to the affordable homes programme for next year in the Ministry of Housing, Communities and Local Government. Also, £100 million in discretionary housing payments was announced alongside the Household Support Fund, all there to help local areas support people through those housing costs.

Q29 John Milne: Local housing allowance rates were frozen for four years, which pushed many renters into debt. We have had a single-year uprating. Is there any rationale behind not making that permanent, that it would be uprated every year? Is it for purely financial reasons or do you have a view that it is not necessary?

Liz Kendall: There are many changes that I and people across Government would like to make after 14 years of a Conservative Government, but we will only make promises that we know we can afford and that we know we can keep. Some difficult decisions and priorities taken. I am only too well aware of the implications of that continued freeze, but we have taken other steps—Peter has talked about some of them.

Housing support, I think was around £5 billion of Government investment to deliver on our housing plans next year that the Chancellor announced in the Budget, alongside increasing the Affordable Homes Programme. We have provided what I hope is some stability to social housing providers with the social housing rent settlement of CPI plus 1% for the next five years, reducing the right-to-buy discounts and enabling councils to retain the full receipts of any sale so they can reinvest in the local community. We are making steps forward to tackle the root causes of the problem on housing. We had to make many difficult decisions in the



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Budget but I think we chose the right priorities. There is a lot more we need to do.

Q30 **John Milne:** In principle, you would uprate it if you could financially?

Liz Kendall: You rightly push me to say things, but I am not into wink-and-nudge politics; if I am going to do something I will say I will do it and I will show how I will afford it. What I am absolutely determined to do, along with the rest of the Government, is to increase the amount of housing in this country including affordable and social housing. This is the root cause of the problems. Peter will know this from this job and his previous job. All the money we are spending on housing is because we do not have enough homes and people do not have a hope in hell of getting on the housing ladder. That is what we are prioritising, alongside some of the additional support that Peter has outlined.

Sir Peter Schofield: By putting more money into the Affordable Homes Programme, the grant programmes in MHCLG, and allowing social landlords to increase their rents by CPI plus 1, that gives social landlords the opportunity to give some stability to invest in the affordable homes. Part of the Government's overall plan is to build 1.5 million homes over the course of the five years. By doing that, we will have less reliance on the private rental sector, which is where the pressure comes from the LHA. It is trying to get upstream of the challenge rather than just addressing the downstream element, the cost into the private rental sector, which is where you see the pressure on the LHA.

Q31 **John Milne:** Moving on to the WASPI women. I appreciate that you have taken rapid action on the infected blood scandal and the Horizon scandal to sort out compensation there. WASPI women, however, are a notable absence of these hangover things from the last Administration. What people would like to know is when do you think you can address it? What plans do you have?

Liz Kendall: I want to respond to this as soon as possible. I know how long this issue has taken. I think even the Ombudsman took six years to do his report. It was not responded to by the previous Government. I know that some of the WASPI women are here today in the Committee, I met the WASPI campaign when I was a shadow Secretary of State for Work and Pensions. The Pensions Minister has met the campaigners, I think the first Minister to do so for six years or longer. I want this resolved as quickly as possible but this is again extremely complicated. There is lots of information to go through. We need to get it right but I want this resolved as soon as possible.

Q32 **John Milne:** Timescale?

Liz Kendall: I cannot give you any more. If I gave you a date then I would have sorted it, and it needs to be sorted, but I will do it as soon as humanly possible.

Q33 **Chair:** Secretary of State, you are probably aware of the inquiry that the



previous Committee undertook around safeguarding vulnerable claimants. This Committee has decided to reopen that inquiry and we are in the process of calling for an update on evidence in that regard. You will be aware that this inquiry was as a result of a number of deaths of vulnerable claimants. The Department identified hundreds as needing an investigation and, as the NAO report in 2020 stated, that was probably the tip of the iceberg. It is an important one for us to be undertaking, noting five Prevention of Future Deaths notices from coroners to the Department. The previous Government said it was not necessary to introduce a statutory duty to safeguard claimants and I wonder if you are of the same view.

Liz Kendall: No, I am open to the suggestion. As the Secretary of State—and I know the Permanent Secretary agrees—I do not just want people to be safe, which is the bare minimum, I want the best possible standard of care and support for people who rely on us. I am glad that the Committee is continuing its work and I look forward to reading your report and your recommendations. Being open about problems is the only way you can solve them.

Forgive me for referring to my time within the NHS and social care—and you will know this as well because of your interest in health—but there were problems in the NHS around Mid Staffs Hospital, mistakes being made but not being open about them, learning from mistakes to put into best practice, then a duty of candour was brought in. I do not think laws alone change behaviour; it is about culture and leadership from the top, but they can help. I think you need to look at both. This is not a commitment to doing it but I am open to it because we want to make sure not only all of our policies, procedures, practices, contracts, staff, training, all of that has to be right and I am very open to looking at all the possible mechanisms for achieving.

Chair: Fantastic, so a system wide approach?

Liz Kendall: Yes, you have to come at it from every level. We are a huge organisation; over 85,000 staff all over the country, contracted-out provision, in-house. We have to get everything right. We have nothing to fear from that knowledge and information and going through everything with a fine-toothed comb.

Q34 **Johanna Baxter:** The Equality and Human Rights Commission has stated that it has suspicions that successive Secretaries of State may have broken equality law by failing to provide reasonable adjustments for people with health conditions, something that most of us who are new to the Committee were pretty shocked to learn. Can you talk to us about the steps you are taking to ensure that you are consistently meeting this obligation?

Liz Kendall: I have already met with the Equality and Human Rights Commission, their chair, chief executive, head of enforcement, and the lead on the investigation. Because it is an investigation going on, I cannot



share all the specific details about it but I am absolutely engaging with them, as is the Permanent Secretary. We want to make sure we resolve this in the best way possible. I do not just want to be fulfilling my legal obligations; I want us to be going further. I am absolutely determined to resolve this and deal with all the information and evidence and, as I said, on 14 October I met them and I hope that shows my determination to resolve this.

Q35 Neil Coyle: Sir Peter, in January 2023, you told us that the Equality and Human Rights Commission were happy with negotiations and that progress towards an agreement was being made to tackle unlawful discrimination. What progress were you talking about?

Sir Peter Schofield: Back 18 months ago we were making good progress talking about the nature of the questions that they had and how we could work together. We were working at the time towards hopefully agreeing what is called a section 23 legal agreement which would have then framed the work that we were going to do together going forward. Those conversations became more protracted over time and in the end it became impossible to agree the legal terms of the section 23 agreement. Sadly, we were not able to agree. The result of that—as, Mr Coyle, you will remember from the last time I was in the predecessor Committee in May—the Equality and Human Rights Commissioner said they wanted to take us into a section 20 investigation and that is the situation we are in now.

I was at the meeting the Secretary of State described with the chair and chief executive of the HRC. Those conversations have gone well in the sense that everything that the Commission has asked us to provide we have been providing; many, many documents.

The section 23 conversation became a rather legalistic sort of thing. The key thing for me is two things; one is absolutely as the Secretary of State says, in terms of the culture we are trying to change in the organisation, one of openness, one of being a listening and learning organisation. Ever since I have been Permanent Secretary, back in 2019 even, we set out a service excellence plan. We put in place a number of changes including the setting up of a serious case panel. We published the minutes from that and further detail in our annual report and accounts. That is to identify cases where things have gone wrong or have nearly gone wrong, so we can listen and learn from them in a very open and transparent way. Lots of changes have been made.

Q36 Neil Coyle: Yet the Equality and Human Rights Commission did choose in May to launch a formal investigation, which you have no choice over, you have to provide those documents, and you came back to this Committee and said, “The challenge we have had all along is understanding the nature of the concerns that HRC have”. Why was it not a stronger priority for you as the departmental lead to ensure that the HRC did not end up in a formal investigation and that there was an agreement reached?



Sir Peter Schofield: We worked together at a senior level to try and identify some of those issues. What I also said back in May is that the value of a section 20 investigation, from the terms of reference it set out, it is very clear exactly what it is that the Commission want to focus on, which in this case is the nature of health assessments and reasonable adjustments around health assessments. We are able to focus the information that we are providing on the information that is required. In the meantime, over the last four or five years we have dramatically changed the way that we do health assessments anyway, so far fewer people are being asked to come in for a face-to-face health assessment for disability benefits.

Q37 **Neil Coyle:** Who is leading for the Department with the EHRC?

Sir Peter Schofield: The Director of Customer Experience.

Neil Coyle: Hopefully as it comes forward more papers will come to us as well, so we can see exactly what the blocks were to your understanding of what the HSC was looking at. We are short of time so do you want me to jump onto the next question, Chair?

Chair: Yes, please, Neil.

Neil Coyle: The next issue is the Child Poverty Review, and I will come back to the Secretary of State if I may. Will the Child Poverty Review examine the impacts of the coalition's benefit cap and the two child limit?

Liz Kendall: The Child Poverty Strategy across Government will look at all of the things that cause child poverty and that, crucially, can get kids out of poverty. We are looking at people's incomes, from social security and work, because the only long-term way to tackle this issue is to have more people into better paid jobs. It will look at the basic costs that we have to bring down, whether it is housing especially as well as energy bills. I think there has been a shift since we were last in Government where there are far more kids growing up in poverty in the private rented sector than there were when we were last in Government. We will look at debt and financial resilience. The strategy will also look at what I see as the public service bit of the jigsaw; how to give every child the best start in life, particularly around the earliest years. Those are the four different bits of Government that we will look at but absolutely we will look at the impact of the social security system.

Q38 **Neil Coyle:** Will it be covering the issues that the UN Special Rapporteur looks at, which is the impact of no recourse to public funds, and also sanctions within Universal Credit where the Government have already made a change that the Select Committee previously recommended on reducing the amount that could be removed under sanctions policy?

Liz Kendall: We will look at everything. Maybe everybody says this but I want to be evidence based. I have my strong values but—as one great man once said—what matters is what works.



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Q39 **Neil Coyle:** In order to be evidence-based will the measurement and reporting of poverty be shifted back to a more accurate reflection perhaps? The coalition fiddled the figures to report not on the same measures that the previous Labour Government had been doing.

Liz Kendall: We have had the debate in the House about this. We will be looking at relative poverty after housing costs as well as absolute poverty. I am very concerned about deep poverty, which again is a big shift from when we were last in Government—over 800,000 children in households forced to rely on foodbanks—as well as the more difficult to measure in those ways but the things that give children the best start in life. Before I became an MP, I ran a charity, the Maternity Alliance, which looked at pregnancy and the first year of life, and what would it take. I wrote a report, “Equal at One”, on what it would take to give every child an equal start in life. I am very interested and focused on the early years of life, as is the co-chair of the Child Poverty Strategy, Bridget Phillipson.

My main point about this is that it is unacceptable that over 4 million children are growing up poor; 700,000 more than when we left office. Children cannot fulfil their potential when they are growing up poor and the country cannot fulfil its potential. One of the things that I am very interested in when I think about all those incredible things we did to lift all those kids out of poverty is that when I became an MP in 2010 all my lovely children’s centres were all destroyed, shut, closed. How do we make this work but how do we make it last? I want lasting change and that is the big, hard thing that we need to do as a new Government.

Q40 **John Milne:** I want explore your long-term thinking on the issue. Do you see that there is a place for removing the two-child limit in the future, or are you looking to solve child poverty by another means or set of measures?

Liz Kendall: I am only too well aware of the impact that it has had. I have one in three kids growing up poor in my constituency. In 2017, way before Covid, we did a survey of all our kids and young people in Leicester and one in five said their biggest worry was not having anything to eat every single day. I know the impact it has but again, we will only make a promise when we know how we can keep it and how we can afford it.

Long-term—the original Beveridge report said this—the social security system alone is not the thing that will deliver people the full and fulfilling lives that they deserve. That is about more better-paid jobs, enough decent affordable housing, and public services that give children the very best start in life. I am only too well aware of the impact that that policy, which we voted against, had, but there are systemic issues that we also need to address. We also need to learn from what is different from when we were last in Government and how we make this last.

Q41 **David Pinto-Duschinsky:** I would like to touch on the thorny issue of fraud and error. Under the last Government, the fraud and error rate



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increased significantly, rising by more than 50% since 2019 and more than 65% since 2010, to 3.7% of all benefits paid. This is costing the taxpayer a bit shy of £10 billion a year. Despite publishing a plan to reduce fraud in the benefits system back in May, DWP recently stated it cannot commit to substantially reducing that figure, and departmental estimates seem to suggest that you expect rates of fraud and error to remain broadly—a bit down, but broadly—at that level for the next five years. This suggests the plan outlined by the previous Government is not fit for purpose, and I am pleased to hear your announcement last month about the new Fraud, Error and Debt Bill.

My question is: what is your approach to tackling fraud and error and how will you overhaul the previous Government's plan?

Liz Kendall: It is unacceptable that £10 billion pounds a year is being wasted on fraud. I think it is unacceptable for taxpayers. I also think it is unacceptable to the people who desperately rely on the social security system, because we should be focusing help on those who need it most. Peter will say more about this as well, but the Budget brought forward the biggest ever package to reduce fraud and error in the system. It includes employing 3,000 more people looking at serious cases, including organised crime. You will have seen, I hope, some examples of this, which we need to crack down on.

We need to update our use of data and technology here. We always, always need human beings at the end of this to make decisions. It is not something that is just done automatically. We need to use that technology, but always have a human being making the final decision about cases.

We need to be able to prevent error from happening in the first place. We cannot have a situation where people are building up debts, either through fraud or through their mistakes. We need to make sure that does not happen, and use technology. We are starting to do that in areas like Carer's Allowance by texting people when they are getting close to the threshold. We need to overhaul and update our tech systems here.

I think we need to update our powers. We have not had them updated for 20 years. If we need to gather information, for example, from airlines because of abroad fraud or organised crime, we should be able to get that. That is important. We need to put a package of measures in place, with the right safeguards, independent oversight and that they are proportionate. That is what we will be doing in this Bill.

Sir Peter Schofield: We know the things that work. We have been trying them out. This Budget has given a massive investment in that activity to drive fraud out. It is about detecting the fraud that is already in the system. Quite a lot of fraud came into Universal Credit through the pandemic because social distancing meant we were unable to deploy some of our face-to-face controls. We have been rooting that out but we can go further in rooting it out and rooting it out faster.



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To address situations where someone's claim was right when they made the claim but circumstances have changed and they have not told us about that so the claim is no longer right, we will be able to re-verify claims regularly.

It is just as important to me as accounting officer to make sure that we are addressing issues around underpayment as it is around overpayment. Underpayment is also an issue, particularly around some of the disability benefits.

I am glad to say that the OBR has reviewed the range of measures that were announced in the Budget, and their latest published forecast suggests that, certainly by the end of the scorecard period, fraud and error in Universal Credit will be below where it was at the beginning of the pandemic. The forecasts are moving in the right direction, just to address where you started in your question, but now we have to deliver on this, relentlessly drive to deliver, drive down overpayments, particularly fraud, but also address issues around underpayment.

Q42 David Pinto-Duschinsky: Fantastic. How are you drawing on best practice from the private sector? Clearly DWP is at the forefront of this but many other sectors, including banking, insurance and lots of other organisations, are seeing similar things.

Sir Peter Schofield: There is a Public Sector Fraud Authority working across Government that also draws expertise from the private sector. However, part of the way that we are delivering the targeted case review in Universal Credit is being delivered in house; part of it is being delivered by outsourced providers who are doing a lot of the initial work to help us identify the cases. Our own people follow it up and make decisions, but the outside help enables us to learn from other ways and other techniques. A lot of this is around using data in different ways, as well as accessing the data when we do not have access to it already, and being able to analyse that data and be ahead of the curve. Transaction risking is well advanced in many of the financial services industries and we are keen to learn from them and keen to do this in a different way.

The key point to get across to the Committee is a real intention to put more oomph behind this than ever before, for exactly the reasons that the Secretary of State has described. We want the money to go to the people it is intended to go to and not to the people it is not intended to go to.

Q43 David Pinto-Duschinsky: Fantastic. That sounds helpful.

How do you envisage that will affect the customer journey for people? Will it change the way benefits are claimed or is it something that can happen behind the curtain, so to speak?

Sir Peter Schofield: Ideally, behind the curtain. Where we have tried this out, and it has been quite effective, is with advances in Universal Credit, where the transaction risking enables us to identify, through the



claim process, very quickly if there is something about the claim that makes it suspicious, and we feed it off for a particular investigation. That rarely, I think, holds up the delivery of the advances, and certainly for genuine customers, those advances are pretty seamless through the process.

Q44 **Chair:** Secretary of State, could you possibly write to us about when you expect the Bill to come to pass, because it was not included in the King's Speech?

Liz Kendall: I will always write to you. As soon as we can, we will let you know the timetable for that.

Q45 **Peter Bedford:** Following up on the points that David made, I welcome the use of AI technology to identify fraud. I worked as an auditor in the private sector so I absolutely appreciate the use of technology. I want to dig a little bit further into ensuring that the Department will be targeting those frauds that are systemic, rather than individuals who perhaps have made mistakes. The forms are complicated. You mentioned the complication of forms earlier. You mentioned vulnerable claimants. How will you ensure that the Department is focusing on those frauds that are systemic rather than on individual cases?

Liz Kendall: That is so important. The real changes from the previous Government's approach are, first, that we want it very clear on the Bill, a code of practice on the face of the Bill. Secondly, we want independent oversight of what is happening to make sure that what we are doing is right, fair and proportionate, with reporting to Parliament. We want the legislation to be absolutely as clearly defined as possible.

For everyone who is rightly outraged at £10 billion a year going on fraud when you think of how desperately some people need that money, at the same time as what has happened with Carer's Allowance, people going above the threshold, building up debt and then being terrified and worried—we have to get this right. That is partly about trying to make the legislation as properly defined as possible, with the right oversight. Peter and I have had many conversations about this to make sure that what we are doing is proportionate, with the right oversight.

It is also about preventing this happening in the first place, particularly for people who are just going a bit over on their savings or whatever it is. I am, thank goodness, now alerted all the time when I have an NHS appointment, about five times, so that I do not forget it. I seem to be rung every single day by energy companies telling me to go on to a smart meter, at the worst possible times. It is probably even about to happen now. We must find ways to contact people and share that data, keeping privacy but sharing that data so that people are alerted.

We cannot have a situation where our powers have not been updated for 20 years, where we do not have the same powers as HMRC or even the Child Maintenance Service, where organised criminals are fleecing the



system and where people who are busting a gut, going out and working hard worry about £10 billion fraud and debt in the system. We have to get this right and we are determined to do that. You will probably scrutinise us on that and give us more information, advice and ideas from the private sector. I am definitely open to ideas. Please do. That would be good.

Q46 Johanna Baxter: Can you talk to us about the discussions that you have had with the devolved Administrations about the benefits delivered by DWP in Scotland and Wales?

Liz Kendall: I have met—virtually met—with all the devolved Administrations about working together. We have had a very clear signal from the Prime Minister all the way down that we need to build a good working relationship with the devolved Administrations. There have been challenges along the way, including over winter fuel. I understand that and we are working through them. I think officials have good relationships. We have gone further, obviously, in Scotland, with devolved benefits, and Peter may want to say something more about that.

We want a good, strong relationship to work through any issues and to give as much advance information as is humanly and politically possible about all the things we are doing, whether it is Get Britain Working, the Fraud, Error and Debt Bill or any changes that we make. That is something I am committed to doing.

Sir Peter Schofield: Shall I build on that, in terms of how it works at official level? There is a big programme of work that is done collaboratively between DWP and the Scottish Government, which I review with John-Paul Marks annually. I am up in Scotland next week for the latest of those meetings.

Over a number of years, we have been going through a number of phases of the devolution of benefits to Scotland. The latest are around disability benefits. The plan is to get to a point where existing cases of PIP and Attendance Allowance will have been migrated to the Scottish social security agency by next March. I think we are on track for that but I will review that with J-P Marks next week.

Q47 Johanna Baxter: I am conscious that those agency agreements exist, in terms of the DWP continuing to administer some of the benefits that have been devolved to the Scottish Government. Is there a cost to the Department of staff working on the administration of those benefits that have already been devolved, when they could be undertaking other work?

Sir Peter Schofield: There is a costing arrangement and it is funded by the Scottish Government. We are happy to play our part because the key thing for us is to make sure that it is a seamless transition for the people of Scotland as those benefits are devolved.



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There will be executive competence that might move ahead of the ability of the social security agency, which has obviously been growing and building its capacity over time and doing that rather successfully. As it is ready to take those benefits on to deliver, those agency agreements come to an end. We have been flexible with them. Whenever they are ready to take the delivery, we are ready to do that. In the meantime, we are running the agency agreements on their behalf and on behalf of the people of Scotland.

Q48 Gill German: We have talked about this already—it is come up naturally in discussion—about devolving employment support to local areas. The previous Committee recommended that that happened but the Government of the time expressed worry that it would not be value for money and that economies of scale would be lost, which I find extraordinary because in my own area the local authority has put in employment support to underpin what was happening at a national level, which then used grant funds that could be used elsewhere. It seems curious to me. I wondered what your thoughts on that were, and also about the learning from organisations such as Working Denbighshire in my area and things that are already in place, so that we do not throw the baby out with the bathwater and build on things that have already been organically put together.

Liz Kendall: I am a strong champion of devolution, not for its own sake but because of better results for people. In Leicester—sorry, you will hear me talking a lot about Leicester but it is my job—my challenge is around economic inactivity. The biggest reason people give is caring for a family member, often in multi-generational households. There are real issues there. In other parts of the country, it is much more about long-term physical health problems or mental health problems. Therefore, what works and what we need in Leicester is not going to be the same. Some things are the same but they often differ. We also have all of the different voluntary organisations, colleges and all.

Future employment support very much co-designed with local leaders and local areas is important. We want to see the roll-out of what was called Universal Support but what we will call connect to work as part of the integrated settlements in Greater Manchester and the West Midlands. It is going to be like the glue that helps bring things together and enhance them. I want to see local areas play more of a role in designing our new jobs and careers service.

I think there is much more we can do. You will hear more in our devolution Bill when it comes out and more in our Get Britain Working White Paper, but I want to see as much support as possible pushed down locally because I think that will deliver better results.

Q49 Gill German: We found locally that what was missing was a way to get people closer to the workplace and keep them in work, which I know you have touched on as well. Will that be part of the new package?



Liz Kendall: Yes. There are two things. We cannot have 300,000 people every year falling out of work. We have to start dealing with that through early intervention, in work, and you have to, within that first year, pile in support.

This is interesting. Last Friday I visited my local hospital, which has done a year-long supported internship programme for young people with special educational needs and learning disabilities and 100% of them were then offered a paid job by the hospital. It was so successful that they have rolled it out to the university and one of the bigger hotel chains in the city. But it started with a personal assistant who had to actually get on the bus with them to get them to work. All of this stuff about, "You have got to get any job now, tomorrow"—guys, look; it is a journey. It is a pathway. That is not because we are not ambitious about giving people the right and the choice to work; it is because we know the steps you need to get there. That is our new approach and it is really inspiring, actually. It is inspiring.

Q50 **Chair:** Just one final question from me. Thank you very much for your response to the defined benefit pensions report that the previous Committee undertook. You will be aware that the Committee thought the policy of not providing indexation of pre-1997 benefits for members of the Pension Protection Fund and Financial Assistance Scheme should be revisited as a matter of urgency. I know that your letter said you would be doing that, but do you have an indication of a timescale?

Liz Kendall: What I will do, if that is okay, is ask Emma Reynolds, the Minister for Pensions, to write to you—I am just looking at officials—as soon as possible.

Chair: Thank you. Secretary of State, Permanent Secretary, thank you so much for all your time today and your very thorough answering of our questions.