

Work and Pensions Committee

Oral evidence: The work of the Department for Work and Pensions, HC 317

Wednesday 17 June 2026

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Members present: Debbie Abrahams (Chair); Rushanara Ali; Lee Barron; Johanna Baxter; Mr Peter Bedford; Steve Darling; Damien Egan; John Milne; Joy Morrissey.

Questions 1-71

Witnesses

I: Rt Hon. Pat McFadden MP, Secretary of State for Work and Pensions, and Sir Peter Schofield, Permanent Secretary, Department for Work and Pensions.

Examination of witnesses

Witnesses: Rt Hon. Pat McFadden MP and Sir Peter Schofield.

Q1 Chair: Welcome to this evidence session with the Secretary of State, Pat McFadden, and his permanent secretary, Peter Schofield. Good morning to both of you, and thank you for coming in. I will start the questions. Two years on since the general election, considering the priorities that were set by the Government then, how well do you think we are doing?

Pat McFadden: Thank you very much. Before I come to your question, I should perhaps draw the Committee's attention to the fact that this will be Sir Peter's last appearance before you. I would like to begin today's session by placing on record my thanks to Sir Peter for his many years' service to the civil service as a whole but in particular to the Department for Work and Pensions as permanent secretary for about eight years. He has been an absolutely magnificent public servant. He has led the Department through many challenges, most specifically the covid period when the country really needed help from the systems that we run. Before coming to your question, I just wanted to say that.

Chair: I was going to do this at the end, but I will take this opportunity to say, on behalf of the Committee, thank you for all you have done and for your correspondence and support in a number of areas, Sir Peter. We have worked together over several years now, since I became a member of the

previous Committee.

Sir Peter Schofield: Thank you very much indeed.

Chair: Back to the question.

Pat McFadden: Zooming out from the question, it will always be for the electorate, not Ministers, to mark the report card.

Q2 **Chair:** I think they would like to know the detail. We publish that. In terms of your annual report—your scorecard—how do you think you are doing?

Pat McFadden: I have been there for nine months. The job of the Department has several headings. Of course, it is a critical part of the welfare state. It is there to support those who rely on its help, whether they are pensioners, children, the unemployed, the sick and disabled, and so on. The Department does that on the whole well. There is always room for improvement and there is always a dynamic policy debate about the challenges of the future.

Since I was appointed Secretary of State about nine or 10 months ago, the particular challenge that I have probably focused on more than anything else is young people and their chances in life, and that is where we have put a lot of energy over the past year. That does not mean that the Department does only one thing; it does lots of things. We pay out state pensions every month, and we pay out benefits to people who can never work. It is important that the welfare state is always there for those who need it but is also adapting to the times and to new challenges, and that is what we are trying to do all the time.

Q3 **Chair:** Thank you so much for that. In the “Get Britain Working” programme, which is really important based on what you just said, we had a target of increasing employment by 5% to 80%, but that has currently been quite sticky at 75%, hasn’t it? You may recall one of the first meetings I had with you, Secretary of State, where we discussed a Select Committee-commissioned piece of work about estimating what employment support we could anticipate using to reduce unemployment and economic inactivity for young people and disabled people by 5%, and how, over the Parliament, we could estimate yields of £22 billion. With the Connect to Work programme, how close are you coming to that? What proportion of young people and disabled people have gone through the employment support programmes, of which there are a plethora, including Connect to Work? What can you tell us about that?

Pat McFadden: I totally agree that if you can get people into work, it does not just save money; it changes life stories, and that is a really important thing to do. In numbers, the simplest picture of this was in Charlie Mayfield’s report “Keep Britain Working”, which used the figure of £1 million—if you can get a young person into work, it will benefit their earnings by about £1 million over their life and save the state a similar amount of money. On Connect to Work, we published figures I think a few days ago on the number of people who had gone through it and the

number of people who have been helped in the first year. Connect to Work is devolved—

Q4 **Chair:** It has been devolved from this year, hasn't it?

Pat McFadden: Yes, it has been devolved. When you devolve something, there are lots of really important strengths and advantages to that, but one of the things is that capacity will differ a little bit in local areas around the country, and in the first year it can take a while to stand up. I think the figure was that 14,000 or 16,000 people had been through it so far. Those numbers are growing fast, and that reflects some work on standing the programme up in its first year.

Q5 **Chair:** Do you have an annual profile? You just mentioned that over £1 billion of employment support is being devolved from this year. Obviously, Connect to Work has been piloted over the previous year. What is the annual profile that you are expecting from the devolved moneys in terms of getting people into work?

Pat McFadden: It will depend a bit on performance. It will speed up this year because we spent the first year standing it up. More people are now joining it more quickly, and I hope and expect that will continue. There is a really important concept here, which is that we want to bring to an end the era of being signed off and written off. People come to these junction boxes in the system, and they are put into either an intensive work search path or what has often been a signed off and written off path. Connect to Work and a lot of the employment support that we are putting in place is designed to not make that junction box such a life-defining fork in the road for people. That is what Connect to Work is trying to do.

Q6 **Chair:** Absolutely. If you can provide that evidence to the Committee after this meeting, that would be really helpful.

Pat McFadden: Do you want to know more about the forward path of spending?

Q7 **Chair:** Absolutely. Not just the spending, but how many people you are anticipating will go through, because if we are sticking to the targets that we had the ambition to achieve—

Pat McFadden: We will report regularly to you and to Parliament as a whole. It is public spending. It is a commitment to us. The devolved nature of it is really important, because local labour markets differ.

Chair: Agreed—place-based support.

Pat McFadden: When we agree that, it is important to recognise that it will probably mean performance is not the same in every area, because of the different labour markets.

Q8 **Chair:** Understood—people start from a different baseline. But given that it is devolved, our job is to scrutinise you, and you obviously need to scrutinise and monitor what you do.



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Pat McFadden: Exactly. This is very important. This is the discussion that I always have about devolution, and we might get into this a bit more. I say that it is a good principle, but in the end, the chain is: if I ask the Treasury for money for certain purposes and then we devolve it, when it comes to a session like this one or oral questions, Parliament will naturally ask me about performance and it cannot always ask the people to whom the money is devolved. That is an interesting and live discussion in all the devolution debates.

Sir Peter Schofield: Just to give you a sense of the escalation that the Secretary of State has described, there have been 14,000 in the year as a whole and 4,200 in the final month. You will see that it is escalating very quickly. It is a five-year programme, remember, and we will get 300,000 folk through the system over the five years. We have a plan for that and we will be overseeing it, as the Secretary of State has described.

I was in east London only a few months ago, sitting with a Connect to Work adviser and a customer. You could just see the ways in which that customer could be supported, both in the process of getting a job and, importantly, staying in a job; they can be helped to manage that process and transition. You could see the difference that these programmes make in real lives.

Q9 **Chair:** I am absolutely in agreement with you there, Sir Peter. We were a bit concerned, which is why we wrote to you directly after going through the mid-year estimates, that there was a cut in employment support, or an underspend that was lost. We were worried about what that meant.

Sir Peter Schofield: Hopefully, my letter reassured you that this is a five-year programme that will balance out.

Q10 **Chair:** Yes, in part, but we will not go into that detail at the moment. I want to move on to safeguarding. You will be aware that we are doing a "one year on" inquiry, and everybody will be aware of the reasons behind that—the Committee was very concerned about the deaths of vulnerable claimants. We made 21 recommendations, of which only four were accepted by the Department. I want to look specifically at the measures that you can point to to show how you are improving safeguarding within the Department. I am not interested in process measures; I am interested in outcomes. What measures can you use to show you are making a difference in safeguarding in the Department?

Pat McFadden: I know that you have a deep interest in this. This system across the whole piece is dealing with some of the most vulnerable people in the country. When it goes wrong, it can result in the worst possible outcomes. As you and the Committee members will know, there have been cases where people have taken their own lives and coroners' reports have heavily criticised the Department for Work and Pensions following those deaths. We have to take that extremely seriously. I think the public are probably quite jaded with phrases like "lessons learned" that are used when disasters take place. I share the view that people are probably quite sceptical about this.



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You said you did not want a process answer, and I do not want to give you one, but I will just explain the things we have in place. It is important that when something terrible happens, you have the deepest possible dive into what your learnings from that are, why it happened and so on, and we do that, but that is not enough. You cannot just wait for bad things to happen.

This is probably at its most sharp in the health assessment field. All the people doing that now have to have a safeguarding level 3 training. They all go through that. There is an issue with attrition, which you know about, and a fast turnover of these staff, so the level of people who have had that training is very high, but we have to keep up with attrition as people leave and come into that service. My understanding is that in the most recent figures, they have referred about 450 people—I think the actual figure is 455—for safeguarding reasons.

The watchwords are “recognise”, “respond” and “refer”. It is not always the health assessor’s personal job to fix the situation, but they should be very alive to it and they should be referring that person to the appropriate authorities, whether they spot signs of abuse, particular signs of distress or whatever it is. It has to be a thing that is daily practice, but it also has to be a thing of deep learning when things go wrong, as they tragically have done a number of times in the past decade or so.

Q11 Chair: You mentioned coroners. Again, we do not have a real understanding of the numbers of claimant deaths. We only have the internal process reviews that are reported on, which were bad enough. As others have said—the National Audit Office is one—this is the tip of the iceberg. One of the recommendations, which you did not reject but did not accept either, was working with the coroner’s office so we have a clear picture of the number of claimants whose deaths are being investigated so that we can understand. It is not just correspondence from the coroner’s office; you have had nine prevention of future deaths reports. That is a legal requirement when a death could have been avoided. That might be something you want to consider as a metric. What are you doing with the coroners now so that we have a clearer understanding of the actual scale of deaths of social security claimants?

Pat McFadden: I have no reason to hide from information. If there is more information, I want to know it. When I speak to our work coaches, I think they really try to care for people, but there is no denying that this system has made mistakes. It has made decisions that have contributed to people’s distress. Those things have been reflected in coroner’s reports, as you say. If there is more information from coroners that we could use, we should of course use it. We should never be running away from information that may be there.

Q12 Chair: Indeed. We look forward to receiving something on that from you in writing, and we will include it in the review that we are undertaking. I think that would be very helpful and positive—thank you.



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Sir Peter Schofield: I just add that the Secretary of State talked about the number of referrals from clinicians, but on top of that, the number of referrals from people across the whole organisation over the last six months was something like 30,000. That has changed dramatically over the last eight years, which I think is a tribute to the challenge that you have brought here in the Select Committee and other places that we must be a listening and learning organisation.

As the Secretary of State said, we have more that we need to get right. However, I have tried to make us more of a listening and learning organisation by providing more transparency in the numbers and the way we do IPRs, as set out in the annual report and accounts, and we also set out the serious case panel and the work of advanced customer support senior leaders, who are working closely with adult safeguarding boards all across the country. We are out there and trying to change, and I think the number of people who have been referred, where our frontline folk realise that something needs to be done, is a sign of the deep concern that people have. We want to get it right—we do not always get it right, but we want it to get it right and improve. That is part of the culture baked into DWP.

Q13 **Chair:** I do want to thank you, Peter; I have been doing this for several years now, and while the situation is truly shocking, it is also absolutely true that you have moved it on, but I gently say that we need to move it on much more. Thank you for what you have done during your term in office.

I have two quick questions. Last week, we heard from NAWRA—the National Association of Welfare Rights Advisers—about carer's allowance overpayments, and it said that where bureaucratic mistakes have been identified in the completion of expenses claims, there are opportunities to apply discretion waivers. Could you tell us how many discretion waivers have been passed or used?

Pat McFadden: Are you referring to civil penalties and things like that?

Q14 **Chair:** Yes—instead of getting to that case, where it is a genuine mistake.

Pat McFadden: They do have discretion. This was an issue in carer's allowance that had been sitting in the Department unresolved and unlooked at for many years, and we are now trying to get a grip of it. There have been a few issues like that, but this is definitely one of them.

There are several elements to it, the first of which is fixing this issue with overpayments where it was not the person's fault but they have been fined, and we are working through that. We started that work a few months ago. As with what I said on Connect to Work, we are very happy to keep you and the Committee up to date with the progress on that. We will go through something like 200,000 cases, but I think the ballpark estimate of these overpayments is around 25,000, and we will try to sort those.



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There will then be the issue of how these earnings are calculated, as it goes wrong in the averaging, and how you calculate average earnings and all of that, but we are working through that. There is then the issue of how you fix the policy design going forward, which is really about real-time earnings and having the systems that can adequately cope with that. In the past, we have not had that in the way we have for universal credit.

On civil penalties, those who are administering this have discretion. They can decide to do so or not, on the basis of the circumstances, so it is not automatic that they have to do that. They are caseworkers, and they have discretion on whether they impose such a thing.

- Q15 **Chair:** I will leave it there, but I have two quick questions that I would be grateful if you wrote to me on. The first relates to the Parliamentary and Health Service Ombudsman and progress on the action plan, and the second relates to the investigation into the discrimination of disabled people by the Department for Work and Pensions that the Equality and Human Rights Commission has been undertaking, and where we are up to with that.

Pat McFadden: Do you want to deal with those in writing?

Chair: In writing, please, because I am conscious of my lovely colleagues. Thank you very much.

- Q16 **Johanna Baxter:** Thank you for joining us this morning. We live in a cost of living crisis, and working-age benefits lost 8.8% of their real-terms value between 2012 and 2024 under the last Government. It is welcome that the Universal Credit Act 2025 increases the UC standard allowance, but can you talk to us about your approach to improving the adequacy of working-age benefits over the period of the Parliament? How should the cost of living be factored into your thinking?

Pat McFadden: There are a few things I would say on that. You referred to the longer-term record. One of the things that happened during that longer term was a four-year benefit freeze, but it applied only to some benefits and not to others. The result was that the gap between what people could get on standard benefits and on sickness benefits grew, and that has become a bigger feature of the system in recent years. Whether it was particularly intended at the time those freezes were introduced, I do not know, but it is a notable consequence of freezing some of those benefits.

That is the past. To go to the present, you are correct. Partly informed by that, this year has seen the first real-terms increase in the standard allowance for many years. It is tough to live on the incomes that people get under these benefits, but we have that increase in place. We have a number of other things that can help people with the cost of living, such as the extension of free school meals to families on universal credit. School meals can be a very significant expense for low-income families; there is help with that.



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There is the extension—not all of these are in the DWP bucket, but perhaps I can speak to the Government as a whole—of the warm home discount to more families, which is worth about £150 off energy bills. I think that one in six families are able to benefit from that now. Of course, the lifting of the two-child limit for families with more than two children will have a very significant impact on child poverty. So, across the piece, we are trying to help people with the cost of living.

The final thing I would mention is the package recently announced by the Chancellor. Again, it is aimed particularly at families over the summer. She reduced VAT on various things, such as children's meals in restaurants, to help families—the school holidays can be a very expensive time for families with children. So we are very alive to the cost of living.

I hope that recent international news about events in the middle east will ease the pressure that some thought would remain for the rest of this year on the cost of living. That may not happen quickly, so the consequences could still be with us for some time. People are aware of that, most obviously, every time they fill their car with petrol, but in other ways too.

- Q17 **Johanna Baxter:** Four years of above-inflation increases to the UC standard allowance would take it to about £106 a week by 2029-30, which is not a lot. How did you arrive at that figure? Can you foresee any circumstances in which you might review it during the course of the Parliament, particularly if, as you referenced, we see cost of living pressures escalate in some areas because of the volatile times we live in?

Pat McFadden: I mentioned the big disparity between ill health incomes and standard unemployment incomes, if you want to put it like that. The gap between them is somewhat closed by the changes we are making this year. It is not always a feature of international systems that you have such a big gap. I do not want to make too many promises about upratings in the future, because we have a system to do this, and it depends on various factors. But last year we uprated benefits by inflation; this particular benefit is by more than inflation, for the reasons we are discussing. I will not pretend that this is easy to live on, and I do not think that politicians should do that.

The other thing to mention is that for many people, the standard rate will be accompanied by help with other things—housing costs, children costs and so on. That is not true for everybody, such as for single people living in particular circumstances, but for a family, support for housing costs will usually be significantly more than that standard single rate.

- Q18 **Johanna Baxter:** You mentioned international comparators. Do you have any examples of where other countries are doing better at making sure that the gap does not exist? Do they have other support mechanisms in place?

Pat McFadden: There are a host of them. We may come to this later in the discussion, but the significant thing about the British system is that contribution and contributory benefits play a significantly smaller role. Our system is much more needs based and means-tested than the systems in

other countries. That is probably the most significant difference between them.

That leads to a higher level of initial benefits in other countries, through the contributory system; sometimes, they have higher taxes too, because they are making those contributions. The big characteristic of our system is that contributory benefits make up about 4% of benefits, and benefits are almost entirely means-tested. Personally, I think that has not only economic but political consequences, in terms of how people see the system: who pays in, who gets something out, and all the rest of it. That is the big British characteristic, compared with lots of European countries.

Q19 Johanna Baxter: Finally, have you seen and taken a view on Lord Richard Walker's report to No. 10 on the practical steps to respond to the rising cost of living?

Pat McFadden: We discuss this all the time, and we have discussed it particularly in relation to events in the middle east over the last three or four months. As I said a moment ago, I hope those pressures will ease, but it is a very unpredictable world. We have had a number of predictions that this conflict would be over and that trade would begin to move; let us hope that that is true this time, but I cannot know for sure. We have a live and ongoing discussion about cost of living pressures and policy responses to them—you saw that in the package for summer announced by the Chancellor a few weeks ago.

The inflation figures that came out this morning show that they have held steady; some predicted a rise in inflation. I do not want to make predictions about future months, but I repeat my hope—and it can only be a hope, because the situation is unpredictable—that the announcements made in recent days will lead to trade moving more freely, and to the beginning of an ease on energy price pressures, which feed through to the cost of almost everything else.

Q20 Joy Morrissey: You answered my question, which was very helpful. You mentioned contributory benefits, but is it correct that PIP is not means-tested?

Pat McFadden: Correct.

Chair: It is not an unemployment benefit.

Q21 Joy Morrissey: Yes. In Lord Richard's report on tackling the cost of living he recommended that you adopt certain measures. Do you know roughly how much it would cost to take on those changes?

Pat McFadden: Not all of them, no.

Q22 Mr Bedford: Turning to welfare and welfare reform, the OBR projects that welfare spending is set to reach £400 billion by 2030, up from £314 billion at the time you took office; health and disability spending is set to top £83 billion next year, exceeding defence spending of £62 billion; and PIP is now claimed by almost 4 million people. We are almost two years into this Parliament, but there was no welfare reform Bill in the King's Speech. Why



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was that, and what will you do about it?

Pat McFadden: There were a lot of numbers there. First, on the £400 billion, more than half of that is for the state pension. I do not know whether it is your party's policy to cut the state pension; perhaps you can clarify if it is. But more than half—about 55%—of the bill that is quoted is the state pension. The health and disability proportion of that total has been rising very fast. It is rising slower in this Parliament than in the last, but nevertheless it is rising. The PIP numbers to which you refer were published yesterday.

I have set out many times my approach to welfare reform and legislation, and I am happy to do so again before the Committee today. I believe that the best way to reform the welfare system is to do more to help get people into work, and that has informed most of the policy that I have announced during my period as Secretary of State. We may have a chance to discuss this in some detail—the youth guarantee measures, the employment support measures that the Chair referred to in her opening questions, and so on.

On future legislation, we have two very important reviews under way. We have the Milburn report, which is focused specifically on young people. Alan Milburn published his interim report a few weeks ago. We have the Timms review, which is specifically focused on PIP. I expect an interim report from the Timms review before the summer recess. Both reviews will give final reports before the end of the year. Depending on their conclusions, which I do not want to anticipate too much here, if legislative change is needed, it will come after that.

Q23 Mr Bedford: On your longer-term strategy for welfare reform, there are concerns that the Government are flapping about. We had some proposals for savings last year, including the £5 billion of savings that there was then a U-turn on. We have the PIP policy, which will end up costing an extra £3.9 billion, and the two-child cap which will cost additional money to the Exchequer. There is real concern that the policies and direction are actually increasing the welfare bill rather than reducing it.

Pat McFadden: The policy direction I have set out is quite clear: it is neither to circle the wagons around the current system, because I think it spends too much on failure and not enough on opportunity, nor to treat it as a fantasy cashpoint for every policy going, but instead to reform it and put work and opportunity at its heart. That is what I am doing, and I think that is the best way to reform the welfare system.

I am often asked about welfare reform as though it is a “High Noon” moment in Parliament. When we put in place the youth guarantee, that is welfare reform. When we put in place more work experience places for young people, that is welfare reform. When I offer employers a hiring incentive to take on young people, because I understand that hiring a young person can sometimes be a risk, that is welfare reform. Critically, to go to the question that the Chair opened with, about employment support,



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when you stop the culture of signed off and written off, and actually extend support to people to get them into work, that is welfare reform.

Let me give you some numbers on this. Forgive the acronym, Chair, but the LCWRA group—is the universal credit health group—has previously been characterised by some, including the Resolution Foundation, as “no support, no conditions”. We invited a number of people to come in and get extra support for getting into work, and we had a target of 65,000. We have exceeded that now and have had a stronger response than we expected. We expect about 100,000 people to come forward by July, and that shows that, if you stop dealing with people as signed off and written off and actually offer them help and support to get into work, you can have a welfare reform that makes a difference.

Q24 Mr Bedford: On some of those points—particularly around youth unemployment, which is an area I am especially concerned about and interested in—you mentioned some of the policies for reform, such as supporting employers to take on young people. Do you not accept that the Government’s broader fiscal policies have contributed to that increase in youth unemployment, particularly the national insurance changes and the hostile economic environment for businesses taking on young people? I spent 20 years before becoming an MP working in business. I have worked in many large and small businesses, and they are telling me that those economic conditions are so adverse that they do not want to take the risk of employing young people. What would you say to those businesses?

Pat McFadden: The first thing I would say is that the amount of young people in employment has grown by 1.6% since the last election; it is up 59,000. Under the last Government, it went up by about 1,000. We have a long-term problem and a long-term challenge. Not in any year since the financial crisis, which is the best part of 20 years ago now—not in any single year under the last Government—did youth employment levels reach the levels they reached before the financial crisis. The challenge of NEETs—I do not particularly like that term; it is not a pretty term—and youth inactivity is not a new one. Youth inactivity went up by a quarter of a million between 2021 and 2024.

On the specific policy choices to which you refer—the Committee will know this, but I am not sure how widely known it is outside—there is a tax break in place for young employees under the age of 21, and no employer national insurance is liable, unless someone is earning more than £50,000 a year, and not many people that age are earning that. I do not think that that is well enough known about, but it is there, with the addition now of a £3,000 hiring incentive, provided that the young person has been out of work and claiming universal credit for six months. For many jobs, that is roughly the equivalent of a year’s national insurance contributions. There is help on both the tax side and the incentive side for hiring young people.

The other thing I would mention is changes in the apprenticeship system. In the system we inherited, the bulk of the apprenticeship budget was going on people who were in work and over 25. I am all for in-work training—it is a very good and important thing—but there is a different



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question about whether the public apprenticeship budget should be focused on that group or on the young. I believe that it should be focused on the young, and from this autumn onwards that is what we will be doing.

Q25 Mr Bedford: Earlier, you mentioned the Timms review, and that we should receive an interim report by the summer. My understanding is that the remit is within the OBR's existing PIP forecast. Does that mean that the fiscal envelope is already fixed, and that the review is essentially just delaying difficult decisions?

Pat McFadden: No. I think there has been some misinterpretation of this. I think Mr Darling and I discussed this when I first came before the Committee, a few weeks after being appointed. In the terms of reference, we were sending a signal to the reviewers not to come forward with a big, increasing cost package. There is nothing to stop them coming forward with measures that reduce costs, but we did not want them to come forward with a review that simply says, "Let's pay much more into the system." We want to look at the operation of the system.

In particular, I think there is a critical question for the system. You referred to the PIP figures that were published yesterday. They do not show only the numbers claiming PIP; they also show the conditions. The conditions have changed over recent years. In particular, there has been an increase in conditions like anxiety and depression, neurodiverse conditions and so on. Is this benefit fit for purpose in the way that it is designed, in dealing with that variety of conditions? That is a very interesting question for the reviewers. When I went to speak to them a few months ago in one of their sessions, that is the question I put to them to consider.

I probably said this last time, but Stephen Timms is an excellent person to co-chair this. He is a predecessor of our current Chair on this Committee, so he really has deep knowledge of this system. I believe that he is highly respected by everybody with an interest in this area.

Q26 Mr Bedford: Just to clarify, are you committing to publish the interim findings and the Department's own costed options before the review concludes?

Pat McFadden: I don't know about costed options before the review concludes, but I expect an interim report before the summer recess from Stephen and his panel, which they are writing—not me.

Q27 Mr Bedford: I have a final question. I opened with the spend forecast by the OBR—over £400 billion by the end of the Parliament. I am just thinking about whether there is something tangible we can hold you to before your next appearance. You state that one of your missions is welfare reform. What single specific commitment can you give the Committee today that we can hold you to achieving by your next appearance?

Pat McFadden: That I will always put work and opportunity at the heart of what I do. What I have tried to do since being appointed is to say that we need to change the question the system asks from simply assessing people for benefit entitlement to asking, "How can we help to change your life?" I think that is a more dynamic, fuller and more positive question. We are called the Department for Work and Pensions. We now have skills added to our remit, which makes the "W" bigger, if you like.

The commitment you can hold me to is that I will always try to put work and opportunity at the heart of what we do, whether we are dealing with young people, the long-term sick and disabled, people who have been long-term unemployed—any of those groups.

Q28 Steve Darling: Thank you very much for attending, Secretary of State. In respect of the second Pensions Commission, is pensions adequacy the next stage? What are your reflections on that?

Pat McFadden: First, I thank the commission for its really important work. There are lots of elements to this, but to go back in history again, the big fundamental reform dating from the latter days of the last Labour Government and the early years of the coalition was implemented as part of the Turner recommendations. We had auto-enrolment, which I think has been a really big policy success for the UK. We are very good in this country at talking about what we do not do well, but that was a big and important policy reform that we did well. It has given people a measure of security in future pension income that they would not have had if that had not come into place—hats off to everyone involved in it.

The task now, however many years on we are, is to look at where the gaps are in that reform, who was left out of it and what we should do about that. As you would expect, the commission has identified that, even with those good reforms from 15 or 20 years ago, a proportion of the British working public are not saving enough for retirement, which has implications for their future quality of life. The commission is looking at that in detail and will make recommendations.

Q29 Steve Darling: Would you support the basic adequacy standards for low earners? That feels to me a very big nut to crack, but are there any others to crack? One that leaps to my mind is that women are often left behind because of caring commitments, and their ability to save into pensions is significantly hampered as a result.

Pat McFadden: I have not given any instructions to not look here or there; the commission is free to do its work. Of course, another big reform was the new state pension, which started for those retiring after 2016. It was intended to deal with some of the gaps in the previous system; it was set at a higher level. That is the system rolling forward, although there is still the issue—a particularly sharp issue—of adequacy of pension incomes and pension poverty for older pensioners, some of them older women who retired before that date. We may come on to discuss that.

Q30 Steve Darling: How do you see the balance between people's expectations of the state pension and where it should be for them, and



private pension allowances? Do you have any reflections or core principles on that?

Pat McFadden: Most people will not rely purely on the state pension. About 20% do, but most people have either a state second pension—SERPS—or some other occupational pension on top of that. I am not a financial adviser, but it makes sense, if people can, to invest in a pension. The tax system incentivises people doing that, as we know, for pension contributions to not rely purely on the state pension as they get older. It is a balance between the two; across Governments of different colours, that is what has been encouraged. It works well for many people, but there are people who are not saving enough, and there are gaps in the system, and the Pensions Commission is looking at that.

Sir Peter Schofield: There are two other really important points coming out of this work. One is the accumulation phase and the fact that financial returns between different providers vary hugely. One of the measures in the Pension Schemes Act, which has recently received Royal Assent, enables a value for money framework that enables a much greater focus on supporting savers in schemes that have lower fees and higher returns, which is really important in the accumulation phase.

The second one is the decumulation phase, where, at the point at which they come to retire, people have got a pot of money and they make big financial decisions about how to use that pot of money. There are guided retirement routes that are being legislated for, which is a really important measure as well. There are some things that the Government are already doing that address some of the really important points coming out of the Pensions Commission work.

Chair: I am going to hand over to John Milne, who would like to go back to welfare reform—it is my fault that I did not bring him in before.

- Q31 **John Milne:** Thank you, Chair. Briefly, there is a strong media narrative at the moment that welfare spend is out of control, and Peter gave you a few stats to support that view. Other figures are available. Welfare spend as a percentage of GDP is about where it was under the days of Maggie Thatcher, who was not known for her welfare generosity. If you look at a specific benefit such as PIP, which we have been talking about a great deal, and the rise in claimants there, perhaps half of that rise is due to things like the rise in the state pension age and reclassification of legacy benefits on to UC. Do you think there is a responsibility on Government to put out a more balanced view of the statistics? If you think the problem is twice as big as it is, your policy response might overreach by twice as much as it needs to.

Pat McFadden: There is a lot in that. It has gone up as a proportion of GDP by about 1% over the last six or seven years—

John Milne: It goes up and down, but over a long—

Pat McFadden: One per cent of GDP is quite significant. Part of it that has probably grown more than others is health and disability benefits. Ms



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Baxter asked me a few moments ago about the standard unemployment rates. That has not been going up as a percentage of GDP; it has probably been going down. What has been going up is health and disability benefits—Mr Bedford's question quoted some of the numbers involved in that.

Cost is a consideration. Cost is not a dirty word; we have to look at the cost of the system. I am aware of the cost of the system. I am aware of these steep increases in health and disability benefits, which are often quoted.

There is another part of this, which I am keen that we reflect in our discussions, which is life stories and what I refer to as the stickiness of long-term sick and disability benefits: once people are on them, it is very difficult to come off. There will be a certain proportion of people who can never work—who are so disabled that their condition will never change and who can never work—and the welfare state should always be there to look after people in those circumstances. But I believe there is a group—probably a bigger group—who, with the right help and support, could do some work.

The truth is that that help and support has not been in place in recent years. I can say gently that it was not in place under the time of the last Government. We are trying to put more of it in place now, and I think that is really important—that we do not just consider a snapshot of what the system spends, but also consider the life story over time of what that spending results in. What I am keen to do—I have said this a few times this morning—is to see us invest more in opportunity, training and chances to work, and less in the consequences of those things not being in place. That is what is informing my policy agenda in the Department.

Q32 John Milne: There is a lot more to be said about this, but sadly we are not going to have time for it today. Moving back to pensions, as the cost of living is rising again, what plans have you made to ensure that older people on low incomes have support available to them?

Pat McFadden: There are two main things. Of course, we have the basic state pension, which rose by 4.8% last year, if my memory serves me right. That was worth about £575 a year to people on the new state pension—less on the older state pension. That is a sizeable increase.

For those who do not benefit from that—we were speaking about that earlier—there is pension credit. We are always encouraging people to claim the pension credit to which they are entitled. The Committee will know, however, that there have been long-term issues with people underclaiming pension credit and not claiming the help to which they are entitled. We have had lots of information campaigns and we have put in lots of effort, and the numbers have gone up, but that is what pension credit is there for: those who do not have access to enough income due to the state pension that they receive. There are other bits of help, like winter fuel payments and so on, but they are the two main things.



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Q33 John Milne: On pension credit, the take-up remains at about two thirds, despite lots of effort and promises to boost it by your predecessor. It is a scandal that we have not managed to do better, isn't it? What ideas do you have to improve the situation?

Pat McFadden: Let me take every opportunity, including this one, to encourage anyone watching to apply if they might be entitled to pension credit. They have nothing to lose by applying. I encourage every pensioner who thinks that they might be able to access this help to take it up. It is theirs as a right. There has been a long-term issue with some people not doing that. Some pensioners I know are proud and they do not want to ask for help, but I would say to people, "It's there for you." If their income and all the other conditions match, people should apply. Peter, you probably have more history than me of various take-up campaigns. Is there anything that you want to add?

Q34 John Milne: I am particularly interested in any new measures, given that what we have done already does not seem to be working.

Sir Peter Schofield: As the Secretary of State says, there have been a number of campaigns over the years. It has been a passion for the Department over many years—all the time that I have been there—to make a difference in the way that the Secretary of State has described. We have found that it is more effective to have advocates who people recognise and can aspire to. The late great Len Goodman, who was recognised by many, featured in one of our campaigns a few years ago, and we saw an increase as a result of that campaign. There was also a really successful campaign where we encouraged relatives and friends of elderly people to, "Think about your loved one," and whether they are someone who could be claiming pension credit, to get around some of the pride issues that the Secretary of State described earlier.

Obviously, the link to winter fuel payments, when that was there, made a significant difference, as well as the link to TV licences as well. In the last year, we have seen the number of people on pension credit rise by 34,000, so there is some work going on there, but it is constant work. We have a constant focus on continuing to do that.

Q35 John Milne: Are there any new ideas in the drawer?

Sir Peter Schofield: There are always new ideas. We have a very creative team who are out there engaging with stakeholders and thinking about new ways—

John Milne: But nothing specifically planned right now.

Sir Peter Schofield: We have a new campaign going out, which is again trying to reach people who have contacts and relatives who may be eligible for pension credit. I think it is a society thing for us all to be thinking about older people—our loved ones, our friends and neighbours—and thinking about what we can do for people who are perhaps not aware of what they are entitled to. Those of us below state pension age can have just as much of a role as the people we are trying to reach who are of

state pension age. We should all be taking responsibility for this, but the Department definitely knows what it is trying to do. There has been a long-term plan and there has been some movement upwards over the years.

Q36 John Milne: I take it that there is nothing really specific in train right now. One solution to the problem could be data sharing. You have plans for better data sharing of universal credit with local authorities, and that would really help them to target support. However, those plans seem to have slipped the ILOV programme. Can you guarantee that the Department will deliver on its current plans to roll this out by 2027?

Pat McFadden: This is a really important point—I am glad you have asked about it—not just for DWP but across Government. Data sharing can really help. We began our discussion with Connect to Work and devolved systems, and data sharing is a really important part of that. There are trust issues, and people want their data to be protected. However, my view is that we can and should do more on this, and it will be helpful.

I will give an example in another context. We have a new data-sharing agreement where we are going to be able to use data from LinkedIn about real-time movements in the labour market—us using its data, not the other way around. That is so we can track what jobs people are actually applying for and how careers are changing.

That will help to inform the skills system, where we have Skills England, which accredits, reviews and changes the apprenticeship courses available. It will be of particular help to it to know what is actually happening in the labour market around people's career movements. Constant curiosity about what is happening and how to better use data are really important tools of public policy.

Sir Peter Schofield: One angle is linking up the eligibility of different benefits for people of pension age. One thing we did a couple of years ago was to start identifying those people, and now we regularly do that. We identify people who are applying for housing benefit and are of pension age; that gives us some information that might suggest whether they might be entitled to pension credit, and that can then trigger outreach to encourage them to apply for pension credit.

We issued 120,000 letters a couple of years ago as the start of that process, and that is now something we regularly do. Certainly we can do more, and we are doing more with the data we have in the Department. There is potentially more to be done by drawing on data from other organisations.

Q37 John Milne: On the timeline—by 2027?

Pat McFadden: 2027 for what?

John Milne: Will you have rolled out the ILOV programme by that time?



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Pat McFadden: If that is what we said, we will check on progress for that. However, I think this is an ongoing thing. I do not think data sharing happens in one move. This is a cultural thing across Government and across all sorts of Departments. It is one that is much underused, and the lack of data sharing has probably been harmful to public policy. We need to do a lot more of it.

Chair: This is the last question before we have a little break.

Q38 **Damien Egan:** I have some questions on the state pension and state pension age. First, we have this date of March '29 for a review of the state pension. Are we still on track for that, and when do you expect to conduct that review?

Pat McFadden: There are periodic reviews of this built into the process. The state pension age has been rising in the last couple of decades. I do not want to pre-empt anything, but that review is built into the process. That is the timescale, and I have no changes to announce on that this morning.

Q39 **Damien Egan:** On some of our visits, we have met groups of people in their 60s, so coming up to retirement age. We have also had evidence of the impact of the increase, mindful of the cost to the system and why the increase in the state pension age was brought in. There have been arguments that some of the poorest in those groups need additional support in terms of social benefits and social security. The groups we spoke to said that work was a big thing. Yes, half of 66-year-olds in the lowest income brackets are already frail, so there is perhaps a different conversation to be had there, but the bulk of the people we spoke to were anxious about being able to get back into the workplace once they had lost a job. It is quite right that to have the biggest impact, we focus on the young, but what would you say to people in the older groups?

Pat McFadden: There is a lot there. I am an optimist about growing older; I hope people see a productive working life when well up in years. One part of the story is that the increase in the state pension age has been accompanied by increasing rates of employment in people close to state retirement age, but you are right that another part of the story is that being 67 or 68 years old can feel very different in different parts of the country. I represent a working-class, Black Country constituency where there is a tradition of physical work, and I know that it can feel quite different to be 67 or 68 years old in my constituency compared with leafier parts of the country. We have to bear that in mind and consider all these aspects when thinking about the state pension age in the future so that we have a system that is fair to everyone, is financially sustainable and does the best job it can to give people security in retirement.

Q40 **Damien Egan:** Suzy Morrissey has been asked to conduct a review in advance of your review. Will you allow that to be published? That did not happen when the previous Government made this transition: they published the Secretary of State's review at the same time. Will we as a Committee have the opportunity to examine Suzy Morrissey's review



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ahead of your decision?

Pat McFadden: I will have to consider that, as I do not want to give you the wrong answer, but all the information is very valuable.

- Q41 **Chair:** Following up on Damien's points, the Health Foundation has shown that healthy life expectancy has fallen by two years on average, and it will be worse in constituencies such as mine and yours, Secretary of State. The first Pensions Commission pegged the increase in state pension age to life expectancy. Life expectancy has now increased overall—again, not in areas such as ours—but healthy life expectancy has declined. Are you considering using healthy life expectancy as well as life expectancy as a marker for what you should do about increasing the state pension age?

Pat McFadden: We should consider all these factors. I am conscious of and stand by what I just said to Mr Egan about how the same age can feel different and be experienced differently by people in different parts of the country. I am not trying to duck the question when I say this, but these are difficult decisions. You have to take into account affordability for the country, because even though it is a contributory system, it really works as a pay-as-you-go system. It has to be affordable and give people security in retirement, but it has to take into account the factors that you raise as well. We owe that to the public. It is a very delicate decision, which is why we do these careful reviews to take all these things into account.

Chair: On that point, we will have a short, five-minute break. Thank you.

Sitting suspended.

On resuming—

Chair: Welcome back to this evidence session with the Secretary of State for Work and Pensions and his permanent secretary.

- Q42 **Steve Darling:** My line of questioning is directed first to the permanent secretary. In a statement you said that 71% of claimants feel that they are treated with respect. That means that almost 30% do not feel that way. Are you comfortable with that? Equally, what tangible plans and evidence do you have to say that you are trying to increase the number of people who feel that they are treated with respect?

Sir Peter Schofield: Thank you for the question, Mr Darling. That is absolutely at the heart of what I have wanted to do in leading this organisation for all our customers. I want them to feel that they are treated with respect, and it is something that we absolutely seek to do. There are several different levels to this, from being treated with respect in dealing with the initial inquiry—that the telephone is answered quickly or that people have an online journey if that is the right approach for them—running through to some of the more difficult parts of the system. We have talked quite a lot about the health assessment process where you are getting into quite intrusive questions and investigations because that is necessary to determine eligibility for the benefit.



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Within all these systems, we are doing a whole load of things differently as part of our transformation programme. We are doing more to enable people to access our DWP services online. One important example of this is child maintenance. Some of the most sensitive conversations we have are with families where the parents have separated. How do we enable people to engage with us in a way and at a time that works for them? The "My child maintenance case" system, which we have been rolling out, enables people to engage with us 24/7 whenever it is convenient for them.

We have talked before about the Timms review looking at the way the PIP process works. We are doing that in a wholly new way for us as a Department. Doing this in a co-created way with people representing those with disabilities and lived experience and in a careful, joined-up way is important to getting that right. We have talked here before about the health transformation programme, where we are enabling more and more people applying for health benefits to have a case manager to support them along the way, so that when they make their initial inquiry they have someone who can tell them about the benefit and explain the decision made. There is a host of different ways to approach this.

How we measure that is at the heart of your question. We are doing more surveys of our reputation. We are asking what people find, what they value about us and how we are thought of compared with other organisations. We are charting that as we go alongside the measures on customer satisfaction for each of the benefits that we report annually in the annual report and accounts, and seeing how that changes over time.

Q43 Steve Darling: One of the tools that people in large organisations can use to get under the skin of challenges for people is a degree of professional curiosity. How do you foster that in the organisation? Do you have any training around professional curiosity?

Sir Peter Schofield: Professional curiosity is an important part of how we need to lead an organisation. We are rolling out this value more and more in what we do and the values we set. On how we encourage and train for professional curiosity, we are rolling out our coaching academy for jobcentre work coaches and helping them to think about how they use it in their work with claimants. There is a fundamental point here of trying to change the culture across the organisation such that frontline folk think all the time about how we can improve the service.

My honest answer is that we have further to go. I try and be out and about in the frontline every Thursday, and I try to spend time with frontline folk. I regularly think to myself, "Why are you doing this particular process and why is this the way that this works?" When I ask a colleague those questions, I am often told, "That is what we are told to do," or, "This is the policy and we don't think we can change it." We have tried to change that attitude—it is one of the culture changes I have tried to embed throughout the organisation—but we have further to go. I have not fixed that by any means and my successor can take it on.

Q44 Steve Darling: I am also very much alive to the Liz Sayce review. She



identified that sometimes when things go wrong, managers then manage down a sense of not having to worry to the people operating the system. This goes back to what you have been talking about so far—culture. How do you develop more of an aviation culture, where when things go wrong, information is shared so that there is an opportunity to learn from that, rather than trying to bury it to a certain extent?

Sir Peter Schofield: There is so much in that; it is such a brilliant question and it goes to the heart of things. From my role at the top of the organisation, I try to encourage people to escalate things when they emerge so that I know about things early on and we get that culture of escalation. There tends to be a bit of a culture of, “We’ll fix it before we tell anyone senior about the problem, so we can tell them there was a problem but we sorted it out,” but I want people to tell me before the problem is sorted out so we can aerate it, understand it a bit more, get to the bottom of it and find wider solutions. That is one of the elements that goes to the heart of how we encourage people to work with internal audit and help people to work across their teams.

It is also about encouraging people to innovate and try new things. I talked about how some people say, “I have to do what I do,” but as I go around I love the examples of people who say, “Ah, Peter, now you are here, we would love to show you this new thing,” or, “We would love to show you the way we are using AI to help us do our work and automate the work we do,” and, “We have some clever thing we have developed here.” When I was in Norwich a few weeks ago I was shown the use of AI in report writing and how that is taking 15 minutes off each case. We share best practice across the piece, because we want that culture and sense of excitement about new things that can be done among everyone at every level of the organisation.

One of the things I have been saying as leader throughout my eight years is that leadership is not about grade; it is about attitude, and we can all be leaders. I want everyone in DWP to feel that they have been leaders while I have been there and had the opportunity to change the organisation—within the frameworks we set from an accounting point of view—and the opportunity and passion to innovate.

Q45 Lee Barron: Over two years ago, the Parliamentary and Health Service Ombudsman identified “a systemic failure in how DWP responds to what research and feedback is telling it.” You committed to learn from mistakes and develop an action plan, so when do you expect to publish that?

Pat McFadden: Is that for me?

Lee Barron: I don’t mind, but it was over two years ago.

Sir Peter Schofield: When I was here before we talked about the action plan, and we have been working on that since then. In that period, the Secretary of State made his decision on the WASPI case, so that has unlocked the conversations we have been having with the ombudsman. We had two workshops with the ombudsman about the action plan, and we have since been working on a draft and sharing drafts. We have had



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the latest set of comments back from the ombudsman, and I think that the ombudsman now has no further comments, so we are in a position where we can publish the action plan very shortly.

The action plan is just the start of a process, because the way we communicate with people has obviously changed very dramatically since the issues raised by the WASPI case back in 2005 to 2008. How we learn and grow, use digital means in different ways and learn from complaints is all set out in the action plan as the start of the process.

Q46 Lee Barron: When will that be published—shortly?

Sir Peter Schofield: Shortly.

Lee Barron: Any kind of—

Sir Peter Schofield: I imagine in the next week or so.

Pat McFadden: Yes, we are quite close.

Q47 Lee Barron: Having gone through the process to develop the action plan, what changes do you think are needed in the way the Department operates?

Pat McFadden: When it is published, you will see that what we are trying to do through the action plan is learn from what happened before and think in particular about how we communicate with people. How you communicate with people and where they get their information now is of course vastly different to the way it was in the past. You see that in the way people consume media—physical newspapers versus electronic media and so on. There are big changes going on. We and the whole of Government have to respond to that in the way we communicate with the public. That is the heart of it.

Q48 Lee Barron: There are obviously threats and dangers in relation to how people get a lot of their information, because if it is based on social media, you do not even know whether or not that is—

Pat McFadden: There are trust issues; that is really important. I think gov.uk, which is one very important platform for us, is trusted and should be trusted, but you are right: there are trust issues in how people get their information. This is a challenge for Government right across the board, not just in our Department. We have to be alive to it, and the communications departments which exist in every Department have to change with the times.

Q49 Chair: It was not just trust, though. You were talking about the DWP as a learning Department, but it was not responding to data, research and information that was being provided about issues. One of the things that was revealed was the issue around communications, but it is also about being open and transparent, and responding to information and evidence as it is presented to the Department.



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Sir Peter Schofield: That is a really good point. One of the things the ombudsman has been working closely with us on is how we use complaints more effectively as a feedback mechanism.

Chair: It is very impressive what they are doing—it really is.

Sir Peter Schofield: Yes, and Paula has had a number of workshops with my senior team to go through that. Her watchword is “complaints are a gift”. I am not sure whether it necessarily feels like that, but we need to open ourselves up for that to be a feedback loop.

Chair: Indeed.

Sir Peter Schofield: I feel we have been doing that before, but not as effectively as we should be, so we need to build on that.

Q50 Rushanara Ali: The removal of the two-child cap is a huge step forward and will take 450,000 children out of poverty. The child poverty strategy is expected to lift only 100,000 children out of poverty. The principal economist at the IPPR, Henry Parkes, acknowledged that this would happen but said that, in effect, by removing the two-child cap the Government are “countering the rise” in child poverty numbers, and by the end of this Parliament those numbers will not be “terribly much lower”. I appreciate that the circumstances were different, but when we compare this with the last Labour Government’s interventions, many would argue that there was a much more ambitious focus on reducing child poverty—legislation was introduced; targets were set. Do you think the Government should consider setting a target to reduce child poverty further?

Pat McFadden: I am one of the few old timers who has served as a Minister in both Governments.

Rushanara Ali: That is why I am asking you the question.

Pat McFadden: Thank you. I often get treated as a walking history book; I do not know if it is a compliment or not.

I think that comparison is a little bit unfair. This Government will do more to tackle child poverty in a single Parliament than, I think, any of its predecessors. The measures we have taken—not just the two-child limit, but free school meals for families on universal credit, the energy help that I referred to earlier, the crisis and resilience fund, the cost of living measures that have been announced by the Chancellor—all show a commitment to this.

Q51 Rushanara Ali: That is a really important point—the wider policy interventions are absolutely right, and when you add them all up, the sum is huge. Working with other Departments, have you looked at what impact those policies would have on bringing down child poverty further in this Parliament? If not, could you look at that? That would give us more confidence in looking at which policies could be encouraged further. While we can see the positive steps, the reality is that if at the end of this Parliament the numbers do not go down that much—recognising the



challenges that were inherited—that is not ambitious enough.

Pat McFadden: It is a very good question, and the answer is yes. This is not “one and done”; there is an ongoing cross-Government effort. In fact, the interministerial group on this meets later today, jointly chaired by my colleagues the Minister for Employment and the Minister for Children and Families. They are working on this together, and their job is to drive this across Government, so that we do not have a situation that happens perhaps too often in government where something is announced, and people think, “That’s it,” and move on to the next thing.

On your interpretation of the numbers, there is a parallel here maybe with NHS waiting lists. NHS waiting lists are falling now for the first time in many years, but the comparison is not just with what we inherited; it is with what the trend was, if we had not done anything. I think that is a really important thing when we judge the numbers, the success of this and the political effort going into this. We did not inherit a static state either on child poverty or on NHS waiting lists. We inherited an upward curve. We now, in both areas, have a downward curve. That is really important in interpreting the numbers.

- Q52 **Rushanara Ali:** I acknowledged that point at the outset. I was involved with the child poverty strategy, and I appreciate the challenges. There is a wider issue with the 10-year strategy, which the child poverty strategy referred to, as it does not contain plans or projections for the next 10 years. Could you assure us that work will be done to give us line of sight on what that would look like?

Pat McFadden: I am going to be slightly partisan here, Chair; I hope that is forgivable. I try not to do it too much in front of a cross-party body such as this, but as long as my party is in power, I think this will be a priority.

- Q53 **Chair:** The Chair of the Education Select Committee and I are disappointed that we are not able to meet with you and the Education Secretary at the meeting in the next couple of weeks. I have huge regard for the Ministers who have responsibility for delivering this, but we wanted to explore some of the questions that Rushanara has just asked you.

We have talked about evidence a lot this morning. All the evidence is that when you have targets, you achieve more. Picking up on what Rushanara said about the 2010 progress, look at what has happened in Canada and New Zealand with targets. Academics have really pushed on this point that without binding targets, we minimise what we can do. I absolutely recognise the immense progress and commitment that the Government have shown. It is wonderful, but this would be the cherry on top of the cake. I emphasise that point. We have also talked about leadership today, and the importance of that being demonstrated by your gracious self.

Pat McFadden: Thank you, Chair. It is right that people push for more. I totally understand it. I spoke to the Child Poverty Alliance in a speech last week or the week before. It said pretty much what you have just said, or a similar version of it. It was very pleased with what has happened, but it wanted to push for more. It is good that organisations campaign to do



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that. One of our sister parties had a slogan that was something like, "Proud but not satisfied." People should push for more, but you probably expect me to acknowledge what has been done in this area.

The other thing, which was touched on a few times this morning, is life stories. It is really important that this is seen in the context of life stories, and not just an income snapshot. I stress that all the time, because we know that children who are less likely to be poor will do better at school and have better chances in life and so on. That is a critical part of this story.

Chair: I recognise what you are saying. Our roundtable in the next couple of weeks is specifically with people with lived experience. The evidence is that there will also be fewer young children who go into care as a result of a targeted approach. This is the evidence. This is not being unreasonable, but I will leave it there.

Q54 **John Milne:** This is a question that, optimistically, should be capable of a yes or no answer. Will you be raising the threshold for access to UC health to age 22, as previously laid out?

Pat McFadden: I want to consider all of this after the reviews that I referred to, in particular the Milburn review with regard to young people, later in the year, so I do not want to be ruling things in or out today.

Q55 **John Milne:** That was not yes or no, but it is an answer, so thank you. Talking about the Milburn review, the line in it that has probably been most quoted is that right now we are spending £25 on benefits and about £1 on actually getting people into work. That is obviously an alarming ratio. There are a couple of ways of interpreting that. I interpret that he is not saying, "Let's slash benefits", but "Let's invest more on getting people into work"—it is neutral on whether benefits would reduce if you succeeded in getting people into work. How do you interpret it? Do you think it was a call to reduce benefits? Do you think that of itself would fix the job, just by cutting access?

Pat McFadden: First, I am really grateful to Alan Milburn for the work he has done. You had him before you quite recently for an evidence session; I hope you found that valuable. I thought his report was incredibly powerful. On that 25:1 ratio, I want to change that equation, and that is why I put forward a £2.5 billion investment in the youth guarantee to expand opportunity for young people. The system does need change in that direction. As I said in response to one of the earlier questions, instead of spending on the consequences of people being inactive, let's invest in them becoming active.

To go back to life stories, there are striking figures on this. If a young person goes on to the benefit you asked me about a moment ago at age 20, they are more likely to celebrate their 30th birthday and still be on that benefit than to have had a steady job for any year in between. We often think of ill health or long-term sickness benefits as something that would apply to old people in particular. In terms of the stock of people on them, that is probably true, but there has been an increasing trend in



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young people. In the young persons' universal credit caseload—people under age 25—the proportion of those young people on long-term sickness benefits has doubled in the last six years or so. There is a big thing happening there that should really give us all pause for thought; more than that, it should be a call to action to invest more in opportunities for those young people.

That is why I have talked so much in the last nine months about trying to get young people into work, trying to get more employment support to them, trying to change the apprenticeship system, trying to get more work experience for them and everything that I am trying to do. I am not saying that will be enough—I think we will have to do more when Alan Milburn reports in the autumn—but it is a really good start and an important change in the direction of the system.

Q56 John Milne: I absolutely agree with everything you say about the importance of ending the NEET issue altogether—I do not see why we cannot if we try hard enough. I appreciate that there are things that the Government are doing right now that should bring the numbers down. That of itself will bring the benefit bill down as well. Do you think that cutting access to benefits today is a tool you will want to use because you believe that it would also solve the problem? Or will it just reduce the bill?

Pat McFadden: I am not announcing benefit changes today. We have just implemented a benefit change from April, which the Committee will know about, on UC health. We have cut in half the difference between the UC health rate for new claimants and the standard rate—it goes back to the questions Ms Baxter raised to me. There are two parts to that; there is what you get on UC health and there is also what you get on the standard rate, and it is important to consider both of them. So we have made a very significant change—probably one that has not had much attention because of the furore over everything else that happened last year. We have done that, but I do not have any further changes to announce today.

Q57 Lee Barron: On NEET rates, is there a target for the reduction?

Pat McFadden: A bit like the answer to the question on child poverty the Chair asked me a wee minute ago, we do not have a formal target, but I really want to get these numbers down. Let me tell you what is achievable. I spent last Thursday in the Netherlands, which has a NEET rate one third of ours. I recommend the Committee having a look at what people are doing in the Netherlands, if you wish, at some point.

Chair: We did have international guests at one of our sessions.

Pat McFadden: What was really striking about the visits and the discussions I had with my opposite number, the Minister there—everything we visited—was that they do not have one intervention or one fork in the road, which our system is characterised by. They have multiple interventions to help young people all the way through, right up until the age of 27. It is work experience, training, going to college—it is intervention after intervention, at age 16, 18 and right through the system; there is very active support for young people. They do have a



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rising rate of youth unemployment, but it is at a lower level than ours. It is just a more active system. You cannot lift and shift entirely from one country to another—there are always different traditions and so on—and I do not pretend you can, but I think there are lessons we can learn from what they are doing and from other countries that have lower rates of youth inactivity than we do.

Sir Peter Schofield: There is also a call to action for the civil service on how we do business. Increasingly, the focus needs to be on working across departmental boundaries—working around the lives of individuals and around the lives of cohorts of young people. It can work that way in the Netherlands and elsewhere because they do not necessarily have that kind of siloed approach. We have to look at this across systems, as well as within systems.

Q58 **Lee Barron:** Targets would obviously be one way of addressing the success of anything. The DWP has said that, I think, 500,000 opportunities for young people have been identified. Is that a start?

Pat McFadden: That is true, and some of those opportunities are for work experience; there are 300,000 more work experience opportunities. These are really important. By the way, work experience is taken very seriously in the Netherlands. One of the startling facts in the Milburn report was that a majority of those 1 million young people who are NEET have never worked. Now, there is a tendency to say, “In my day, this and that.” I don’t really mean that, but I remember the jobs I had as a teenager—delivering newspapers, stacking shelves with newspapers, cutting people’s grass or whatever I was doing. The sense of pride and purpose in being able to earn your own money is really important for young people, and too many young people are not getting that. Then if you add AI hiring—it is a soul-destroying experience for young people to go through where they apply for maybe 200 jobs, it is all AI and they do not even get a response. There is a lot of things going on here, which we as a Government have a duty to try to respond to, with that question, “How do we help young people?”, in mind.

I think the narrative around young people is far too negative—all the stuff being written about young people as snowflakes and shirkers and not wanting to do anything. The young people that I meet want to work; they want to have a chance. It is up to us to give them a platform to do that. On the things you have mentioned, I think the issue of work experience is so important because it helps get them out of that bind of, “We can’t give you a job because you have no experience.” Well, how are they supposed to get experience? So we have to help them.

Q59 **Johanna Baxter:** Thank you for that. I want to stay on the subject of NEETs—I hate the term as well, but it is the one that we are using. Tackling this is going to need a whole-of-Government approach. Sir Peter just referred to it as being across systems rather than just within them. What does your experience tell you about the adequacy of cross-departmental working to achieve an aim like this—reducing the number of young people not in education, employment or training?



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Pat McFadden: It is a brilliant question. If I could perhaps use quite a Whitehall phrase, it is a challenge, and it has been a challenge for a long time. I always say that human beings do not live their lives according to our departmental boundaries; they really do not care much about what is the responsibility of DWP, the Department for Education, the local authority or the Department of Health, or any of that. We have to treat people as people. What I would say to encourage you is that the Secretary of State for Education and the Secretary of State for Health really take this seriously. They are as committed as I am to an agenda of opportunity for young people.

Let me give you one example where I think things are being done in a more imaginative way. I visited a youth hub in Tower Hamlets the other day. It is about getting employment help and support out of the job centre and into the community, and we hope for many more of them are around the country, sometimes in partnership with the local football club or rugby club or whatever. It brings together not just job finding help, but mental health, housing and debt advice help, because people are people. They are not just dealing with one thing. It is not a linear, "We are going to take you, and it is all just about work." Sometimes there are some things that need to be sorted out before people get there, and the youth hub can be a really positive way to do that.

To go back to my Netherlands trip last Thursday, what was really interesting was that I went to a youth hub in the south of The Hague and it was almost exactly the same as what we were doing in Tower Hamlets: the same services, and the same feel when you went in. If you talk to the DWP staff who work in them—sometimes it is a couple of days a week—they are really positive about it. It is a different atmosphere for the young person going in. We have to be imaginative about that cross-departmental challenge. It is a great question. It has bedevilled Governments of all colours for many years, but this is so important that we cannot allow departmental boundaries to get in the way of opportunity.

Q60 **Johanna Baxter:** I will develop this a little bit further. Do you think, in terms of that cross-Government working, some sort of cross-Government strategy on youth employment would help to get Departments working together? Is there an interministerial group for this subject, as you mentioned in one of your earlier answers there is on child poverty? I am trying to get at what the tools are to get those different Departments to engage more on this issue, so that it is engrained in their thinking rather than them just saying, "We need to remember that Pat has asked us to do x, y or z."

Pat McFadden: We mustn't fall under the illusion that a Committee is the answer.

Sir Peter Schofield: With one honourable exception!

Pat McFadden: With great respect to this body. That is the classic way of dealing with this, and I do not want to knock it—or maybe I just did. There may be a role for saying, "We'll have a Cabinet Committee on it." It may



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be a good thing, and interministerial groups can do really good work, but what is more important is a shared political commitment that it is a priority. I mentioned the Secretaries of State for Health and Education, and I am enormously grateful to the Prime Minister and the Chancellor for their support for this agenda.

I had to go to the Chancellor and ask her for money for the youth guarantee, when I know there are many other calls on the public purse, and she was willing to support that and the Treasury was willing to support that. The centre of Government, in terms of No. 10 and the Treasury, are supportive of this agenda. I have heard the Prime Minister talk about it. I believe that this is an agenda for all seasons. It should be a real national cause for us, and I want to beat the drum for it, not just in terms of what the Government should do but out there, talking to businesses.

Another appointment we made recently was Marc Bolland as the Department's lead NED. He is someone with great business experience, as the former chief executive of Marks and Spencer and Morrisons, and he has fantastic business contacts. He is the founder of Movement to Work, which has helped 200,000 young people get into work since it was set up at the time of the riots in 2011. So we have a lot of people really committed to this right across the board.

Q61 Johanna Baxter: You have talked about joining up different bits of the UK Government and about joining up services at a local level through the youth hubs, which are really important. There is an added element to the picture in Scotland, because of course we have another layer of government there. You just talked about having a shared political agenda. How will you make this work in places like my Paisley and Renfrewshire South constituency, where another Government hold many of the levers of power on this?

In my area, employability services have been cut by 30%—not by the UK Government—and apprenticeship places are down to one of the lowest levels in the history of devolution. Those are two really important ways of trying to tackle this issue of NEETs, but you have no control over it. Your Department is responsible for bringing down the NEET figures, so how will you join up what the UK Government want to do and what will happen to my constituents in Paisley and Renfrewshire South, with the SNP Government sitting between the two?

Pat McFadden: We have to work with the devolution settlement. Somebody asked me earlier about the previous Labour Government, and I said that I am one of the old timers who has served in both. Of course, it was the previous Labour Government that established the Scottish Parliament and the Welsh Senedd.

It is important to say seriously that we respect the settlement. You are correct that there are significant parts of the issues that I have been talking about today—specifically the education, skills and apprenticeships system—that are devolved. I hope that Governments of all colours want to



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do more about youth opportunity and young people's rate of inactivity. It is in no one's interest not to take this seriously, so I would hope to have a good and constructive dialogue with the Scottish Government about this.

There are certain elements of this that are held by the UK Government, including much of the youth guarantee and the employer subsidies. We have a jobcentre network that is GB-wide. Northern Ireland is a slightly different situation: the social security system is devolved, although in practice Northern Ireland follows what the UK Government do on these things very closely, so that is slightly different.

The truth is that devolution is here to stay, and we have to work with the system that our previous Government legislated for. I hope that, to some extent, people can check their politics at the door, as the Americans say, and share in an agenda of young people, work and opportunity.

Sir Peter Schofield: I see that locally as well. Across England, we are bringing together the careers service and the jobcentre network. In Cardiff, as in all parts of Wales and Scotland, the careers service is devolved, but I met careers service folk there, and they are engaging in the same way as we are engaging across England. Ahead of the merger in England, we are thinking about how we bring together that offer so that you meet a work coach and a careers adviser in a structured way, and have the right conversation with the right person—a strategic conversation with the careers adviser about what your skills are and what the local opportunities are. That is then embedded in an action plan that is overseen by the work coach along the way. We can make it work. I pay tribute to our local staff, both in the devolved teams and in my own teams, who are trying to make it work on the ground in a way that joins up around a young person.

Pat McFadden: Ms Baxter, I should have added that I went to Hampden Park a few months ago and announced 80 new youth hubs, a proportion of which are in Scotland, so we are setting up youth hubs in Scotland too.

Q62 **Johanna Baxter:** Have you spoken to the Scottish Government about the elements that they have control over to try to ensure political buy-in?

Pat McFadden: We always have a positive and constructive dialogue with the Scottish Government.

Chair: I am going to have to move us on. If we can have more succinct answers so we can finish on time, I would be very grateful.

Q63 **Rushanara Ali:** I have a couple of supplementaries. In relation to devolution, what framework do you have and what is the thinking around poor performance? There are lots of great examples of devolution, with results often better than what the centre can do, but there is no point putting good money after bad. If you have a poorly performing authority or agency—we can all think of them—how will you ensure that oversight from the centre is there and driven through, which is also picked up in the Alan Milburn report? Secretary of State, you are ultimately responsible and accountable for the results in your Department. We do not want to see a

postcode lottery of what happens to the resources you put in if you do not get the outcomes.

Pat McFadden: That is a great question, and it needs careful work. I am more optimistic than some about this. I spoke to the Mayoral Council that met in York a couple of weeks ago, and we talked about this. I think the new devolution structure that has developed in the country in the past 15 or 20 years, with these powerful elected mayors, has a lot to offer to this agenda. We have already done some things: youth trailblazers, economic inactivity trailblazers and Connect to Work, which the Chair asked me about.

I think we can do more, but it has to be with the right understanding of what money is for and the outcomes we are trying to drive. Outcomes are the most important thing. If we are honest, there are loads of organisations. I bet every one of the elected MPs around this table could name lots of organisations in their area trying to help people into work. They are all trying their best, but what we really need to look at is outcomes: how many people did you actually get into work?

The dialogue we need to have with this new and emerging devolved set-up is, "If we allocate money for young people, for the long-term unemployed, for sick and disabled people or for whichever group, it should be spent on that group. It should be outcome-focused. There should be an accountability framework. But within that, you know your labour market, you know your own local health service set-up, you know your own local structures, so there should be flexibility within that."

Q64 Rushanara Ali: My final question is about the deficit model that Alan Milburn talks about. You have spent a considerable amount of time in the Treasury, in opposition and government. What do you think needs to change in how the funding formula is established? If you do very well, it does not mean that money will follow in your Department. How do Government and Treasury incentivise Departments to focus on the capabilities model, which is what we need to do to get young people into work, rather than a deficit model, so that it drives innovation and improvement, rather than the structural problem of continuing to fund things that are not working? There is the ratio that you pointed out where we are spending the equivalent of £1 for positive measures versus the deficit measures.

Pat McFadden: That goes right through the system. The questions we ask people when they are qualifying for benefits—certainly sickness and disability benefits—are all about what you cannot do.

Q65 Rushanara Ali: My point is about national Government and how the Treasury does the funding formula.

Pat McFadden: I know. What I think we have to do in terms of tackling what you call the deficit model is change the exam question the system asks, from "What are you entitled to?" to "How do we help you change your life?" Once you have decided on the right exam question, then policy follows.



Q66 Rushanara Ali: Sorry, but with the greatest respect, my question was about how the Treasury allocates funding to Departments, given the point that was made by Alan Milburn about how money is stuck, in effect, in dealing with and paying for, in this case, benefits versus interventions. The £1 billion is a huge achievement, but we would all like to see more money going to support people into work.

Pat McFadden: With Treasury funding, a part of the dialogue with local authorities is, "If we do well, do we benefit financially?" The obvious question is, "What if you don't do well? Who picks up the tab?" That is not always an easy discussion in terms of what you describe as the deficit model. Part of the dialogue has to be, "How do you realistically do risk sharing and benefit sharing within the funding mechanisms we have?" It is an important and legitimate part of the discussion.

Chair: On that point, we are going to move swiftly on to Steve Darling. Can we have two-sentence answers, please?

Q67 Steve Darling: I suggest that you use LEETs instead of NEETs—as in "looking for" rather than "not in"—because that is a more positive term, if you do not like the term NEET. I suggest that you have described a bit of a quest that you are on. Although you are not literally looking for the holy grail, or one ring to rule them all, how are you marshalling your fellows on the quest? I was a bit worried that you talked about the Secretaries of State for Education and Health, but not the Business Secretary. How are you driving that quest? Why not set a target? If it is a genuine target that you are going for, then why not?

Pat McFadden: I can assure you that the Secretary of State for Business would share my view about youth opportunity and work. We are good and close colleagues. Perhaps we could set a target. I do not have religion one way or the other about it. You described a holy grail; I do not think a target is always the holy grail. It may help, but I hope that I have been clear—I am taking the Chair's instruction to be brief here—what the priority is and what we are trying to do.

Q68 Steve Darling: On the trailblazers programme, bearing in mind the number of different programmes that there are as part of the youth guarantee, are you able to unpack some learnings from your trip to the Netherlands a little more?

Pat McFadden: Trailblazers are local projects for mayors in this country with a lot of flexibility to try to help young people into work. Being candid, given that they have a lot of flexibility, I would expect different results in different areas, with some having more success than others. That is probably in the nature of it. That is why we did that.

The learnings from the Netherlands visit are probably just about the real benefit of having a focus on this and an understanding between Government, education and the business community in particular that this is a big priority and in the national interest. I hope we can develop a shared sense of cause about this in the way I believe they have in the Netherlands.



Q69 Damien Egan: I have a couple of questions on apprenticeships. Sir Peter, the apprenticeship levy has evolved into the new growth and skills levy, which is welcome and more flexible. I feel it took a long time of industry and employers telling the Department what was not working for things to change. It is very welcome the new Government have put that in. How will we know that the new changes are working?

Sir Peter Schofield: That is an important point. This is something that the Department was glad to take over in September last year as part of the machinery-of-Government change. A big focus here is the contribution towards rebalancing the way we are using the growth and skills levy to young people and to focusing on the important roles that are related to the gaps in the labour market.

We also link that to the work we are doing on skills plans for each of the eight main sectors related to the business growth strategy and the two others related to hospitality and construction, where we think there are important opportunities for growth as well. We pull them together so we have a very clear supply side and a very clear demand side and see how they relate together. That is something that we need to keep up to date, but it goes back to our relationship with employers and the role of Skills England. It is, in a way, the bridge and the conversation between them, and it is regularly out and about with employers identifying skills gaps and then working with training providers to make sure that those gaps are filled by the provision that comes through.

We are working closely with Skills England to think about the career paths and journey—the pathways that take people from education into those important roles in growth sectors in the economy. We are thinking about how training providers can provide those routes, funded by the skills levy as we develop that going forwards. That is important, and as we have taken on these responsibilities since September, we are really keen to embed that in everything else we do to support young people through that journey.

Q70 Damien Egan: Thank you. Secretary of State, this might be more reflections on your trip to the Netherlands, but people have often talked about a lack of parity of esteem between the apprenticeship route and the degree route. I think there is a big shift in that, but it could go further. I would like your reflections on that and whether there was anything you saw from the Netherlands.

Pat McFadden: Great point. That is absolutely true. I believe that expanding university participation has been a big advance in society. When I went to university 40 years ago, working-class people at universities were as rare as hen's teeth. That is not a good situation; there were a lot of people cut off from opportunity, and I am glad that the previous Labour Government played a big role in changing that, because I think it has opened up huge opportunity for working-class people. That is point one.



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Point two is that it is not the only route: FE colleges, training and apprenticeships should be held in just as high esteem as having a degree. That has not always been true in this country, and we need to change that. I think it is changing, and I saw the pride the apprentices that I met at Cammell Laird Shipyard, TfL or Gatwick airport felt in the wonderful work that they are doing. I think young people are changing the way they think about these routes. It is a really important feature of the Dutch system, and we need to make it a feature of ours, too.

Chair: The final question is from Steve Darling.

Steve Darling: I had imagined we would be out of time, so I am fine.

Q71 **Chair:** In which case, I will ask the first bit of this, because we have not talked as much as we need to about disabled people. If getting young people into work is your top priority, where does closing the disability employment gap come?

Pat McFadden: It is really important. Of course, there is an overlap because an increasing proportion of young people are, as we said earlier, registering for long-term sickness benefits. I want us to take this seriously. We have not got into the Access to Work system this morning, which we might. We are employing 500 people to clear the backlog in that, which has bedevilled the scheme in recent years. I told the Department that that was not good enough and we had to clear the backlog, and we have a plan to do that, which is important.

Broader than Access to Work—going to Ms Ali's question about deficit models and so on—I think we should be aiming for maximum participation. Sometimes that is work, but sometimes it is society, too. If there is a philosophy that unites all the employment support under the "Pathways to Work" banner, Connect to Work and WorkWell, it is that you should have maximum participation, and that is what we will try to help you do. It is important for us, and we have to keep going on it.

Chair: Thank you. We look forward to your response to our report "Employment Support for Disabled People: Disability at Work", because we had a few suggestions on how you might do that in addition to Access to Work. That concludes our evidence session for today. Thank you so much, Secretary of State; thank you and have a very happy retirement, Peter. We have enjoyed having you here on this last occasion.