

Work and Pensions Committee

Oral evidence: DWP's Annual Report and Accounts 20/21 and Spending Review settlement, HC 728

Wednesday 24 November 2021

Ordered by the House of Commons to be published on 24 November 2021.

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Members present: Stephen Timms (Chair); Debbie Abrahams; Shaun Bailey; Siobhan Baillie; Steve McCabe; Nigel Mills; Chris Stephens; Sir Desmond Swayne.

Questions 1 - 105

Witnesses

I: Peter Schofield, Permanent Secretary and Accounting Officer, Department for Work and Pensions; Neil Couling, Change Director General and Senior Responsible Owner for universal credit, DWP; Tara Smith, Finance Director, Strategic Finance, DWP.



Examination of witnesses

Witnesses: Peter Schofield, Neil Couling and Tara Smith.

Q1 **Chair:** Welcome, everybody, to this meeting of the Work and Pensions Select Committee. Welcome to the Permanent Secretary, Peter Schofield. Peter, would you introduce your team to us?

Peter Schofield: Yes, thank you. It is great to be here. I am joined by Neil Couling, who is the director general for change and resilience, leading off on our work on fraud and error, universal credit and our response to covid, and by Tara Smith, who is the director for strategic finance and has been leading on the work on the spending review among other things.

Q2 **Chair:** Thank you all very much for coming. I will start with the first question. Peter, DWP's day-to-day spending will have fallen by something like 40% in real terms over 15 years by 2024-25, the end of the spending review period. You said at the Public Accounts Committee meeting that you will be able to tell us about the targets and metrics you have agreed with the Treasury. Can you set that out for us to start off this morning?

Peter Schofield: When we were at the Public Accounts Committee we talked a bit about some of the key pieces of work we were doing in the wake of the spending review—I think it was the day after the spending review—to get to a position where we can answer that question.

The priority, the biggest thing that we talked about was getting the taper change in place for universal credit. I am delighted that that is in place as of today, which means that every assessment period between now and Christmas will take account of the change. It means that we are seeing that change to people's universal credit levels from today, so great work from Neil and his team to get to that point.

The second key focus for us was trying to give clarity to colleagues on fixed-term appointments that end at the end of March. There are 6,000 of those, primarily in back-of-house service centre roles. We still have to take some of that through Government and we need to talk to the trade unions, but we hope to give some good news to many of those colleagues very shortly. We will then move to the point where we have particularly work coach colleagues whose contracts run out at the end of June and we are hoping to make progress on those. Those are a couple of things that we talked about at the PAC.

On the targets we agree with the Treasury, there is a process to go through. You will remember from your days as a Treasury Minister that we need the letter from the Treasury that sets out the settlement in detail. It is a very long letter. Tara reminded me yesterday that we often have to wait several weeks after the spending review to get that full letter, so we are still waiting for that. We then work through that—we are already under way on workforce, as I have described—on what can we



now afford with delivery. The spending review document, which you will have seen, sets out the high-level elements of the spending review, but we need to translate that into our business plan, which we will be doing over the coming months.

The document that I think will answer your question—and I am probably a little bit ahead of what I could do when I talked to the Public Accounts Committee meeting—is the outcome delivery plan. We will publish that, alongside every other departmental outcome delivery plan. It will set out the metrics that we will be held to account for over the spending review period, particularly focusing on year 1. I will probably refer to the NAO overview document, which I hope colleagues in the Committee have, a fair bit in this hearing. It sets out the metrics that we are being held to account for in the year we are in. I imagine that we will have similar metrics for the years ahead, but that will all be set out in the normal way in the outcome delivery plan.

Q3 **Chair:** When do you expect that to be?

Peter Schofield: You would think it would be before the financial year begins. Tara, can you remember when the ODP was published? We basically do it alongside all the Departments in a process controlled by the Cabinet Office and Treasury. I imagine that it will be spring to early summer next year.

Q4 **Chair:** You were given £103 million in the spending review for fraud and error work. Is that enough to reduce universal credit errors to the 6.5% level by 2027-28 that you have set as the target?

Peter Schofield: No. This is part of a package, I am hoping. That £103 million funds the continuation of the measures that were put in place in the spring Budget in March this year. That was £44 million for the year that we are in currently. The £103 million enables us to continue those initiatives forward through the spending review period. Those are things like investment in transaction risk, data analytics, some of the connections that we make between our systems and local authority systems to be able to identify fraud and error in, for example, housing benefit. We are able to continue those initiatives.

When I was at the Public Accounts Committee in September I talked about two broad enablers that we needed. One was a broader funding package, and you will see in the NAO overview document that we are still in negotiations with the Treasury on the elements of funding to take that forward. There is a limit to what I can say on that. The Treasury seems happy with our proposals, but we are still waiting to hear decisions on funding. On some of the legal enablers, we talked about legislation in particular to help us get access to things like bank account details to address capital fraud. There we will have to wait until the Queen's Speech to see whether we get the legislation we need.



HOUSE OF COMMONS

There is another element of our work with other Departments, particularly HMRC. One of the biggest areas of growth in fraud over the last year has been in self-employment where we don't have the same access to real-time information that we have for PAYE-type employment. That has seen a big increase, partly because the composition of the claim base has changed. We have seen a tripling of the number of people on universal credit who are self-employed or have been self-employed but also because of the difficulty of identifying irregular earnings. We talked at the Public Accounts Committee about some of the things we want to do with HMRC, getting to the point of maybe quarterly returns on earnings from self-employed people and whether we can tap into that. The problem we have is that people only update their earnings for tax purposes annually and then we will be behind the game.

The combination of further funding, legal enablers and partnership working with other Departments feels like the key elements to driving us down towards where we want to be, which is close to that business case position in universal credit for 2027-28 of around 6.5%.

Q5 Chair: Is the further funding that you are hoping for from the Treasury within your announced settlement or on top of the announced settlement?

Peter Schofield: On top of it.

Chair: There is some more money to be allocated?

Peter Schofield: We hope so. That is why I have not got to the point I have been promising—and I am sure you will hold me to account—to set a target, but I want to know where I am on the overall position before I do that. That will be key, so we are waiting. I wish I could say more but we are waiting to see.

Q6 Chair: A last point from me on this. In August, fewer than 60% of calls to the state pension new claims line were answered, and there have been some comparable problems on other lines as well. Do you have the resources from the settlement to fix that problem?

Peter Schofield: Yes, we do. We have talked quite a lot about some of the challenges on the state pension side. There is a lot in the news about some of the delays to new state pension claims as well, so we have been putting more resource into the whole retirement services area. We have been able to free up some people out of the universal credit lines as we finished the retroaction work. We have brought in people from the Northern Ireland Civil Service. We have a partnership working with the Department for Communities over there. We have also brought in some people from the surge team in the overall Civil Service operational delivery profession. We have brought additional resource into retirement services and that is making a difference.

There are a number of other challenges that I am sure we will talk about. One is state pension claims, and I am delighted to say that we have



addressed the backlog of delayed payments on the state pension. We got to that point by 2 November. There is also the state pension underpayment correction exercise, which will be running through to the end of 2023. I was at the PAC on that one again only a few weeks ago.

Q7 Sir Desmond Swayne: Within the limitations of not yet having received the letter of which you spoke, can you tell us what your ambition is for the numbers of work coaches that you will have in 2024-25—how many more than you had before the pandemic?

Peter Schofield: That is part of our working through, but let me give you a few pointers, Sir Desmond, to help on that. We were on around 13,500 before the pandemic and we doubled that to 27,000 by the beginning of this financial year and we have been holding it at that level. We will not keep it at that level. It will fall away because we are basically seeing the number of people in the intensive work search group within universal credit coming down quite significantly. It peaked at 2.5 million in March, and it is now below 1.9 million and is falling by about 1% per week.

We need fewer coaches for that element of the work and as that continues to fall it will free up resource, but on the other hand we are being funded for some new initiatives that will require additional work coaches. For example, the move to UC will mean more people in universal credit and more people coming into conditionality who are not currently on conditionality and legacy benefits. On investment in the health journey, there is some funding in the spending review—I think around £150 million—that enables us to have work coaches meeting people who have lost their jobs and are waiting for a work capability assessment and also work around in-work progression. I think that we will drop below 27,000. We will keep our capacity well up, I imagine well above 20,000, but we need to work that through in detail.

Q8 Sir Desmond Swayne: Do you have any idea of how many of the 13,000 or so who I believe are currently on short-term contracts you will have good news for in April?

Peter Schofield: I am hoping it will be before April. Their contracts finish at the end of June but as soon as I have certainty I want to give it to them. We have recruited some wonderful people into those roles, people with new types of skills, a different demographic as well, which has been beneficial for our organisation. I want to keep as many of them as I can. The difference between them and the people I talked about earlier—the 6,000 in roles where the contracts end at the end of March—is for work coaches we need to be very clear about our geographic spread of demand, because obviously you want to have the work coaches in those parts of the country where there are people who need the support. That takes a bit longer to work through, but I am hoping it won't be long after Christmas. I want them to have clarity as soon as possible that will enable me to persuade them to stay with DWP rather than look for other work.



HOUSE OF COMMONS

Q9 **Sir Desmond Swayne:** You spoke earlier of other core DWP staff who are on short-term contracts. How many are there? How many were there in March this year and how many do you anticipate having in March next year?

Peter Schofield: The 6,000 folk on fixed-term contracts are largely service centre staff. We need a final piece of governance just to dot the i's and cross the t's on that. I imagine that we will want to keep the vast majority of them where we can.

Neil Couling: Sir Desmond, they are the people who we hired right at the start of the pandemic, so before we hired the bunch of people to help us to cope with the volume increase, and then we went to hire work coaches to help us cope with the ensuing need to support people back into work.

Q10 **Shaun Bailey:** Mr Schofield, I will start on the future support offer. Having looked at the tender document, and there is £113 million allocated to this, I noticed that predominantly this is for telephony and digital services. Given that the digital divide has been raised with the Department a number of times and particularly given the Department at times has pushed the fact that it has been quite practical at times with face-to-face, why does the future support offer seem to tend towards only telephony and digital services?

Neil Couling: We were very impressed by the way Citizens Advice and Citizens Advice Scotland coped during the pandemic using a predominantly digital and telephony-based service. With help to claim coming to an end, we concluded that that was a sensible thing to tender for going forward and the provision that we hope will come when we get this letter doesn't specify just face-to-face or telephony back to us. We know that when we move to UC we will want to use partners in some way as part of that process, mainly because we have quite a lot of anxiety in legacy benefit claimants and want to leverage what our partners can do. Claimants may have more confidence in them than just a brown envelope from the DWP. We have tendered for what we know now while we were drawing up our move to UC plan.

Q11 **Shaun Bailey:** So that I am clear, are you saying that hopefully there will be scope to have a mix of face-to-face in addition to the telephony services? Is that what you are saying?

Neil Couling: We have that flexibility and we have tendered for, effectively, the core service that went very well during the pandemic. We are considering what we need, and we are talking to partners about that. The spending review settlement gives us the flexibility to do something like that if we decide that is necessary.

Q12 **Shaun Bailey:** On that point, you have acknowledged, Mr Couling, that there are individuals who have anxiety with the use of digital services, in your view what does that support look like? Do you want to get them to a point where they are confident to use it? I am conscious that there are



two issues here. There is access to digital resource in the first place and the anxiety about the system as well. I am keen to understand what that strategy would look like going forward.

Neil Couling: Help to claim was based on our experience of universal support and we concluded—your predecessor Committee did a good report on this—that universal support was not really tuning into the help people needed, which was at the initial claim. The move to UC in some ways is like making an initial claim because we want people on legacy benefits to claim universal credit. I am hypothesising at the moment that we need something similar for those who cannot engage digitally with us on their own or with support from the Jobcentre or other bits of DWP. I am deliberately trying to keep this open at the moment because how we develop universal credit is we test and learn; we try out hypotheses and see how they go and then we move to doing something like a national contract. We want to test here and explore what will work best.

Q13 **Shaun Bailey:** Okay. On a slightly separate topic, you have had £0.5 billion allocated for digital activity and £1 billion allocated to upgrade the DWP estate. Can you talk me through exactly how you see that money being spent, particularly on the digital element? Is there going to be a degree of upgrading legacy systems as part of it? Talk through how that will work.

Peter Schofield: I might turn to Tara in a second to say a little bit more about the detail. The £0.5 billion for digital is part of a total of £2.6 billion for the entirety of running the digital estate. Within that, we have the cost of the normal running of operations and the normal software licences to keep things going, but there is also money in there to help us create new systems and to move some of our legacy products on to some of the new systems, for example on pensions and attendance allowance for carers. Tara, do you want to say a little bit more about the detail?

Tara Smith: Yes, I am happy to. There is a very good description in the NAO departmental overview report on page 40. This allows us to fund our service modernisation programme where we will aim to have a more joined-up service, and more self-service for customers who want to follow their claims. We will be able to have better use of data and ultimately we like to think that that will reduce our spending on legacy systems and make our systems more efficient, but it is very much about the customer service as well. The great thing about having our spending review settlement now is that allows us to do the planning and develop the service modernisation plan over the next three years.

Peter Schofield: Mr Bailey, we talked about the old pension system at the Public Accounts Committee. One of the things that this money enables us to do is build some of the capability within the new pension platform, which is called “Get your state pension”, which will in time enable us to migrate over customers on the legacy systems. It is a very complicated process, so during the course of this spending review we will



HOUSE OF COMMONS

have the money to build the systems and “Get your state pension” but it will take more years to move all the 12 million people over.

Q14 Shaun Bailey: Do you have any indication of roughly how long that will take? I assume you have been planning for this. Do you have any indication of the timeframe you are looking at?

Peter Schofield: We look at this in two time horizons. One is what we can do over the spending review period, which is primarily building the kit and developing the hardware and software in the existing “Get your state pension” system and starting to move some people over, but it will be well into the next time horizon, which will be the next spending review, before we move people over. As we talked about with the PAC, it is complex and these are business critical systems and many people rely on them, so we need to get it right.

Q15 Shaun Bailey: The Committee will be looking at that with interest. I will finally look at the point that Sir Desmond raised with you about staffing more broadly. You have had the £99 million allocated over three years to expand work coach support. According to the wisdom of the Committee, roughly speaking if you were to have an average work coach on a remuneration of £30,000 a year, you are looking at an extra 1,100 work coaches. Do you think that figure is adequate for the level of support you want to provide? From what Mr Couling said before, it sounds as if the offering you are trying to give is much more comprehensive and perhaps more technical than we would necessarily have envisaged. Do you think that additional capacity is going to be enough for the ambitions that you have as a Department?

Peter Schofield: Which £99 million do you mean?

Shaun Bailey: This was allocated to you for expanding work coach support.

Peter Schofield: This is the in-work progression?

Shaun Bailey: Yes, the in-work progression.

Peter Schofield: This is building on the work—we have done some test and learn over many years on this—that the In-Work Progression Commission developed with its report in the summer. The £99 million will enable us to do more in this space but still continue to build it out gradually as we learn what works well.

There are two dimensions to this. One is having specialist work coaches who understand the nature of the type of labour market they are in and the opportunities there are to help people in low paid work to progress in work, to link them to skills and training. It is more specialist type of activity than our typical work coaches would do, so we need to learn how to train people up to do it. The second thing is about how to help people in those situations address barriers to doing more work or different type



HOUSE OF COMMONS

of work, and childcare is a critical one that Ruby McGregor-Smith identified in her work.

Q16 Shaun Bailey: To come back to my original question, we have seen from the Prime Minister this push on a high-skill, high-wage economy. Looking at that, are you confident that that gives you the capacity to deliver what you want to deliver? It is yes or no really. Are you confident that that funding over that period will enable you to get where you want to be? You have those ambitions there; basically, is it enough?

Peter Schofield: It is enough to do the work that we know works well now but, to be honest, we want to use this money to develop concepts further, to demonstrate our business case and then go back to the Treasury for more money if we can demonstrate that we can be a key part of the productivity drive across the country. Tara, do you want to add anything on that?

Tara Smith: Yes. That is one part of the funding we have received that we are now doing the detailed planning for. I think we have got a good settlement across all the various funds that we need for service delivery and work coaches. We need to do the detailed planning for the immediate first year but also then to make sure that we are looking at economic forecasts to think how we might need to flex our model. There are two things about how we keep a close eye on what we will be needing our work coaches to do over the course of three years but, also, developing the pilots and working collaboratively with Treasury if there is a case for more funding that would help the overall economy.

Q17 Shaun Bailey: So that I am clear, you are saying that you are happy with what you have at the moment, but there is always scope to get more, which I suppose is what any Department probably says at some point. The £156 million of job finding support has been announced. Will the Department be retaining the disability employment advisers? I am keen to know whether they are still a priority.

Peter Schofield: They work well, as you will know from your experience in jobcentres. We have incorporated them into our core offer. The additional money to support people with disabilities is for additional work coaches on top of that to enable us to help people who are waiting for a work capability assessment to support them. Those are often people who have literally just fallen out of work and they may be in the best position to help get back into work one way or another. We want to invest upstream at that level and that is what that is for, but the DEAs continue.

Q18 Chair: You have got about £2.8 billion for investment in the estate. How many new jobcentres have you opened now and what is your expectation in the future for jobcentre numbers?

Peter Schofield: The NAO report had the 156 number, and we are growing that to just over 200 I think is the plan.

Chair: Is that 200 extras?



Peter Schofield: Extras. But those are typically on three-year lease contracts and the funding assumes that that falls away and we get back broadly to the footprint that we had by the end of the spending review period. Some of the new jobcentres are better positioned, better buildings than we have currently in that location, so there may be the opportunity to move out of one and into the other for our long-term hold. The money for estates is to continue the current estates but the exciting thing is the opportunity of lease breaks that happen in 2023. You will probably remember that we had our prime contract, which was a 20-year contract that finished in 2018. At that point we negotiated five-year lease breaks for most of our remaining buildings.

It is a story really of the back office not the front office. The front-of-house Jobcentre network will broadly be back to where it was pre-pandemic other than the swapping in and swapping out that I described earlier. There is the opportunity for us, which we are taking, in some of our back-of-house places to consolidate a bit, much as we have done in South Wales.

We took the five service centres in some of the South Wales towns and cities and brought those together into the Treforest Ty Taf centre just outside Cardiff. It is a much better office in the quality of the work environment and the ability to pull together teams operating in a flexible way. Another example is in Birmingham where we have moved out of the Five Ways site and into the Birmingham Arena site alongside other Government Departments in the heart of the city. That is a better location and a better building.

This money is going into improving and consolidating our back-of-house sites, enabling us to greener sites that are more sustainable, are better working environments and save money as well because we will have fewer leases to maintain over the period after that.

Q19 **Nigel Mills:** Peter, will UC ever be fully rolled out? Is it like tomorrow never comes and nor will the end of UC roll-out? I see it has now been extended for another six months. Is that absolutely the end?

Peter Schofield: We are determined, and Neil and I are determined, to see the completion of universal credit, absolutely. We have seen the benefit of universal credit through the pandemic, what it means to have the system and obviously a digital system, but also the implications of having a single taper extended to all working age benefits will be a huge win for the labour market and individuals going forward. The good news is that we got the funding in the spending review to finish this on time.

Nigel Mills: On time?

Peter Schofield: We are debating 2024, 2025. We think we will finish at the end of 2024, but it takes three months, the regulations allow three months for people, once they are in the system, to go through system and claim before their benefits come to an end. That is why the



Treasury's document says March 2025. We had to suspend the process for managed migration in the Harrogate pilot because of the pandemic, but the process—the strategy—remains the one that the Secretary of State and I described at this Committee back in July. It is working, first of all, with the people who are better off if they move to universal credit and there should be more of them because of the changes to the taper, and then the mandatory phase of moving people over through a discovery phase first and building to scale through 2023 and 2024 with the aim of completion, in my words, by the end of 2024. The Treasury describes that the final people will go the system by March 2025.

Neil Couling: I remember in 2014 Margaret Hodge, who was Chair of the PAC, gently teasing me that, "At this rate of progress, Mr Couling, it will be complete by 2045", and she was right. At that rate of progress, it would have been but that is not how you deliver these major transformations. You go slow, slow, slow at the start and you go very fast at the end. If you look at how we did the roll-out in jobcentres, we did 70% of the jobcentres in the last eight months of that phase of the programme.

We took three-and-a-bit years getting there because we tested very carefully. There are some very vulnerable people on the end of our services here, and we have to be absolutely certain that things work and that they work well and you can run them at volume. We develop things, as the Permanent Secretary said, in the discovery phase, small volumes. We then test on bigger volumes—can the system cope?—and only when you are absolutely certain do you then go a bit more hell for leather. That is why we think we can get this done by the end of 2024 or in Treasury terms March 2025. Both are consistent.

Q20 **Nigel Mills:** I am sure if I remember rightly at the start of this the plans having rolled out by the end of the 2010-2015 Parliament, so we are now not the one after that or the one after that.

Neil Couling: No, to be fair to Iain Duncan Smith, his plan was by 2017 but, as we know, the programme had a number of rather profound problems that I was asked to try to deal with about seven years ago. I think I have managed to do that, but you cannot catch up on time like that. I don't have a time machine and I cannot go back and redecide things then.

Nigel Mills: Like a capital programme.

Neil Couling: I have tried for a Tardis but the Permanent Secretary won't let me have one. The serious point here—and I have always said to this Committee and its predecessor Committee and the PAC—is that we will go at the rate that is congruent with the safe delivery of our services. It took time to effectively start again and build up what we call the full service from a very slow start in 2014, but we did complete the rollout to every Jobcentre by 2018. If we hadn't had covid, we would be well into managed migration, the move to UC phase now, but covid happened. We



HOUSE OF COMMONS

made a sensible decision then to suspend the activity and concentrate our efforts on supporting people into work and tackling the fraud issues that everybody knows about.

Q21 Nigel Mills: When will you get back to managed migration or the move to UC at any scale? Will you start doing that next year?

Neil Couling: Ministers have said that they will make a formal announcement to Parliament, but I am strongly hinting to you today, with my slow, slow, slow experience at the start of this, that you need to develop your processes and do that with small volumes. If you go too fast and it feels like you are going quicker, you reach limits of expansion quite quickly and then you get service degradation off the back of that, so you go very slowly. My advice to the Committee is that as you scrutinise all of this, don't worry about the numbers at this stage. They really are not significant. The significance is having got the right processes, will they stand up to volume? Those are the questions I was being asked when we made the decision at the end of 2107 to go to full-blooded expansion. At the time people were saying to me, "We are not confident, we are not certain." I was then because I had tested them through late 2016 and into 2017. I was confident and I could say to the then Secretary of State, "No, we're good to go here. We can expand. It will be fine," and it was.

I want to get to a similar point here, so I don't want to promise numbers. Numbers in the next year or so will be immaterial to this. It will be, "Do you have the right systems and processes developed?" and that is what we need a good period to do. Test them and then make the final decisions about the numbers that will go out in any month and so forth. Then it becomes worth monitoring what is going on.

Q22 Nigel Mills: I can certainly see after the last decade how you earned your new job title of director of resilience. If nothing else, you have shown resilience.

I have a couple of questions on fraud and error, particularly on self-employment. That has shot up dramatically in the last year, hasn't it, to become one of the largest problems? How much of that is a temporary pandemic problem, and when you put the minimum income floor back in and hopefully get it back to normal that will all drift back down again? How much of it is a real system problem that you have?

Neil Couling: We reckon that the introduction of the MIF will reduce the total amount of fraud in the system by anything from 0.7% to 1.5% of the 14.5% total that we reported in the most recent stats. Conditionality will also knock another percentage off that. You will see some drift there. The MIF doesn't get fully reapplied, as I was explaining to the PAC recently, until summer 2022, so it is not going to appear in the stats fully until about 2024 with the way in which the sampling happens.

Q23 Chair: I didn't quite catch the figure there. MIF will reduce the 14.5% by how much?



Peter Schofield: The NAO report—drawn from our annual report and accounts—at page 24 has the composition of the numbers.

Neil Couling: We think it is a range of 0.7% to 1.5%, saving 1% there. We think you will get another 1.1% on the reapplying conditionality as well. Some self-employed people are not in the minimum income floor, they are in the conditionality regime. What we think has happened, Mr Mills, is that people made legitimate claims in the early days of covid. If you remember huge chunks of the economy were effectively switched off in that first lockdown and some claimants have returned to self-employed working but they have not reported that to us. As we reintroduce the minimum income floor and the gainful self-employment test we will capture those cases who have failed to disclose this to us. That appears to be what was happening when we did the sampling on the fraud and error last time. Some of this is about that and some of it is about the accurate reporting of self-employed earnings to us.

When the samplers go in they do a forensic check on the case down to the last penny and they ask to see accounts and evidence. In the maintenance of what are about 700,000 self-employed claims in the UC service at the moment we ask people to self-declare what their self-employed earnings are. I don't think this is necessarily wilful fraud, but there is some degree of inaccuracy in how people are reporting their earnings to us. Had we done a forensic check on all 700,000 cases we would have picked up what they have declared to us, we have taken what they have said to us to be true and then that is being picked up in the sample as fraud or error and so forth. That is what is driving a lot of this self-employed and it is big in the size of the losses we are seeing.

Q24 **Nigel Mills:** How good are your links to HMRC to make sure that there is consistent information? Was there any fraud around the self-employed income support scheme that people were claiming UC and then were not linking up the fact they were getting something else as well?

Neil Couling: There was less than we thought on that. We have taken information from HMRC and then effectively data matched across. That has identified some fraud, but it doesn't account for all the loss we are seeing here in the self-employed population. In my ideal fantasy world, I would have the equivalent of the real-time earnings information that comes to us for the employed. As the Permanent Secretary was saying to an earlier question, if HMRC completes on its move to asking self-employed people to report their income three-monthly—quarterly—rather than annually, there is a chance you could hook on to that data potentially and produce an equivalent. I don't know whether we can or not, but that is a possibility, or we do more rigorous checking on the self-employed earnings. That is another response we could choose to take if the problem doesn't naturally resolve itself.

Peter Schofield: I think there is a general point here that relates to a question the Committee might be interested in on the difference between fraud that we measure and fraud that we detect. I think that is illustrated



by Neil's example there. For the self-employed we take a small sample to measure numbers of fraud and error and we delve in forensic detail so that we understand those cases. We use that to extrapolate out and that produces the fraud and error stats that you see every May and that are set out in the annual report and accounts.

You cannot do that forensic investigation on each and every case, so to tackle fraud and error in the general population of universal credit claims we need to have systems that we can scale up, which is where things like the sharing of data with HMRC on RTI have been tremendously successful. This is an example that for self-employed we don't have that bulk data transfer arrangement because HMRC don't have the data, so we don't have a way of scaling up. What we can currently measure through this intensive small sample we cannot detect more broadly across the wider population because you cannot do that forensic detail on every single universal credit case.

Q25 Nigel Mills: I recall the Committee looking at this back in 2014 or something and saying you don't have lined-up systems with HMRC, that you are going to have an annual accounting basis on one set of accounting rules, and you are going to have a monthly report of how much more cash do I have this month than I had last month and those will never line up. You will end up with completely different numbers if you are not careful because of the different rules. Would it be better now to try to have consistent reporting in the tax rules around UC so that you have the same numbers coming in at the same time rather than two completely different things?

Neil Couling: That is not really the problem, although I remember the Committee saying that then. If the monthly returns to us were accurate our samplers would pick that up. It is not that they go through their annual accounts and prove that the amounts are wrong. They go through that month's figures and what the claimant has told us is nearly always wrong. It is the quality of the self-reporting that is the problem.

Q26 Nigel Mills: But is it not that easy, is it?

Neil Couling: No, it is not.

Nigel Mills: If I buy a van halfway through the year, it affects my annual profit. I didn't know at the start of the year that I was going to do it, but I am entitled to somehow spread that over the monthly payments. It is not straightforward.

Neil Couling: That is it, but the people who sample and produce the fraud and error statistics do that to a level of forensic accuracy that neither the claimant nor our decision-makers do at the moment, hence there is a big chunk of error/fraud in the system. Some of it the samplers start doing the forensic exercises and the claimant withdraws consent from it and we conclude from that that it is fraud rather than just a genuine error going on here. They will both create a fraud and error figure for us. It is not easy, as we said to the Committee back in 2014.



HOUSE OF COMMONS

Nick Timmins and his great works on the history of the welfare state has talked about the problem of self-employment in how you design social security systems. That has not gone away because we have invented universal credit. It was there beforehand for HMRC in dealing with tax credits. It is a perennial problem.

Q27 Nigel Mills: There is some suggestion that you would need legislation to get permission to do huge data matching with the banks. Is that something you are seriously going to bring to Parliament and, if so, when?

Peter Schofield: It is certainly something that we are keen to do, for the reasons I have described to this Committee and to the Public Accounts Committee, in order to give us access to bulk data sharing with the banks. It would particularly help us to tackle capital fraud, which is another area of growing fraud as well as the self-employed in the fraud and error statistics.

A lot of conversations are going on. We are working very closely with the Cabinet Office on this and with other Departments. We are playing a leading role in developing the proposals but, Mr Mills, it is probably the most I can say—short of the Queen’s speech—in terms of where this would get to, but I would hope that we could get legislation.

Neil Couling: Bank data helps you with the self-employed as well because there is cash in hand still going on, but most payments now are going through some form of bank account.

Q28 Chris Stephens: If we move on to data recovery. You said the Department had a backlog of 1.6 million outstanding debt cases during the pandemic. What is the number of outstanding debt cases today, and how do you see that changing moving on to the next financial year?

Peter Schofield: Mr Stephens, I am delighted that we have worked through our debt referrals backlog, so we are now in a place where we do not have a debt referrals backlog.

Q29 Chris Stephens: Do you see that being the case going forward?

Peter Schofield: Yes, helped by the additional resources that we have been bringing in. We have been recruiting an additional 300 colleagues into our debt lines but, yes, our referrals backlog has now gone. We worked on that through the summer.

Q30 Chris Stephens: When you were before the Committee in July, you said to us that very little of the transfer of tax credit debt is more than two or three years old, but I think we were still waiting on a precise breakdown of the age of that tax credit debt. Can you tell us what proportion of tax credit debt transferred to DWP is old debt from years prior to the latest tax credit year?

Peter Schofield: It is a tiny, tiny amount, as I said back in July. The vast pocket of debt is two or three years old and quite a lot of the debt is



treated as debt but, if you think about the way that tax credits work, you have an annual adjustment over a year, so you have an overpayment in the year in which the individual moves across to universal credit. We treat that overpayment as debt, but it is not really. It is just something that has to be recovered through universal credit.

Q31 Chris Stephens: When you say “tiny amount”, are we talking single digit percentage figures or are we talking 0.0 figures? What are we talking?

Peter Schofield: To be honest, Mr Stephens, I do not have the number. I can see if I could get you the number, unless Neil has it.

Neil Couling: I do not have the number, Mr Stephens, but from memory it is low single figures.

Chris Stephens: If that could be sent to us.

Peter Schofield: Let me look at what we have.

Q32 Chris Stephens: Thank you. The National Audit Office says that 5% of the estimated £7.3 billion in overpayments in 2021 was detected in the year, which means that if overpayments cannot be detected they cannot be recovered. Why is overpayment detection so low in the year when the Department’s own analysis shows that overpayments are out there?

Peter Schofield: That gets back to the point I was just saying to Mr Mills a bit earlier. On the one hand, what our measurement of fraud and error is based on is we take this small sample, but we forensically drill down and go through that case. If there is any doubt at the end of that, as Neil says, we regard that as fraud. We then extrapolate that out and that gets you that big number—the £8.5 billion as a whole. I think the £7.3 million excludes housing benefit numbers in the NAO report.

That is our statistical measurement of how much fraud and error we think is in the system based on our sample. That is one thing. The challenge is then detecting that and linking that to individual cases. That is the point that we were talking about in the context of the self-employed, but you could make the same case across all the other benefit lines. This comes back to: how do we address that? Take the examples of self-employed, the things that Neil was discussing with Mr Mills earlier; those are the sorts of things we need to do more of. The same is true in capital; the same is true of all other aspects of fraud and error. How do we build the system to enable the things that we pick up and measure in our sample to happen more broadly? Neil, do you have the latest statistics on that?

Neil Couling: Yes. We think we are on track this year to treble the number of overpayments we have identified from the figure. I think about £300 million in our annual report and accounts. To the question: why don’t you find all £7 billion? If I knew where the £7 billion was, Mr Stephens, it would not exist as £7 billion because I would have stopped it. This is where the accountants have made an estimate and said, “This is the amount you are showing you have identified as an overpayment.”



Peter Schofield: The other good news is progress in terms of collecting the debt, bringing it in on a cash basis each year, bringing it back, and we got ourselves up to £2.3 billion last year and I think we are aiming for around £3 billion this year in terms of cash collections.

Q33 **Chris Stephens:** The opposite side of the overpayment coin will be underpayments so can I ask the general question: what is the measure for underpayments and what are the financial and human resources that go into encouraging claims for people who are eligible?

Peter Schofield: That is a really good point. As I have said to the Public Accounts Committee, as accounting officer, I worry as much about underpayments as I do about overpayments. Underpayments went up a little bit from last year from 1.1% to 1.2%, whereas overpayments were 3.9%. You do not have fraud on underpayments but, in terms of overall error in the system, it is worse on the overpayment side. Obviously, you can understand the focus on that but there is a huge focus on the underpayments side as well, whether it is the LEAP exercises that we have underway with the Public Accounts Committee—and the Chair was there as well—where we talked about the state pension underpayment correction exercise, so putting a lot of people and effort into that.

Then, more broadly, trying to work out better linkages, so you can get a prompt if someone is on a particular benefit or we know something about particular circumstances. Then what we can do is identify whether those circumstances would trigger or should trigger a claim for another benefit. There is more we can do on that and we are making more progress on that too.

Q34 **Chris Stephens:** I think that will be helpful. Thank you. Since January this year, the Department has undertaken retrospective action on universal credit claims paid out in the early pandemic when controls were reduced. I think you have given some answers about how much money has been recovered. How is the Department making sure that claimants are treated fairly? We would want to discourage the sledgehammer to crack a nut effect, particularly given recent reports that some claims have been stopped and payment demands being made because people cannot provide every single bit of evidence.

Peter Schofield: Neil may want to say more, but I would want to reassure the Committee that we are asking for the legitimate information that the claimant should have had, or would have had, at the point they made the initial claim even though we could not see it at the time—something like a tenancy agreement just to be able to demonstrate their housing costs were what they said they were, or basic information about themselves.

I think it is fair. I think it is right. You will have heard me say before these were the cases where, when we made the claim, it was in a situation where we had relaxed some of the controls or we could not do the initial evidence interviews that enable us to see people and the



HOUSE OF COMMONS

documentation face-to-face. We always knew these were cases we would want to go back to and look at and do those evidence checks after the event, just to make sure we can stop fraud and error. We have stopped significant fraud and error as a result.

Neil Couling: I can give you the figures if you like to help here. We were checking three checks that we could not do during the pandemic—identity, housing and children—so this is what we did trust and protect on. We have looked at about 900,000 cases; 90,000 we have identified where we think the cases were not correct. I will describe it like that. Of those, 2,000 people have contacted us for a mandatory reconsideration. It is about 2% of the cases.

Some of the cases you may have seen in the media are about people who have not responded to our requests for information and verification. We give people three chances to respond. We try three times with them to get them to respond to our inquiries and what has happened in those cases is—and it is a very small number—the person has contacted us after we have raised the overpayment on their case and in some cases started recovery action, again because they have not responded to other forms of contact from us. It is small minority of cases and, I agree with you, we do not want to be sledgehammering any nuts here.

Q35 **Chris Stephens:** The Poverty Action Group has raised some concerns about—as it sees it—a blanket approach of terminating claims and demanding repayment benefits. Has there been any engagement with the Poverty Action Group on this?

Neil Couling: Yes, we have certainly explained to the group where we think it is in error in what it is saying to us.

Q36 **Chris Stephens:** There has been some correspondence. We have heard of cases of individuals receiving debt letters with no explanation of what the debt relates to, just saying, “You owe us X.” That would seem unfair to claimants. Have you reviewed and amended the Department’s practice on that?

Peter Schofield: Somebody showed me one of the letters earlier in the week. What should happen, and I believe does happen, is the benefit line where someone has had an overpayment would write first to say, “There has been an overpayment, and this is why.” Then the letter from the debt side of the Department would follow on after that. Claimants should have been told where the overpayment is from before the overpayment is collected. Obviously, there is also a telephone number on there as well. For whatever reason, if they did not get that first letter or it was not clear to them, they can phone up and we can explain it to them.

Q37 **Chris Stephens:** Does the letter provide an explanation as to what the debt relates to because if it does not, we would want to see that in future?



HOUSE OF COMMONS

Peter Schofield: Yes. As I say, there are two letters. The first letter is from the product line that says, "You have been overpaid and this is what it relates to." Then the second letter comes from the debt side saying, "You have been overpaid because you have had another letter saying that and this is how we are going to collect." They would have had communication from the Department to say what it relates to.

Q38 **Chris Stephens:** Is there a pro forma letter that the Committee could have a look at?

Peter Schofield: You can have a look at the letters, yes.

Q39 **Chair:** Thank you, Chris. I had a letter two weeks ago, I think, from a constituent that simply said, "You owe us a debt; pay." There was no explanation at all.

Peter Schofield: There should have been a letter before that from the product line that said, "You have been overpaid your universal credit."

Chair: There wasn't. Perhaps I will give you the details.

Peter Schofield: Yes, I would love to see. The offer is open to other members of the Committee as well.

Q40 **Steve McCabe:** I want to ask about the state pension underpayments. When we had the Minister here recently he said you had taken on more staff and they are being trained up. That it would take a little bit of time, but you were going to get on top of this. Once you have your staff trained and you are going through with help, how many cases do you expect to be processing on a weekly basis?

Peter Schofield: It is one of those things where we have been working to get the systems right and then to drive them through, going forward. We have 400,000 we need to do over the course of the period, and we are doing that over the period between now and the end of 2023. I am sure I could do the maths, but we are not at full tilt yet. I think we have about 205 colleagues on this at the moment.

Tomorrow, we plan to make an announcement to the relevant staff around the next tranche moving in and then we are building up in the new year. I think the numbers we have been talking about are around 540 colleagues when we are at full pelt. I am hoping to get there in early 2022 so we can finish by 2023.

The challenge is constantly balancing resource across the piece. We have also been prioritising the state pension new claims. The thing about the state pension correction exercise is it is incredibly complicated. I had three hours with the Public Accounts Committee back in October talking that through, and we need experienced staff working on the correction exercise, but we also need experienced staff supporting our new recruits in the new claims line as well. We are balancing it and that is the point we are trying to get right, but I am very confident about delivering the completion of the exercise by the end of 2023.



HOUSE OF COMMONS

Q41 **Steve McCabe:** The reason I was querying that was I think you said that you had 134,000 cases that you had to deal with. That was your estimate.

Peter Schofield: No, we think when we finish there will be 134,000 that we have to pay, but the number we have to go through is 400,000.

Q42 **Steve McCabe:** Yes, more than you have to deal with but in order to satisfy the 134,000. It is just that I was looking at the figures that said you were able to deal with 9,400 between January and September. I do not want to do a Margaret Hodge, but that would suggest it would take slightly longer than until 2023, unless you rapidly increase the number you are dealing with.

Peter Schofield: No. It is on page 25 of the NAO report. We have reviewed 73,000 cases. The number we have paid is the 9,000.

Q43 **Steve McCabe:** You expect to pay 134,000 and, over a nine-month period, you managed to deal with just over 9,000, so I am not quite sure how you say that will definitely occur.

Peter Schofield: I need to go through 400,000 cases that the scans have identified. I have been through 73,000 of those already but I do not have all the staff. I only have 205 of the staff and I need to grow that up to around 500. That gives me the confidence that I will have more than a doubling of the staff numbers. That will improve the processes and I will get through. Now, 9,600—

Q44 **Steve McCabe:** You are doing about 1,000 a month. This is what I am trying to understand. There may be an obvious explanation and I have missed it, but if you are currently paying about 1,000 a month and you have to get to 134,000 by 2023, how are you going to do that?

Peter Schofield: The 134,000 is an estimate based on various projections. In the annual report and accounts, note 16 to the accounts goes into an awful lot of detail about how we worked out 134,000. The work we know we need to do is to go through 400,000. My confidence is that the difficult bit is not the paying. It is like a piece of detective work. The difficult bit is going through each of those 400,000 cases and working out whether we underpaid and going back over many, many years.

My confidence is we have done 73,000 of them, so that is about one fifth or one sixth of them so far with much reduced resource, and in a process that we are still building through. The NAO report, which we discussed at PAC, also talked about some of the work we have been doing to just help our agents work through and do the system. We had to develop the whole process from the start. We only started in January: we start the whole process, work it through, start on a small scale until we were at the point where we knew how we were going to do it, and improving our quality checks as well because that was another issue.



It is only when you build that through and you have the process working that you can move it to scale, so we are at the point where we know what we are doing. We are building it to scale. We need to bring the resource and the people in over the course of the next year, and then we will get to the run rate that you are talking about. It is a fair challenge, Mr McCabe; it is.

Q45 Steve McCabe: Thank you. I think you said to the NAO that of the 134,000 about 119,000 were relatively straightforward when it comes to tracing and managing it. What is so difficult about the other 15,000? What is the main problem you are facing?

Peter Schofield: These are cases where, sadly, the recipient has passed away, so we are seeking to find the next of kin. These are estimates again, because what we are required to do in the annual report accounts is give Parliament an estimate of how many we think we will find and how many we will pay. I want to find them all. I want to trace all the next of kin. I want to pay all of them, but we have to give Parliament our best estimate.

We looked at the particular cases that we have, and we categorised it between the category BL cases, the category B cases, and the category D cases, and we used a different assumption on each of those. For example, where you have a widow who has passed away, we are assuming that we only manage to trace 57% of those cases because, sadly, there will not be a spouse surviving, so it is more difficult. Our previous LEAP exercises, such as the one we did on employment support allowance, showed that this is difficult. It was when we got to the end of the process, we had quite a number of next of kin still to trace.

We have developed new ways of working with registrars, coroners and others to try to find new ways of seeking out next of kin. My assurance is always, even if we get to the end of the process and we cannot find the next of kin, we will put a note on the record. We will not destroy the record so that, as and when the next of kin comes forward, we can link them to the payment.

Q46 Steve McCabe: I am genuinely interested in this. Is the registrar in Birmingham, for example, getting letters on a weekly basis from DWP saying, "We are trying to track the next of kin. We are trying to sort out the pension arrangements"? Is that how it works?

Peter Schofield: No. Let me be fair about this. These are things that we have tried with the ESA LEAP exercises. It is one that we started in 2018 and these are techniques that we used, and it seemed to work. In the case of this state pension correction exercise, as I said to the Public Accounts Committee last month, my focus in the first instance is not on the cases of people who have passed away but on those who are still alive, and particularly focusing on those who are over 80 and/or those who perhaps missed out on a combination of the category B or category D—a combination of the two—just to try to identify the most vulnerable.



HOUSE OF COMMONS

That is the priority. To be fair, we are not talking to the registrars now because—

Q47 **Steve McCabe:** When you said about the coroners and the registrars that is to come later?

Peter Schofield: Yes, exactly. These are techniques we have used in the past that I would want to build on and use, but these are all—

Q48 **Steve McCabe:** When do you think you could move to that stage?

Peter Schofield: To be fair, it will be towards the end of the period because I want to pay those that are— Look, as I said to the PAC, “On behalf of the DWP, I apologise for the fact that people have been underpaid and what I want to do is make sure that I pay those people who are still alive as soon as we possibly can and that is my priority.

Q49 **Steve McCabe:** You mentioned there the over-80s. Am I right in thinking there are almost two categories? There are the over-80s who are required to claim an over-80s benefit and then those who you would automatically top-up because they have someone, like a contact in the Department? Is that how it works?

Peter Schofield: Are you thinking about the pre and post-2008 point?

Steve McCabe: I thought I read somewhere that, if they were already receiving some kind of benefit from you, they would get the over-80 top-up. What I am trying to understand is: if you are over 80 and you are being underpaid, do you have to claim?

Peter Schofield: No. The people who have to claim are the people who are the category BL cases, where their spouse became entitled to a state pension before March 2008. Everyone else we are working through. We know who they are. We are working through and our scans have helped us to identify the population of 400,000 within whom these people should be there.

Neil Couling: Just to add that this is such a complex area of policy, as Peter laid out for the Public Accounts Committee. There are a small group of people who are aged over 80, who do not have any entitlement to the basic state pension, who will qualify for an over-80s pension.

Steve McCabe: Over-80s payment, yes.

Neil Couling: They have to claim in the same way that, when I get to pension age, I will need to claim my state pension.

Q50 **Steve McCabe:** Am I right in thinking that there are broadly three categories? There are the people who should get an increase when they hit their 80th birthday?

Peter Schofield: There are three categories that we are looking at. There are the category BL pensions, and this is all for people who have



HOUSE OF COMMONS

retired pre-2016 on the old state pension system. There are the category BL cases, which are where you have the spouse or the partner of someone who is retiring and receiving a state pension. They would be entitled to a category BL case depending on their circumstances. As Neil says, it is very complicated and we can go into more detail, but that is where you become entitled: at the point where your spouse or partner retires.

There is the category B pension or conversions, which is where your spouse passes away and then you get entitlement—

Q51 **Steve McCabe:** Because of their contribution?

Peter Schofield: Because you inherit their contributions. Then there is the over-80s, the category D pension, which if you are receiving less than £82.44 a week and you reach your 80th birthday, you would then be entitled to a category D pension depending on your residency situation over the previous 20 years.

Q52 **Steve McCabe:** It says here that you have estimated there is at least 37,000 of these people. There could be a lot more if you add all three categories together. If they are already over 80, the quicker they get their money the better.

Peter Schofield: Too right. I agree. That is why we are prioritising them.

Q53 **Steve McCabe:** How long will it take for them to get their money?

Peter Schofield: We are prioritising them and we will work that through.

Steve McCabe: As best you can.

Peter Schofield: I would aim to do that in the first phase, but it depends on getting the resource in and building to the 540 people that we want to have in, but there are two years to go so I would want that to happen fairly quickly.

Q54 **Steve McCabe:** Is it right that, on average, these people are due at least an extra £9,000 from the Department?

Peter Schofield: That is right, around £8,000 or £9,000, but some are very small and some are very large amounts.

Q55 **Steve McCabe:** They could already be 82 or 83 years of age.

Peter Schofield: Yes. Obviously, the people who are the poorest would have been receiving a top-up of pension credit so many of the cases that we have looked at, as we have repaid them their state pension we have also deducted the overpayment of pension credit that has been a result of that. Pension credit would have topped people up to around £177 a week.

Q56 **Steve McCabe:** I believe you when you say you want to pay these people as quickly as possible. I have absolutely no doubt about that. If they happen to die in the next year before you get to pay them, what



HOUSE OF COMMONS

happens to the money?

Peter Schofield: It goes to the next of kin. It was the conversation we were having a bit earlier.

Steve McCabe: You just move it on to someone else. Thank you very much.

Chair: We are a little bit behind schedule so, Chris, you are next but if you could be fairly succinct, I would be grateful.

Q57 **Chris Stephens:** Moving on from state pension underpayments, the issue we have had recently is with the backlog of delays to the first payment for a state pension at the end of October. Can you confirm that there are no continued delays, and that pension claims are being processed in line with what would be regarded as normal performance targets for people who should receive a state pension on that eligible day?

Peter Schofield: Yes, thank you. I am glad to do so, Mr Stephens. We completed the backlog on 2 November. We still have the people who we are still waiting for further information from. I think the report has 4,200 as the number. I think we are now down to around 3,000 where we would be ready to pay, as long as the individual verifies details. That could be things like bank account details, for example.

I am glad to say that we are now working through the next tranche, so we are now going through claims that are due for payment in December, so we are getting ahead of the game to enable us to be ready for the winter.

The other good news story is a number of these new claims that we are now paying in a fully automated way. It is the contrast between the conversation we were just having about the old state pension, with all its complexity and the use of manual systems as a result, to the new state pension that has been in place since 2016. The policy is much more straightforward, and we are able to automate them. Something like 60% of new claims are now fully automated, so they go straight through the system without any human hands, obviously, reducing the risk of error but also enabling us to pay people much more quickly.

Q58 **Chris Stephens:** The Department redeployed 700 staff to retirement services, to address delays, so I think the question may be: with that redeployment are there going to be delays or problems in other areas of the Department?

Peter Schofield: Sorry, as I said earlier in this hearing, we moved around 800 across from universal credit, particularly from having finished the retroaction that Neil described earlier. That has been supplemented by additional staff support from colleagues in the Northern Ireland Civil Service and the operational delivery surge team. That has taken us to around 1,200 extra staff in retirement services.



HOUSE OF COMMONS

Q59 **Chris Stephens:** My last question in this section, Chair, then: we have heard from individuals who are reporting to us who have had to call the Department to ask about their delayed pension and found that call handlers have had no records of their previous calls. This is someone phoning, and they are anxiously waiting for the state pension, so is that the level of service that you would expect to be provided and how can you improve on it?

Peter Schofield: Not at all. You can imagine how I felt. All calls are recorded, and all calls should be logged. This may have been an issue with one of our suppliers who do the initial triaging, and we talked a bit about that in the Public Accounts Committee last month. The systems should work, and I am keen to hear from you or other colleagues on the Committee of any situation that you hear where that has happened.

Q60 **Chris Stephens:** Can you look into it for us?

Peter Schofield: Yes, sure.

Chris Stephens: It would be useful if you could look into that and come back to us, because that is a concern if someone is phoning repeatedly waiting for their first pension and the call handler says they have no record of them having called previously. I suspect that is unusual. I suspect you should have systems in place to know that someone has called.

Peter Schofield: We do, absolutely.

Chris Stephens: Thank you.

Q61 **Debbie Abrahams:** Good morning, everyone. I will start with a set of questions in relation to sanctions and the recent sanction data. Since we have been talking about fraud and error, I recognise absolutely what you said about the real concern. I think everybody here shares that real concern about the role of organised crime gangs in relation to that. Mr Couling did say that one of the ways that you are trying to manage this is around conditionality.

Linking that to my questions on the sanctions figures, sanctions for June were 8,687 but they went up in August to 18,161. As I understand it, half of those were sanctioned for a month and it was 100% of their standard allowance. Again, with the caveat that we recognise where we are, is this not a bit of a blunt tool, to use sanctions in this way? I believe it was for a non-attendance of one interview where this one-month sanction occurred. Is it not a bit of a blunt tool to do this as a means of trying to control fraud?

Peter Schofield: Thank you for raising it, Ms Abrahams. It is a last resort. Any conditionality regime must have a last resort, and that is where sanctions come in. On those numbers it is about 0.78%, so it is still a very small proportion of the case load that gets to that point. It is linked to a number of things. One is absolutely around fraud and



HOUSE OF COMMONS

combatting fraud, but a key aspect of this is conditionality and engaging with the work search regime in jobcentres.

I sit in jobcentres on quite a regular basis and I do know that sanctions are very rarely used. They only come when, after a series of attempts to engage the individual in the process of seeking work, they are not engaging. It could tell us that it is a fraudulent claimant, an individual who is working and should not be claiming anyway, or it could be something that then encourages an individual to get back in touch and seek work.

At the heart of this, we have a situation where we have over 1.2 million vacancies in the economy. A key part of my job leading DWP is to help us to fill those jobs and enable people to have more fulfilling lives in work and to filling those jobs in the economy. I hope you understand there does need to be a sanction at the end of the process to encourage people to engage in the conditionality regime, but it is still a very low percentage. I hope that gives you the assurance that it is not a blunt tool that is being applied.

Q62 Debbie Abrahams: I do recognise there has been a transformation in terms of the sanction system, which was incredibly punitive from 2012. I do recognise also that disabled people have not been subject to sanctions, but I am not clear and perhaps you could provide the figures—because these are just UC sanctions data—what proportion of those that might be in limited capability to work were in those figures. If you are able to provide that, not necessarily now, that would be a great help.

Neil Couling: In looking at the numbers, roughly, last week there were 700,000 face-to-face appointments booked across our jobcentre network, of which 460,000 people turned up. Roughly, 35% of people are not turning up, so that is 240,000 appointments that were not kept of which the proportions that are sanctioned for that are down in tiny numbers, 1% or 2%. I do not think it is a blunt tool being used in a blunt way but, as the Permanent Secretary says, at some point you are saying to an individual that it is a requirement to get their benefit to engage with us.

Q63 Debbie Abrahams: As I understand it, it is 98% were sanctioned for non-attendance for interviews. I absolutely understand the point that you are making, but nearly half of those lost their allowance for a month. There are a range of reasons, and that is just non-attendance for one interview. I recognise what you are saying. Can I move on, and if you could provide the data around people with a limited capability to work within those who are sanctioned?

There are concerns. I know that you will have received a letter before action in relation to the algorithm that has been used to identify fraud and that seems to be disproportionately targeting disabled people. From what I understand from the UN report as well, the algorithms that are being used again have inherently built-in biases that are discriminatory.

I know that the letter before action is specifically asking for details of the



HOUSE OF COMMONS

algorithm and the assumptions that are being used, but again some of the cases that I am hearing about, for instance, the Greater Manchester Coalition of Disabled People who have brought this action are very concerned about the disabled people that are being targeted around fraud investigations.

Peter Schofield: Neil may want to add more. I cannot talk about an individual case and any legal action. What I would say is that we do not take any action against anyone based on a machine in that way. It always comes down to an individual. Automation can help us guide our work but ultimately it is a decision made by individuals.

Neil Couling: It is not an algorithm in the way in which I think people may understand an algorithm. All we are doing is data matching, so we are taking a data source. It is a bit like the RTI data. We take what the RTI data tells us and whether a person has reported earnings to us. We automatically take the RTI UC, so we do not ask for that declaration, but we are essentially matching bits of data. It is not—

Q64 **Debbie Abrahams:** You are saying the sampling that you are—

Neil Couling: Yes. Again, I cannot answer the letter for action but, as a general policy here, what we are doing is matching data sets to see whether there is consistency or not in what is being reported.

Q65 **Debbie Abrahams:** A simple question: how many or what proportion of those being investigated for fraud are disabled?

Neil Couling: I do not know the answer to that but, given that a significant proportion of the benefits case load are disabled, you would expect to see some disabled people will come up in the data matching.

Q66 **Debbie Abrahams:** Some, but I am specifically saying what proportion of those that you are investigating.

Neil Couling: It will then depend on the propensity of incorrect information that has been provided to us—if I put it like that—because it is not proven fraud at that point. It is not a machine telling us what to do and making decisions on benefit cases. It is data matching that is identifying questions to be answered. Then we put those questions to the claimants and give them the right to say what is going on.

Q67 **Debbie Abrahams:** I am sure you can appreciate, given the cumulative brown envelopes dropping on the floor of disabled people's doorsteps, that it will be an added pressure for many.

My next set of questions relate to women born in the 1950s, particularly the concerning data that was published recently about the number of women who have died before reaching the new state pension age, so between 2010 and 2020 82,000 died before reaching the new pension age. Last year it was 15,600. Those are estimates that have been developed outside of DWP, but are you also doing your own estimates of what you understand the death rates of women born in the 1950s to be?



HOUSE OF COMMONS

Peter Schofield: No. Obviously we need to review the state pension age before too long, so I imagine these are some of the issues that will be taken into account in that process.

Q68 **Debbie Abrahams:** Absolutely, and I do hope that from a former public health consultant that you will be aware that, particularly for women in deprived areas, women's life expectancy and their healthy life expectancy has been declining. In my constituency in Oldham, unfortunately, women are living shorter lives and Oldham is not unique on that.

My final question is one that I have asked every time that you have been here, Mr Schofield. I was heartened by what you have just said about the new working processes with coroners and so on, given that we do know that the figures up to July 2019 around claimant deaths did seem to show considerable rises. We discussed this when you were last here with the Secretary of State. Are you able to give us an update in terms of new working arrangements with coroners around deaths of claimants that they may have to investigate, so it does not proceed as the ad hoc reporting that we currently have?

Peter Schofield: As you say, we have talked about all of this in the context of becoming a more listening and learning organisation. We have talked quite a lot about the Serious Case Panel and its work. When I was at the Public Accounts Committee I had Amanda Reynolds with me, who is my director general for service excellence, and we were talking about this in a wider context as well around: how do we learn from where things have tragically gone badly wrong but, also, through to the other end of the spectrum, how do we learn from complaints, underpayments and errors that we make, and how do we bring all of that together into an organisation that is continuously improving?

That is the story that I want the Committee to hear from us. Understandably, you regularly highlight some of those more tragic cases, but what I want to do is build on the work of the Serious Case Panel. We are publishing the minutes, and I know you were challenging about the minutes when we last met.

Q69 **Debbie Abrahams:** Can I make a suggestion? I thought it was really positive what you said about the new working processes for coroners. With your Serious Case Panel hat on, are you able to suggest that you might want to explore how that arrangement might be extended, so that you do have a closer working relationship when coroners unfortunately have to investigate the deaths of claimants, so that it is not a prevention of future deaths report that triggers your awareness of a concern but that this is more proactive?

Peter Schofield: My context on working with coroners was in terms of tracing next of kin for those situations, so I need to be clear about that.

Debbie Abrahams: Strike while the iron is hot, Mr Schofield.



Peter Schofield: I think it is fair to do that, but there are proper processes with coroners and we need to follow all of those. I want us to learn all the time and that is the key message. The annual report and accounts has more details on the work of the Serious Case Panel and some of the themes that we have been picking up and addressing. All of this plays into how we deliver some of the improvements to customer service that I think are set out quite well in the wider context of transformation on page 40 of the NAO report. I hope I can reassure you on this, but I know you will keep challenging when we meet and rightly looking at the minutes of the Serious Case Panel and other things that we produce on this front.

Q70 **Sir Desmond Swayne:** The number of appeals for child maintenance and benefit decisions has collapsed since 2017-18. Are we expecting them to shoot up again?

Peter Schofield: I do not want to claim victory. The numbers are positive, but there may be a number of different things going on there. I would like to think that a lot more of this is around getting the right decisions right up front. Over the last few years—I think since about 2013—we have been doing something called mandatory reconsiderations, which is the opportunity for someone who is unhappy with a decision that has been made to challenge it within the Department and to be able to address that.

More recently, we have also been introducing—particularly on some of the health and disability benefits—holistic decision making where we ask the decision maker to spend more time looking at the case in the round, sometimes phoning the claimant and trying to get more of a feel, rather than just relying on the assessment from the health assessor before making their decision. We are making improvements all the time.

Ultimately, the overall position is that, when you look at cases of PIP and cases of ESA and work capability assessments, only 4% or 5% of them ultimately get overturned on appeal, but I still want us to learn more from where things have gone wrong and feed that back into the first and second tier of decision making.

Q71 **Sir Desmond Swayne:** On the appeals, I understand that the figures are still running along the lines of 70% of decisions being overturned on appeal. We have always been told that this is a consequence of new information being made available at the appeal that was not available earlier in the process. I may be wrong, but I understand this is based on research that you did in 2012 on the basis of 25,000 cases. Does that not beg the question of whether it is something that should be reviewed, given that that is even before PIP came in?

Our predecessor Committee drilled down into these figures on the basis of that study. It came up with a figure that only 15% of those cases were where new documentary evidence was presented at the appeal and, on 63% of the cases, it was evidence produced by the appellant under cross-



examination by the tribunal. The appellant was there in the earlier part of the process and it does rather reflect on the difference with which the tribunal process and the earlier assessments take place. If we are going to reduce the number of appeals where the case is overturned, it would require a more subtle examination of what has been going wrong.

Peter Schofield: Some good points there. I would reconcile your 70% figure with my 5% or 4%, so once it gets to the appeal and it varies by benefit line. In some cases it is lower than 70%, but my point is that trying to make the right decision further upstream in the different ways means that, ultimately, only 5% of PIP decisions get overturned because we have it right further up for 4% of work capability.

Q72 **Sir Desmond Swayne:** Clearly, if the tribunal is reaching a decision on the basis of a cross-examination of the appellant that will have implications for getting things right at the initial assessments.

Peter Schofield: Yes, absolutely right. There is a lot going on in this space, just to reassure you. I mentioned holistic decision making earlier on, in which basically the decision maker—who is a DWP member of staff—rather than just relying on the report that has come from the health assessor, will proactively look at the case and maybe speak to the claimant just to check that there is no data or information that they are missing, to make sure that they have all the information available.

Another thing I would flag up is our work on our Health Transformation Programme. One of the things that we are doing as part of our work going forward, on PIP and work capability assessments, is developing in a smaller place. We are currently in one office in north London, but we are rolling this out, and will be rolling it out further under the new PIP and WCA contracts from 2023, in a place where we can try different ways of working.

One great way here that looks expensive but could pay off, and is one of the things that I want to test in the process going forward, is what we call case management. We have a member of DWP staff with the claimant all the way through the journey, who is able to work with them, understand the nature of the case, the nature of the evidence and the information and support the process much more, so that we can give the decision-maker the best possible information. What we are all saying is—and I think you would absolutely agree with this—“Let us get the decision right first time.” It avoids all the cost and hassle for the claimant in taking it through an appeals process. It makes the process much more efficient and effective from my point of view also. We are looking at things like: can we invest more up front? We are trying this out in the Health Transformation zone and will be rolling out more of this, just to see whether that works and whether that pays off in terms of lower appeals overturned at the end.

I do take heart from the fact that the number of appeals has come down very significantly. That is a positive thing, but if it goes up again then we



will see. We do not know yet why it has come down, but I hope that it is due to a lot of the things that we have done.

Q73 Siobhan Baillie: There have been reports in the newspapers that EU citizens with settled status have been receiving letters telling them that they could lose access to their benefits unless they provide DWP with an online code to prove their immigration. Can you clarify what is happening with EU citizens and EEA citizens?

Peter Schofield: I looked into that. I saw the point. To reassure the Committee, this flows from the Home Office process where there is the ability once someone has applied for EU settled status to generate a code that then helps them to talk to other agencies and parts of government. I think the particular issue here is that people had already applied but they had applied on paper and it was still in the Home Office system, or it turned out they did not need to apply because they had been in the UK since before 1973 or they already had UK citizenship in some other form, but they were still getting that next letter that said, "Hang on, give us the code." We would never suspend anyone's benefits until we have spoken to the Home Office and satisfied ourselves. I think this is just a clerical problem that has developed because some of these applications have been sitting in a pile in the Home Office and have not reached the point where they have been uploaded on to the system.

Q74 Siobhan Baillie: Do you know how many letters were sent and whether anybody lost their benefit through not having their code?

Peter Schofield: No one would have lost their benefits—I am clear about that—because of the way that the process works.

Q75 Siobhan Baillie: Do you know how many letters went out?

Peter Schofield: I do not know. I think these are Home Office letters that we are talking about here.

Q76 Siobhan Baillie: How much work do you do with the Home Office? Is there a section of DWP that works closely with them?

Peter Schofield: Yes.

Q77 Siobhan Baillie: Could we have that information, because I think it is something that is likely to come up? Just how many letters were sent and the follow-ups.

Peter Schofield: I can talk to colleagues and see what we can do.

Q78 Siobhan Baillie: Moving on, how can your Department assess your performance on your outcome delivery plan without having targets attached?

Peter Schofield: We measure our performance against the outcome delivery plan. If you look at the measures that are set out in the NAO report, I think it is fair to say that it would have been quite hard over the course of the last 12 to 18 months to have been able to set a target for



HOUSE OF COMMONS

what we did. For example, the employment rate for 16 to 24-year-olds, or the employment rate for 16 to 64-year-olds, or indeed the disability employment rate, more broadly, because of the nature of the pandemic and the impact on the labour market.

Although I am glad to say, as I said earlier, that the performance of the labour market has been very impressive, and I would love to feel that the Plan for Jobs has been a key part of that. I really believe it has been. I think targets are difficult in this space in a time when there is a huge amount of change going on. Some of these do have more objectives around them, so the disability employment rate we said needs to keep coming down and although it is not on here we have also committed to 1 million more disabled people in employment by 2027.

These are the measures that we are held to account for, but we will see what the measures are in the light of the conversation with the Treasury ahead of the spending review period.

Q79 Siobhan Baillie: On the 16 to 24-year-olds, measuring them on employment rate, do you think that is the best measure? Should we not be looking at the proportion of those young people in education, or at least have a look at both sides?

Peter Schofield: I think Government, as a whole, should look across the piece and look at the Department for Education. I have not studied the DFE's ODP myself, but you would want these to look across the piece. I think it is a good challenge looking at Government Department ODP plans more broadly. Do they work together in a holistic way from the point of view of people?

Q80 Siobhan Baillie: They do not. We are trying to follow it all and they do not.

Peter Schofield: It is a good challenge and a recommendation the Committee should make.

Q81 Siobhan Baillie: Perhaps something we could take to Education.

I do have just a couple of very quick questions. At the start of this month, you had 97,000 participants on the Kickstart programme that cost nearly £2 billion. The original plans were to support 200,000. Are you expecting to get up to the 200,000? If not, is there going to be an underspend? If so, what is happening to that money?

Peter Schofield: Yes. I do not want to steal the thunder of the National Audit Office because it is very close to producing its report on Kickstart and I—and the Chair may be there as well—am in front of the Public Accounts Committee on 6 December to answer questions, and Mr Bailey will be there. I am worried about getting kicked under the table about saying too much about the NAO report.

One of the things that I think comes out of that is the way that the labour market changed so dramatically over the 12 months from when the Plan



for Jobs was first announced by the Chancellor in July 2020 and the situation that we have seen ourselves in now, with many more jobs available in the economy and there still being a place for Kickstart in terms of avoiding scarring for young people who are unable to find work but much more success in helping young people find work without having the subsidy of Kickstart. The numbers will not be where we thought they might have been in July 2020, but I think it is understandable given the nature of the labour market.

Q82 Siobhan Baillie: Tara, is there anything about the underspend? What would an underspend be used for?

Tara Smith: The funding for Kickstart was ring-fenced funding, so that would be handed back to the Treasury. At the beginning of this programme obviously it was about a new programme. It was based on our best analysis and analytics, but each and every month we talk to Treasury about where we are with the programme, about what that means for our funding, so it is ring-fenced so we cannot spend it for anything else.

Q83 Siobhan Baillie: A final question: how is the measure of the number of people automatically enrolled in pensions a measure of your performance and would the opt-out rate be a more meaningful measure?

Peter Schofield: The auto enrolment programme is a good challenge. We are now at the point where the auto enrolment programme has plateaued out at around 10.5 million, which I think has been a massive success. I think the Department takes credit for that, and it certainly goes back before my time in establishing the programme and in working with employers to make it work.

The challenge will be at the point where we introduce some of the recommendations from the recent review of automatic enrolment and how that then changes in terms of as we potentially change how it works for the lower paid and for younger people, and whether anything happens in terms of the opt-out rate that is the converse of the number of people enrolled. That is something that we would want to chart going forward. Largely, this tells a positive story about this whole area of pensions policy that has been translated into savings and gives people some financial resilience into retirement.

Q84 Steve McCabe: I want to ask about the Independent Case Examiner. Almost 60% of the cases investigated were upheld or partly upheld. What do you learn from cases where they are partly upheld and how do you use that?

Peter Schofield: That is a good point. It is part of what we were talking about with the Public Accounts Committee a few weeks ago, and in my answers to questions from Ms Abrahams of it being a listening and learning organisation. Joanna Wallace, the Independent Case Examiner, sits on the Serious Case Panel, so she brings her expertise and experience from those cases that have been upheld, or partly upheld,



HOUSE OF COMMONS

into discussing some of the themes around what we need to do differently or what we need to change.

The ICE position is the tier up from resolving complaints within the Department, then obviously if it is not resolved by ICE it goes to the ombudsman. I talk regularly to the ombudsman as well. What I want us to do is to be in a position where all of this intelligence from things that come out of individual cases is reflected in learning that we need to make across the Department. The Serious Case Panel is part of that. That is where things have gone really badly wrong, obviously, but it all plays into the wider customer experience work that we are developing under my colleague Amanda Reynolds, who was with me at the PAC.

Q85 Steve McCabe: What would be a good example of something that you picked up like that and have changed and improved as a direct result?

Peter Schofield: Not from ICE, necessarily, but one of the things that has come out in the Serious Case Panel is issues around at what point, if you cannot get hold of someone and engage with a claimant, do you stop the payment of benefits? What we agreed, following one of the earlier meetings with the Serious Case Panel, is an escalation route and the creation of advanced customer support leads, who work all across DWP. We have 31 of them and they are an escalation route.

They are a way of making sure that we engage with other agencies and other organisations so that, if there is an individual who is vulnerable and for whom we have lost contact, there is someone else who can make contact, so that we do not stop paying benefits to someone who is vulnerable and cannot engage with us for understandable reasons. The creation of those 31 posts and the work they are doing, which is tremendous work, is one example of something that has come out of the Serious Case Panel.

Q86 Steve McCabe: That was a direct criticism of the Independent Case Examiner: that there was not sufficient attention paid to people's vulnerability when they were communicated with about overpayments or payments were stopped. I think one of the things you agreed to do was make sure that you contacted the Adult Care Department in social services. How does that work? Do you pick up the phone and speak to them or do you send them an email? I am wondering, if it is somebody that you do not have sufficiently good contact with, to understand their vulnerability, but you pick it up sufficiently to think, "I should alert someone else," then how does the process work?

Peter Schofield: It is learning from the experience of case conferencing, which happens in a number of different settings and learning to do that as well. The role of our 31 advanced customer support leads is to play that role at the top of an escalation chain. Often you have those relationships and contacts already. Where you do not and if there is someone, say, in a jobcentre or a service centre, or whatever, and they are worried about an individual and it has reached that point, the top of



HOUSE OF COMMONS

the escalation route is those roles across the country. They have the contacts with the local authority, adult social care. They have the contact often with some of the major social landlords, for example, or the NHS or maybe law enforcement may have picked up on this as well. It is hard to generalise but, for me, this is all about playing our part in connecting across with other organisations so that together the state provides the support to vulnerable people.

Q87 Steve McCabe: I appreciate this is not just about numbers, because it is about the level of sophistication in that communication and the understanding, but if this Committee wanted to know how many times another agency is communicated with in order to protect a vulnerable person is that a record that you keep that would be available?

Peter Schofield: I do not know. Some of these conversations happen as business as usual and some of them you get to a moment where it is a case conference.

Q88 Steve McCabe: I am not trying to be difficult but that is why I asked you how it works. If it is business as usual, it could be a casual conversation that may or may not have happened or may not have been spotted. If it is part of a process then there is some way of knowing that there is a process.

Peter Schofield: It would always be clear in our notes and records of conversations that would have been had. It is just: could I then extrapolate that into some sort of national metric, which would answer your question about numbers? I would struggle with that. It may be that we could have a conversation about the process and some examples. I would need to think about that.

Q89 Steve McCabe: As I say, I am curious because it is the sort of thing that MPs pick up in their casework with a fair amount of regularity.

Peter Schofield: I want you to feel that you can connect into that as well, so we can link with your experience.

Q90 Steve McCabe: One last question and I think this is probably for Neil. We have talked about this in this Committee before and I notice that one of the criticisms from the independent examiner was that we see a steady stream of cases raising concern about misdirection in transitioning to universal credit. This has come up before about people on legacy benefits and people whose circumstances change and whether they received the right advice. I think we had some correspondence about a case in the past over it. Is that still an issue? It was obviously an issue when this report was written, which covers 2021. Is it still a problem and have things become any better or what are you doing about it?

Neil Couling: I have spoken before to the Committee about this. We had a bit of an issue, when we were meeting virtually at the start of the pandemic, about people who had made claims to universal credit that they then regretted a bit later. What we did then was put on extra



HOUSE OF COMMONS

reminders—like check boxes—through the initial claims process reminding people that their previous benefits would cease if they proceeded beyond this point to make a claim. I have not seen since we put that check boxing on any great increase in movements, but that initial surge is over now.

I would expect there to be individual cases where people regret what they have done, and occasionally someone will write to me direct as well as to their MP due to them doing that. We have tried to identify more around that, and we have also asked that the three independent calculators that are on gov.uk make it plain that, once you make a claim for universal credit, you are irrevocably on the journey to universal credit and your legacy benefits will cease as a consequence.

Q91 **Steve McCabe:** I only ask you that because we have discussed it before. I appreciate it is not dead straightforward, but I was struck by the words, “We see a steady stream,” as suggesting that they are still having problems.

Neil Couling: I guess what is a steady stream? For example, a rough rule of thumb: 30,000 people every month naturally migrate—have a change of circumstances that brings them into universal credit. What will look like a steady stream to the ICE might look like a microscopic trickle to me, not that those individual cases are not important. That is 350,000 roughly a year, so how many of those are reporting this would be I think the question to ask of the ICO and compare it to that.

Q92 **Steve McCabe:** Do you ask that question when you see these sorts of things?

Neil Couling: I have not been picking up complaints coming directly to me or to Ministers about this issue, but as I say there were in May/June 2020. I cannot recall any parliamentary questions about this issue, so it is not flashing on the dashboard in that way.

Q93 **Chris Stephens:** It is probably no surprise coming from me that I will be asking some workforce questions. Peter, nearly one third of the Department’s workforce is aged 55 or over, so what is the Department’s approach to succession planning or workforce planning going forward bearing in mind that that is a lot of knowledge of legacy systems and processes in one third of the workforce?

Peter Schofield: Yes, it is, and I think particularly true in the context of some of the most complex benefits that we have, and the old state pension is one example. I was talking earlier about the state pension correction exercise and our reliance of the people who understand how the whole system of the old state pension system worked. It is a good point.

In terms of the age profile, I think our recruitment over the pandemic will have changed that to some extent and brought that back down. I think part of this is in the context of why I am so keen to be able to give clarity



to many of the new folk on fixed term appointments. In many cases it is a different demographic, a different skills mix, and I think it will refresh the Department in a really positive way if we are able to make many of those colleagues permanent, so I am keen to be able to do that.

The other thing is DWP has had that demographic for quite some time. We have always worried if there is going to be a cliff edge where suddenly a lot of people leave at the same time, but it has generally not happened, as people have worked longer into later life, which is a positive thing more broadly and encouraging people to do that and to make it easier for people to work and stay working at DWP for longer. I am regularly signing certificates to colleagues who have been in DWP for over 40 years. That is certainly not a trickle of certificates that come across my desk and it is great to see.

Your other point about succession planning, training, reskilling, so important. We spend a lot of time on that and that remains incredibly important.

Neil Couling: To give a quick example of that to appeal to the Chair a bit in his former life. We are recruiting some of the youngsters now to be trained on COBOL coding, which is the basis on which some of our really old legacy systems are. The people who did that coding for us are nearing the end of their working lives, so we do need to keep those systems going. Some of the banks have had to do this as well with some of their older legacy systems. We are training people up in some of the old ways where we need to. Clearly, we also have investment to try to modernise those systems but, if we are not careful, there would be a gap but there will not be because of the action that we are taking.

Peter Schofield: It is a really good point about the mix of skills more broadly. We have brought in-house our arm's length body, BPDS that did a lot of our digital systems so that we can build our own in-house DWP digital capability and build those skills going forward, whether it is the old COBOL type or it is the Java programming of the future, whatever it is. An increasing part of DWP's core business going forward is around digital development, whether it is in universal credit or some of the other systems that we talked about earlier.

Chris Stephens: Thanks, Peter. We should probably note that you are losing one of your colleagues to Scotland in January, I understand.

Peter Schofield: I know. A tremendous appointment for JP Marks.

Q94 **Chris Stephens:** Yes, and if you would pass on our best wishes. Going back to your point about self-service automation, which is a long-term goal of the Department, are there suitable training programmes ready to be deployed designed for staff to ensure that they are supporting claimants who cannot easily access digital systems? This is something that comes up quite often.



Peter Schofield: Yes. This is clearly incredibly important. One of the things we did find during the pandemic—and Neil may want to build on this—is that we brought forward more digital solutions, digital ways of working, digital ways of applying for benefits, whether that is PIP online, and we talked a lot already about the state pension and automating that. It was interesting that some of those demographics of customers who we thought might have struggled to engage with the online system were able to do that.

It is a key principle for me—and I talk about this a lot—as we automate our services and put more online it means that for our people it is less around calculating benefits and manual processes. For our people it is more around engaging and building a relationship with those more vulnerable customers for whom the digital journey is more difficult or the complexity of their situation means that it does not work for them, for whatever reason. The skill that we need to build, and building on what some of my fabulous colleagues already do, is getting alongside people and building those relationships, understanding where people are coming from, doing the things that the machines cannot do. That is how I think the workforce will change going forward. There are some fabulous digital developers but then some fabulous colleagues on the frontline working with our customers who find engagement with an online service more difficult.

Neil Couling: Our services must be accessible to the proportion of the public who are not comfortable using digital approaches. Mr Mills was teasing me slightly earlier about how long I had been doing universal credit and rolling it out, but one of the first changes I made in late 2014, early 2015, was to downplay this “digital by default” message that seemed to be running through the programme and our approach. There will always be people for whom that just does not work, but they have nowhere else to go. They must be able to access our services, so the training of our people to provide that support is absolutely critical and it is what our people want to do.

Tara Smith: It is embedded in our service modernisation programme also, where we have the people and the capability teams embedded, alongside our service modernisation, to provide the training that we need for our own people to then support the most vulnerable who will maybe use it in a different way going forward.

Q95 **Chris Stephens:** Thank you. Peter, you mentioned your excellent staff, so we have asked before about the infamous BBC “Panorama” findings programme. Can you give us an update, please, on the Internal Audit Agency review and your procedures around employment tribunals and obviously Acas will do an independent review as well? Can you give us a progress update on what these reviews have found in terms of supporting staff who are disabled? I am sure that the last time you were in front of us you were going to look at some of the things around the Disability Confident scheme that we had asked about.



Chair: Can I make this the last point for Chris?

Peter Schofield: On the specifics around the review that Acas are supporting, Valerie Hughes-D'Aeth—who is one of our non-executive directors, formerly HR director at the BBC—is leading this review. She will be reporting back in December, so it is not far off now, but we are not waiting for that in terms of doing things already that we need to do. There is a lot here around supporting people in terms of reasonable adjustments, a lot here around supporting line managers to ensure that we provide the support particularly to colleagues with disabilities.

If something goes into the grievance process that could lead to some sort of management action potentially leading to the employment tribunal, so absolutely making sure that the case management support is there to ensure that we do the right thing as we go along and avoid things going to the employment tribunal. On the latest numbers, I think we lost seven employment tribunal cases in the last 12 months of which I think six had some reference to disability in them. Viewed against the scale of the organisation that we are, with 90,000 colleagues, it is clearly something we need to keep an eye on, but I am sure we will talk more about the conclusions of the review when we have it.

Chris Stephens: You can be sure that I will be keeping an eye on it, Peter. Thank you, Chair.

Q96 **Chair:** Three final points from me. First, as you will know, we have corresponded with the Secretary of State about the non-publication of a recent research report about disability benefits, research undertaken by NatCen. Respondents to that research were told in a letter that the Department cleared that the report would be published. Cross-Government protocol says the products of Government social research and analysis will be made publicly available, subject to prompt release and must be released in a way that promotes public trust. In this case, the Secretary of State, having confirmed that the research is covered by this protocol, has decided not to publish it. Can you clarify for us the status of this cross-Government protocol? Does the protocol give you as Permanent Secretary the authority to overrule the Minister's decision?

Peter Schofield: It is a decision for the Minister, the Secretary of State in terms of her interpretation of the freedom of information law in this case.

Q97 **Chair:** The protocol is not a binding protocol; is that right?

Peter Schofield: It sits underneath the freedom of information legislation. The freedom of information legislation creates the space here and the interpretation of this particular case in the context of the sections in the Freedom of Information Act around information that is used to help in the policy-making process.

Q98 **Chair:** Yes, but the protocol says, and I have it here, "The products from government social research and analysis will be made publicly available"



but Ministers can ignore that if they choose to.

Peter Schofield: As I say, certain types of Government information are covered by the Freedom of Information Act, which would not be published because they are part of the decision-making process in the context of policy making.

Q99 **Chair:** The protocol is not about Freedom of Information. It is about the Department's practices, and the protocol says it will be published and it gives examples of rare occasions when publication would threaten national security or destabilise the economy, which I presume is not the case for this particular report. Are you saying that the protocol is not binding on Ministers?

Peter Schofield: Yes. It sounds like we need to clarify the protocol in that context, in terms of how it fits with freedom of information legislation. I think the Secretary of State has been very clear in her letter to you about the nature of her decision.

Q100 **Chair:** She has, but it just raised a question in my mind about what this protocol means. I think the answer is that it does not mean a great deal, but thank you for that. The second point: I get a steady flow of emails from people complaining about the loss of their guaranteed minimum pension following the 2016 changes. In response to complaints about this, the Ombudsman required the Department to publish some fact sheets. You have committed to review those after six months and that is coming up shortly. What criteria will you be reviewing those fact sheets against?

Peter Schofield: What we are looking at is clarity and whether it is giving people information that they want to look at. It is interesting that you have had a steady stream of questions. We have had very few inquiries off the back of the fact sheet.

Q101 **Chair:** Will the criteria include how many people have looked at the fact sheets?

Peter Schofield: Yes, I imagine so, but also what people's response has been. Very few have engaged with us.

Q102 **Chair:** How many people have applied for compensation?

Peter Schofield: I do not know. I can write to you on that.

Q103 **Chair:** Yes, if you could that would be very helpful. Thank you. We look forward to seeing that review. Lastly, you mentioned earlier the Health Transformation Programme. Can you tell us how much has been spent on that up to and since the programme was reset? You have given us some indication of this already, but what has been achieved from it so far?

Peter Schofield: Yes, it is probably premature for me to give a number out because I think this is all covered in the regular publication on the Government's major projects portfolio, so I think there is due to be a publication on that before too long.



HOUSE OF COMMONS

In terms of what has been achieved, this is in the context of the preparation for the key contractual milestones here around the end of the existing contracts with PIP providers and work capability providers, which is the end of July 2023. Getting ourselves ready for that, so that we can basically move to a position where we have a single assessment service that will apply from 2023 to 2028. Looking across the piece, a single assessment service that provides both work capability assessments and PIP assessments in the context of geographies and, alongside that, all the stuff around the Health Transformation zone that I was describing earlier with the first office in north London but broadening that out.

What we are about here is improving the overall service for customers going through that health journey.

Q104 **Chair:** Will people claiming universal credit, claiming PIP, see significant changes in the assessments as a result?

Peter Schofield: The answer is that this is quite a long evolving programme. We need to see what comes back in the contracts that are out for tender at the moment. What would the nature of a single assessment be in a particular geography? We would not yet be at the point where we could have a single assessment. Could we get to a point where, if someone is on both a Work Capability Assessment journey and a PIP journey, where there is ability to improve the nature, rather than just being two entirely separate assessments, there is a way of learning and sharing across between the two so that we can get a better service to customers?

Linked to the things that I talked about earlier around this case management approach that we are trying out already in the north London site, the journey feels very different when you make your application and the first thing you do is get a DWP member of staff on the phone saying, "Look, I am going to be with you helping you on your process. Can you talk to me about your condition and the nature of your application? Let me just talk you through the steps going forward. Let me just help you on the way. Let me just talk to you about the sort of evidence that you need to provide and how this is going to work in practice." I think that will feel very different, but it is premature for me to promise too much in a contract that we are negotiating now and that will then last from 2023 to 2028.

Chair: Very interesting. Thank you all very much. We have covered a lot of ground in 2.5 hours. Thank you all of you for your answers. That concludes our meeting.