Work and Pensions Committee

Oral evidence: Benefit delivery, HC 372-ii

4 November 2015

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Watch the meeting

Members present: Rt Hon Frank Field (Chair), Heidi Allen, Mhairi Black, Ms Karen Buck, John Glen, Richard Graham, Mrs Emma Lewell Buck, Steve McCabe, Jeremy Quin, Craig Williams

Questions 123-252

Examination of Witnesses

Witnesses: **Lorna Gledhill**, Regional Asylum Activism Co-ordinator and member of West Yorkshire Destitute Asylum Network, **Fabio Apollonio**, Project Manager, Policy, Research and Advocacy, British Red Cross, **Phil Reynolds**, Disability Benefits Consortium, and **Sue McCarron**, Wirral Citizens Advice Bureau, gave evidence.

Q123 Chair: Welcome to our witnesses. Sue, may we start with you and just go down the table so you can identify yourself for the record?

Sue McCarron: Sue McCarron, I am an Operations Manager for Wirral Citizens Advice Bureau.

Phil Reynolds: Phil Reynolds, Co-Chair of the Disability Benefits Consortium.

Lorna Gledhill: Lorna Gledhill, member of the West Yorkshire Destitute Asylum Network.

Fabio Apollonio: I am Fabio Apollonio from the British Red Cross, Policy Advocacy and Research, Project Manager.

Chair: Phil, might you move nearer the microphone when you reply. Thank you very much. Craig?

Q124 Craig Williams: I wonder if I could open up with the errors in the benefit payments and ask the panel, broadly, what do you think are the most common causes for the delays and errors in the benefit payments?

Phil Reynolds: I am happy to start with that. From the Disability Benefits Consortium's perspective, I think there are two main issues. The first is that quality of assessments is generally not what it should be. Assessors' knowledge of long-term conditions is generally quite mixed. The Disability Benefits Consortium launched a survey of welfare rights advisers over the summer and 69% of respondents disagreed or strongly disagreed that PIP assessors understood claimants' impairments and that rose to 82% in the case of ESA. We know there are big problems in terms of understanding people's conditions.

The other issue is that people who are applying for benefits value that medical evidence, but it is often difficult to provide. It is great that GPs are reimbursed for providing that evidence but a lot of secondary care professionals, allied health professionals, are not, so we think there is an issue there.

In terms of solutions, we would recommend that all health professionals are reimbursed for providing that evidence to make it easier. In terms of improving quality of assessments, we would recommend that Maximus and the DWP introduce a semi-structured interview for the work capability assessment, in particular for the employment support allowance, which would help to guide assessors through the assessment and make sure that they understood and took an accurate picture of a person's conditions.

Sue McCarron: Similarly, over the six months, we have done a survey about Universal Credit. We are a pilot area for Universal Credit and it has had quite an impact. We surveyed all 16 bureau and they provided lots of real evidence from clients. A lot of the recommendations that I am bringing today are part of that. I believe Universal Credit is going to be launched here on 18 November, so that is going through. We found that a lot of problems and delays were being caused by things like evidence being provided by the claimant and then their contacting staff again and saying, "I have already provided that. You already have that". So we think a receipting issue, which is dated and stamped every time they give in evidence, which is then scanned over to the particular department that is dealing with it, whether it is ESA, whether it is Universal Credit or Jobcentre Plus, would help.

A lot of the time when people were ringing up, the first thing that was a problem was actually ringing up; on average most of the people who we surveyed said there was at least a 40 minute wait. If you are on a pay-as-you-go phone and it is 40 pence a minute, that is £16 before you even get through and then you could be on the phone for half an hour, so that was a barrier. The other thing is Jobcentre Plus took out phones. There are no telephones in Jobcentre Plus offices in our area where a claimant can go in, pick up the phone and get through to the DWP, Universal Credit, ESA line. They have to come into an office like Citizens Advice, who are all independent charities, and we bear the cost. Our particular bureau runs six sessions; we are in 60 GP surgeries, so we have a lot of access. Our telephone bill has doubled since Universal Credit came in. We can only put that down to claimants having to come in and use the phone. There are a couple of recommendations around that. Why isn't it a 0800 number? Why can't you can call the client back on a mobile if they ring up from a pay-as-you-go? Why isn't there a telephone in the Jobcentre Plus offices? Why they were taken out in the first place we do not know. If it was cost saving, then all that has happened is that cost has been pushed on to charities that have bills to pay themselves, so the impact of the delay means those sorts of things. For us it is that sort of evidence.

Q125 Craig Williams: You touched on some of it but if we were to ask you as a Committee what would be your top three practical steps to fix this? You touched on paying medical professionals, is that the—

Phil Reynolds: Yes, I think in the context of errors that would help. Having that supporting evidence would give people with long-term conditions a lot more confidence that the assessment report is going to be an accurate picture of their condition. In terms of addressing delays, I think there are continuing capacity issues, so if there is a responsibility on the assessment providers to continue to invest in assessment centres and assessment staff in areas where there are delays. I think those are a couple of practical things in addition to the introduction of the semi-structured interview.

Q126 Ms Buck: Can I particularly ask Lorna—but other people if they have something additional to contribute—what are the main differences in experience between people who would be making a claim in the normal run of things and people who would be making a claim after they have first received leave to remain or refugee status?

Lorna Gledhill: I am sure Fabio will come in and support me on this, but I will start off. When someone has been granted refugee status in the UK you have to recognise that they have come from pretty traumatic situations. The Government has accepted that they have an international protection need, they have fled persecution, trauma, violence and war, so you have that whole backlog first off. You also don't have the same access to identity documents like we would all have, so issues around verifying their identity are huge. Then there are things like accessing National Insurance numbers.

Also, throughout the asylum process, they will have lived on £37 a week. They will have had no permission to work. Refugees are often deskilled by the asylum process. If you can't work while you are waiting often significant periods of time for a decision on your asylum claim, you can imagine that then accessing mainstream benefits and accessing employment is a matter of concern. Those are the main background issues. You then have language barriers when you are accessing the Jobcentres and things like that, so it is kind of manifold.

Q127 Ms Buck: Are there any differences between different kinds of benefits? Logically if someone has their status documents, that should of itself be enough to trigger at least the basic benefits, but of course some are localised, some are national. Is there any difference in experience between different kinds of benefits?

Fabio Apollonio: I would say that on our primary benefits—so talking about Jobseeker's Allowance, particularly income based Jobseeker's Allowance, Working Age Benefits—the key difference is what Lorna has just suggested, the identity documents being the key issue. There are other changes, such as change of address. The support period from the day on which the person has received their Biometric Residence Permit is 28 days. Now, in that time a person is supposed to apply for benefits, look for work, find alternative accommodation, so those 28 days and the lack of support networks have an impact on their ability to be successful in their claim, so definitely that is an issue. For other benefits, such as employment and support allowance, I think there will be similar issues about the medical evidence and so on. Our experience is we see refugees in 48 cities in the UK every day. We provide casework and some limited support for them, including financial support, for a variety of reasons. It is clear to us that at a particular stage when a person is just coming out of a trauma, perhaps, they are thinking of what to do next and they are bombarded with a lot of things to do and very often they do not even start the process until very late. It is very difficult to engage with a benefit agency at that stage unless you are prepared and you have been receiving advice from someone who can explain to you clearly what you should do without delay.

We identified 23 factors in our 2014 report where we looked at specific cases for a month in our Red Cross offices. Clearly 23 factors, that include change of address, lack of documentation, full interpretation of the guidance, all of those things make the journey more complicated than for the normal average claimant. This was also found in the DWP research—their own research in 2013—the deep dive investigation where they described the comparison between a normal claimant journey and a refugee journey with abnormal delays, so these are factors.

Q128 Ms Buck: Can you explain to the Committee what the difference is in terms of processing time? On average how long would someone who has refugee status, or leave to remain, wait for their benefits compared to a mainstream claimant?

Fabio Apollonio: Our 2014 study found that on average it was about 42 days from the day the person made their claim to the day they received their first payment. That means being left for some time with no support at all. The DWP research identified two different scenarios: people with a National Insurance number and people without a National Insurance number. But the average was 36 days and 32 days, so clearly more than the 28 days for which there is provision for support under the system.

Q129 Richard Graham: The issue is a National Insurance number, that is the core issue, is that right?

Q130 Chair: Lorna, can I put that another way. You were suggesting that people were deskilled by the waiting time. If the rules were asylum claimants could work immediately, what proportion of the people you come into contact with would be working while their status was being determined and, therefore, not in a major way depending on benefit?

Lorna Gledhill: I am not sure if I can answer that question. It would be wild speculation and would not be accurate. I could go back to the NINo question, though. I could answer whether NINos were an issue.

Q131 Chair: It is just that you said this length of time deskills them.

Lorna Gledhill: Yes.

Chair: I want to know that, if we are thinking about changes in policy, suppose one policy was that people claiming asylum status were expected to work if they could while their status was being determined, rather than corralling them on to benefits, with all the delays that Fabio has given us. Might that not be a better way forward for some or many? That was all I was looking into.

Lorna Gledhill: I agree, I think it would be a much better way forward. People would have the opportunity to access training and educational opportunities as well in that process. You are right, if people had the opportunity while they are in the asylum process we might not see the same issues we have at transition.

Q132 Richard Graham: It seemed to me the obvious thing to look at was speeding up the business of issuing National Insurance cover. The moment that someone is given asylum status, if that triggered a process that had a limit on it of, say, 10 days to issue a National Insurance card, I am guessing you would not then get these roll-out problems.

Fabio Apollonio: I can answer that, Mr Graham. I think the National Insurance number is one of the key factors, for a very practical reason, because having a National Insurance number from the day you make the claim—I am talking about Jobseeker's Allowance, for example—means you can make it online and the claim will be electronic, so it would not be a clerical claim. It would be much easier even for advice agencies to follow up on what is happening about that claim.

Since 2005 the Home Office and the DWP have worked together and the Home Office have the option to apply for a National Insurance number during the asylum interview. However, our research and also the DWP research found that that is not always the case for a number of reasons. There may be errors. It may be simply the person decided not to apply for one, so it is not an obligation. But regardless of getting a National Insurance number, the research found that there are still other delays. A National Insurance number would be triggered by a benefit claim anyway. A search would be conducted by the NINo centre and, indeed, the person could themselves apply if they don't have one and they have not applied for benefits. We still find that, even with a National Insurance number, the issue of the delay does not get fully resolved despite the introduction of the electronic DCI 1 process, which is the internal process for which the benefit agency will apply for a National Insurance number. Indeed, having a National Insurance number for every single claimant at the time they have begun to settle is a great help but it is not the only solution.

Richard Graham: No. Well, Chairman, what I would recommend is to invite Fabio to send us a short paper outlining what can be done to speed up National Insurance and on some of these other things.

Chair: On one side of paper, hopefully, Fabio, is that all right?

Q133 Richard Graham: Can I turn, Lorna, to you now? In terms of WYDAN, am I pronouncing it correct?

Lorna Gledhill: Correct.

Richard Graham: I am guessing you are mostly funded by the West Yorkshire Authority, is that right?

Lorna Gledhill: No. If I can explain, WYDAN is the West Yorkshire Destitute Asylum Network. We are quite a loose network of organisations that provide support to destitute asylum seekers in West Yorkshire. I am a member. We do not have funding to exist as a network, so it is more to do with information sharing and best practice and things like that. As for each individual organisation that is part of our network, I am pretty clear to say that they are funded by charitable trusts. There is no—

Q134 Richard Graham: They fund you?

Lorna Gledhill: They do not fund me, I am just a member. I am a member of an organisation that is an organisation that has signed up to WYDAN, if that makes sense.

Q135 Richard Graham: I see, so it is what I think would be called a delivery unit in itself?

Lorna Gledhill: No, and that is possibly my confusion with Mr Field's question.

Q136 Richard Graham: That is helpful. I think you mention in the written evidence that there are some local authority transition guides; do you have one in West Yorkshire?

Lorna Gledhill: Recently, the local authority in Belfast commissioned a transition guide for new refugees. I have a copy here. I should have brought some more and I could have given them to you, but it was a great document that basically outlined the processes that people could take in order to access benefits, to access housing, register their kids at schools and things like that. They created a Creative Commons document that could then be shared with everyone else and people could adapt it and do things like that.

Q137 Richard Graham: It is a document for people who have been given asylum status?

Lorna Gledhill: It is both for them and for their advisers and also for people in statutory services that are dealing with them, so it has information for everyone, to help people along the process. I think it is a very good idea because it means that everyone is reading off the same page, so you don't get this confusion in guidance.

Q138 Richard Graham: It is written in English?

Lorna Gledhill: You can get translated copies.

Q139 Richard Graham: Is it printed or online, or both?

Lorna Gledhill: Both. At the moment there has not been a complete rewrite for another part of the country. In Leeds there are discussions between the local authority and some local organisation to put one together, but it does take a certain amount of time and resources.

Q140 Richard Graham: How localised does it need to be? You have looked at the Belfast one, so how much of that would be relevant to what you are doing in West Yorkshire— 90% for the sake of argument or much less?

Lorna Gledhill: A fair proportion. Some of the signposting for further information and more specific stuff around schooling and maybe public health and things like that might need to be more localised, but the kind of main body, especially around benefits, would be quite easy to replicate nationally.

Q141 Richard Graham: Would you recommend that this is something that could be produced nationally, no doubt with some tailoring locally to give the names of the specific institutions in each local place?

Lorna Gledhill: Yes, I think it could be produced nationally, as long as there was engagement at a local level from all the stakeholders, so as long as it was not just given to people and expected to be used. There needs to be buy-in essentially from the local

Jobcentre, local DWP and health services, so they all know what is going on with it. The problem we have at the moment is that we have good guidance from the DWP on a lot of stuff but it is not necessarily being enacted locally.

Fabio Apollonio: Could I add one thing?

Richard Graham: Sorry to interrupt. Chairman, I think my recommendation there would be for someone in Adam's team to approach the Belfast people who produced this guide and find what its cost was, and then see whether we can make a recommendation on having a national version of it.

Q142 Chair: Sue, might that not be helpful more generally for all claimants?

Sue McCarron: It would, yes, definitely. The difficulty is when someone comes in to make a claim in an area that is part of the Universal Credit trial or not. Initially, we were processing single claimants for Universal Credit but then we moved on to couples, and now couples with children, so it just adapts over time. For us as advisers it would be a great tool to be able to speak definitively and have the same guidance written in plain English, instead of a CPAG book, which is about this big. It would be much easier.

Q143 Richard Graham: Are you talking about something for asylum seekers or are you talking more generally?

Sue McCarron: For all claimants, yes. The difficulty we have when you are trying to speak to somebody about a new benefit is that Universal Credit is on the cusp at the moment with us. Most of our problems are with Universal Credit, ESA and PIP. They are the three biggest issues and almost 35% of all our claims, all our clients who come in, are to do with those issues.

Q144 Richard Graham: But with respect, surely this is something the CAB could do?

Sue McCarron: It is, but each Citizens Advice Bureau is an independent charity and the time it would take to write that sort of thing would be costly.

Richard Graham: Sure. I think that is something for CAB head office, to be honest.

Sue McCarron: CAB head office does not have localised information and you would need localised information to have that.

Fabio Apollonio: I think on the specific benefit for refugees, very good guidance was issued from the Red Cross in July 2015, which was welcome. The DWP and Home Office have produced a new guidance and we worked on producing that. It is available online and sets out the expectation of what should be done and copies are given to all newly granted refugees.

Q145 Richard Graham: You have it already?

Fabio Apollonio: Yes, it is already there.

Q146 Richard Graham: Have you looked at the Belfast one?

Fabio Apollonio: Yes, absolutely.

Q147 Richard Graham: Is there a huge amount of overlap?

Fabio Apollonio: The difference being that the Belfast one is a bit more of a self-help type of guide and there is also an element on housing, which is the done through the Housing Department. So there is a lot of local information about the way it works, the services, what to do and who you can contact locally.

Q148 Richard Graham: This is always one of the issues, isn't it? There is going to be an area of duplication there but it seems to be sensible to try to have a look at the Belfast one and the Red Cross model and see what—

Fabio Apollonio: We would welcome the Committee to support our call for a repeated version of the DWP research and the deep dive investigation into transition. We should have a little bit of time, since the new guidance was only introduced in July, to monitor that and we will be very happy to work with DWP in monitoring how effective it is. We still remain very clear, though, that we believe 28 days is not sufficient to avoid destitution among this very vulnerable group.

Chair: Sure. But we will follow up Richard's idea of collecting that data together and then maybe, Sue, you could look at it to see to what extent this could be, in a sense, transferred as an aid to all claimants not just specific ones, and highlight the sections that need to have local information as opposed to using a standard guide nationally. That is very helpful. Richard, can we move on?

Q149 Richard Graham: It leads on to the next question, which is about how these national and local liaison meetings can be made more effective. Would one of you like to volunteer to tell us a little bit about how they work in your patch? Sue, do you want to have a go?

Sue McCarron: I would if they happened, but they don't. They don't happen in Wirral any more. They used to happen.

Q150 Richard Graham: Do you not have any liaison meetings, for example, with your local law centre?

Sue McCarron: We do not have a local law centre.

Richard Graham: You do not have a local law centre?

Sue McCarron: We are it.

Richard Graham: You are it, okay.

Sue McCarron: Sixty-three GP surgeries—

Q151 Richard Graham: What about Housing Benefit from the council?

Sue McCarron: No. We have—

Richard Graham: What, you don't have any or you don't need them?

Sue McCarron: We have agreements that we have already set up through tried and tested meetings about things like Magistrates' Court fines, local authority, Council Tax or bailiffs collecting. We have an arrangement about processes and protocols on when they will put a hold on and when they will not, and about getting in touch with them about Housing Benefit. But as regards Universal Credit, no, it is like trying to get hold of God, trying to get hold of the right person at exactly the right time. If you ring up about Universal Credit, you will get a different person every time.

Q152 Richard Graham: Who do you meet with?
Sue McCarron: Nobody; our own advice agencies.

Q153 Richard Graham: You do not meet with the local council?
Sue McCarron: No.

Richard Graham: Why not?

Sue McCarron: We do not meet with the local council? Why would we?

Richard Graham: Housing benefit?

Sue McCarron: For housing benefit we deal with housing benefit staff directly.

Richard Graham: What about issues with people, the constituents of the local MP who have problems with housing benefit and have come to you?

Sue McCarron: No, if we referred every client who has an issue about housing benefit—I did bring a little bit of information with me. I ran a bit of research off our national database and I only did the north-west, because I did not want to be shocking myself too much. I did some regional stats about north-west and there were 13,000 Working Tax Credit appeals, queries, complaints; 5,997 ESA, challenging decisions, sanctions, those put in the wrong work groups; only 621 Universal Credit poor administration sanctions; nearly 3,400 challenging, making a claim, poor decision-making about PIP. Hand on heart I could not refer any of those clients, unless it was absolutely dire, to my four MPs who work on Wirral.

Q154 Chair: But also, Sue, I hand you cases, don't I?
Sue McCarron: Yes, I often get calls from—I can't remember the chap's name now.

Q155 Richard Graham: For what it is worth, Chairman, as you know, I totally disagree with that view. I think that CABs and other officers should have an escalation process to MPs when things get seriously delayed, and that is the role of us, to make sure that our constituents' cases get looked at appropriately. If it means that the DWP are not delivering on time, we should be raising that individually and as a Committee. But, Sue, I am just interested in these liaison meetings. Are you saying that you do not have them because you do not want them, or would you like them but DWP does not want to have, or what is the problem?

Sue McCarron: No, we did used to have a claimant advice agency, DWP, local authority focus meetings, forums. I have been in the service 16 years and it stopped about five years ago. That was mainly because—

Q156 Richard Graham: Was that because it was not delivering anything?

Sue McCarron: No, no, it was delivering an awful lot because I used to be quite an active member of that group. But the problem was when the DWP changed from more local officers to bigger offices—so it used to be a Wirral office and then it was Wirral, Liverpool, North Liverpool and Chester—it just became too big.

Q157 Richard Graham: How many constituencies do you cover?

Sue McCarron: Constituencies-wise, four.

Q158 Richard Graham: Four? How often do you meet with your MPs, those four MPs?

Chair: We met, what, two weeks ago?

Sue McCarron: Yes, I meet Frank often at Birkenhead's constituency things and I meet Angela Eagle. I did invite her today but I think she is busy with something else. I was there at a couple of meeting with them. But specifically meeting about benefit delays would only happen in the rarest of situations because we do not believe, from past experience, that it really does make a huge difference to a claimant's delayed process. If they have waited eight months for an ESA appeal decision, it is not suddenly going to be fixed if you phone up, is it?

Richard Graham: Again, I totally disagree.

Sue McCarron: If that is the case then it would be really nice—

Richard Graham: All our experience shows that MPs using MPs hotlines get decisions made faster, but we will leave that there.

Sue McCarron: If that is the case then it would be nice if you could tell us what the maximum is. So if it gets to six months, yes, we pass it on, but if it gets to three months—because from our experience there is a rule: I have only got a month to appeal a decision with the DWP. There isn't a time limit to when the DWP will tell me about that, so it can go on for however long. To be honest, PIP is getting better and there are less and less delays with it. I think that is because in Wirral there are slightly more centres doing the assessments. You do not have to travel to the other side of Liverpool. That takes time and money, but it would be good if the legislation said that once it gets to three months escalate it, once it gets to five months escalate it.

Q159 Richard Graham: You do not need legislation for that. You should be able to meet with your four MPs and sort that out. That would be my strong recommendation. Frank, we do not really have an answer on whether these liaison meetings are useful and what the obstacle is. Lorna, what happens in West Yorkshire?

Lorna Gledhill: Fabio has a better idea of the more high-level meetings. We have local multi-agency meetings for organisations that work with refugees and asylum seekers. In some parts of the region there are representatives from local Jobcentres, whereas up in Halifax there is a rep that comes. With that, the communication between the refugee sector, for example, and the Jobcentre is much better. There is a much better understanding on either side. As a recommendation, I recognise that Jobcentres are stretched and people have a lot on their plates, but having a rep at those meetings does get some issues solved out quickly because at least there is an understanding of the refugee condition more generally among people from the Jobcentre.

Fabio Apollonio: I can replicate that.

Q160 Richard Graham: Fabio, the question for you is: what we are hearing is that people are generally saying—and it is certainly true in my constituency, I don't know for other members—that if you have regular meetings with the different bodies involved you get stronger relationships, you get quicker referrals and you normally get better and faster outcomes. Do you agree?

Fabio Apollonio: I agree, definitely having a presence of DWP and the Home Office, indeed, at these local forums is very positive, the issue being when there is a delay and a person is extremely vulnerable, it is not quick enough to get an answer. It may take 15 working days or even more just to investigate a specific issue. I think it does help in terms of improving the communication, understanding the processes. We invite DWP into our offices to understand what the challenges are. We have had a discussion last week on how we can work better together. In the dissemination of their own policies, it is often the practice that prevails over policy and I think those meetings perhaps are a way to do a bit more, being proactive in encouraging all the agencies nationally to work with them together.

Richard Graham: I think, Frank, what we have heard is that basically there are advantages to having these regular meetings. If there are obstacles in getting Jobcentre Plus people getting to them, I think that is exactly where the MPs should be stepping in and making sure that these things happen. If they are only at meetings for the sake of them and they are not delivering outcomes, there is no point in having them.

Q161 Chair: I also think with Sue, for example, one of the ways of lessening the delays was getting more assessment centres. My job was to get more assessment centres, not to take up the individual cases so that, in fact, I am helping all groups of claimants within that category and not particular ones, which I think is Sue's job. I think we will debate this in our report. Heidi, you want to come in.

Q162 Heidi Allen: Just an observation, really, more than anything because I have spent some time with my Citizens Advice Bureau. I have to say I think they do an amazing job, but it feels to me like they are picking up the pieces for everybody about everything when anything falls over. I do chat regularly with mine and we do get stuff fixed, so I agree with that. It is just a thought. When I was a councillor in St Albans, everybody is trying to save money these days. The Citizens Advice Bureau there moved in with the council. The council was moving around, trying to save space. I just wonder somewhere in all of this that we are learning. Given the fact that the Jobcentre and the Work Programme are clearly going to have to go through a refresh, is there an opportunity where we can to merge councils, Jobcentre Plus offices, Citizens Advice Bureaux? I do not want to set the real estate market going but should we proactively put that in as a suggestion? Because things get fixed when you know it is Bob upstairs in that department that has the answer for you.

Chair: Could we ask all four of you to take away Heidi's suggestion because all the time we are thinking about the shape of our reports and the recommendations that we can make and hopefully follow through by actions? Thank you.

Heidi Allen: Stuff works when you share buildings.

Chair: Yes.

Q163 Steve McCabe: I am feeling a bit inadequate, Chairman. I think I had better sit in on some of Richard's meetings. I have to say my experience of meeting with the DWP has not been quite as fruitful, but there you go. Anyway, I would like to turn to the question of short-term benefit advances. I want to ask, first of all, do you come across many people who either experience difficulty in applying or, in fact, have not even heard that they might be entitled to them? Is that a common experience for you?

Phil Reynolds: In the context of the DBC's work, we are not aware of any issues around short-term benefit advances, which suggests to us that either awareness of short-term benefit advances is so poor that people looking for ESA support are not getting it or that it is simply not an issue. We are unable to state specifically.

Sue McCarron: We are the opposite. We have had meetings with our council. Specifically, I discussed something very similar when we moved from crisis loans that DWP used to give to what is now local welfare assistance. There was the big issue about the drop in numbers and it was about accessibility. People did not know it was there. All they were told is, "We don't do crisis loans anymore" and there was not a lot of information on the council website or in the council offices about local welfare assistance.

The biggest things that we have found—and this is in this big survey that we did—is that not a lot of people are told about it in the first place. They are only told about it if they ask and when they do get a short-term payment it is half of their entitlement and does not include any housing costs. It is half of their statutory entitlement with no housing costs, so it is not enough. The biggest problem we have is you can only ask for it within 21 days. When you make your claim and you are told, "You are going to get a payment in about five weeks. Do you have enough money to manage?" They go, "Oh, yes, yes, I think I have just been paid". Then the payment does not come through and three weeks later they think, "Gosh, I can't pay the rent". They pay their rent and they are left with no money. Twenty-one days has expired. They cannot get an advance. Our recommendation would be: the advance should be available up to the day of payment, right up to the day of payment, and it should include housing costs and some living costs. I know it cannot be all of it, but it should include the housing costs in full and some living expenses.

The other thing we found out is that the other big issue about access to benefits is not just for housing, the short-term advances, but the passported benefits. If you are a new claimant for Universal Credit and you make a claim today, you get no passported benefits. That is: no free school meals, no travel, and no prescription charges free until five weeks later, if you get payment five weeks later. We have had claimants go in, tick the box that says, "I should be entitled to free prescriptions" and then get a letter notifying them of a fine of a minimum of £170 and more because they were not entitled at that period to a free prescription. They thought, "I have claimed Universal Credit under income support or income-based Jobseekers or income-based ESA, so I would have been entitled". They are not told, "By the way, if you claim a prescription you must pay" so then we are dealing with the aftermath of that. I must admit we have been able to overturn them and appeal the decision to charge them, but it is still an issue.

Q164 Steve McCabe: I do not quite understand this, but I believe the policy of the Department is to encourage people to apply for benefits online, but you cannot apply for a short-term advance online. Is that the case?

Sue McCarron: That is right, no; you have to speak to somebody.

Steve McCabe: Why is that?

Sue McCarron: I think that is a question for DWP, not for me personally.

Q165 Steve McCabe: Okay. In essence, the issue here is that people are not told that it is an entitlement, so if there is not a high number of claims that is presumably because people do not know. If they do find out and are able to claim, by being there in person at the Jobcentre, they only have 21 days to do that?

Sue McCarron: In which to claim.

Steve McCabe: And it does not cover housing costs?

Sue McCarron: Yes.

Fabio Apollonio: In our experience, Mr McCabe, we do not have enough data to comment and to give you a full picture, but our caseworkers report that for refugees who are being granted, when applying for a short-term advance it is more likely that they receive the full benefit payment by the time you actually get a decision. It is very rare that that short-term advance has been paid because the full award of benefit is made by that time. The condition for that short-term benefit advance is that you must be likely to be entitled to benefit and, obviously, you have to meet the criteria for the short-term benefit advance, so by that time, the evidence of identity will have arrived and the full award of benefit is made. We do, indeed, apply. We do ask, but my own experience in our office in the Midlands is that we receive the full award of benefit when we do that.

Q166 Steve McCabe: I would be interested to have some knowledge about how many people are going without who would be entitled. I don’t know how much work has been done on that, but it does seem to me we are talking usually, I would think in this situation, about people in some sort of crisis. I would be curious to know about that.

Let me turn to something else. I want to ask about personal independence payments. You touched on it earlier and pointed out it is getting better. Certainly, since July last year it has improved dramatically, although I think that did take a court case, but it is getting better, no doubt about that. The Secretary of State was here last week and he told us that he wanted to hear personally about any cases that were taking longer than five weeks to process. Do you know of many cases that are taking longer than five weeks at the moment?

Phil Reynolds: I do not know about specific numbers and it is correct that the average length of time is coming down, but it is a question of whether that is still sufficient. The most recent quarterly PIP statistics show that about 11 weeks is the median waiting time from phone call to decision. I think the DBC would say that is still a long time to ask someone to wait, especially as that—

Steve McCabe: It is more than double what the Secretary of State wants to happen, yes.

Phil Reynolds: Especially as that is only a median figure, so that suggests that obviously half of people are breaching that. In our experience—

Q167 Chair: Sorry, Phil. One of the suggestions might be for those working in the Department themselves to refer to the Secretary of State all the cases they have had over five weeks?

Phil Reynolds: Yes, I think so. There is certainly a caveat. I don't remember obviously off the top of my head, but there is a caveat in the data that says because there are some outliers, some very long delays, they do only produce it on a median basis rather than on a mean average, which would provide you with a more accurate kind of picture. Certainly, in our experience, we are getting fewer calls and contacts about people having to wait long times, but people have to travel very long distances to get to assessment centres, which is what leads us to believe that assessment centre availability is an issue. We had someone who was told her client had to attend his assessment at 9.30 in the morning, 30 miles from home. It is anyone's guess how long that will take. He would have to leave the house at 7.00 in the morning, and this is a very frail person, a person with Parkinson's disease, somebody who is very unwell. Having to get commuter trains at the busiest time of the day, that is going to be difficult for anybody but particularly a person with a very complex case.

Q168 Steve McCabe: So, availability of assessment centres. What else accounts for cases taking longer than five weeks? What are the other most common reasons for delays?

Phil Reynolds: In our understanding, it is people not being able to get assessments in formats that are suitable for them. The DWP PIP assessment guide says that a significant minority of claimants should be able to be offered paper-based assessments as long as there is that sufficient medical evidence, but we know that in a lot of cases people are not able to get that. We have heard anecdotal stories of DWP and assessment provider staff that just say, "That is not our policy, we do not do that". There is also an issue around people who are, as I said, very—

Q169 Steve McCabe: That is an entitlement? You are entitled to ask for that, is that what you are saying?

Phil Reynolds: Yes. Well, in the DWP guide it says that people should be offered it. It does list certain conditions, Parkinson's—

Q170 Steve McCabe: But you are coming across cases of people saying, "This is what is recommended. I want to be offered that" and told, "No, you cannot have it"?

Phil Reynolds: Yes, that is right. It is the same for home assessments as well, people who are very unwell. We have heard stories of people who are so frail they are not even able to get into a cab to get to an assessment centre. Then it is incumbent on policy advisers and teams like me that have relationships with assessment providers to contact them and say, "Look, can you make an exception? Can you offer this person a home assessment?" Often they can get resolved, but the issue is why are they not being offered these alternative assessments in the first place?

Q171 Steve McCabe: I notice in your written evidence you recommended that there should be an online portal for PIP claims. I wonder if you could tell us how you think that would work and what the benefit would be.

Phil Reynolds: Sure. I cannot claim credit for the idea. It was something that Paul Gray recommended in his independent review of PIP. We envisaged it as something a bit like an online order. When you order an item online, you know when it is being despatched and when it is being posted. We think we would like it to look something like that.

Steve McCabe: A kind of Amazon model?

Phil Reynolds: Yes, that is right. A person can log on, perhaps with something as simple as their National Insurance number or their surname or their full name, and a tick box comes up, "Your PIP2 form has been received" or, "Your additional evidence has been received". Then people are also aware when their claim has been moved to the next phase to know if there is a delay to chase Atos or Capita rather than DWP. Because people will often say, "You just call the number on your letter" and that is often not the person that you need to be speaking to.

We would also caution against a digital by default approach. An online claim tracker would be a fantastic development. ONS stats show that the proportion of disabled adult internet users was about 68% in the first quarter of this year, whereas people who are non-disabled stood at 92%. The DWP already texts people to say, "Your PIP2 form has been received", so if that was a more comprehensive offer so people could get a text that says, "Your evidence has been received", "A letter has gone out", and then they could chase and say, "It has been four weeks. Where is my letter?" I think that would give people that confidence.

Q172 Steve McCabe: Certainly, if the Department wants to move to this more digital model it seems to me those things that other places—NHS and places like that—are using would be attractive. Have you any idea of what it would cost to trial some kind of online PIP application system?

Phil Reynolds: No, I am afraid I do not know.

Q173 Steve McCabe: That did not come across when it was recommended?

Phil Reynolds: No. I will have a look back through the Gray review and I will put a note to the Committee if I can find anything, but I am not sure there is anything.

Steve McCabe: It would probably be interesting to see that. Okay, thank you very much.

Q174 Heidi Allen: Just very quickly on that, is it a question for ourselves to find out? With Universal Credit, given that it will be the miracle cure for everything and it is obviously heavily IT based, do we know whether there is any external aspect to the IT in terms of interaction, sending out messages, sending out e-mails, anything like that? If Universal Credit is still being built as a system, now would be the time to add that on because it strikes me why wouldn't you? If we are investing lots and lots of money in IT, that is something I think, I do not know—

Chair: We will raise it when we go to the two centres we are going to look at, yes.

Sue McCarron: It would be good because if it was like that and a claimant could access it, anything like documents—

Heidi Allen: Or you on their behalf if they do not have the IT.

Sue McCarron: You could upload documents, then you would know are in a certain file where they should be, whereas at the moment it is: who has the documents; where might it be; how many times have you got to supply it; how many times have you got to ring up?

Q175 Heidi Allen: I am sure we did capture it just then, but that is a question I would want to ask. To get those 11-week assessment times down, can we look at expanding that doing it by paperwork, whether you scan in documents and medical evidence and so on? Because that surely should be a quick and fast way to get those waiting times down.

Phil Reynolds: Sorry, if I could just come back on that, I think we would agree with that. One of our concerns with the way people apply for PIP is through the initial telephone call and that is obviously a big barrier to certain groups of people with certain disabilities. When you used to apply for DLA, the assessment CABs used to have stacks of paper forms and you could just take one off the pile and do it manually, but that is not the case anymore. Digital is a great option for people but there also needs to be that physical form as well.

Sue McCarron: I might be wrong but we used to be able to fill a disability living allowance form in online in a sense, download it, save it and add to it as you needed, and then print it and send it out. You cannot do that with a PIP form. You cannot get a PIP form on your PC as a Word document and add to it, and that would be so much easier, especially for our advisers who are out in GP surgeries. If they were able to have it on their laptop and fill it in as they were talking to the client and then save it and then add the medical evidence later, it would be a lot—

Heidi Allen: Or who knows, maybe even the GP could do it.

Sue McCarron: Yes. We are very good because we are lucky we have 63 GP surgeries. We do not often get charged for evidence, but if we are charged, we try to cover it in our own expenses.

Phil Reynolds: Sorry, just on GPs, GPs are fantastic and, as I said earlier, they are reimbursed for providing that evidence. But often if you have a long-term condition, then it is more likely that you would go to your secondary care specialist, your nurse specialist, your allied health professional, and that is an issue at the moment because those specialist groups are not necessarily aware of the importance of providing that further evidence. GPs will often say, "I do not see my person with Parkinson's that often", for example, so they are often not best placed to provide that evidence.

Q176 Heidi Allen: So much of this is just admin and process. We could go on forever but we must not because Frank is glaring at me. The last question is around the fraud, overpayment and underpayment aspect of benefits. Often it seems that overpayments can be caused as a consequence of not knowing the person's circumstances and not reviewing them. What is your experience of when a person says, "Right, there is your benefit" how often DWP get involved with that person to review it to see whether things have changed?

Phil Reynolds: In our experience frequently and possibly too frequently in the context of PIP. PIP introduced a policy called planned interventions. The idea is that you will be given an award for perhaps two years and on your award letter it will say, “We will get back in touch with you just to make sure you are receiving the right level of award”. In practice, what that means is that you get sent another PIP2 form and the duration of your claim is halved and then you have to make another application. That is incredibly stressful for people. People who have gone through this process who are possibly unwell, possibly working, possibly not, and then to have to do all that again is very difficult for people and causes people a huge amount of stress and anxiety. It undermines the whole purpose. Why give someone a two-year award if you are going to review it after one anyway? We would say the DWP really need to clarify the purpose of that.

Q177 Heidi Allen: You talk about PIP rather than DLA. Has that got worse, if that is the right word, under PIP?

Phil Reynolds: I do not know if it was a policy as part of DLA but under PIP it is certainly part of the policy intention to be regularly reviewing people’s awards and making sure they are receiving the right level of benefit, so I think that is where it comes from.

Q178 Richard Graham: Isn’t the basis for that that people’s physical conditions change and some deteriorate and need more and some improve and need less? Isn’t that fairly straightforward?

Sue McCarron: But you are asked to give that evidence, aren’t you? You are asked when you make your claim and you are awarded it. It says in your award letter, “If your circumstances change, contact this number” and people know that. They know that only too well. What we have had are we—

Q179 Richard Graham: Are you saying that everybody does go back to them and contact them when their condition improves or deteriorates? I am not sure about that.

Sue McCarron: I think it depends on if it is a fluctuating condition like Parkinson’s that will gradually get worse, but we have had claimants who we have spent eight months getting through appeal, got to a tribunal, been re-awarded, back paid, who then three weeks later receive a letter saying, “Here is a new PIP form”.

Richard Graham: That is crazy.

Sue McCarron: It is just daft, really.

Q180 Chair: Isn’t part of it, Sue and Phil, that the length of time claiming was huge to begin with, understandably because it was a new benefit?

Sue McCarron: Yes.

Chair: The Department was anxious to get the time down, so it made decisions that it wanted to review again further down the line so that they could quite rightly say they were getting payments in place. This might be one aspect that the Department ought to review once the policy is working better, the statutory review. Hopefully, it will get into a position where it is more certain about the decisions it makes in the first place.

Sue McCarron: Yes.

Chair: Sorry, Heidi, do you want to just finish up?

Q181 Heidi Allen: My question is general benefits rather than specifically PIP; we are talking a lot about that. In terms of the general life of people, has your child turned 18, moved out, any of that kind of stuff, how often does DWP keep in touch on more general benefits to claimants?

Sue McCarron: I do not think it is kept in touch with apart from when you have a claimant commitment to go to appointments, stuff like that. If your child turns 18, it is not automatic that you would get a letter saying, "Joe has turned 18. What is he doing? Is he still in school?" or whatever. It is upon you to do that.

Heidi Allen: The onus is on the individual?

Sue McCarron: Yes, the onus is on the individual, especially with Working Tax Credit.

Q182 Heidi Allen: Okay. Have you seen it changed? You do have some Universal Credit that has now rolled out. Has that changed? Is that a different sort of thing?

Sue McCarron: I could not be clear in saying it. I do not do advice anymore. I supervise advice giving, but the difficulty with Universal Credit is getting a payment, the conditionality issue, same as JSA; an issue where someone claims ESA and they are refused it, so they go into an appeal and mandatory recon. There is no limit about how long mandatory recon is. The only way they can receive benefit is to claim Jobseeker's Allowance. Jobseeker's Allowance conditionality is 35 hours a week job search. These are people who have been refused ESA because they are ill, or the Department does not think they are ill but the claimant thinks they are ill or not fit. Even when a claimant goes to an appointment about their Jobseeker's allowance, it is very difficult for the claimant to explain all the reasons why they should not job search, or could not job search for 35 hours a week because they have childcare commitments or they have hospital appointments or this, that and the other. We would like specific questioning to be introduced, such as what timing of the day is best for you for job search? Stuff like that, because that is a barrier to people getting the right benefits in the first place.

Q183 Heidi Allen: Could I ask for you, Sue, to follow up with your advisers and ask them for their personal reflections? I would just be interested to see whether this relationship that we are being promised with Universal Credit is indeed happening.

Sue McCarron: I can definitely do that.

Heidi Allen: Because the way it is described—and I am very hopeful the way it is described—is that you have a relationship with your adviser who is with you through your journey of in and out of work and circumstances changing. I would like to see some example of whether that is happening yet.

Q184 Chair: We will also follow up with the Department, Sue, given when you are claiming that you put down the age of children, dates of birth, whether, in fact, one could have an IT system that would automatically tell you, "You are not now eligible unless you tell us so because of the age of your child", so that we get down error and fraud in that way as well.

Sue McCarron: It would prompt a response, wouldn't it?

Chair: It would do, yes. All right, very good. You see how good a session it was; we are way over time. Thank you very much for the written material you have given us and your time today. It was really helpful. Thank you very much.

Examination of Witnesses

Witnesses: **Lord David Freud**, Minister for Welfare Reform, Department for Work and Pensions, and **Andrew Rhodes**, Benefits Services Director, Department for Work and Pensions, gave evidence.

Q185 Chair: Minister, sorry we are late. Might you begin by identifying yourself and your colleague and then maybe you wish to make a brief statement to begin with, and then we are over to Heidi?

Lord Freud: Very good, a pleasure to be here. I am David Freud, Minister of State for Welfare Reform. I am here with Andrew Rhodes, our Benefit Services Director, and clearly he has some detailed knowledge so we will take the questions together.

I want to make one fundamental point. I was first introduced to the importance of this area towards the end of 2006 when I was writing a report, and I vividly remember some of the senior officials in the Department describing some of the difficulties they had and the consequent problems for claimants of running the system as it stood. It has been, therefore, a priority for the ministerial team for some years to improve that position. I think one of the most dramatic changes—this was just last year—was when we merged the benefit processing and the telephone calls together, which means that we had a once and done rather than a handover. That dramatically improved speed, complaints, because they got on and they had their issue dealt with. That was the first thing.

The other thing is a very dramatic—under-spotted I think—improvement in the productivity of the Department. The Department has effectively run a 6% productivity improvement over the last Government per annum. The overall figure is 14% over the period and it has maintained that productivity improvement.

Q186 Chair: David, we have looked at the data of the numbers of staff. Is that productivity calculation done on the basis of the numbers of staff and the numbers of claims processed or is it more—

Lord Freud: Yes, it is done on output per member of staff. It is not a question of the declining rolls, which there are in some areas, luckily: JSA, unemployment. It is a robust methodology and has been seen so by the NAO and so on.

Q187 Chair: David, have you seen through all the reforms you advocated prior to the coalition? Are they now implemented fully?

Lord Freud: No. They are being implemented as we speak. The last area of transformation, which is the introduction of Universal Credit, wraps up the six main working age Benefits and means that you get rid of six different sets of conditionality, six different sets of eligibility, six different sets of withdrawal rates, which means that we will finally get rid of—I always call it—our "carbunclised" benefit system and get it into a clean, single system, which will drive much more efficiencies, which will in turn be a better experience for the claimants.

Q188 Heidi Allen: Good morning. I am going to start with where we left off with the last panel, looking at areas of over and underpayments and fraud. I think it is fair to say that compared with last year, improvement has not been made quite as much in that area as we might have liked. What are the reasons behind that and what sort of things are you going to look at moving forward to improve?

Lord Freud: This is fraud and error?

Heidi Allen: Yes, overpayments and underpayments, basically.

Lord Freud: Yes. We now have the figure down to, when you put the two together, 1.9%, so we have got off the plateau that we were seeing running at 2.1% down—

Q189 Heidi Allen: Over what time period are we talking?

Lord Freud: We are talking about in the last financial year, 2014-15. Clearly, that is made up of a lot of separate initiatives to drive the figure down. We have probably the most efficient measure of fraud and error done by a major sample every year, where we go out in the field. It is an expensive process to get these figures. I do not think any other department has anything remotely close to that. These are real improvements. The net figure is lower than that 1.9% because clearly we get money back when we discover that there has been a mistake either way. We then turn it round and so the net figure of fraud and error is 1.4% once you take the debt recovery into account. Now, no level of fraud and error is acceptable—and particularly not to Parliament—but in the commercial world a figure of 1.4% is one that many banks and insurance industries would operate with and see that as an acceptable set of targets.

Q190 Heidi Allen: I do not disagree. I guess the difference is here a lot of the time you are talking about people without a lot of money, and the impact on them when something goes wrong is perhaps more significant than on your average bank customer. What more detail can you give us particularly around underpayments and how that is going to be fixed going forward?

Lord Freud: Underpayments were running across the piece at £1.6 billion in the last financial year, 2014, the last set of figures we have. Clearly, we have processes to try to correct that. There are different levels. A lot of error is timing issues and that is the issue back about you had extra money or you had too little money for a period. It is adjusted and it might take some weeks or months for both sides to work out that position and then we will adjust. We will either pay back or we will recoup some of that money.

Q191 Heidi Allen: But that would suggest that the amount would remain broadly flat if there is always this kind of reconciliation period. There must be things that can be done, practical things, to ensure that underpayment situation is improved because it is money for people without money.

Lord Freud: Yes. The key area of improvement will fundamentally be the Universal Credit system. The Universal Credit system created this combination between the RTI—real time information—feed on PAYE into UC so we knew what to pay people accurately without having these mismatches. But we have now started to use that system, that intelligence, in the legacy systems for the couple of years, effectively, that they have left. We are getting much more accurate information and the fundamental reason or the biggest reason that we are now beginning to come off the plateau and to see an improvement is that we have far more timely information to get the figures right quickly.

Q192 Heidi Allen: If you feel more confident being in that position, is it appropriate now maybe to put a target in for underpayments, for reaching to continuously improve?

Lord Freud: That is a very interesting question. I would welcome this Committee saying what a sensible target is. We have never had a sensible target for fraud and error that would say, "You have achieved this level; therefore, that is a sensible way to be running the system". At one level, this is about costs. You have levels of fraud and error. If you spend a lot of money fixing it, you can, so it is a balance. We have never had a coherent debate at the parliamentary level about the cost-benefits of coming to any particular figure.

Q193 Chair: We will follow that up, David. In helping us follow it up, are there real differences in overpayments and underpayment for different benefits? Your accounts are viewed in totality. I wonder if one broke them down into the various benefits, one could not actually get parts of the Department's accounts signed off because there are real variations in fraud and error for different benefits.

Q194 John Glen: Following on from that, isn't it desirable to put more of a focus on underpayments given the implications for the recipients?

Lord Freud: We do record them. I do not have to hand and I am not sure whether we do have to hand the underpayments and overpayments. I do not think I can supply that information.

Q195 Chair: Could we ask you for it, David?

Lord Freud: I will take the request. It is always a practical thing about whether we have it, so I do not know but I will obviously take that and look at it.

Q196 Jeremy Quin: I am not saying this is a question, Chairman, but I think what the Minister says in terms of the cost-benefit analysis is very apposite. I am sure there is a lot more that could be done, and looking into the costs associated—I am talking about overpayments, not underpayments—and whether it is worthwhile for the Department is a very interesting point to pick up on.

Lord Freud: Let me absolutely try to nail this issue. One of the major motivations for our decision to bring in Universal Credit was to deal with this. One of Universal Credit's big gains to people and one of the reasons that poorer people are better off under it—two-thirds of that gain—is that they will claim all of the benefits to which they are entitled, which at the moment they do not get. One of the benefits of a fundamental restructuring, which is what Universal Credit is, is to get that money accurately to people who do not get it. The reality is we are talking about the problems of some dying legacy benefits, which, frankly, by the time you have done all the work to adjust, you would have been better off putting that energy into getting UC working as slickly as you possibly can.

Q197 Mrs Lewell-Buck: Good morning. The previous panel told us that people often do not know that they can claim a short-term benefit advance and also that, when they do get it, it is sometimes only often half of the payment. I was just wondering whether you could explain to me why it is half of the payment and also if it is something that is in the core Jobcentre staff script when they talk to claimants.

Lord Freud: Yes. Clearly, we have ramped up the communications on short-term benefit advances reasonably as a result of some recommendations. The communications have gone up on that. It depends on which particular benefit we are talking about, but we will talk to people about what their needs are. We have particular rates, so in Universal Credit, for instance, it runs at 60% of the full amount to which you are entitled in a month. Others we fine tune slightly differently, but we will talk to people about their requirement for those advances: can they pay them back, their advances; are they in hardship? We would be able to move them over to hardship if we find that out.

Q198 Mrs Lewell-Buck: Can I go back to your answer there? You are saying that you have ramped up the communications. How are you measuring that and how do you know that that is having any success? Back to my original question, is that part of the core Jobcentre script that they talk to people about short-term benefit advances?

Lord Freud: Yes, it is absolutely part of what people need to talk about is short-term advances. People are made aware. It is part of the knowledge management system, which is where our work coaches get their information from. One of the bits of evidence that that communication is working is the fact that we have had quite an increase—Andrew will help me out here on the numbers—in applications for short-term benefit advances subsequent to that ramping up of the communication effort. Andrew, do you have that to hand?

Andrew Rhodes: Yes, that is right; we have seen an increase in short-term benefit advances. To answer your question around the scripting, anyone in a Jobcentre will see there are posters in a Jobcentre advertising short-term benefit advances. It is part of what they talk about. If you call us and you talk about difficulty in waiting for your payments, then we will discuss with you the short-term benefit advance. Not everybody is eligible for a short-term benefit advance, as the Minister said. We will take into consideration their ability to repay that advance. We have seen in 2014-15 around 100,000 benefit advances were paid for in the increased profile and that is up from 81,000 in the previous year, so we have seen an increase in the benefit advances being paid. There will be a multitude of reasons for that, but we have been increasing the profile and awareness of these.

Q199 Mrs Lewell-Buck: Is there any chance that the Committee could be provided with the script that Jobcentre staff use with new claimants?

Lord Freud: Yes. I cannot see any reason why we cannot.

Q200 Mrs Lewell-Buck: Just to go back to my question again—I am sorry if I was not following—why is it some people only get half of their payment? I am still not very clear in both your answers why that is the case.

Lord Freud: On the UC one with that fixed rate, that is the level at which we think it is sensible to advance because it also has to be repaid. That is the estimate of what we think people can get by on as they get to their first payment. They have a number of months, six months normally, to repay that amount. In practice, when you look at the JSA system, the repayments take place on average over three months. That is the issue. We do not want to leave people with a debt that is burdensome.

Q201 Mrs Lewell-Buck: On the flip side of that then, obviously not wanting to leave people with a debt burden, what we have also been made aware of as a Committee is that the deductions that are made to people's benefits to repay can often be so high that it is pushing people into hardship. They are only getting half of their benefit initially on the short-term benefit advance and then the repayments are so harsh that it is pushing them into more debt and into hardship. Is there some way you can look at that and extend that repayment?

Chair: Can I ask you to take that away, David?

Lord Freud: Yes, I will take that away, but we have quite carefully calibrated this, particularly in UC, so that people do not go into hardship. I will take it away if the Committee wants to raise it and have a look.

Mrs Lewell-Buck: Yes, because it clearly is having that effect.

Chair: We will present you with some of the evidence we have had, David, if we may. Steve, do you wish to come in on this?

Q202 Steve McCabe: Yes. We were listening to previous witnesses talking about the different ways you apply for different benefits. I wonder why you could not apply for a short-term advance online.

Lord Freud: One of the reasons for that is we need to talk to people in some detail, not least if they are in real hardship we will want to move them. It is not an issue of an advance but it is an issue of providing them with hardship help and also signposting them on to where they can get other help. We have to check in a quite complex conversation how much their need is; whether they can afford an advance, because we do not want to send them into hardship by giving them an advance that they then have to repay; can they repay it; are they in such hardship that other measures are necessary? I am not ruling out online at some stage and we are moving that way all the time, but that is the reason that right now we are not doing it.

Q203 Steve McCabe: Given that this is an advance to help people who are in quite severe financial difficulty, why are housing costs excluded from it?

Lord Freud: Sorry, explain that to me again?

Steve McCabe: I understand it does not take into account housing costs. If you are getting a short-term advance and you are having this complex conversation to establish their needs that has to be done face to face or on the telephone, you take into account all sorts of factors but you do not take into account they might not have the money to pay the rent. I just wondered why that was not a factor.

Lord Freud: Yes. In UC, of course, it is a factor and it is 50% of the total—

Steve McCabe: Yes, I am talking about the short term.

Lord Freud: On the legacy ones, clearly it is a separate conversation to get housing benefit. You would have a conversation on your housing benefit with the housing team in the local authority and it is a separate issue getting your legacy benefit. I am with you, this is pretty confusing, and that is exactly why we have spent the last five years creating Universal Credit to get rid of some of those problems, but that is the position.

Q204 John Glen: Can we turn to mandatory reconsiderations, Minister? Could you tell us the current average clearance time and what percentage of those for the last year was longer than 30 days, please?

Lord Freud: I cannot give you that precise figure. I can give you some other figures, which will lead you to it.

John Glen: Well, it is a start, thank you.

Lord Freud: I can give you what we have. If we start off with ESA, which is one of the ones that is the most sensitive, if you are looking in 2014 when a lot of this concern had developed, we were looking at average clearance time of 20 days and only 19% cleared in 10 days. That has moved in 2015 to 95% and they are now cleared in the 10 days and the average clearance time is down at 5.3 days. It is a very dramatic improvement. By implication of those figures, you will see that there is just no stretch for many of them to be very long at all within the figures. We do not have formalised figures on PIP, which is the other area, but it looks as if, if we look at the volume that we have received and the volume we have cleared, the performance is pretty similar at 90% cleared within 10 days, but that is indicative at this stage.

Q205 John Glen: Okay, so there have been significant improvements. Previously, you invited us to consider a reasonable level for error. Would you invite us to suggest a time limit for mandatory reconsiderations notwithstanding the progress that has been made? Why haven't you put in a time limit for MRs?

Lord Freud: We are planning now, not least because of recommendations here from Litchfield, to look at having a target clearance time and we are looking to introduce that from April next year, so that will be coming out.

John Glen: It is on its way?

Lord Freud: It is on its way.

Q206 John Glen: On the JSA, I understand that 31% of mandatory reconsiderations overturn the original adverse decision. You made a reasonable comparison with the private sector earlier, although obviously the client group is very different and, as Heidi pointed out, the implications for those individuals are pretty grim. But that is a very high percentage of original decisions to be overturned. How do you justify that and can that be improved? How could that be improved on?

Lord Freud: I think you have to cascade down through. I am going to ask Andrew to give you the precise figures, but I will just describe the process here. We have a decision taken. We have a proportion of those that then request a mandatory reconsideration. A proportion of those fall one way or the other, and then a proportion of those go down into the formal tribunal process. The end point of how many are overturned of the original decisions—

Q207 John Glen: Three in 10 is still quite high, though, isn't it?

Lord Freud: No, it is much less than that. Andrew, why don't you just break down the actual figures?

Andrew Rhodes: I assume the figure you are referring to is JSA/labour market decision, so in other words sanctions?

John Glen: Yes, sanctions.

Andrew Rhodes: We have to be careful with the statistics around this. The statistics are accurate and they are correct. However, sometimes the use of them is less correct. Prior to October 2013, the award review was then used where a claimant wanted to contest their sanction. We might actually conduct an award review five times. The statistics record the final outcome, which is correct so we know where the outcome occurred, whether the sanction was overturned or not. However, after 2013 the mandatory reconsideration was introduced and that is now the correct route to challenge your decision. We only use the award review where we wish to ourselves change an original decision. Award reviews are not where the claimant challenges their decision anymore.

Q208 John Glen: Right. So 31% is not individuals who have challenged under the MR process? It does not apply to them?

Andrew Rhodes: That is correct, 31% would be a correct figure of decisions changed, not decisions changed as a result of a challenge. The mandatory reconsideration current run rate is that around about 85% uphold the original decision, so only around 15% are changed. Around 67% would proceed to appeal at Her Majesty's Courts and Tribunals Service.

John Glen: We stand corrected, or I do.

Q209 Jeremy Quin: Minister, we spoke about productivity earlier. Sadly, one aspect of that is you have 6,000 fewer permanent employees now than you had a year ago. We have had witnesses who have been concerned that Jobcentre staff may not be fully equipped or trained on the full range of benefits. Is that a concern the Department shares and what are you doing to make certain that you are able to provide that expert advice in Jobcentres?

Lord Freud: This is a key issue for us not least because one of the things we are changing is siloed specialisation. We have at the moment people who do JSA claimants, people who do other claimants, and so on. Under Universal Credit the work coaches are going to cover the whole gamut of people with different conditions and, therefore, need to be skilled across those different types.

One of the most important areas of skilling is around mental health. It is very interesting. We know from statistics, for instance, that roughly 20% of JSA claimants are likely to have a mental health condition, either hidden or not. We know that statistically. We never knew it. Our work coaches were not in a position to see that. With the introduction of the claimant commitment, with the introduction of the way that Universal Credit works, you suddenly see work coaches beginning to recognise where someone has that kind of problem and, of course, that is a first step then to helping them to get over it. I think that is one of the big, fundamental, hidden improvements is that we will get better support for people. We are training our people in how to have those conversations, how to recognise people, what to do about it. It is not a question of saying, "Don't go to work". Work is part of the solution for many people, but it is just the way of helping them into that and we have done a lot of work in that area.

Q210 Jeremy Quin: You say in this bit of your answer that the training is in place. You do have a delivery programme to make certain that people are able to upskill. The ambition is great, but are you providing the framework that they can meet those ambitions in Jobcentres?

Lord Freud: Yes. One of the good things about introducing an entirely new benefit system is that you have rigorous training and the teams go through some weeks of training. These are skilled people already who then are brought on to UC so they understand it. They get trained. I was down at a benefit centre the other day hearing from them how their training process worked and it covers exactly that. That means that we will basically cover everyone as we roll out UC. We have nearly finished the live service now coming across the country. It means that we have people trained and we will bring everyone in on that process. That is a real priority.

Just to pick that point up, when you introduce a big new system like this, everyone fixates on the IT issues. The IT issues are secondary to the cultural change you need among your staff and operations and how you operate. That is where the real challenges are and that is where a lot of the resource funding goes into getting right. That is why we are rolling that new system out in such a careful way.

Chair: David, we are going to come back to Universal Credit at the end because there are a number of strands here.

Q211 Jeremy Quin: I hope you will forgive me, Minister, if I fixate briefly on another aspect of IT and digital services in general. On housing benefit, there has been a suggestion made to us by the National Housing Federation that a housing portal may be very helpful for both landlords and claimants in spotting problems. I just wonder if a housing portal is something that the Department has considered or could consider.

Lord Freud: This is absolutely right and we are introducing those kinds of mechanisms with the housing associations on the telephone and we are looking at digital. This data share with housing associations is a matter of real importance and we are doing enormous amounts of talking. In fact, I am sure when you talk to the housing people they will acknowledge that we are working very hard with them on some of these issues. The most important area that we are trialling now is what we are calling 'the trusted partner concept', where we basically work with housing associations to make sure that some of their more vulnerable clients are looked after. There are data implications in sharing behind that, which we are pursuing.

Q212 Mhairi Black: Continuing on the topic of housing, the National Housing Federation told us that in particular where there were complicated or problematic housing claims landlords or housing associations had to go through a lengthy process before they could speak to the DWP housing team. Would you consider removing that process to allow landlords to speak directly to the housing team?

Lord Freud: I am surprised they said that because in the north-west where we have a reasonable volume of housing claims we are putting in process a direct communication with landlords. We have a dedicated telephone number and the feedback we are getting from landlords is that the position is much improved from when we started out in the very early days.

Q213 Mhairi Black: Moving on to a different topic, when it comes to personal independence payments the average waiting times have reduced significantly since I think July 2014, but advice agencies report that some claimants are still facing really lengthy waiting times before they can get their PIP claims. The first panel was talking about 11 weeks that people are still experiencing. What are the specific causes of such lengthy delays?

Lord Freud: You will remember that last year, in 2014, we had very, very lengthy delays, which we said were totally unacceptable. We put an immense amount of effort into transforming the situation. The Secretary of State put a target that no one should wait more than 16 weeks. We now have the figure down to an average of five weeks, in fact. No new claimant waits more than five weeks. We are just working through some of the historics. You always get some outliers but they are for very good reason. If someone has not been able to attend three or four times, it is very difficult to process their application, if they went into a care home or went into care, a hospital, so they were not there. There are always going to be some particular situations, but when you look at the big statistics that is one of the most dramatic turnarounds from a completely unacceptable system that I have ever seen in this Department or, indeed, in any other.

Q214 Chair: Picking up Heidi's point earlier, it shows targets can work in the Department, does it not?
Lord Freud: Targets judicially selected are useful.

Q215 Mhairi Black: You say it would take about five weeks. Is that five weeks from an end-to-end process?
Lord Freud: Yes. Andrew, why don't you pick that up?

Andrew Rhodes: If I break this down it will become clearer. The first stage of the process is the person makes an application for Personal Independence payment. Once we have received their application and it is a valid application we will send to them what we call the PIP2 form. We have four days in which to send that to them, and we are consistently doing much better than that. The claimant then has 28 days in which to return that form. Of course the speed of the overall payment of their claim, if they are going to be paid PIP, is quite dependent on this bit, so the quicker they return that form the quicker we will refer them for an assessment. The average wait time for an assessment is then, as the Minister said, five to six weeks. That is considerably less than the 16 weeks we saw in March and very different from the 42 weeks we saw in 2014. There will be outlying cases with more complex medical decisions that need to see a particular specialist, or if they don't turn up for an appointment and so on it will take longer.

As soon as we receive their assessment reports from the assessment provider we will make that decision within nine days, and we are consistently doing much better than that. The overall end-to-end time has the despatch of the form, the time it takes the claimant to return their PIP2 to us, their assessment period and the final decision, which we will then communicate to them.

Q216 Mhairi Black: Just finally to ask: while I appreciate that the delays have reduced significantly, what specific improvements can be made to the process for the people that are still currently experiencing 10, 11 weeks waiting for this?
Lord Freud: I suspect that in the 10-week period we are looking at complicated situations where it just takes longer. I suspect we are now at the level of acceptable performance. Where there are outliers—clearly exceptional outliers—we get alerted to them. MPs perform a very useful function here, they write to us on individual cases and when we are alerted we can look at them because something has gone wrong. That is the process that works. Indeed, the number of letters that we have received—the correspondence in this area invariably from MPs—has dropped very substantially. It has dropped to a third of the levels that we were seeing a year ago.

Q217 Ms Buck: ***We heard evidence earlier about particular problems that people have with processing benefits after they had received an asylum, a refugee or leave to remain decision; about 10,000 cases in the last year. The evidence was that those claims were taking on average 42 days to process and some of the examples in the Birmingham***

study were up to 80 days. Why is it that the Home Office documentation is not adequate to ensure that there is a timely process for getting benefits in to payment?

Lord Freud: We have now aligned the NINo allocation with the Home Office decisions on asylum, and that is a relatively recent development. It reduces our need to do a NINo interview, so we now have a fast path procedure to get asylum applicants who have—

Q218 Ms Buck: ***When was that introduced?***

Lord Freud: When did that come in, Andrew?

Andrew Rhodes: I do not have the date but it is relatively recent. The main obstacle here is establishing the person's right to remain and the existence of a National Insurance number in order to be able to claim benefit. Once we have that there is no difference in the processing time for them. The only issue we have ever experienced is establishing the identity of the individual and their right to remain in the UK.

Q219 Ms Buck: The evidence that we were hearing was clearly that National Insurance numbers were part of the problem. I think that is completely fair and that is not your responsibility. There did seem to be other difficulties as well as the National Insurance number, in that people were not able to take their Home Office documentation and establish eligibility. I do not quite understand why one Government Department should be providing documents of status that another Government Department does not accept.

Lord Freud: As I say, we have been working very closely with the Home Office on this and we now have this fast path process. We now accept the Home Office identification of someone, giving them a NINo gives them a right with us. I can only say again you will probably have had evidence, I will have a close look at that evidence and ask the team to see if there are any residual problems. Sometimes you can get problems from the process before we introduced this fast path and I do not know whether we are talking about the current situation—

Ms Buck: I am sure that is possible but if you are not able to tell us when it came in it makes it harder for—

Lord Freud: I apologise for that. I will have a look at the evidence that you have—and come back to you pretty fast—to find out whether there is a continuing problem or whether it is a problem that we have solved.

Q220 Heidi Allen: We have not talked as much about Universal Credit as I thought we might have done. Sorry to keep harping on so to speak. How do you think Universal Credit might affect our ability to manage underpayments, would it improve?

Lord Freud: Dramatically, and we have budgeted to spend a lot more money on the poorest people.

Heidi Allen: But the technical issue of underpayments that we have seen with individuals.

Lord Freud: Universal Credit is going to be much more accurate. One of the subjects of error is it is a very complicated system; it is all over the place. People do not claim everything they are entitled to and we don't have timely information. Universal Credit simplifies all that. It also means that you can consolidate all of what you are owed and get it in one piece. Our forecasts are for Universal Credit to make a big reduction in the fraud and error figures.

Q221 Heidi Allen: It might just be me being deeply cynical so forgive me, but it always seems to be biased around the, "Make sure we don't overpay", rather than underpay. Being really cynical one could say, and these times are difficult, "I do not have enough money to go around", so is it we are chasing the overpayments more than the underpayments?

Lord Freud: When we make the corrections we will make them both ways. When we review cases and if we find it either way we will make the adjustment both ways. The process is blind to under or over.

Heidi Allen: It is just that the language always seems to be around: what we are going to do to tackle overpayments? I don't think we hear that much about under.

Lord Freud: I think that is often because the statistics are of burning interest to the PAC in particular, NAO and PAC, and they are interested in government things, so we are responding in questioning terms to that. The actual systems we have will do both, but we are forecasting the inaccuracy levels will go down substantially with the introduction of UC. I know every member of this Committee knows this but we have a system that has grown higgledy-piggledy since the 1940s and it is very, very complicated. I am not speaking now as a Minister of the Department; I am genuinely impressed that the Department can run such a complicated system with the levels of error and fraud at 1.4%. You would not normally ask an organisation to try to operate and deliver a system that is so inquorate.

Q222 Chair: If Universal Credit is going to increase the take-up of benefits previously not claimed does the Chancellor know what the increase in the benefit bill will be?

Lord Freud: The Chancellor knows those figures. Those figures are baked in to our business plan and are part of the benefits to individuals. One of the things for which this Committee should welcome Universal Credit—

Chair: Thank you for your advice.

Lord Freud:—and I am sure it does.

Chair: Another matter you want a recommendation on, David.

Lord Freud: This is really the key. When you look at Universal Credit we are investing £1.8 billion to create that system. That is actually down. I know we get criticised for our IT but we have actually pulled the cost down; spread it out a little bit but pulled it down. The benefit of that in the business plan, gross value over 10 years is £27 billion. That is including a slow ramp up. If you look at it annually it is producing benefit to society of £7 billion a year, every year, once it is in. It is the most incredible programme and the reason it is doing that is not because of lower fraud and error and all that—which it does do—it is hugely efficient at directing money to the poorest people who need it most. That is the benefit to society that that £7 billion is measuring fundamentally, and that is the value that we are giving to society by introducing this system. It is a much more efficient way of getting money to the people who need it. That is why this Committee should be supportive of this process.

Q223 Richard Graham: Minister, thank you. Yes, Universal Credit comes at the heart of everything that you have been doing. You advised the previous Government on welfare reform and you have been a Minister in the coalition—and now this Government—for five and a half years on this crucial project. I once asked you what the difference was between advising the previous Government and working as a Minister in this one on welfare reform, and you said the difference was that we will implement the necessary reform, meaning Universal Credit. Of course Alistair Darling once said in Parliament that, "We had looked at this", and it was too difficult to implement. I have seen it in my constituency. It started with single people. It is not yet applied to families, which is where it would make a real difference, and I am a believer but there are plenty of people out there who are not. I think part of the problem is about the speed of the implementation. The faster it can be rolled out, obviously the faster it is going to also have an impact on issues like tax credits. Can you tell us today what the current timing for the completion of the roll-out of Universal Credit is and how this could be speeded up?

Lord Freud: As you all know, we reset the programme in 2013 with a plan. One of the issues around that plan is what we called 'the test and learn' approach. We do this so we don't have some of the problems where we will end up spending hours in committee. We test things, which means by definition you do it with relatively small numbers. We are talking—which you will all be familiar with—the S curve, careful start, big ramp when you go and then a tail at the end; that is the classic way to do a big project.

Q224 Richard Graham: Where are you on with the S curve?

Lord Freud: We are coming up to the approach trajectory.

Chair: The lower curve?

Lord Freud: Well, that—

Chair: I am following your hand very carefully, David.

Lord Freud: Yes, I will have to describe my hand. We are on the tail of the S as it moves up. We have had more than 200,000 people apply for Universal Credit, so the volumes are beginning to be quite real.

Chair: Sorry, how many, David, was that?

Lord Freud: More than 200,000.

Chair: Right. Have applied, yes?

Lord Freud: Have applied. They go through the system because a lot of these are single so they are JSA. I think we are currently looking at—plucking a number from my head—I seem to remember the number 146,000, and Andrew will correct me if I have that wrong, are currently on it. Some have moved through but that is the current figure.

Volumes are beginning to move, that is on the live service. We then introduce in April next year what we call the digital service, which is interactive and has security allowing you to be interactive. We already have three places where that is happening, Croydon, Sutton and I think London Bridge—I think that is today—where we have the digital service. We ramp up the digital service carefully through the rest of next year then, in the following year, the ramp up goes on right the way through, so that all of the country over that period, through the end of 2016 through 2017, spreads out all new claims and then we shut off.

Q225 Richard Graham: By the end of 2016 how many people do you estimate will be on Universal Credit?

Lord Freud: I will not give you that figure because we will move that figure around depending on how we test and learn. But we ramp up at a very significant rate; early 2017 starts a big ramp up that is not like the live system, which is a segment of the rather more straightforward people. We take all people in an area, area by area.

Q226 Richard Graham: We started with zero, we are at 146,000 today. What is the final destination?

Lord Freud: The final destination is probably now around 7 million households.

Q227 Richard Graham: When do you anticipate we will reach that?

Lord Freud: In 2017 and 2018 we shut off the existing system, so all new claims will be on to Universal Credit.

Chair: In all areas?

Lord Freud: In all areas, everywhere.

Richard Graham: By?

Lord Freud: In 2017 and 2018 we start shutting. We may even start shutting in 2016. We start shutting off the system when we have done the roll-out. Then, in the subsequent two years, we look at doing the managed migration of people who are on the legacy system. The legacy system is over. The bulk of those—you will remember my tail, the top of the S—we will not hurry with the very difficult cases, and there will be some hundreds of thousands.

Q228 Chair: What is the date, David, when you will be at the top of the S? That is what Richard was after, was it not?

Lord Freud: We are effectively going to be towards the top of the S at the end of this Parliament.

Chair: By 2020, and then you will still have—

Lord Freud: 2020, yes, by the end of this Parliament or end of 2020.

Q229 Chair: But then you will still have legacy cases to transfer over?

Lord Freud: No, we will have done the bulk—

Chair: You will have done those as well.

Lord Freud: —of the legacy in that period. Forget the IT; the operational challenge of getting those transfers is the real challenge for this organisation. Sorry, Richard, I am coming back to your final point. I will not, and nor will Iain, hurry the Department to do something that is so big, because it is far more important that we get this right. This is a once-off change; you do this every 60 or 100 years. You do not want to mess up something by going faster than you should, so we are very—

Q230 Richard Graham: I agree with that, but just in terms of the sceptics and the unbelievers out there, what are you scenario testing on the likelihood of someone, probably the Secretary of State, having to make a statement in this Parliament saying that he is very sorry but there have been unexpected complications, the operational demands are greater than required, the culture change takes longer, and so on, and the programme is going to be delayed another year, two years, whatever? How robust is the planning on this?

Lord Freud: To me—and I have lived and breathed this—I am feeling quite confident about the nature of the plans and the capability of the Department to do it. That is not a feeling I could have said to you some time ago, 18 months ago.

Q231 Richard Graham: What could derail that in terms of changes to your budget and so on?

Lord Freud: We are pretty robust now. We have tested these processes out, they are working. The challenge is not the structures, it is the scalability issues.

Q232 Richard Graham: You have seen reports in the newspapers today suggesting that there might be an element of the budget for UC that could be vulnerable in the autumn statement. Does that give you cause for concern?

Lord Freud: It does not give me cause for concern about the roll-out. That is a slightly different issue. But the roll-out trajectory—and I am talking now as an observer—looks robust.

Q233 Chair: Your dates of 2020 plus, if we are thinking of the Chancellor and the changes he is making to Tax Credits, the Tax Credits system will still be in existence in 2020.

Lord Freud: I doubt it.

Q234 Chair: When are you going to make the switch off and then the crossover?

Lord Freud: I have described that the two years, 2019 and 2020, are when we do the transfers of legacy over, so what you have to think of is the Tax Credits system segwaying into the UC system. They are not in contradistinction. The same people go in from one through into the other and they mesh, and we are working hard with the Chancellor and the Treasury to make sure that we can pick up the people at the rates that they are used to.

Q235 Chair: But if people are moving over to Universal Credit from Tax Credits, will they be less well off as a result and, therefore, the Chancellor will make his changes? Or are you, in a sense, undermining the Chancellor's budget objective of saving £4.5 billion? Because the sooner you get people on to Tax Credit the better off they will be.

Lord Freud: No, because we have made parallel changes in Tax Credits and in Universal Credit and the changes we have made in Universal Credit to match the changes in Tax Credits are to our work allowance rates.

Q236 Chair: But have you already factored in, David, the changes the Chancellor announced and is now reconsidering?

Lord Freud: Clearly, I cannot prejudge anything that is happening in the current SR, so I can talk to you about where we are formally but, clearly, we will go on talking because the two systems are in parallel.

Chair: That is helpful. Thank you.

Q237 Ms Buck: I want to ask one very quick question, which is, given the laudable aims of simplification and targeting on the poorest, how do you now regard the decision to take the Council Tax benefit out of the Universal Credit system and have it operated on individual schemes by local authorities?

Chair: Could it be revisited at a later date?

Lord Freud: The reason that it went across—I am not saying any stories out of school here, this is fairly public—was the Treasury were looking for savings of £500 million out of the Council Tax and, clearly, that was not something that Universal Credit, which did not encompass the country, could look to provide. It was not practical in the context of looking for those savings. Clearly once you had Universal Credit in it is possible to look at how else one can move it. What you have in Universal Credit is an architecture and clearly, once you have that architecture, a lot of different options open up. That is one of the options. As Frank asked the question, that is obviously an option. There are quite a lot of things that anyone who is power from 2020 onwards would look to do with the system.

Q238 Steve McCabe: I wonder if I could just for a second go back to the timescale and the numbers. I understand your caution but if we are at 146,000 and we are at the bottom of the S just as it begins to rise, and you are going to get to 7 million by May 2020, by any standard that would suggest you have to be nearer by 3 million in less than 18 months' time. There has to be a massive escalation at some point. How is that credible if you are only at 146,000?

Lord Freud: There will be a massive escalation when we have tested all the processes and know how people respond, have our response systems in—

Q239 Steve McCabe: Are you seriously saying that you could get from something like less than 3 million to 7 million in a matter of months, is that what you are—

Lord Freud: Not in a matter of months from here. That is not the process I described. I described—

Q240 Steve McCabe: No, no, I am saying you have less than 18 month to reach the halfway point and I wonder how on earth, at the rate you have been making progress, you seriously believe you are going to be able to hit that figure by 2020.

Lord Freud: I have described a picture of 2017 and 2018 where we switch off existing systems, so we are dealing with flow. I am describing a system where we switch on the digital system right the way through the country at a very rapid rate. But we have the benefit because we have the trailblazer live system and all of our Jobcentres are on UC, so they all know how it operates. Then for the subsequent two years I am describing the transfer of people off their existing legacy systems onto the UC system. At the end of that process, once you have dealt with the tail—a few hundred thousand of the most complicated cases—you can start absolutely switching off the systems.

Q241 Chair: Can we go back to the switching off, David, 2017-18?

Lord Freud: Yes.

Chair: That means, does it not, that the system will be in existence fully over the whole country?

Lord Freud: Yes.

Chair: Is it the beginning of 2017 and by the end of 2018 that will have occurred?

Lord Freud: Yes.

Chair: The calendar year?

Lord Freud: They are financial years so we are using shorthand. But let us stay with it, 2017 and 2018 are the times where you basically go all over the country for all people and take all flow.

Q242 Chair: So by the end of however we define whatever 2018 is, at that point Universal Credit will be operating in its entirety universally over the whole country, because at that point you start switching off applications for new Tax Credits, Jobseeker's and so on?

Lord Freud: Yes. We will obviously try and get it across the whole country in the—

Chair: Earlier.

Lord Freud: Early in that two year gap, because that allows us to switch off the system for new claims for IS, for JSA, for ESA and so on.

Q243 Chair: But the longer it is before you get to that universal coverage the more relevant Steve's question is, isn't it? Because the actual take-up has to be much quicker in the years that are left to you before 2020.

Lord Freud: What maybe I have not made clear enough to Steve is we have the live system that takes a segment of people right across the country, and that will be fully rolled out across the country by spring next year. So we have 100% coverage of the country by spring with Universal Credit.

Q244 Chair: With its complications? It will not just be single people?

Lord Freud: No, that is—

Chair: You are saying by the end of next year?

Lord Freud: We have to spring with the live system; we then start carefully moving across to the digital system, which is a secure system, which I know the Secretary of State invited you to come and see.

Chair: We are going to see you.

Lord Freud: I think it will be really valuable for you to see. Basically move that up, get it to be scaleable and then move the rest of the country over.

Q245 Chair: But can we go back; Richard said that he had in his constituency Universal Credit working for single people, which was the first stage. When will the whole country be covered for single people?

Lord Freud: April?

Chair: Of what, next year?

Lord Freud: Next April.

Chair: Next April, and then when will the whole country be covered for people who are couples and with other household entitlement?

Lord Freud: I was describing there that we then do the ramp up of the digital secure system, starting next April/May, a careful start—like everything we do—and then a big push to get the whole country up effectively in 2017.

Chair: For all claims?

Lord Freud: All claims, and we carefully go out in the geography, but at some pace. That allows us, once that is done, to start the switch off for new claims.

Richard Graham: Can I just ask one tiny thing?
Chair: Yes, Richard and then Karen.

Q246 Richard Graham: I discovered by happy chance, just talking to my Jobcentre people, that Universal Credit had already started. There is no big splash about this. It happens quite quietly. The media doesn't know, the local people don't know and all the rest of it. MPs don't know unless they are specifically in touch with the manager of their Jobcentre Plus to ask them to tell them or ask the question themselves directly. Do you think there is a case for alerting MPs once Universal Credit has been switched on in their constituency—starting with the first few single people and all the rest of it—so that they know when it has happened, so when they and the manager judge it is the right moment and a few people are signed up successfully and so on, that they then have the option to go along and see it? That is the way you are going to spread the word and get more people buying into it.
Lord Freud: That is a very useful suggestion. We do try to get local publicity as we open up each Jobcentre. I thought it was happening but we will make sure that a formal invitation goes to the MPs where we open for the rest; I think that is a very good idea.

Q247 Chair: This is interesting because I was told there was local publicity that the new scheme was starting. I think it ought to happen for all of us.
Lord Freud: Yes, it is a good point; I will make sure there is a formal process. I thought we were informing MPs.

Chair: I assumed we were because it was a standard sort of response.

Lord Freud: If you are not hearing, it is obviously not working so I will make sure that it is.

Q248 Ms Buck: Just clarify for me what data you are able to obtain from the Treasury on the Tax Credit flow information, the number of people flowing on and off the Tax Credit? Do you have that information to inform your modelling?
Lord Freud: What we are doing now is we are planning how we move Tax Credits people across.

Q249 Ms Buck: But in order to be able to model your management of the workload, you must know the information from the Treasury about the number of people flowing on and flowing off Tax Credits. Do you know that information?
Lord Freud: Yes, because what is happening is some of the Tax Credits team are moving over to us, so we are working hand in glove to work this out. This is—

Chair: That is an answer to a different question, David, isn't it? People might be moving over and helping and that is all very good, but Karen's question was very specific about the flows of claimants. It is information we wanted off the Treasury, so that we might help by putting forward suggestions to Treasury about the reforms they might produce before the autumn review. Karen, can you come back to your question?

Q250 Ms Buck: Are you provided or do you have access to Treasury information on the flows on and off Tax Credits?

Lord Freud: I don't have the answer to that to hand, and what I was trying to say is that we are now working with HMRC to design it, so I would think that we would work on the actual figures as we go through that process. I am sure that we do.

Ms Buck: I do not know how you could do it without that data.

Lord Freud: I do not think they are public but whether we have them right now or will have them, we will be working on the actual figures when we work together on it.

Q251 Chair: When you get back to the office, David, might you find out that you do have this data and tell us?

Lord Freud: I will tell you, I don't think that means I will give you that data but I am pretty sure that we have that data. Do you we have that data, Andrew?

Andrew Rhodes: I am sure we will because—

Q252 Ms Buck: Why would that data not be something you could share? I cannot see any reason why on and off flow information would not be open.

Lord Freud: It is not my data to give you, is the blunt answer. If HMRC will not give it to you, I am not in a position to commit to give you something that HMRC at this stage don't want to give you. But clearly we are going to be able to work with the real figures as we design the handover.

Chair: Great. David and Andrew, thank you very much.