



Work and Pensions Committee

Oral evidence: In-work progression in Universal Credit, HC 549-iii

7 March 2016

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Members present: Rt Hon Frank Field (Chair), Mhairi Black, Ms Karen Buck, Neil Coyle, John Glen, Richard Graham, Craig Mackinlay, Jeremy Quin,

Questions 85 - 156

Examination of Witnesses

Witnesses: **Rt Hon Priti Patel MP**, Minister of State for Employment, **Pauline Crellin**, Head of Universal Credit, Labour Market Policy and Partnership Division, and **Ross James**, Universal Credit Labour Market Transformation and Test and Learn Division, Department for Work and Pensions, gave evidence.

Q85 Chair: Welcome, Minister.

Priti Patel: Thank you.

Chair: Might you identify yourself for the sake of the record and then introduce your colleagues?

Priti Patel: Sure, of course. My name is Priti Patel, I am the Minister for Employment and, Chair, I have with me today Pauline Crellin, who works with me closely on UC matters but also on employer engagement and employer strategy, and I have Ross James, who works predominantly on the Universal Credit aspect of what we do.

Chair: Very good. Thank you.

Q86 Mhairi Black: Afternoon. First I have to apologise, I have to leave early so I hope you will excuse me. Just to start off, obviously when you are looking into a full in-work service this will likely increase footfall. Has the Department made any estimates of what the increase in footfall may be?

Priti Patel: I will answer that, if I may, two ways. First of all, you are right. Obviously we have the new UC system so we have more people coming through that. The system has been designed over a number of years to be very agile and to be able to accommodate new

people and new flows as they come on into the system. That is incredibly important for the sustainability and, I would also argue, the efficacy of the system as well from a management point of view.

Secondly, enabling and developing the capacity and the capability, particularly through our Jobcentres, has been crucial from the technology end—obviously front-end technology is crucial—and, importantly, also in terms of our teams of people, our brilliant work coaches who are out on the front line. That development has enhanced their ability to deal with people in a different way, of course, because these are different types of conversations.

The team will speak about numbers, but gradually, as UC has rolled out, our numbers are going up and up and up from where we were a few years ago, when we were trialling UC and dealing with predominantly single claimants. It is now bringing in new households and going live across the country. Ross probably ought to—

Ross James: When Universal Credit is fully rolled out we anticipate around 1 million claimants in this in-work conditionality area. Clearly to work with 1 million claimants, we need to think very carefully about how we differentiate the service. Do we need to see everybody face-to-face? Can we see somebody through the online service and things like that? We have 1 million in steady state, which is 2021.

Q87 Mhairi Black: Obviously that is quite a vast increase. What steps is the Department taking to make sure Jobcentres can cope with that kind of increase and that members of staff can cope with that?

Priti Patel: It is a very fair question and a fair point to make. I come back to the nature of the development and the rolling out of UC. It has been a continuous process so the ability to test and learn has been crucial to that and the ability to have an agile computer system, the digital system as well. We are building a lot of capacity there.

Of course, at the end of the day our Jobcentres are about people and our teams of people, our work coaches and the interactions that they have with claimants who come through. For us there are two important aspects to this. One is the continual training of our staff and guidance and support for them, in particular. In terms of work now right across the board, a number of things going on.

First, we are looking to accredit our work coaches. We are taking them into the area of qualifications—basically, standards to which they work. The other point to make about Universal Credit, and bearing in mind that it is the holistic benefit, for want of a better term, is that we have worked now to co-locate many of our services. I was at a co-located site just on Friday. You can see the interactions. It is amazing, people from different functions coming together. I am sure the Committee has visited some of these sites as well.

The other aspect is the work with employers, broadening the base of our work coaches' engagement with employers to support people into work. Pauline is doing some great work on that and will also speak about it. We are not the job creators, it is employers who are creating the jobs, and having those partnerships with them across all our Jobcentres and across all the regions is absolutely crucial.

Q88 Mhairi Black: Are you recruiting work coaches?

Priti Patel: Obviously we have work coaches already. We are always upskilling our work coaches but as we look at our estates, relocate and integrate our services, we are agile depending on the need locally within the community and the demand. We are constantly changing our staff profile with people coming in as work coaches and people that are working within the DWP landscape in terms of Jobcentre operations.

Q89 Neil Coyle: The jobs have been advertised, have they?

Priti Patel: Pardon?

Q90 Neil Coyle: Was that a yes or a no?

Priti Patel: It is a yes. It is a yes based on what goes on in the localities and where the demand is. Basically where there is need.

Q91 Neil Coyle: On the point of demand, what you very generously call “test and learn” others might call “delay”. By this year there were meant to be 8 million people on Universal Credit. I think the latest figures are 365,000. Is that correct?

Ross James: It is slightly less than that, I think.

Q92 Neil Coyle: Slightly less? Okay. Well done. How has that delay and changing timeframe of Universal Credit hit the ability to project the volumes or capacity that individual Jobcentres were meant to have in place?

Ross James: Although this is about in-work progression, not about Universal Credit itself, in terms of the latest plan that was discussed and published last year we are on track to roll out. We will be in all 407 Jobcentres by this spring delivering Universal Credit. The full service continues to roll out. We constantly make sure we plan and reprioritise, as the Minister has said, so in terms of the resources that our Jobcentres need to deliver Universal Credit as well as the business-as-usual Jobseeker’s Allowance benefits, we will look at that regularly to ensure that we have the right people in the right place to deliver. There has been no impact on our ability to do so.

Q93 Chair: Before you go on there, some members of the Committee think the work coach side is the most interesting parcel of reforms that we have looked at. It really does change the nature of Beveridge’s system from a reactive to a proactive service. Therefore I am still puzzled about the cost involved, the numbers of jobs and the numbers of people you will need to embrace what I think is a major function on top of the functions that you are already planning for. I do not have any idea of that, Priti, from you. Have you wrung money from the Treasury so that this can be a growth area, given how important the reform is?

Priti Patel: There is continual reform when it comes to work coaches and Jobcentres. One of the biggest areas of reform for us, as I have just touched on, is the co-location of services. The fact of the matter is you get better outcomes. The work coaches are great individuals doing great work with people, helping to transform lives and get better outcomes for them. The way in which we can do that is by integrating the service rather than sign-posting people, referring them and booking new appointments for them.

Co-location is already up and running but there is a lot more coming and there is a very clear work programme associated with co-location of public services around the country. With that goes the upskilling of our work coaches, looking at the demand locally, where we have challenges. Let's be clear, there are still significant challenges with people who are long-term unemployed in terms of securing employment opportunities for them and working with employers locally. Of course that is really intensive and that is a demand on our work coaches. We are supporting them in making sure that they have the ability to do that through the service network, through co-location, by bringing public services together and working alongside employers to achieve the right outcomes.

Q94 Chair: Working with employers is the crucial side and the new side, is it not? Co-location may deliver all sorts of other good things, which we have seen in one of our visits, but it may not give people the knowledge of where employers are in the whole of this reform and their ability to respond to you in the effort to help people increase their wages.

Priti Patel: That is right. We are not creating the jobs, it is the employers who are creating the jobs and employing people. I will ask Pauline to talk in some detail about the work that is taking place because it is not just employer engagement in DWP, this is about employer engagement across the whole of government. It is understanding the labour market, mapping some of the hot spots and things of that nature, but also recalibrating—and we are doing this now—Government's relationship with employers. It is fair to say—I am sitting here today saying this—that the relationship with employers has been somewhat passive in the past. It has not been dynamic. That applies to all Government Departments. We will call a taskforce, we will call a meeting, we will sit with employers and we will listen to views.

We fundamentally believe that this has to be bottom-up, not top-down. Our Jobcentres and our work coaches are on the front line and they are the litmus test. They know where the vacancies are. They know who the major employers are. They know who might be employing on a seasonal basis or where the in-work progression opportunities will come from for many UC claimants. That is effectively where we are concentrating our approach right now, from a policy point of view, when it comes to employer engagement.

Q95 Neil Coyle: Sorry, were you going to add something to what the Minister has said?

Pauline Crellin: I can, yes. I would like to explain a little bit more about the employer strategy that the Minister talked about. As I mentioned at the informal official session that many of you were at, we have embarked on a fundamental review of the way that we engage with and work with employers. That starts, as the Minister has said, with some mapping and understanding what the evidence base is, looking at where the employment hot and cold spots are nationally, what that means for where employers are based and what that might potentially mean for inward investment and those prospects. We are taking a much bigger holistic picture of the evidence base.

Then we are looking at our infrastructure, how we are structured to have those conversations with employers and how we are placed to understand what employers want and need from us, as well as what we want and need from them. We have been looking at a model whereby we may have, for example, some national employer partnership

managers and a local, regional approach coupled with that. Just as an example, the sorts of conversations we might expect our national partnership managers to have would be, with a large retailer, “Where are your next five, 10 or 15 stores about to be opened? What do they look like? Are they distribution centres? What kinds of skills are you going to need?” Then working with our local partners to look at how we deliver that and make that real.

Q96 Neil Coyle: That is quite a dramatic change from the generalist advice of a traditional Jobcentre Plus. How many work coaches have been trained, accredited and recruited so far and how much do they cost, compared with a traditional Jobcentre Plus adviser?

Priti Patel: We are in the process of going through the accreditation. That is a new process that we are putting in place. Through the introduction of Universal Credit, of course we are constantly training our work coaches on UC but also on the engagement with UC.

The other point to make, coming back to the employer engagement—because this is not just about work coaches, this is at a national level and at a regional level—relates to the ability to work across Government Departments. For example, skills are crucial to this—what is it that employers are looking for. We are mapping and looking at hot spots around the country, we are working with the Skills Funding Agency and working with the Department for Business, Innovation and Skills so we can be supported in terms of looking at how we can support individuals who are out there in the labour market but looking for progression. What kind of skills base do they need? This is a totally different approach from the previous one.

To your point, obviously we are starting on this journey. With regards to work coaches, through Universal Credit, that UC gateway is now there, and people are being trained. It is embedded in terms of the changed approach. In terms of where we get to by 2020 and 2021, that will be a different landscape. I cannot give you a figure because I just do not know how many people will come through.

Q97 Neil Coyle: My own borough is one of the full service areas. London Bridge Jobcentre Plus is meant to be full service. How many of their staff are fully trained as work coaches?

Priti Patel: I visited London Bridge myself. I would say predominantly most of them are because of course they are the digital site as well.

Q98 Neil Coyle: There is a level of uncertainty in that answer. Could we have some statistics?

Priti Patel: We will happily provide you with a breakdown of that, of course.

Q99 Neil Coyle: I am more familiar with the London full service areas.

Priti Patel: We will happily provide you with that.

Q100 Neil Coyle: Especially where it is in full service, it would be useful to know how many are in the process of being accredited, how many have been trained already and whether they cost more. Can we come back to that point as well?

Priti Patel: Okay. All right. I can provide you with some information on that for the sites that you have highlighted. I would be happy to do that.

Neil Coyle: Okay. Thank you. May I come back in on the co-location point as well?

Chair: Yes.

Q101 Neil Coyle: Obviously having the Jobcentre Plus fully skilled is part of this process and the Minister has mentioned this co-location issue. How are you working in partnership with local authorities and is the intention to continue to provide the universal support programme funded by DWP?

Ross James: Yes, it is, absolutely.

Q102 Neil Coyle: Up to 2021?

Ross James: It is funded to 2021, yes. I am pretty sure of that date from an outline business case perspective. It could be 2019 or 2020. We could confirm the exact date but there is a commitment to funding universal support.

Priti Patel: You have mentioned co-location and working in partnership. That is absolutely crucial. We cannot do this on our own and local government is a key partner for us.

Q103 Neil Coyle: One of the other concerns for local government is around the alternative payment arrangements. There is a fear or there seems to be a level of uncertainty in the social housing and council sector that DWP may seek to charge for those arrangements at some point in the future. Could you throw any light on that? Is there any plan to introduce any charges for the alternative payment arrangement?

Ross James: Not that I am aware of.

Priti Patel: No, we are not.

Q104 Neil Coyle: Right up to 2021?

Priti Patel: This is not an area that has been presented to me, so on that basis I can say—

Q105 Neil Coyle: It does affect the ability to deliver that in-work progression side if local authorities have to pull back on—

Priti Patel: That is “if”. We are not doing that.

Neil Coyle: Okay.

Q106 Richard Graham: This is arguably one of the most revolutionary things that any Government has tried to do in the field of welfare. Can I just start by giving some context? Pauline, are you aware of any other Government that has tried to increase earnings for those who are on welfare?

Pauline Crellin: No, but just before this meeting I was having a very useful conversation with a colleague from the German Government. I know they are looking at this territory. I know that other countries are very interested in the approach that we are taking. I do not know that this has been tried anywhere else.

Ross James: This is why, as we explained in the informal session, we ran the call for ideas back in 2013. I believe in Canada and in the Netherlands there have been instances of some state support to increase earnings for small cohorts of people but you are absolutely right, no one has taken it on systematically. That is why we ran the call for ideas, to try to get a sense of where we have to start to focus our attention.

Q107 Richard Graham: Indeed, and personally I think that is something to be encouraged because the whole point of life and work is to progress and to earn more. What it also means is that there is not a whole body of evidence on which to draw to answer questions like, “How much are these work coaches going to cost?” What it does do is raise questions about where they might best come from and what sort of experience you are looking for. Ross, can you give us some idea of what sort of qualifications and skills you will be looking for and whether those might come possibly from the voluntary sector as much as from the business sector, or indeed out of the public sector? Do you have any feel for where you think these individuals, who are so crucial, are going to come from?

Ross James: First of all, the work coach who is delivering the in-work support is the same as the work coach who is delivering the out-of-work support. Our work coaches, as you know—you have met many—come from a huge variety of backgrounds. The critical thing here is understanding if they need new skills other than those that they deliver for out-of-work support for claimants, or if it is an extension of existing skills. We will learn that during the course of the trial. What we have done is invest considerably in the training that we give to the work coaches to support the randomised control trial. That is facilitator-led. They have case studies, they will do their own workshops in terms of the sort of support they can offer, and of course we have quality assurance that backs that up. We will learn from this trial whether our coaches do need a specifically different set of skills. My instinct is that they do not because it is an extension of what we deliver already.

Q108 Richard Graham: That is probably my instinct too. Minister, perhaps you would like to share with us your own thoughts on this, particularly in terms of the relationship management of the employers? That, I think, is going to be the key to it.

Priti Patel: I agree. That is why we are recalibrating everything we do with our employer engagement approach. Having looked at this over the last nine months or so, if I were to look at a map of the country and identify unemployment hot spots, for example, and then drill down further and look at who the employers are and what kind of relationships we have, asking those questions has given us a great number of insights into what more we can do and we need to do, not just locally but on a national level as well. That is my point about working with Government Departments. It is fair to say we are trying to unify, in a way that has never existed before, an employer strategy across Government.

The aim at the grassroots end with work coaches and Jobcentres, and also with our regional teams as well, is embedding those relationships and having a good idea and understanding of, dare I say, not just who the key employers are but perhaps who some of the business figures and the business leaders are. That means working with LEPs, for example, when they are making their areas and localities much more attractive to inward investors, to understand where the skills shortage might be if they are trying to bring a new investor into the area. It is fair to say that these relationships, without a doubt, are going to be crucial.

Secondly, this is new. We have not worked at this level ever before. It is a welcome partnership for our people, the DWP people, to be not just embedded within that business and economic fabric locally but to be working alongside major employers to say, “We can work with you as a partner to fill employment vacancies, to work on recruitment drives with you and also to plug skills shortages too”.

Chair: Jeremy, did you want to come in? Then back to Neil.

Q109 Jeremy Quin: Minister, it is new and it is exciting, and it is just part of perhaps beginning to solve the conundrum of the productivity gap. It is a great initiative. You are referring to working with employers and working with the grain of what they are trying to do. Have you had any pushback post-National Living Wage and the apprenticeship levy? Is there any suggestion from employers that it is either/or? “We have these new impositions coming so we are prepared to put less of our own resources into training and vocational skills-based approaches inside our own workforces?”

Priti Patel: I speak to employers all the time. I try to make it my mission to see an employer every day because that is absolutely vital, it really is, to understand where they are coming from, how sectors are performing and, from a labour market point of view, to understand job vacancies and the skills gap and all the rest of it.

The interesting thing is that it is fair to say probably six months ago, in conversations with all employers naturally, they were raising with me valid representations with regards to the new National Living Wage and the apprenticeship levy. Through making representations, we have been able to connect them with the main Department for Business, Innovation and Skills, which is obviously leading on these policies and the implementation of these policies, and importantly, get their voices heard in the policy development as well. The levy is a very good example, through the levy board and the work that has taken place with BIS, to get their voices in there and for them to be consulted too. I have had no one push back. If nothing else, through the dialogue and discussions we have had, we have been a gateway for them to get to BIS.

Pauline Crellin: If I might just add to that, it is my understanding that BIS are currently conducting some research on potential employer behaviour change in response to the levy. We are expecting to see that in the summer this year.

Jeremy Quin: That was my very next question.

Pauline Crellin: I knew.

Q110 Jeremy Quin: You are not doing your own analysis? BIS is taking the lead on that and then you will analyse it yourselves?

Priti Patel: BIS, yes. They are leading.

Jeremy Quin: Thank you.

Q111 Neil Coyle: Is it possible to share with us the specifics of the DWP training component or accreditation component for the work coaches, specifically how that differs from what they have done in the past and the focus on in-work claimants?

Priti Patel: What we can do, Chair, is certainly to write to the Committee and show you where we have been previously and where we are going. There is no set formula right now. I am not going to present you with, “This is what it looks like” because we are working on this right now in terms of accreditation. I would be very happy to share some work on where we are.

Ross James: Mr Coyle, just to be absolutely clear, accreditation, as the Minister said, is a proof of concept. We are building the evidence base. We are not accrediting yet all work coaches who are involved in this trial.

Priti Patel: We can show you what we are trying to get to.

Ross James: We can absolutely share what we are doing.

Q112 Neil Coyle: It would be great to see that so we can see how it is developing. Specifically for staff who would have been involved in the trial areas and the full service areas, what was the difference in the training for those staff? Was it other in-work benefits? Was it passported support? What did it include? What were the key components?

Priti Patel: A range of things.

Ross James: Absolutely. A range of things.

Neil Coyle: Someone must have sat down and done this.

Ross James: We have.

Neil Coyle: Yes.

Ross James: We originally had 10 sites, as you recall, last year, which is when we learnt an awful lot about the sort of support that our work coaches need to deliver this package. Critically, what we are doing is facilitator-led training. It is not just about e-learning and things like that, it is about having conversations, it is about role play, it is about using case studies to understand different claimant types, or requirements and needs, and getting work coaches to think through what they need to do to help support that claimant to increase their earnings.

We have built the case studies based upon the learning from the 10 sites. We are not naming real people but they are, in effect, people with real needs and real circumstances that we can reflect upon. It is trying to be much more case study-based in its approach. It is very much more a workshop-style training than not. There is considerable consolidation that happens afterwards as well to make sure that, having delivered that, our work coaches are capable and confident in delivering this support for the trial.

I think we mentioned last time—and I can never remember what the acronym stands for—that we have a series of people basically out there supporting the trial and checking quality to make sure that what our work coaches are doing, they are doing well in the trial, to make sure that when they have questions, we can case-conference so they can learn from each other in terms of what they do to improve. We are happy to share the template for that learning.

Q113 Neil Coyle: It would be really good to see some of that training. One of the groups that I am sure is part of the focus for under-employment or under-productivity—call it what you like—is disabled people in work. Have disability employment advisers been involved to a significant degree or not? Have they had the additional training and been involved in that?

Ross James: If an individual is disabled and deemed not fit for work or earnings progression, they will be excluded from this trial.

Q114 Neil Coyle: Specifically someone in work?

Ross James: Some disabled people will be excluded from the trial. That is disappointing but yes, absolutely, disability advisers are aware of this and quite often can give support to a work coach if they have questions. That is the importance of case conferencing.

Q115 Neil Coyle: The work coach would go to the DA rather than the DA being trained in being a work coach? It is additional; it is an extra?

Ross James: It could be both, so that a DA is a work coach and a work coach will have some—

Neil Coyle: They would be talking to themselves.

Priti Patel: It is integrated support.

Ross James: Absolutely.

Q116 Neil Coyle: It is the same person in some cases but not in all cases?

Ross James: Increasingly so, because that relationship between the work coach and the claimants is important. The trust that that builds is very important.

Q117 Neil Coyle: There was a point about passporting support. There does still seem to be some confusion and one of the barriers to in-work progression is suddenly finding new costs as a result of moving over a 16-hour threshold, in the past, or whatever it might be. One of the issues that still seems unresolved is the issue of free school meals. Is it the Government's intention that anyone in work on Universal Credit will be entitled to free school meals, or not?

Priti Patel: It depends on their circumstances. I will be very clear with you. Naturally, with UC, it depends on their circumstances. There is no “one size fits all” here. If there is a particular example that you want to present us with, we can look at that and then come back to you.

Q118 Neil Coyle: It is a very simple question, I think. It would be good if the Government could clarify whether free school meal entitlement will be linked to anyone on Universal Credit in work.

Priti Patel: On a passported basis.

Neil Coyle: If you cannot answer that now it would be really useful to have in writing afterwards.

Priti Patel: Yes, okay.

Q119 Chair: Priti, to use a phrase that has its fame, the significance of your changes is that there are three people in this marriage now, aren't there. Added to the two people originally, who were me as a claimant and you as my adviser, we now have the employer. In the old marriage where there were two of us, though we could have a discussion, when push came to shove, it was your requirements on what I did to make sure I was not sanctioned that was the prevailing force. We now have the employer in this arrangement. My concern is that my adviser, or my work coach, in Jobcentre Plus, may not be quite aware—because there are so many employers who may be taking people on from Jobcentre Plus—of the conditions you are putting on me in the Jobcentre which the employer would find vexatious to meet. The question is whether in fact, if the employer said, “These are the conditions that we require from you”, that would take primacy over the abstract discussion that would have taken place previously, before we knew about the labour market, before we involved employers and before we were discussing moving people up the pay scales. They are all incredibly important things.

Priti Patel: You are right, the relationship is changing. We have to reflect on the fact that it is a more bespoke discussion and the relationship is much more personal, which has greater merits as well, obviously. Through the Claimant Commitment, which is one that is created to suit the needs of the claimants—that is a really important point to make—obviously the claimant is supported on that whole journey and progression. The real catalyst for change right now is that the work coach can pick up the phone, effectively, to an employer, and say, “This claimant has only been working X hours right now. He or she now feels they are ready to work more hours or develop or be supported into a new role”. That kind of interaction changes the relationship in a way that did not exist previously.

Q120 Chair: If you as my work coach said, “You should now take on four extra hours to put your pay up that way”, and my employer, Ross, is saying, “I have four hours’ training for you to do as part of how my firm is trying to increase the value of its workforce”, would Ross take precedence over you? Would you just say, “You still have to do four extra hours”?

Priti Patel: It would be a dialogue between everybody. That is important. There is nothing here that refers to a binary outcome at all. This is a dynamic dialogue that takes place involving all three individuals. That is an important point to emphasise because this is about the individual claimant and the support for that person, whether it is in-work progression, career progression, or the financial support that they rely on.

Q121 Ms Buck: You responded to one of Neil’s questions earlier on by saying, “We are talking about in-work progression, not Universal Credit”. It is fair to say that you cannot disentangle the structure of Universal Credit from the task of in-work progression. You would agree with that?

I have been interested in the discussions that I have had with some London Jobcentre Pluses that even on the relatively small number of people going into Universal Credit so far, they have noticed a significant increase in employers coming to them with jobs below 16 hours. They have been struck by the fact that they are getting a reaction from the labour market to Universal Credit, which leads you to believe, possibly—and there may be different

labour markets in different parts of the country—that in-work progression requirements are necessary to counter some of the labour market impacts of Universal Credit. Are you picking any of this up?

Ross James: Not so far in our evaluation, no.

Q122 Ms Buck: Would you be monitoring it?

Ross James: Absolutely. The formal evaluation of Universal Credit is a cohort analysis. I am not going to be able to talk to you in detail about it but we published the latest findings back in December. It will absolutely monitor those sorts of impact. The next wave is due in the autumn of this year.

Q123 Ms Buck: What would it tell you? What would the headings be? What would it actually tell you?

Ross James: That is a difficult question to answer.

Priti Patel: Yes. We cannot hypothesise on what will come, but certainly the data—

Q124 Ms Buck: You must know what you are seeking to monitor?

Ross James: Yes, absolutely. That gives us the confidence. We know we are getting more people into work than we are on Jobseeker's Allowance, we know they are earning more and we know they are staying in work longer. We are monitoring that. If there is a trend that implies that there are more people in work but they are earning less—that is a hypothesis but if that is the hypothesis—you are absolutely right, in-work progression is about managing that, whether you are in-work poor and you move on to Universal Credit or there is any other change.

Priti Patel: I would be interested to know which London Jobcentres are giving you that feedback because I would like to follow up and find out about that. Our evidence in the document we published in December completely contradicts that.

Q125 Ms Buck: That is interesting. It may be that this changes over time or that it is very localised. Of course that is right. Are you saying then that your early indications are that employers continue to offer the same mix of jobs that they were before the roll-out?

Priti Patel: Opportunities, absolutely. In terms of employment opportunities and the range, that is growing, and obviously in terms of support for individuals on Universal Credit and their ability to progress, work more hours and develop themselves, our recent study published in December has shown that as well. I presume, Chair, the Committee has that study. I would be very happy to share some of these points and our key findings.

Chair: That would be very helpful. Thank you.

Q126 Ms Buck: Would you say that is indicating that people are working the same number of hours that they were previously?

Priti Patel: More. They are working more.

Ms Buck: That slightly prompts the question of why it is necessary to do so much work around in-work progression, if the system is also getting people into more work.

Chair: That is only one way. I am sorry, we should not be having a discussion among ourselves but we are interested in this topic. The in-work progression is so that you can earn more without increasing your hours. You may increase your hours to increase your pay but the aim was to increase the productivity of workers in any current position that they hold, Karen, I think.

Priti Patel: That is right.

Q127 Ms Buck: It is pay as well as hours?

Chair: Yes, indeed.

Ross James: Current tax credit claimants who will migrate on to Universal Credit, many of whom will be stuck in that in-work poverty line, for whom the state does not supply any support—

Q128 Ms Buck: That is a perfectly fair point Frank has made. I may have missed it but I do not think I have ever heard people discussing it other than in terms of additional hours. When we talk about the interaction between a work coach, the employer and the client, it is almost always in terms of whether there are more hours available for somebody to work.

Ross James: That is our thought. When you see the training, it is all about increasing earnings. Absolutely, the focus is on earnings.

Chair: That is one of the main changes, if not the main change, is it not, that you are trying to bring about? The old-fashioned thing was just to make people work harder until they dropped. This is whether one can increase the value added to the firm for each hour that the employee contributes and therefore to affect their pay that way. There are commentators with much experience who view that the only way to increase earnings is to increase hours and I thought this in-work progression was a real effort not to follow that single track.

Q129 Ms Buck: Ross has just said that may be a presentation issue on your part in that this is being presented to us usually in terms of additional hours. Just talk me through the conversation, then, between the work coach and the claimant in terms of the productivity argument, Frank's point. How would that go?

Ross James: That is a very difficult question to answer because every claimant is different and it depends on their motivation. I am not trying to hedge the question here. The nature of the conversation that the work coach will have is, first—as the Minister said, in terms of the Claimant Commitment—understanding from the claimant what their motivations and their barriers may be to increasing earnings. That could be, “I am an individual who just does not have the self-confidence” versus, “I am an individual who is quite happy to coast”.

Q130 Ms Buck: I take that but in the end this all has to be about what we can measure, otherwise it is all a bit nebulous. I am hearing Frank say—and I think you would

agree—that this is fundamentally as much about productivity and pay as it is about hours. Hours are easy to measure and they are relatively easy to ask for. I can imagine the conversation in which you are talking to claimant and say, “Are there more hours for you to work?” That is an easy one. I am trying to understand exactly how the conversation would go that asks for and measures additional money and productivity.

Chair: Could I again abuse the position—

Ms Buck: We are interviewing the Minister here.

Chair: I will make a suggestion that the change would be that my work coach would know that I manage, brilliantly, a whole host of pressures at home but still present myself for work, and yet the work is a grot job. Therefore my coach might help promoting me by saying, “Have you realised this person’s set of skills is not reflected at all in the sorts of work that you offer him or her?”

Priti Patel: Exactly.

Chair: “Do you not think you should do it?”

Q131 Ms Buck: The person has gone into job X and the task of the work coach is to say, “This person is better suited to work Y?”

Priti Patel: If we are talking about productivity, we are talking about aligning the individual and their skills to the suitable role that is there in the labour market rather than just shoe-horning people into jobs, basically. There is a fundamental difference in terms of that work coach role, the dialogue with the employer and also the dialogue with the claimant, and importantly the support that the work coach can provide the claimant to help them secure that position or move on and progress in the right way.

Q132 Richard Graham: In some senses, we risk trying to create scenarios before something has happened and you are able to give us the evidence of what your officers are finding.

Chair: It is happening, though, Richard.

Richard Graham: Yes, I know, because I have seen it in my own Jobcentre Plus. Part of this presumably is also about encouraging people to put themselves forward for other jobs that come up on offer that are better paid and have more responsibility with them. It is linked to the hours— it is; I am asking a question—because where someone was constrained by only being able to work 16 hours and therefore only being able to put themselves forward for the jobs that had 16 hours, now they can put themselves forward for other jobs that have longer hours and do have more responsibility, with greater opportunities for training and so on. Is that part of what you are looking at in terms of the opportunities?

Ross James: Yes, in answer to your question, absolutely. It is important to remind the Committee that the randomised control trial that we are spending a lot of time talking about is part of an overall strategy in terms of how we build the evidence base for in-work progression. By definition, as you said, we do not have all of the answers yet. The reason for undertaking the trial is to come back in a couple of years’ time with those answers.

We will have a longitudinal study of the claimants—this was the point I was going to make—so that we can track earnings increase over time during this trial. We will be undertaking qualitative research with our work coaches and employers so that we can understand how that whole three-way conversation is working or what more we need to do on that, as the Minister has said. Hopefully you will agree that the process we are going through to build that evidence base is robust, so that we are able to come back at a point in time and say, “This is what is effective for these people” and why.

Chair: Neil, did you want to come back on this? Then I will go to Craig.

Q133 Neil Coyle: The more you can share on the evidence base and statistics, the more helpful it would be because while this will be some point in the future, there have been the pilots and the trials. I would be very interested to see that point about increasing earnings because in the Southwark trial I believe it was the case that 100% of the people on the trial ended up in housing cost arrears—100%. If there was an increase in earnings and still people ended up in arrears, what went wrong? What went so badly wrong? What learning has been done to prevent that from happening as things are rolled out further? What additional costs will the Government be providing for councils in discretionary housing payments, when that is already a massively stretched resource within councils like my own?

Priti Patel: Although surely that trial—and I do not know the information and I do not know the details of the Southwark trial—is very different to the randomised control trials that are taking place right now and will be taking place, on the basis that the approach, the methodology and, importantly, the types of engagement and discussions that are taking place are totally different. We are not comparing like for like here. You are right; we undertake these trials for a very good reason, so that we can test and learn. We do not claim to have the answers automatically to these particular approaches.

Importantly, we recognise that we are dealing with people and their changing lives. That is the other factor here. Circumstances change. We are talking about people of all different backgrounds with all different situations and circumstances, people moving onwards and upwards and doing all sorts of things. Trying to have that snapshot and then apply it to things that have happened in the past is probably not right. In terms of what we are doing, we will collate the evidence, we will have the data and we will be able to share that going forward.

Q134 Neil Coyle: Going forward, and obviously here and now as well. You have made the point about the earnings increase. If you can share anything on that it would be very helpful?

Priti Patel: We have that. That is published, in terms of UC.

Q135 Neil Coyle: On that people point, what will be done to support those in work who need a bit more in terms of skills development and budget management skills? What is being done there for the individual rather than on the employer’s side, which we have already talked about?

Priti Patel: It is a good point. It is quite interesting when we speak to, as Pauline mentioned, some of the other Governments around the world that are looking at our

systems right now. They are quite taken aback when we describe the UC approach and the focus on the—

Neil Coyle: I bet they are.

Priti Patel: They are from the perspective that we are offering bespoke support for individuals. There is no “one size fits all” here. That is one of the biggest learnings out of the welfare system, from where we were even five, 10 or 15 years ago to how far we have come.

The point about the support on budgeting that will be available to them is that yes, we are integrating with other aspects of public services through co-location. Just one example is bringing the housing support much closer. I have been to many sites where we have the housing adviser and the financial adviser there in the same room. It is not as if we are trying to signpost, make an appointment in three weeks’ time and then worry about whether the individual makes that appointment or not. That transforms the engagement.

The point about skills is crucial here, as is understanding that our labour market is dynamic. I am afraid too many of the welfare discussions in the past have not even acknowledged the changes that take place in the labour market or the fact that employment and employers are agile. Businesses grow and businesses go through great changes, whether it is consolidation or expansion, as does the skills requirement, across all parts of the country and the economy. Our work coaches are in the front line but they will have that relationship with employers, with LEPs, with colleges, with training providers, in a way that has not existed previously. Fundamentally, we have learnt how we can better do things, in terms of those partnership relationships, over the roll-out of UC.

Chair: Karen, quickly.

Ms Buck: Just very quickly.

Chair: I promise not to come in, Karen.

Q136 Ms Buck: On the housing and financial advisers, are you saying that in each of the pilot areas as it rolls out you are expecting there will be a housing adviser and a financial adviser?

Priti Patel: We are seeing this already. The point is about co-location.

Q137 Ms Buck: Who are they? Who are these people? Who employs them?

Priti Patel: A lot of this is in local authorities. This is local authority provision. I was in a centre on Friday in a district council where we have the voluntary aspects, we have the CAB, we have Jobcentre Plus and UC—

Q138 Ms Buck: They are not the council, are they?

Priti Patel: There are council staff as well, working alongside, embedded and integrated and providing support.

Q139 Ms Buck: You are saying there is a housing adviser and a financial adviser available in every—

Priti Patel: I am not saying everywhere but this is the level of service provision that we are working to right now.

Neil Coyle: That is part of the universal support.

Q140 Ms Buck: If you are working to it, it implies that it is there?

Priti Patel: We have it. We do have it in some parts of the country.

Q141 Neil Coyle: Some. Currently that is the universal support offer. It is commissioned by the local authority, not by Jobcentre or the DWP. You have already said that is going to continue as this rolls out. Is it the case that that will still be commissioned by local authorities so that there can be that variation and personalisation that you have talked about?

Priti Patel: Local authorities are a strategic partner for us to work with. Of course they are absolutely there working with us, not just to provide the support but to deliver many of the services as well, through co-location and also through the staff that they provide to give advice and support with our people.

Q142 Neil Coyle: Is that a yes?

Priti Patel: Of course it is. That is exactly what I am referring to.

Q143 John Glen: Can I add something? Is it not the case then that in different parts of the country there would be a different sort of relationship that would be desirable? It would be wrong for you to prescribe a particular configuration of which partners to work with in which proportions because the nature of the labour market is different, the number of employers and so on, as well as the profile of the workforce?

Priti Patel: That is a very fair point to make. We should not assume that for a co-located service that it is automatically a local authority. For example, I would share the thought with the Committee that health is a key determiner in terms of support to help people back to work, as well. There is no reason why working through a commissioned model, which is not just a local authority or a district council but could be a country council commissioned service as well, you could not put under one roof Jobcentres, a local authority with housing benefit support and so on, and also, importantly, health provision, whether it is GP access or mental health support. We all know, through all the data and the research that is out there, that mental health and access to mental services is crucial when it comes to helping people get into work and, importantly, once they are in work, into sustained employment as well.

Chair: Can we move on to that, Priti? Craig, before you have to leave.

Q144 Craig Mackinlay: Thank you. Whenever you do a science experiment in life you need a very good control group that is untainted by any other influences. I know the City

Deal is doing lots of its own things on the side, and in other parts of the country, or throughout, you have the UK Futures programme, Timewise Foundation and Goals UK.

Priti Patel: That is right.

Craig Mackinlay: These trials that you are doing at the moment will be the foundation of potentially a very expensive roll-out of what we hope is some very good work. Can you be absolutely sure that your control group is untainted and that the lessons from, say, a City Deal one using Goals UK is separately identified, with its outcomes, compared to one that is just an interview-led Jobcentre Plus one?

Priti Patel: Yes, sure.

Q145 Craig Mackinlay: I am worried you are going to get a huge amount of confused data to try to get through and say, “This is the magic formula that works”. Are you keeping them separate? Are you quite comfortable with all these different semi-trials and differences?

Ross James: Are we quite comfortable at this moment in time? Yes, is the answer. That is why we have these quality assurance officers who are spending their entire lives out there, not just getting feedback from the work coaches and things like that but to understand if there is a risk of variation.

Inevitably, some things will happen. Manchester is looking at doing a lot of work and we have to be able to understand what that is and isolate that as far as possible, because—you know this—the problem is there is a real world out there and lots of people want to do many different things. Our job is first to understand what it is. Bear in mind we are looking at 5,000 claimants in the control group, as well as 5,000 in each of the treatment groups. The more we can protect them from these other factors, the better. That is fine. Once we have reached 15,000 claimants it may be that some variation to service on a local level is not a bad thing and we can learn from that, but the number of claimants on the trial are protected.

My obsession is trying to minimise the risk of any deviation because, as you said, contamination will end this. I cannot guarantee that there will not be a little bit of it but our job is to be able to track it and to react accordingly. I am also assured by my analytical colleagues that with the numbers of claimants we are talking about we will be able to isolate some of that deviation.

Craig Mackinlay: Thank you.

Chair: Back to you, Karen.

Q146 Ms Buck: Again, this ties into some of the questions we have been asking. What are you looking at in terms of being able to identify the patterns within the labour market in local areas, particularly the availability of extra hours? I know Frank thinks it has nothing to do with extra hours.

Chair: No, I was not going to say anything.

Ms Buck: He is not saying anything.

Chair: I promise.

Ms Buck: Allowing for the fact that additional hours are part of the equation, are you looking at different labour markets and the availability of hours? How are you doing that? How is that being monitored?

Pauline Crellin: As part of our employer strategy we are looking quite closely at the variations between sectors, the different working patterns and different labour market practices and approaches that are present in different sectors. For example, in the retail and in the hospitality sectors there are lots of flexible part-time roles because that is the nature of those sectors, whereas they are not so prevalent elsewhere. As part of that employer strategy work, we are working initially with three sectors, including the hospitality sector. We are doing some work with the retail sector. We are also looking at the transport and construction sectors. In conjunction with BIS, CLG and other Government Departments, we are determining what the labour market looks like for each of those, what the patterns of jobs available might be and what that might mean for how we approach the problem.

Q147 Ms Buck: That would not just be a one-off process, that would be a continuing process of monitoring the availability of—

Pauline Crellin: Yes, absolutely, of roles and also fluctuations in the labour market depending on what is happening. I mentioned earlier that we would use analytical evidence perhaps from our colleagues in BIS, UK Trade and Investment and other areas, looking at not only where the investment is moving in but where the economy might not be doing so well and what we might need to know there. It is absolutely a continuous process. It is not a case of, “We have done the analysis so we can park it”. Internally in the Department for Work and Pensions we are investing a lot of resource into making sure that this is a continuous process and we have the means to be able to refresh that in a way that is useful and relevant for the work we are doing.

Q148 Ms Buck: In terms of the effect of that for the individual—let us say the London labour market because it is relatively easy and has huge retail and hospitality sectors—would the fact that there would be a lot of potential in that labour market in central London, which might not exist in some other parts of the country, influence the extent to which the work coaches would interact with an individual about seeking to get their work progression?

Pauline Crellin: I would link that back to the approach I mentioned about national and local employer engagement teams. The idea is that we would spot that, either through analysis or through our relationship with employers, and that would be fed back locally to determine what the local approaches might be.

Q149 Chair: On that, if in fact employers were trying to create more jobs less than 16 hours, that is the mechanism by which you would pick up that intelligence?

Pauline Crellin: Yes.

Chair: That is good. Thank you.

Q150 John Glen: Could you explain the role of financial sanctions in the in-work pilot? How do you see those working and what data will be published around them in terms of their impact?

Pauline Crellin: Sanctions are an integral part of a conditionality regime that applied to the in-work pilot as much as anywhere else. We publish sanctions data for JSA and ESA. Our intention is to publish Universal Credit sanctions data once we have some meaningful data to publish and obviously in the evaluation of the in-work progression trial that must be an integral part of what we look at because it is an integral part of the trial.

Q151 John Glen: In terms of the discretion and the variance, because one of the criticisms is that sanction regimes are not implemented universally in the same way and people say there is a different attitude, what observations can you make around how that is unlikely to happen, based on the way you are rolling it out?

Priti Patel: I would make a couple of points. Speaking about the randomised control trial in particular, the point about sanctions is that it requires dialogue, as ever, with the claimant, and importantly identifying, through the Claimant Commitment, the right level of requirements on the individual and what support they can be given.

Through the trial in particular, this involves the right kind of approach in terms of understanding what the situation is with the individual. Importantly, through the trials we have more levers to support them in a way that has not existed previously, in terms of their individual circumstances, the skills issues they might have and what kind of employment support they need. Again, I come back to the term “bespoke”. I do not want to use that in a very general sense, but, again, it is understanding the individual and their circumstances in such a way that this trial can capture their progression in the right way going forward.

Q152 John Glen: Can you explain a bit more about the dialogue that goes on before the commitment is made? The impression is sometimes left that people are randomly sanctioned with no warning and without a dialogue about expectations on both sides. Could you just, for clarity, give the Committee an explanation of what is involved?

Priti Patel: Absolutely. We have the Claimant Commitment, which is put together with the individual work coach and the claimant through dialogue and a very clear understanding as to what the individual’s circumstances, situation and background are and, importantly, what the claimant would like to do going forward in terms of work, employment support and seeking employment. That is the purpose of the Claimant Commitment.

The importance of that commitment is that we are working with that individual in a very reasonable way to ask them to undertake some reasonable requirements when it comes to work search. Of course there will be other support and interventions around there to help that individual. It is not, as unfortunately sometimes it is documented, a very binary or a single instrument that works against the individual. A Claimant Commitment is one that is negotiated and discussed with the individual and the work coach.

Ross James: May I just add that in the Claimant Commitment it is not just the support and requirements that are agreed but also the implications of that? In the Claimant Commitment the coach is absolutely clear that if you do not meet the requirements that

you have agreed to work to, you will be sanctioned. That is very much part of the upfront conversation.

Q153 Chair: Do the requirements not change once someone has followed their Claimant Commitment and got themselves a job with your help? Should they not have another Claimant Commitment once in work?

Ross James: They will.

Priti Patel: That is right.

Q154 Chair: Therefore the dynamics change from two of us to three of us.

Ross James: Yes, absolutely right. The Claimant Commitment will be updated in conversation between you as the claimant and me, the work coach, as often as—

Q155 Chair: And the employer? Will it be updated with the employer's input as well?

Ross James: No.

Priti Patel: Not with the employer. The point to make here is that as the individual's circumstances change, the requirements change as well. Clearly if the individual is in full-time employment and no longer within the benefit space, they are moving on and becoming much more self-sufficient. As the individual perhaps starts to earn more or work more hours and their whole relationship is changing with their employer, there is still that engagement with the work coach and the claimant, the individual, not the employer.

Q156 Neil Coyle: You could be in full-time work and still be on housing benefit. For some people that relationship between being on welfare and being in work will not end. It is a false dichotomy, really. My concern is that we have seen people with caring responsibilities for older relatives or for children who are sanctioned while they are caring because they have not been able to meet an obligation. We have seen people with visual impairments not have communications in braille or large print from DWP. How would those negative examples of previous experiences with sanctions be avoided as the sanctions regime is extended for those in work?

Priti Patel: I would argue that they will be avoided because the system going forward—we are talking about these control trials in particular and in-work progression—has a very different approach. It is much more focused on the individual. It is more bespoke. That is the purpose of these trials. It is important because we are not comparing like for like, really, with the individual circumstances or cases that you have just highlighted and the current changes that we are making to the system going forward.

I take the view that because of the support that we will provide through our work coaches, in particular, and also UC digital—the systems are changing and we are advancing in a very different way now—we will be able to capture all aspects of the claimant's circumstances and changes of their circumstances, and importantly identify the support that they need in a better way and integrate that support in a way that may not have happened previously.

Chair: Minister, thank you. You can see our enthusiasm for this topic, although naturally and rightly we had some critical questions to put to you. It is exciting for the individual and it is also exciting in the sense this is a service that is beginning to change what we mean by the nature of the state. Thank you very much indeed, all three of you, for your evidence today.