

Work and Pensions Committee

Oral evidence: Universal Credit: the wait for first payment, HC 204

Wednesday 1 July 2020

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Members present: Stephen Timms (Chair); Debbie Abrahams; Shaun Bailey; Siobhan Baillie; Neil Coyle; Steve McCabe; Nigel Mills; Selaine Saxby; Dr Ben Spencer; Chris Stephens; Sir Desmond Swayne.

Questions 145 - 207

Witnesses

I: Sir Iain Duncan Smith MP, former Secretary of State, Department for Work and Pensions; Stephen Brien, former Expert Adviser, Department for Work and Pensions; and Baroness Stroud, former Special Adviser to the Secretary of State for Work and Pensions, Department for Work and Pensions

II: Gareth Morgan, CEO, Ferret Information Systems; Phil Booth, Co-ordinator, MedConfidential; and Tom Loosemore, Partner, Public Digital

Written evidence from witnesses:

[Ferret Information Systems](#)



Examination of Witnesses

Witnesses: Sir Iain Duncan Smith, Stephen Brien and Baroness Stroud

Q145 **Chair:** I welcome everybody to this meeting of the Work and Pensions Select Committee and bid particular welcome to our three witnesses: Sir Iain, Baroness Stroud and Dr Brien. All of you played a central role in the implementation of the biggest change in the social security system for many decades. We are very grateful to all of you for sparing the time to join us this morning.

I will start with the first question—Iain, this is primarily for you. In your view, is the five-week wait, which is inherent in Universal Credit, hard wired into Universal Credit or can it be changed?

Sir Iain Duncan Smith: No, the five-week wait was never originally part of the structural plan for Universal Credit. It was a monthly payment, which equates to approximately four weeks. That was the original structure. The five and six-week wait—we forget that until fairly recently there was a sixth week involved—were additions brought in after 2015. I do not think they were brought in for elements of efficiency. They were brought in because there was a view that the wait period could be longer, although it was not particularly my view.

Having said that, I have checked with the DWP now and it does not believe that anybody has to wait five weeks for payment now. It thinks that the payments are made—including advances if necessary—within the four weeks.

The answer to your question: can it be changed? Yes. Would I change it right now? No, because of the scale of uplift that Universal Credit will be dealing with now. When you think that something like 2.5 million claims have gone through, to be honest with you—and we are all honest about this—we anticipate an even bigger uplift in the coming months. We hope not, but as businesses go under people will fall back on to Universal Credit, either by having lower hours of work or by being completely unemployed.

My general view is that I would do nothing on this score to change it at this particular stage, but can it be changed? The answer is yes, because it was a policy element that was a decision made. As I say, it was not something I necessarily agreed with at the time.

Q146 **Chair:** We have been told that most people claiming Universal Credit, having left a previous job, are paid weekly or fortnightly rather than monthly and many of them do not have the savings to get through five weeks. How strong do you think the case is for Universal Credit to support people like that better than it does at the moment?

Sir Iain Duncan Smith: A lot of the adjustments have been made to make sure that advances are paid very quickly. I was asking DWP the other day



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and these advances are now paid almost immediately if somebody identifies that they are going to have an issue or a problem with the wait. It was always integral to the structure that there would be flexibility within the Jobcentres to be able to make arrangements.

If I just track back slightly to explain what this was all about, the idea was that the vast majority of people out there working are working on monthly contracts. As we know, most people who fall unemployed—the vast majority—in normal times rotate back into employment pretty quickly. Within six months I think over 70% to 80% of those who fall unemployed will go back in, and most of the figures show that the vast majority of those would have been themselves on monthly contracts.

The key point about Universal Credit is it was not just a payment mechanism. It was always designed to identify those who would be most in need and would have those struggles. That is why Universal Support was designed to wrap around it, so that for those who have problems with debt and issues concerning the management of their money, for example, you would intervene directly with them to make sure that the money was available for them and also, more than that, that you would work both with local government and with local organisations like Citizens Advice to ensure that they went on to programmes to help them with their debt.

Universal Credit was meant to be a departure from just a payment mechanism to become a mechanism that identifies people with problems and then tries to find ways of intervening with them. The key element to this is the payment itself was directed at that, and that is why the structure around four weeks was identified.

Those who come into unemployment but pretty much get themselves going and out, you do not want to have them suddenly having to change everything that they do just to be able to do that for a period of maybe a month and a half and then change again as they go back into contract. Get them out and into employment as quickly as possible. Those who have difficulty is where the real effort is needed from the Jobcentres and then all the others, as I say. That is why it is so important that at some stage we get on to Universal Support because this was designed as part of the original system.

Q147 **Chair:** One of my colleagues would like to ask you about Universal Support a little bit later on.

I can see Baroness Stroud wants to come in and I think Debbie Abrahams has a point to pick up.

Baroness Stroud: Thank you so much. I want to pick up on a couple of things that Iain was saying there. When it was conceived, Universal Credit was designed to mimic work as closely as possible. For instance, if somebody was paid on a monthly basis we wanted Universal Credit to mimic that so that the rhythm of the claimant was as close to the experience of work as possible. We were aware at the time, obviously, that



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some people are paid weekly and some people are paid fortnightly and that not everybody is paid monthly, so the Department did a piece of work to assess how most people are paid, and obviously that is—as Iain said—monthly.

At the time we wanted to be able to construct a Universal Credit system that if you were paid weekly you would receive it weekly, if you were paid fortnightly, fortnightly, and if you were paid monthly, monthly. At the time that was not possible to do in the digital system, but I suspect now that the whole machinery is so much more stable and people are so much more experienced in knowing how to make changes that would be something that would be worthwhile revisiting, because then it could mimic every form of work: a weekly payment, a fortnightly and a monthly.

Q148 Chair: That is a very interesting point. I think the Resolution Foundation says that over half of Universal Credit claimants were either paid fortnightly or weekly in their previous job rather than monthly, so that would be very interesting if it was—

Baroness Stroud: Can I just add something to that?

Chair: Yes, please do.

Baroness Stroud: That may well be partly because of the cohort of new claimants, but when you bring the tax credit system over in its entirety you may find that those proportions change a little.

Chair: Yes, thank you.

Sir Iain Duncan Smith: Can I just come in on this one? It is quite important.

Chair: Yes.

Sir Iain Duncan Smith: As I tried to point out, the answer to your question about whether these changes can be made is yes. I am pretty certain they can be going forward and you can have greater flexibility within that. All I was observing is that, right now, because so much of the effort is to make sure people are on and paid as quickly as possible, making a structural change would not be a good idea. I do not think there is an issue now that Universal Credit is stable and people understand how this digital system is working.

By the way, I do generally want to make the point that it is working and people are getting their money and it is critical that, if it had been another system, with queues into Jobcentres, you could still be seeing the first ones trying to get their money at the moment. The pluses are that it works, it functions and so on. Can you make changes? Yes, but I would not do them now.

Chair: I want to make the point that our report last week explicitly made the point that, undoubtedly, the Universal Credit system has done a good job in getting a lot of help to a lot of people in a short time and efficiently



over the last few months. That has been a critically important success, I think.

Q149 **Debbie Abrahams:** Good morning, everyone. I was just looking at the transcript of your evidence to the Lords Economic Affairs Select Committee, Iain. You made the point—similar to what you have been saying today—that it was not an ideological reason for having the delay, but a practical one. The practical one that you mentioned at the Select Committee was in relation to validation and verification. Is that still the case?

I have to say I was quite heartened with what Baroness Stroud has just said that originally it was to mimic the world of work. As Stephen has just said, although most people on Universal Credit may not be most people across all employment, most people on Universal Credit are paid weekly or fortnightly. Therefore, if it is not a practical issue in terms of changing the payment process to weekly or fortnightly and, given that most people on Universal Credit are paid weekly and fortnightly, can we look forward to that change, do you think? Is it a reasonable request that the Committee makes?

Sir Iain Duncan Smith: I apologise, Ms Abrahams; I only heard bits and pieces of your question, but I think I got the trend of where you were going. The point being made by Baroness Stroud is absolutely right. That is that the whole digital programme—which, by the way, I think is the largest in the world—as it has bedded down has demonstrated and proven to them that they have greater flexibility. I think there is no question. They understand it better. They understand what it is and is not capable of.

The one thing about the first payment is that within that time they have to make sure they identify and cut down on elements of fraud or wrongful claims because they have misunderstood something. Talking to the DWP, it does have a concern that that takes a little bit of time. You are obviously going to have to take evidence from the Department about this matter and I do suggest that you do.

What I get back from DWP now is that in those first few weeks it needs some time to make sure that it has those facts right. In subsequent months, it is wholly feasible to bring this down and to make it more flexible. How flexible you can make it in the first month, well—and I am not that close right now to where it is—I would suggest that that is an answer the Department will have to give you.

To come back to your point, it was not ideological. It was absolutely critical to try to mirror the world of work and be as flexible as possible. Then going forward, as it settles down, I would think that Universal Credit with tax credits coming in, providing of course—I am sure you are going to ask me this question later on—they do not carry the debt from tax credits over into Universal Credit, which I think is a major mistake, that will make it easier to make these flexible changes.

Q150 **Chair:** Thank you. I think Dr Brien wanted to comment on this.



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Dr Brien: As you were thinking about payment frequency, it is important to separate the assessment period versus the payment period. It is quite easy to increase the frequency of payments, but one of the reasons why we started with monthly payments was to make sure that we had captured a full pay cycle of pretty well everybody or even multiple pay cycles for some. What you do not want to do is set up a system whereby some people are being assessed fortnightly, paid fortnightly, and others assessed monthly and paid monthly, because that then traps them into certain types of jobs that are going to work for them or not.

As you think this through, it is important to make sure that the assessment allows for as much flexibility in the job choices people make, even if the payment frequency is helping their personal circumstances.

Chair: Thank you. That is very helpful.

Q151 **Selaine Saxby:** Can I follow on from the points that were just being made? I believe alternative payment arrangements already exist within the system for those that cannot manage a single monthly Universal Credit payment and are at risk of financial harm. Do you think that the financial harm bar is too high or could that mechanism be tweaked to aid claimants who are not paid monthly?

Sir Iain Duncan Smith: Who are you asking, sorry, which one?

Chair: Any of you.

Selaine Saxby: Sir Iain, I would be delighted if you would like to reply.

Sir Iain Duncan Smith: I hope it is not my hearing but I am not hearing this very clearly, I am afraid.

Q152 **Chair:** Right. I think the question was whether it would be appropriate to make it easier for people to opt for more frequent than monthly payments. That option is there in the system. Should it be made easier to access?

Selaine Saxby: For those people at risk from financial harm.

Sir Iain Duncan Smith: I am sure that Dr Brien would like to come in on this one. I think this comes back to my previous answer, which is that I believe the system is capable of making these changes if required. However, the question really is: how do you identify these people within the timescale available? That is the critical point. We cannot separate the two things.

There is a tendency to look at whether the system can make changes. The answer to that is, for the most part, yes, but you have the practicalities of people identifying who people are and what their real problems are before making these changes, or for them inadvertently going off into the wrong area of payment, thus causing them a problem at the same time.

When you are dealing with people who are—as you termed it, Ms Saxby—at risk, you have to be very, very much more careful to make sure that



you have identified all the facts that exist around them so that they themselves are not identifying the wrong kind of payment for themselves.

I have talked to DWP staff about this and there is a lot of human interaction at this point, which is necessary. That brings me back to the original answer, which is in technical terms the answer is yes, but in practical terms DWP will need to answer this question itself about how long it will take to be able to ensure that the real needs of an individual have been identified, rather than what might immediately be perceived to be their needs and, in fact, then end up with a wrong kind of payment, as Dr Brien was saying earlier on. I don't know if Stephen wants to come in on this.

Dr Brien: From a system design point of view, there is real value in people putting themselves forward as having a challenge and seeing amelioration because that introduces information, whereas if we automatically give everybody fortnightly or weekly payments we do not know who is challenged.

To have a system where people identify and say, "I need more frequent payments", first, make sure that the system is responsive but, secondly, as Iain has said, make sure that the people are responsible within the Jobcentres and elsewhere to address the problem. If we just automatically go to very frequent payments a lot of issues remain under the surface, so there is an information value in the way it has been set up that I think is very helpful.

Q153 **Chair:** Thank you. Baroness Stroud, you were indicating.

Baroness Stroud: Thank you. You were asking about the original intention as well of Universal Credit. When it was first conceived of, it was conceived of as a payment mechanism, which is the taper and the work allowance, and there is Universal Support, which is the complementing human interaction connected with the need of the individual. Those two are supposed to go hand in hand so that the payment mechanism can adapt where that is the necessary lever but the in-person support can also adapt and provide and assess the actual needs of a person.

If somebody is at risk of financial harm, they are most likely to have quite complex personal circumstances that even a payment mechanism isn't necessarily going to support them with. It may be the first step but it will not necessarily resolve it. Universal Support was supposed to be the person in the Jobcentre saying, "Now can we sort out somebody to help you with your debt or to help you work through those issues?" If you can think of it in that way, I think a payment mechanism with support was supposed to be the vision.

Sir Iain Duncan Smith: Mr Chairman, can I address one factor on this that is really important? I come back to the beginning answer I gave earlier. Universal Credit was not designed just as a welfare payment mechanism. The purpose of it was to allow you to target those people who were in the greatest difficulty and try to resolve their difficulty.



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That is why Universal Support is such a critical part of this process and, therefore, needs to come and eventually be invested in so that it allows the Jobcentre adviser to say, "This is somebody with genuine and serious complex problems. I need to move them over now into the support mechanism so that we can start to deal with those problems, which will help them along". It is meant to help resolve problems, not just pay money out.

Chair: Thank you. We will certainly come back to that.

Q154 **Selaine Saxby:** I did want to ask whether people moving on to Universal Credit from legacy benefits have different needs from people who are encountering the benefit system for the first time. How well do you think the system copes with both of those different groups?

Sir Iain Duncan Smith: I am sorry, I didn't really hear that.

Chair: I think the question was: how well does Universal Credit handle people coming on to benefit from different circumstances—those coming from legacy benefits, for example, versus those coming on to the benefit system for the first time?

Baroness Stroud: Do you have something in mind in that question? It sounds like there is something maybe behind that. Do you have categories of people?

Q155 **Sir Desmond Swayne:** The thing that is certainly behind that question in my mind is that we have discerned that the proportion of people coming in newly post Covid-19, the number applying for advances, has halved. The suggestion in my own mind is that Universal Credit as we see it now is working very well for those people who are new to the system, whereas those people coming from legacy benefits are having much greater difficulty with the five-week wait and are applying in much greater numbers for advances. Have I done you justice, Selaine?

Selaine Saxby: Thank you, Des.

Sir Iain Duncan Smith: You go ahead, Philippa. I will come in afterwards.

Chair: Baroness Stroud?

Baroness Stroud: One of the reasons for that is it is a very different cohort of people coming on to Universal Credit now to those who have been on Universal Credit or on the legacy system for the last couple of years, say. The people coming on to Universal Credit now will most likely have had a solid work history. They have been impacted by Covid, lost their jobs, but have a strong track record of working and may even have some savings that help tide them through.

If you have been on Universal Credit, say, for the last 18 months to two years during the time of what has become almost the jobs miracle season, it may well be because things have been tougher for you and your situation may be more complex. I think that may be why you are seeing a reduction in the number of advances being claimed.



Sir Iain Duncan Smith: It is also worth pointing out that a significant number of those coming across will still be in work but on lower hours, as compared to some of those who have been claiming previously who would have been out of work, thus claiming the unemployment section, bearing in mind Universal Credit pays out the hours. Therefore, what you are looking at are people whose lives in some cases are a little more stable, because they have a clearer idea of where they are than some of those who were coming on earlier that come straight into unemployment.

I have to say at this point—I am sorry if I am repeating myself—that it will not be helped by the fact that any debt that those who are coming across incurred as a result of overpayments through tax credits then follows them through into Universal Credit. I have to tell you that at the time I thought it was a wrong decision and I continue to campaign against that decision.

Universal Credit should not carry the failings of a previous benefit across with it. If they want to carry on with that debt they have to find their own way. Many of them had been given up on by HMRC, who now see this as an opportunity to dump debt, which it never claimed back, on to Universal Credit. That gives people a very difficult experience as they come across. I hope the Committee might make that recommendation that they should not carry the debt across.

Chair: An interesting point. Thank you for emphasising it.

Q156 **Nigel Mills:** Just on that point, do you regret, Sir Iain, that the six-week and now the five-week wait is also giving people a negative impression of UC before they actually get to experience it?

Sir Iain Duncan Smith: It was not my plan. I did not want it, the six weeks or the five weeks for that matter. I understand the problems, obviously, of making sure that everybody gets on and gets properly assessed, but the original plan—as I think the others have said—was a maximum of a four-week wait and we thought that covered it all. It was a decision made after the 2015 election.

Q157 **Nigel Mills:** Am I right that the vision of UC is that it obviously flexes up and down depending on how much you earn? It gets the feed from HMRC. It knows how much you have in it. It tops you up or whatever else by how much you need. Would it make sense for that design to work around what your wage payments are?

So, if your wages are down next week it gave you a top-up of your weekly payment or fortnightly or monthly, rather than if your wages are down this week you would have to wait another three or four weeks to get the top-up at the end of the month. It seems that if you are trying to mirror the world of work and top up wages you should try to align the payment of UC to the payments of wages.

Sir Iain Duncan Smith: I guess in a perfect world, if you could get the systems to mirror exactly that and you got employers to register weekly what their changes were, the answer would be yes. It is not Universal



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Credit. It is the ability to get employers to register. As it is, we have had to make a radical change to the way employers register what payment is made so that it is not now registered once a year but monthly. I will let Stephen go into more details about that. The system had to be changed at the time. I must say that we had a lot of moaning from employers about how they now have to go in and make the changes once a month. That is why it is a monthly shift.

To be fair, if you compare it to tax credits—and I am sure that the MPs on this side will I hope bear me out on this—I seem to recall most years I had people coming into my surgery who had received a bill for £5,000 or £8,000, because tax credits assumed and estimated their salary for the year, only to find that it wasn't the same and they had been overpaid under tax credits. They would sit and stare at you and tell you categorically they did not have the money to pay it back. That is a lot of that debt that I was referring to earlier. The one thing Universal Credit does, even on the monthly section, it makes a radical difference to whether or not they find themselves in debt at the end of the year, so yes.

I am going to hand over to Stephen because he will explain some of the more technical aspects of what we have to do.

Dr Brien: Thank you, Sir Iain. The idea of that flexing that you have described is exactly the principle behind Universal Credit. The challenge comes back to what I was referring to earlier about the assessment period. If everybody was paid weekly, it would be very easy to have a weekly assessment period set up, everybody is calculated and it is done, but as you know—and as this Committee has been discussing—there is a wide variety of payment frequencies. The system started by saying, “In order to have a good assessment, I have to basically frame the assessment period as being the longest cycle of the vast majority of people, and that would be monthly”. That is why we started with monthly assessments.

To what Sir Iain was saying, getting real-time data from HMRC—ultimately from the employers via HMRC—has been a critical part of being able to be responsible, so at least within a month the system can go up or down. That is very dependent on the employers putting the accurate information in, doing so on time and preferably also using the hashing system that validates it within the banking system. Not all employers are doing the hashing. That is one issue that is coming up in some of the hard cases that we have seen in the press recently. That is as a result of the hashing system not being uniform and universal.

The first thing that we have to do is make sure that the hashing system works, so that all employers are submitting information on time and accurately and that it can be validated. That would get rid of some of the hard cases. Then in the medium to longer term it is worth looking at a more flexible assessment period. As I said in my evidence to the Lords Select Committee, I have been doing some work on this. I think there is a way through, but I would not suggest we make any changes in the short



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term simply because of where we are likely to be over the next six to nine months, but as part of the medium-term plan I think we should be exploring that in policy terms.

Q158 Nigel Mills: If I understand you, you have slightly changed your position. I think you were saying you should keep a monthly assessment period but you could have more frequent payments. Now you are suggesting it may be possible to have shorter assessment periods as well as more frequent payments.

Dr Brien: A staged approach. At the moment, in order to deal with the symptoms, I would suggest that if we do anything it should be to be ameliorating the payment frequency. In the medium term, to deal with the underlying causes, let's review how the assessment period is calculated.

Q159 Nigel Mills: Do you think there is enough flexibility in the build? Because we are giving people money to pay their rent. They may need a four-weekly payment for that rather than four one-week payments. Is it possible to have a weekly or fortnightly payment for part of the UC elements and then have a lump sum for the monthly bills? Is that available in the build structure just to almost choose your payment mix, however that works for you?

Dr Brien: If I am hearing you correctly, you are talking about the build structure as in the IT system as opposed to the—

Nigel Mills: Yes.

Dr Brien: Sir Iain has outlined the good starting points. We still need to keep it as simple as possible, so I would say let's do one step of increasing the frequency of payment. Let's do one step of increasing the frequency of assessment. All the lessons we learnt from the early days is to keep it as simple as possible as we develop it.

Sir Iain Duncan Smith: It is worth also reminding ourselves that, if this is trying to help people identify those people who cannot cope and those who can to get on with it, bear in mind that in the world of work you are not going to get a separate housing payment. You are not going to get a separate payment for this and that.

You are going to get a salary and that salary then has to be divided by you to be able to pay your bills, so the critical element of Universal Credit and the real philosophical design of it is to try to help people come to terms with what is going to happen to them or happening to them when they are in the world of work. So they get that support from DWP, the advances and so on, and—as Stephen has been saying—in future some flexibility around the actual total payment dates, which is feasible to do after assessment.

Breaking up the components of that would take you straight back to where we were before with about six different benefit systems and the complexity. The idea is you identify those who have problems. You try to get them resolved. That is what Universal Support should be about and we



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do recommend that you make a big push on that. On the payment side of it, it is reminding people that most people know and understand that a one-off payment is what they get and they settle their own bills, and that is critical.

Dr Brien: I would suggest the solutions you are proposing are probably best thought of as part of a banking or payment system, rather than part of a benefit system.

Q160 **Nigel Mills:** The jam jar accounts that we tried to commission for a few years never quite turned out, did they?

Sir Iain Duncan Smith: We did do a lot of work with the banks over that. In fact, I think there was a quite significant amount of money that was spent trying to get them to help design those accounts. I happen to personally think that it is still feasible to work with the banks to make sure that they can create these systems. There is no reason why not. At the time we just kind of ran out of time.

I hope that the Committee might want to look at that again because that is one of the areas that the Universal Support could help with, which is to get people put into systems where their money inside the bank account is then broken up so they can see what is apportioned for them, those who struggle with understanding payment, and that is the whole point. Again, I come back to Universal Support. That is exactly the right place for that to be.

Q161 **Chair:** Thank you. Dr Brien, could I just clarify? The ultimate destination you are envisaging would be that some people would have a monthly assessment period, some people would have a fortnightly and some people would have a weekly, depending on their payment frequency in work. Is that correct?

Dr Brien: I would avoid segmenting the assessment periods like that. What is in my mind, I will give you a very rough analogue rather than giving you a specific idea. If you think about how interest is calculated by banks, it is reported, you get an APR. It may be paid to you quarterly or monthly, but inside the banking system it gets calculated on a daily basis. Your interest on a loan or on your deposit account is calculated literally daily and wrapped up and then paid or charged on a less frequent basis.

I am using that as an analogue, but if we were to think about some way of developing cumulative calculations of earnings, cumulative calculations of benefit entitlement, and then at a certain frequency start marking them off against each other and saying, "Where are we? What are you now entitled to?" you would not have multiple frequencies for multiple different groups but you try to have a base-level high frequency that then can get aggregated as appropriate.

Q162 **Chair:** You might have a base-level weekly assessment and then for some people you would have four at a time or whatever. Yes, I see.



Dr Brien: Yes. I would not have six different assessment systems going at once. You would have to have one assessment system.

Q163 **Chair:** One fundamental one?

Dr Brien: Yes.

Q164 **Chris Stephens:** Iain, I know when you were Secretary of State there was always an element of test and learn and that the Department was always going to try to correct things going forward. My question to Iain first is: particularly now in relation to a recent court judgment on the assessment period, did the Department in your term—or do you think it should now—look at whether the claimant should pick the start date for the assessment period and that would help them in relation to the payments of bills that they have to make?

Sir Iain Duncan Smith: I am not completely up to speed with the court judgment, to be fair. This is related to what Dr Brien said earlier on about how employers register the payment in this, as I understand it. Some of the employers are not registering, so what you get is within the timescale they vary the date that they put payments in. I think this is the case where some people are getting what officially looks like two payments in one month and nothing in the following month.

This can be resolved, funnily enough. Dr Brien was talking about it earlier on. It is the hashing system that we are talking about here, making sure that employers are actually registered and notify if they flex their date. We were talking about this a couple of days ago. If their payment date lands on a Saturday the employer might decide, "Well, actually, I am not going to do this on a Saturday then. We could do it on a Friday". That Friday going backwards might take them just outside the next month's payment. Universal Credit is not notified about that and then immediately assumes that they have had two payments and they get no more money because that is how it is set up.

That needs to be clearly looked at, in terms of ensuring employers understand more fully how they have to make the payment and/or notify Universal Credit. Therefore, there are changes that will have to be made, but that is exactly what the test and learn was about. I do not know if Dr Brien wants to come in on that one because it is one of the issues we looked at.

Q165 **Chris Stephens:** Dr Brien, just as Iain has outlined there, we are obviously concerned about constituent cases we have had of people with double payments and the consequences that has—for example, council tax, bills and the like. The question basically is: should the claimant determine the start date and would that be more helpful?

Dr Brien: I think within reason. If you think about the claimant making a claim, so the first claim typically we have a start date or the date of the claim. This adds complexity and it would take build time to do, but from a policy point of view, from a principle point of view, plus or minus a few



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days, to make life more stable for people it would seem to be a very sensible option to add in.

With an RTI system the history of earnings can be calculated back a few weeks anyway. Therefore, if there was a willingness from the Treasury's point of view, in effect, to advance the whole assessment period a few days to keep it more in line with payment cycles, from a policy point of view the original idea of Universal Credit is not affected by such a choice, but there is a financial cost and there is an IT cost associated with it.

Q166 **Chris Stephens:** Thanks. I do not know if Baroness Stroud has anything to add.

Baroness Stroud: No. That is fine.

Q167 **Chris Stephens:** Iain, obviously you will be aware of the debates around advances. One of the things the Committee is looking at is to replace advances with non-repayable grants at some part of the process. Can I ask if that was looked at in your term of office, or do you think there is now a point in the process where a non-repayable grant is better than an advance payment?

Sir Iain Duncan Smith: First of all, this is a policy decision. It is not a structural issue, so whatever the Government decide to do it is wholly feasible to do it. We did not look at grants; I do not recall—maybe Philippa will recall something better than me. I do not recall looking at the grants system. What we were deliberately trying to do when we looked at the advances was to recognise that Universal Credit needed to be as flexible as possible when people turn up with difficulties and problems over the payment cycle that they are likely to meet over a month. That was always put into Universal Credit.

We did not look at the grants. The problem for the grants is one simple issue. That is money. It is an issue that the Treasury decides whether or not it is prepared to write off an initial advance or not. If it was left to the DWP I suspect it would argue that, as far as it is concerned, it makes life easier for the Department because it does not have to institute any clawback.

The Department has reacted, though, because I understand that payments are not clawed back for a whole year and they are at a much lower rate than they were originally. But, yes, that is a matter for the Treasury. I will not go through the discussions I have had with the Treasury in the past, only to say it will have to decide whether it is prepared to stump up the money for that. Having said that, yes, it does make it simpler for the DWP, no question, but it will cost money.

I come back to the other bit—sorry, I am going to be repeating myself, Chairman—that it is made worse by the fact that they come over from tax credits carrying a debt, which in itself is now already set for clawback. I do hope that that is something the Committee will focus on at some point.



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Q168 **Chris Stephens:** Yes. Well, thanks, we are certainly keen to pick up on the tax credit issue, Iain.

Obviously, there are people who have had to wait longer than five weeks for the initial payment. They may be waiting for a work capability assessment, so do you think that after the five weeks, when someone may be waiting for an assessment, there should be some payment made at that point to eliminate people waiting in some cases eight/nine weeks?

Chair: Iain, just before you come back, I know Baroness Stroud wanted to come in on the earlier point. Do you want to come in at this point?

Baroness Stroud: Thank you. Just on your earlier point, I want to reiterate that whether or not it is a grant or a loan it is purely a policy choice. It does not alter anything structurally and, therefore, it is one of those choices that could be done at a Budget or whatever. It does not require structural change.

We were obviously undertaking work on Universal Credit during a season of austerity, where some of the choices that appear to be available now were not available to us then. Again, just to reiterate what Iain is saying, if there is money available in the system I would definitely put it towards the cancelling of the debt coming across as my first priority. Then you could look at whether or not this is a loan or a grant, but the first priority, if there is money in the system, would be to go there.

Q169 **Chris Stephens:** Thanks, Baroness Stroud. Sorry, Iain, I was asking about people who have to wait longer than five weeks for whatever reason and the example I gave was maybe a work capability assessment.

Sir Iain Duncan Smith: Yes, that is an interesting one. I checked back with the DWP in the last few days. It now maintains at the moment no one is waiting longer than five weeks no matter what the outcome. They are almost getting automatic advances straight away if there is any chance that theirs is more complex to settle, so they have reduced that to literally the limit.

You can argue that, in practice, the DWP is already facilitating that process. It would not make a major difference to the Department if it became a statutory process that nobody did wait longer than five weeks. Therefore, my answer: I think practically it is feasible to do as it appears they are already doing that at the moment, full stop, so yes.

Q170 **Chris Stephens:** Thanks, Iain. My final question to you is you will be aware of the run-ons for people on legacy benefits transferring across. Should that also be made available to people who are entering the system for the first time that there is some sort of run-on?

Sir Iain Duncan Smith: I would have to have a look at that and think of that, if you do not mind. What are they running on from? That is the question. The reason for the run-ons were to do with Housing Benefit, to make sure that they were stable in the crossover with tax credits, that they understood how this was working and what the differences were. I am not



quite certain what they would be running on from. This is from falling unemployed into unemployment or falling on to the lower hours payments of Universal Credit, I assume, and then coming out of work. I do not have a principled objection. I just have to have a look at that. If you can give me notice of that, I can give you a written answer for that if you want.

Chris Stephens: Thanks very much indeed.

Q171 **Sir Desmond Swayne:** Iain, coming to the issue of debt, we know that many people who need an advance are not claiming for one because they are frightened of the repayments, and 30% of them are already saddled with debt. You have said that we should write it off, but are you not worried about the moral hazard of people who had that money? Remember the settlement with the debacle of tax credits was that where HMRC was responsible for the overpayment it was written off. Where people had failed to keep them updated properly about changes in their circumstances, they had to pay it.

Sir Iain Duncan Smith: Can I pick this one up first? I know that Baroness Stroud will want to come in on this one because we had endless discussions about this.

I want to divide the two. I am not particularly asking for it to be written off. It is a matter for the Government to decide what they do with that debt. I already know, though, if you look back through that debt, some of it is very old and de facto, if not written off, it was parked by HMRC early on.

One of my arguments at the time was that they were using Universal Credit as a more efficient process for clawing back money that is owed to it because it is embedded in the system, but it was never perceived at the time of creation and launch that, when somebody was coming on, Universal Credit would be picking up debt that had been parked for some time because it was too difficult to get back. That would give a very poor experience on first arrival. It may also have an impact with regards to the question, which is the whole issue of the moral hazard already in existence.

We know for a fact that most people who suffer from debt issues arrive on the benefit system with already existing problems about repayments and debt. Many people who are in employment are struggling with understanding how to pay their bills, so this is an existing problem before they arrive on Universal Credit. What I am arguing for is a recognition that, if the Government want to resolve the debt issue from tax credits, I do not think it should be loaded on at the initial stage to Universal Credit because they are already having to move on to a very new concept of claim and payment.

Adding into that a roll-on fear factor that they are going to be chased for a debt that they had not been chased for before I think will give them a worry about making the claim in the first place. It is important to ensure people come on to Universal Credit knowing that this is the system that will



support them at this particular stage, rather than fearing to come on to it because a debt, which they have not been particularly chased about before, is suddenly going to become repayable. As I say, people are mostly already on debt before arriving on the welfare system. Some go into debt while they are there, but I think most are on having debt problems and repayment problems already.

Baroness Stroud: One of the big conversations that we had when we were in the Department—I think in about 2014-15—was over this tax credit debt. It was well known that many of the families who would be transitioning on to Universal Credit had no idea that they were in debt to HMRC. This wasn't something that HMRC had talked to them about. This wasn't something that they were in an active relationship with HMRC over. There was no repayment mechanism in place, and then suddenly arriving on to Universal Credit they were going to be confronted with an old tax credit bill for them to repay. This just seemed completely inappropriate to us.

If HMRC had already been in an active relationship reclaiming this money and these families had been aware of it, that would have been one thing, but to arrive on to a new system and be confronted with a debt that you are unaware of we felt was inappropriate at the time.

Q172 **Sir Desmond Swayne:** Some claimants are only too eager to take an advance—sometimes an advance that may be greater than what is going to be their initial payment—without the due diligence that one would normally associate with taking on a loan. Some 42% of claimants have no idea that they can discuss debt with the DWP. The Trussell Trust tells us that the three months' deferral is not widely known at all, so the question is: to what extent do the existing arrangements that DWP provide in terms of help to pay and other assistance come anywhere near your concept of Universal Support?

Sir Iain Duncan Smith: Philippa will want to come in on this one, I know. First of all, Universal Support has not been rolled out alongside Universal Credit, so it is not do I think that it comes near to it. It is that there are a couple of places where they have done tests and trials but the focus has not been on Universal Support at this stage. I would want that to be the case going forward because that is exactly the point.

Secondly, in defence of the staff at DWP—and I was talking to some of the key players on this over the last week—they do genuinely have a very strict process that says they have to alert the claimant at the point of contact that they are eligible, if necessary, for an advance. I believe that they do do that. There may be the odd occasion where they don't, but I do believe that is integral to Universal Credit that these advances are available and they do alert them to it.

In this last period—and bear in mind I think they are always tweaking the system—as I said earlier on, they maintain that no one now has to wait the full five weeks because the advances are paid, you could argue almost in



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an automatic way, to those who are in difficulty and will not make the five-week support process available. Whether that information is a little out of date, I suspect that is the case.

The truth is that, right now, I do believe the staff have been absolutely alerted to the fact that they must make a judgment—and a quick judgment—about the need for the advance payment. I do think that is happening and I do think, with all the other problems during Covid, the one Department that does seem to have got it is DWP, with the staff absolutely determined to make those payments and make those advances, so I do think that is the case now.

I suspect when you look back over this period—and I am sure, Chairman, you will want to do that at some point—you will find that there was a step change in the way that the payments were made during this period, which I think is going to be bound into the process.

Baroness Stroud: Just to add to that, Help to Claim, even though it has been badged as being the same thing as Universal Support, is not Universal Support. Help to Claim exists to help people gather evidence for their application and to help them prepare for their first Jobcentre appointment. This is like a claim assistance process. Universal Support was to support somebody in their financial management, in the management of their debt, in helping them think through how they were going to become financially solvent, how they were going to manage on a low income and the sort of choices they would need to make, and to have somebody alongside them as they learnt that process.

It was meant to be like a gateway to real financial support for people on low incomes in learning how to manage their money. It is multifaceted, so not just in terms of debt management but also in terms of picking up where someone might have housing problems, picking up where somebody might, for instance, be at risk of domestic abuse so they were nervous about making a joint claim. Universal Support was supposed to pick that up at the time of the claim. If you had language problems Universal Support was supposed to ensure that you had access to learning English so that you could work effectively.

It was supposed to be the gateway to a number of different services, and it is the point of coming and claiming that actually is like a flagging system for a number of different vulnerabilities that we would have the opportunity to address.

Chair: Thank you. I think Steve McCabe wants to pick up this question of Universal Support.

Q173 **Steve McCabe:** Yes, thank you. Good morning. You have taken me nicely into what I wanted to ask. I have heard Iain talk fairly passionately about Universal Support in the past, and I think Dr Brien referred to it a bit like yourself, Baroness Stroud, as a whole system of networks of support. As you say, it appears to now have morphed into Help to Claim, which is really



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about how to make a claim, as I understand it. I think it was Patrick Spencer who said Universal Support is the unfinished business. How do you think what we have ended up with compares to the vision that you had originally, and what should the Department do now to provide the kind of support that you think is central to making Universal Credit work?

Sir Iain Duncan Smith: I will quickly answer this as I know that Baroness Stroud will want to come in on this. We worked—Lord Freud, myself and Baroness Stroud—extensively on this parallel system. Universal Credit works exactly as it is meant to be doing, which is to make sure people get money. They get payment. They claim the money. They get on to the system. Universal Credit wasn't only designed to be a payment system. I said this earlier on and I stress it again. It was set deliberately to identify people who had problems. By bringing all those benefits together you can figure out who has the problem areas. They get identified. They get seen.

In that process, then, what do you do with those people? The second bit was Universal Support running alongside it. They can be moved across immediately to assist in the networks, debt counselling, drugs advice, all sorts of issues, working with the local authority, working with Citizens Advice, linked to some of the local advisory organisations and charities. That was the whole network that it was going to make up. That requires investment. It is not just something you can say, "Right, here we go". Each of the local areas needs to have the money to be able to set that process up and function it alongside Universal Credit.

The reason for that is because if people cannot handle their financial circumstances they are almost certainly, if you get them into work, going to crash out of work pretty quickly because nobody is going to help them when they are in work. The trick is to try to help them now so that when they go to work you do not end up with them coming back out. That is the practical and the social reason why you should do it.

The plans were all set there, but the Department has priorities to do so it is a policy decision now as to whether or not going forward—and I cannot stress enough I would advise the Government now to invest in Universal Support. The design is already there. Roll it out and test it. The Centre for Social Justice has already put forward a proposal—which, of course, I am part of—as to how they could do this. It really is vital because it is the critical bit as we go forward after this Covid era. There are going to be people with lots of issues and problems and this is exactly going to be needed, so I would get on with that. That is really the critical issue.

Q174 **Chair:** Baroness Stroud?

Baroness Stroud: Just to underline everything that Iain has just said, we all know that poverty is about money and, therefore, it is important that Universal Credit gets money to people who are in need. We also know that it is about employment and work, which is why we sought to create a system that had work incentives all the way through it. We also know that



it is about more than that, too. It is about skill level. It is about mental health level. It is about family. It is about debt.

Universal Support was supposed to be the gateway to all of these other services as well, so that you had this payment mechanism that meant that you got money to people who were in need that had full work incentives riven through it, so that there was no obstacle to going into work and progressing in work but was the gateway to all the support structures that were needed. That was the vision of Universal Credit.

Q175 Steve McCabe: Would it be fair to say that although, as we have heard this morning, Universal Credit has become quite efficient at being a payment mechanism, it is only half a system and, therefore, it has failed because all those other things that you are referring to just do not get picked up at all? That is why people do not get into work, fall out of work, and get into debt sometimes through the advances. They do not have the support that was envisaged as the other half of the scheme. Is that a fair observation?

Baroness Stroud: No. The reason why that is not a fair observation is all you have to do is compare it to the legacy system, which would only allow you to work 16 hours and they would penalise you for any hour you took after that. It would not allow you to progress in work. It was six different benefits. Just imagine if all the claimants who have come on to Universal Credit now had had to go in person to six different Departments to claim. We would have queues out of council offices, queues everywhere. This is the right system but the process of reform is not finished.

Q176 Steve McCabe: No, I am not disputing those points; I understand and accept that. I am simply saying it seems to me that 50% of the support element is absent. I am wondering how it can possibly meet your overall ambitions if half of it isn't being delivered.

Sir Iain Duncan Smith: Can I come in on this one?

Chair: Please do.

Sir Iain Duncan Smith: First of all, I think that Universal Credit as a mechanism to get money to people who need that money and payment on time was designed without the problems that Baroness Stroud has talked about, queues, multiple claims, and the chaos that would have ensued if we have the numbers coming on that we expect to have as well.

I have to say I think the DWP, the staff and everyone else have done a brilliant job. Universal Credit is doing what that bit of it was designed to do, so credit to them because I think they have been absolutely fantastic in this difficult crisis. It has not really changed throughout for the very simple reason that it worked.

However, Mr McCabe, you are right on this: there is more, and the more is the bit we are trying to focus on. The two elements that I have in my heart and my head are, first, can we please not bring the debt across from tax



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credits because that is, I think, unfair. I think DWP staff would nod quietly at that because they do not want to have to try to claw back debt that in some cases people did not even know they had.

The second bit is a practical policy point, Universal Support. Now that we understand how stable this system is, it is now time to put alongside it the original plans that myself, Lord Freud, Baroness Stroud, Dr Brien and others, and many in the DWP itself who bought into this really strongly, agreed to do.

It is now time for that to be invested in. Those are the key words, invested in, because by all means you can try to bring it in, but unless it is properly invested in it will not work. Councils need that supporting money but they need to buy in to the fact this is now to support a system that works to do what it wants and was designed to do finally, which is to help people in difficulty get out of their difficulty.

Q177 **Chair:** Iain, can you tell us what the scale of investment that is needed is? Do you have a figure for that?

Sir Iain Duncan Smith: I have not brought it with me but it is in the report from the Centre for Social Justice, which I think you have. If you do not, I shall ensure you get it.

Q178 **Chair:** Thank you. Can I ask one final question to Dr Brien? You and I had a very brief conversation about this in 2010 or 2011 I think, and at that time the plan was that the transition to Universal Credit was going to be completed within seven years, by October 2017. We know now that is going to have taken at least twice as long as that. Looking back on that experience and the difficulties with the IT and so on, what lessons do you think should be learnt about planning for this sort of system in the future?

Dr Brien: I think the first lesson is to start small and simple. I would say that if you look at the experience with Universal Credit through the 2013 to 2015 time period, there was a massive learning, a massive improvement in the way it has been developed and really starting with a core simple system, simple user jargon, and building up from there. I would say that if we had been doing that at the very beginning we would probably be in a much better place.

I think the other has been to be cautious and to really make sure we have succeeded at every step. Unlike other reforms, the system has been rolled out carefully and has succeeded at every stage. There can be debates about that pace a little bit, but I think at the end of the day it is much better to focus on the segments of the population who benefit the most, which have been those who have fallen into unemployment versus those who are on a stable system elsewhere.

I think that start simple, a steady rollout and very much thinking through prioritising those who are going to benefit most rather than administrative changes will be the lessons we have learnt from this.



Chair: Thank you very much. That brings our session to a conclusion. Thank you, all three of you, for giving us your time this morning and very, very helpful and interesting answers that will be very useful to us as we formulate some recommendations for the Government over the next few weeks. Thank you very much indeed.

Examination of Witnesses

Witnesses: Gareth Morgan, Phil Booth and Tom Loosemore.

Q179 **Chair:** Can I then welcome our second panel, who I can see on the screen in front of us? Thank you very much for joining us. Thank you all for being here, the three of you. I wonder whether I could ask each of you, please, to briefly introduce yourselves and tell the Committee who you are, starting with Phil Booth?

Phil Booth: Good morning, thank you for having me. I am Phil Booth. I co-ordinate medConfidential. We look at where health and social care data goes and we are here, I guess, because DWP wants to copy, create and control a health record for each claimant. The Committee has already heard about how DWP rejects evidence submitted to disability assessments from NHS doctors, but we still see DWP insisting it should have access to the NHS patient data that those same doctors create.

Chair: Thank you very much.

Tom Loosemore: Tom Loosemore, I am a partner in Public Digital Limited. We help Governments all over the world adapt to the internet era. I was also part of the Major Projects Authority review of Universal Credit in January 2013 that resulted in the reset of the programme that Dr Brien alluded to recently. I stayed on after the reset to create and start the team that then started small, building a first version. It was very good to hear Dr Brien say that was the start of things going right—I would agree with him, obviously.

Chair: Thank you very much.

Gareth Morgan: Good morning, and thank you for inviting me. I am Chief Executive of Ferret Information Systems. We have, for a very long time, produced advice and information systems about entitlement to benefits. We also do modelling and training in that area.

Q180 **Chair:** Thank you all for joining us. Mr Loosemore, can I start by going back to the points you were starting to make there and Dr Brien's answer at the end of the previous session? There was this reset some years into the programme. What would you say went wrong at the start and had to be changed?



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Tom Loosemore: Hubris was what went wrong at the start in several dimensions. I think an underestimation by the Department—not so much by Ministers, to be fair—of just how significant a change Universal Credit represented, a fundamental change to more than just moving to a continuous dynamic benefit. It was shifting how the model of a claim worked, who a claimant was.

I think this was underestimated and there was an overconfidence in DWP that it could deliver what it perceived to be large IT projects. This is not a large IT project. That framing was wrong. This is a fundamental change to a welfare support system. It is a system and, therefore, there was a separation.

It went far too big, far too fast, bringing in the wrong kind of partners in my opinion, bringing in big systems integrators who love to spend hundreds of millions of pounds on shiny technology when the core thing that needed to happen at the start was to bring together policy, operations and some technologists and designers to start small and iterate and learn, because there was much to learn given the scale of the changes. I think that hubris and then that defensiveness and the incredible unwillingness to tell Ministers what was actually happening.

It was a very toxic environment, truth be told, that I walked into. A lot of people were very badly damaged. A lot of people who had worked incredibly in DWP were very badly damaged by that toxicity. I had to move the team to a separate building and lock the door in 2013 to start the reset process—it was that bad.

I am really delighted that team has now morphed into what I think is probably the best team I know globally working in internet-era delivery. I think they are that good. There were clearly lots of issues left with policy but when it comes to a delivery team—14 teams actually, it is 14 separate small teams—they are exceptional and I have enormous respect for the people involved.

Q181 **Chair:** Thank you. That is very helpful. You were involved in the reset. Everything was done, we were told, in Agile, partly so that the system could be changed when it became clear it needed to be changed. We are now being told that some of the changes some people think might be helpful are very difficult and are going to take quite a long time to make. Do you think the system as it now stands could be changed relatively quickly given the determination to make such changes, or is it right that major changes would take a long time to implement?

Tom Loosemore: I am going to sadly give an answer that says yes and no. Some changes, because of the agility of the team, are genuinely technology changes and are relatively simple. For example, we have not yet heard this idea, but shifting everybody, all payments in Universal Credit, from BACS to Faster Payments—which would take a whole bunch of delay out from even within the five-week timeframe—will be relatively



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trivial. There is a bunch of other changes like that, improving the user journey that people go through and so on that with agility you can utilise.

However, there are some fundamental building blocks that underpin the rules of Universal Credit—and I am afraid to say that the assessment period is one of them—where it is not the technology that constrains the change, it is the very DNA of the whole welfare system I am afraid has the notion of a monthly assessment period baked in. That was a decision made in 2010-11 in the legislation that means any changes are going to require an enormous ripple effect into a whole range of different systems, be that RTI, be that debt. There are probably dozens of other systems that rely on a monthly rhythm to inject data and export data from Universal Credit.

The analogy I would give—it is not an ideal analogy—is that you could perceive Universal Credit as a set of Lego bricks from which you can build and adapt a system and those Lego bricks are adaptable. However, the monthly payment system is really the size of those cylindrical nodules on the top of each brick. If you change that, the bricks will not fit together anymore, and if you mangle it and force it to, it is not going to be strong and it is not going to be stable.

I am afraid I have much less confidence about the policy ideas, the policy cheques that have been written—including by former Ministers—which the operations and delivery team in DWP would really struggle to cash. I am sorry to be a naysayer about such matters.

Q182 Chair: That is fine. It was actually Dr Brien who suggested that you could have a weekly rhythm and then build that up to a monthly period for—

Tom Loosemore: He suggested a daily rhythm, almost like daily interest, and then accreting up to weekly or other systems. Again, there is a separation between payment periods and assessment periods.

If you were going to start again that would be a lovely interesting idea and personally I would very much be in favour of that, and I said that to people involved in the programme only a matter of months ago. We are not starting again. We have 5 million-plus people on this system and we have a whole bunch more coming on, sadly, with managed migration or because the economy is going to struggle.

Imagine you built a beautiful model of a starship in Lego and then suddenly you change the size of those little cylinders, you have to replace your whole model and you have to deal with the fact you want to keep building things. I am afraid operationally, from my perspective, it is a total non-starter.

Chair: Thank you. Debbie Abrahams wanted to come in on this point.

Q183 Debbie Abrahams: This is a practical issue. Practically, is it the verification that we heard about earlier? What is the real issue in the system why the assessment period—in spite of what the previous panellists were saying—is going to be very hard to change?



Tom Loosemore: The system is not one system, but a system of systems. We have heard about RTI, which is HMRC's system for collecting how much money people are paid through their salary from employers. That is one of the systems it integrates with but there are dozens more; Debt Management, CIS, CPS, local authority systems, child maintenance, the court system, utility companies, I could go on and on and on and on.

These are all systems that share data in order to make sure that the calculation is correct. If you change the assessment period, you are fundamentally changing the lingua franca of those conversations between systems. That is not just the changes the Universal Credit team would have to make, which would be gargantuan and would need years of time, literally years of time, but your partner organisations—be that local authorities, utility companies, HMRC, all the employers in the country—would also have to change their lingua franca to speak daily rather than monthly.

It is almost like you are changing the language that the system speaks in. Yes, you can do it—you can do anything, you can get to the moon if you want to—but you really should not, it is not worth it. There are other better ways I think of ameliorating some of the very real issues that come from that monthly assessment period.

Q184 **Nigel Mills:** While we are on that topic, what would be the better ways of ameliorating those issues that come from the monthly assessment?

Tom Loosemore: The first, most obvious one is that I simply do not understand why all payments are not made using the new Faster Payments mechanism that pays seven days a week, 24 hours a day. I know why, it is because Treasury does not want to cough up the money, but frankly that is not a good enough reason. It adds potentially up to four days to people's payment regimes.

I would also totally agree—I do not think I have ever totally agreed with Sir Iain ever before in my life, but I would totally agree with him—about the transfer of legacy debt from tax credits. I think that is a disaster waiting to happen.

I would look at challenging how advances are repaid. Shifting to a model whereby you do not have to pay 30%, you maybe pay slightly less over a longer period, would ameliorate some of the issues. I think Dr Brien's point around—slightly technical language—making sure employers do cross-reference their monthly payments correctly with the bank system would help a lot.

As people transition on to the system from legacy benefits, giving them the choice about when to start so that the dates align better would be a very good idea. I do not personally see any huge issues with that, but again I am not at the sharp end of this and others are.

Q185 **Nigel Mills:** You advocate allowing me, if I am being paid on the last working day of the month, to choose my UC payment to be early in the



next month so there is time for the RTI feed to work?

Tom Loosemore: Correct: you avoid the disastrous issue for those who get paid twice in a month and not in the other. You do that by design from the start and you explain to people, "It is going to make your life easier".

It is a bit like you sometimes get a choice from some employers when you get paid monthly, not many but some do, and they do that so you can manage your payment regime, your own budget, better. There is a bunch of other ideas like this. Again, if you talk to the people who run the system and operate the system they will have many more.

Q186 **Nigel Mills:** Could I choose multiple payments? Could I choose, "I would like £50 a week and the balance at the end of the month" or is that going too far?

Tom Loosemore: As Dr Brien said earlier, you can separate out the assessment period from the payment period. That brings with it its own challenges when you run out of money for your rent at the end of the month, but that is not an intrinsic issue with the system.

I would say that there is a big intrinsic problem that aligns to the comments Sir Iain made about Universal Support. I am afraid the thing that does not work well with Universal Credit as a whole within DWP at the moment is you still have a significant gap between those who make policy and those who deliver and operate the system. They are not on the same floor.

I think there are only a couple of policy people embedded in the team, whereas there are literally dozens and dozens of operational people embedded in every team. You have a separate labour market policy team and a separate Universal Credit policy team, for reasons I simply fail to understand. I am not even sure that the Director General of Universal Credit actually has control of those policy people.

I think some of the issues that are challenging here come from a policy cast wilfully staying separate from the dirty, difficult, messy reality of people's real lives because it is nicer that way. I am being pejorative for effect, but I mean it.

Q187 **Nigel Mills:** Do any of the other panel members have any different views on any of this or do you all agree with what has been said?

Gareth Morgan: I want simply to pick up on the choice of assessment period. I have tried modelling that and it is extremely difficult. It may be fine for a single earner, but when you have couples involved who may be on very different pay cycles and who potentially have different cycles of paying their housing costs as well, I have not been able to find any way in which there is a right answer for the best date for an assessment period to start.

I think that one of the problems with the whole of the Universal Credit design, as has been implied already, in a sense is that when the big idea



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conflicted with the details the problems have arisen. The idea, in its basis, was very much welcomed, I think, by most people. However, when it comes to implementing it, it is the little details that cause the problems because people do not have the nice, simple, standardised ways of life and, therefore, their patterns of existence do not work with a constraining and standardised pattern of assessment.

Q188 Nigel Mills: Would not a calendar-month assessment period be the least-worst option, or was that not the case in your modelling?

Gareth Morgan: I think it depends on how you view a calendar month. I have no problems with an assessment period of one month. I have real problems with how the calculations within that assessment period are carried out.

A lot of the problems that the Committee is discussing are not to do with the assessment period, but to do with the consequences of the way in which the assessment period has been used. Take the five-week wait in itself, for example. I think people are forgetting that it may not be just a five-week wait, for some people it may be a nine-week wait or more.

If the first day on which you claim Universal Credit happens to mean that your assessment period in that first month contains five weekly payments, two monthly payments, three fortnightly payments or whatever, you may find you are not entitled to benefit at all in that first month. I am worried that many people will see that simply as being a statement that they are not entitled to Universal Credit in the first place and never reclaim, which of course is what they should do.

I think there are a whole pile of issues about how you assess things within the assessment period that are the vital areas, rather than the assessment period or the frequency of payment.

Phil Booth: A couple of points, one about how the Covid-19 crisis has shown that DWP is still doing many of these deduction calculations manually and that is what is taking a lot of staff time. Those are staff the Department redeployed during the spike in new Covid applications. It shows that the DWP has designed processes that tended to protect the five-week wait, which I think is why we are getting this pushback saying it cannot be changed. If those deductions take some weeks to run manually, as we believe and from what we are hearing think it does, then it is really DWP—I think as Sir Iain said in the previous session—saying that is why it was necessary. However, that current process is what requires many people to go into debt.

Therefore, if what DWP has said about things like the collection of those deductions being entirely automated after they have been calculated by hand, then there is no reason those deductions could not start 12 months after a person's claim has begun. That would give DWP a lot more time to work things out. It would reduce the amount of work it has to do prior to start and then allow that current five-week wait to be reduced significantly,



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possibly to two weeks or less, making much more efficient use of DWP's own staff time.

On the calendar months point—and we have had lots of mention of HMRC's RTI, real-time information system—HMRC knows already whether someone is paid weekly, fortnightly or monthly. That is what comes in via the PAYE system. We have written a report on this that shows the very screenshots they are using.

As far as we can tell, HMRC provides DWP with all of the data that DWP did ask for. Why, therefore, did it not ask for information on the frequency with which people are already paid? The Committee might wish to ask a slightly differently angled question as to where the responsibility lies, whether HMRC is not providing information or whether DWP is itself responsible for perpetuating somebody's hardship, because HMRC already knows about periods and DWP seems to say it does not.

Gareth Morgan: My understanding was that the RTI information that is passed across from HMRC does include the payment period. Each of the fields in that dataset has the payment and the length for which the payment period applies. It does not have the start and end dates of payment. Perhaps I am wrong in thinking that it was passed across.

Phil Booth: If certain pieces of information are being passed across but they are not making use of that at the DWP end, it would be worth I think getting to the bottom of that. As Tom has said, some of these things can be tackled at the level of technical change, technical detail, and we know that this is a system that talks to many other systems. It may well be that some of what seem very intractable problems may actually be down to some of the detail that we are talking about.

Tom Loosemore: I just remind people that giving people the option to choose payment frequency has been tried in Scotland for a period of time. Half the people took it up, "Please, can I change my payment cycle?" I would like to say that 60% of those changed back.

I think one of the problems with this whole system is that you can sit there in your chair at home and come up with countless ideas that are simple, compelling and wrong, and the wrongness is only apparent when you scale to millions of people. When you have millions of people there are always, I am afraid, going to be some trade-offs. That is a very harsh thing to say and you want to do everything you can to mitigate them, but there are going to be trade-offs. I would be wary of being an armchair general when it comes to these ideas.

Chair: Thank you. Steve McCabe is next.

Q189 **Steve McCabe:** I think I want to ask these questions mainly to Gareth Morgan, but obviously if the others want to come in feel free. I am interested in the fair information system and this idea that you can calculate a diary and pay people right at the start. I wonder if you could



very briefly talk me through how it works.

Gareth Morgan: I will try. The idea is that instead of doing what we happen to see Universal Credit doing at the moment, which is taking account of all pay received in an assessment period, that means that you may have for somebody who is paid weekly 28 days or 35 days' worth of pay and for somebody who is being paid four-weekly 28 days or 56 days of pay and so on; therefore, skewing the calculation by increasing or decreasing the amounts of pay. For people on the last week day of the month payment, it might mean one month's pay or two months' pay or no month's pay.

What I am proposing is a very simple way of proportioning the pay that is received into the relevant assessment periods. Not wanting to change the assessment period, I constrained myself to use the data that is already being passed across by HMRC and the assessment period.

All that simply does is take the number of days within each pay period that fall within the assessment period and uses those, passing the other days into the next assessment period. The consequence of that is that you get a much more even and much smoother calculation of earnings, regardless of the pay cycles and regardless of changes in pay or changes in length of pay cycles.

The downside, if you like, is that you have to then reconcile things. If somebody's pay period stops during an assessment period and you have to make an assessment of what their next one would be, then you have to reconcile in the following month any difference between those two rates. I do not think that is very difficult because, first, unlike the tax credit system where you reconcile at the end of a tax year, you are doing it at the end of the next period so you are much closer to the previous pay so any extra money is probably already still around and the amounts involved will be much smaller. I can see there being a lot of tweaking needing to be done in the following assessment period, but computationally that is trivial if you have the data. You can do that kind of sum very easily with computer systems.

Q190 **Steve McCabe:** Basically, it does not change the assessment period; it simply changes the way you estimate entitlement. I think you said something about the current system assesses needs on the last day: you are saying you could make that estimate from the beginning. Therefore, the attraction is it wipes out the five-week waiting period, presumably, which is the up-front attraction. The downside is there may be inaccuracies. When you say "reconcile" we mean clawback, do we not?

Gareth Morgan: The reconciliation might be giving a bit extra if the assessment is lower than it actually is. Yes, it is adjusting rather than clawback. I do not think we are talking about the kinds of sums that tax credits saw before the buffer was in place. I think we are talking about things that are much more simply adjustments; overtime in one week but not overtime in the next week, those sorts of things.



The last day of the assessment period looks at the circumstances, I think—the size of the family, the housing costs and so forth. We are still talking about using all of the earnings received during an assessment period at the moment. All I am trying to do is to take that current structural design, which gives these huge fluctuations in the earnings, into account and smooth then by taking into account only the earnings actually applicable to that assessment period.

Q191 **Steve McCabe:** What does DWP or the Ministers say when you put this proposal to them?

Gareth Morgan: I have not had the opportunity to give a formal presentation to DWP about it. I know there has been a slight misunderstanding about my use of the term “day rate” because people have said that means a daily assessment, which is not at all what I am proposing.

I simply took it down to days because that is, I suppose, computationally more elegant in a particular count than different assessment period lengths because of the different lengths of calendar months. I would be very happy to make a formal presentation of the idea if the opportunity arose.

Steve McCabe: Thank you very much.

Q192 **Chair:** Thank you. Can I ask, Mr Loosemore, how that sounds to you?

Tom Loosemore: I do not know the details, if I am honest. I think that a conversation with those who have to administer the scheme, which starts by saying, “We can get rid of the five-week wait at the start” when that five-week wait is not just because you need to recruit the information you need to do the calculation, but you also need to verify evidence to make sure you do not have systemic fraud that, let’s be clear, has happened in many countries around the world during Covid and—hopefully, not happened to such a degree here—will have happened here, I am not sure that will get past muster of a front-line operational worker in DWP to say you can move away from five weeks.

The detail of how you do the calculation computationally is trivial. You could probably run the whole of Universal Credit on a few mobile phones, the maths is not hard. What is hard are the trade-offs and what the trade-offs are that we are happy with.

There is going to be no perfect answer here, it is going to be which trade-offs we are happy with. I go back to my earlier point, some of those trade-offs only become apparent when you operate the system at the scale of millions. This is a complex system, not just a complicated system. With complex systems you can put theory in at the start but what comes out at the end is real life, which is messy and impossible to predict.

Gareth Morgan: I simply wanted to say that in terms of the actual five-week wait, I do not think this automatically removes the need for it. That is, as you say, at least partially a political decision. What it does mean is



that the argument that says it is inevitable because we have to wait until the end of an assessment period to know what people's earnings were does not stand up if you enable people to estimate the earnings and then reconcile in the following period.

Q193 Chris Stephens: Thank you, Chair. My questions will be mainly directed towards Mr Booth, but obviously I will ask the others for their particular views. Mr Booth, you will be aware during this session that we have looked at advances versus non-repayable grants within the system, and obviously the DWP has suggested that is difficult for operational reasons so things cannot be done. Could you explain the view of your organisation on whether a non-repayable grant is achievable?

Phil Booth: Certainly. The DWP has already paused deductions for six months and, therefore, that shows, at least on the technical level, turning advances into non-repayable grants is something that should be achievable. As Tom Loosemore said earlier, there are some categories of problems that are relatively straightforward to do or deliver with the system built in the way that UC is. Therefore, this is more a political choice, frankly, than a technical problem.

I would say, in line with the Chancellor of the Duchy of Lancaster's speech at Ditchley this weekend, the question or the issue lies maybe more with the cost benefit to the public purse of DWP continuing to run 30-year-old legacy systems for which they have to do deductions manually—which speaks, I guess, to some of the debt that has been talked about in this session being brought across—and the calculation of whether ending such clawbacks would save not just capital revenue but civil servant time and whether in the next Spending Review we could see such a cost-benefit analysis.

Q194 Chris Stephens: It does not sound all that difficult, does it, Mr Booth? How quickly do you think the Department could introduce such a system of non-repayable grants, and is there any estimation that you have of the cost of that?

Phil Booth: We do not have an estimation of the cost to the public purse. As I say, that is something that should be done. Where we are looking at broad policy changes, then that calculation is clearly something that comes down to what the Treasury wants to do. Coming out of Covid, hopefully, I imagine we are going to be looking at lots of such things.

In terms of the system, while I will not say it is trivial if you are categorising one type of payment or deduction as one thing and there are parts of the system that are able to relate to that, then to categorise another thing accordingly means that the system will be able to deliver that sort of behaviour or performance. We see this, for example, around stuff like maternity tax credit versus maternity benefit, where we have two that to the general public would seem to be the same thing of getting a benefit because you are pregnant but they are treated in different ways because they are categorised as different things within the system. The system is



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given the category and it delivers performance or behaviour on that sort of category that it has done before, which should be doable. The bigger question is whether the cost to the public purse is viable.

Chair: Chris, can I just bring in Mr Loosemore, who is indicating he wanted to comment as well before you continue?

Chris Stephens: Yes, of course.

Tom Loosemore: Very briefly, my sense is that this is the kind of change that is more doable than others. Having said that, from my international experience with lots of Governments around the world, many of which have looked to go to a grant-based scheme rather than an advance-based scheme, remember there are people out there who run tens of millions of pounds fraud organisations who would look at a grant regime in the UK and go, "Thank you very much, thank you very much", so be careful.

Q195 **Chris Stephens:** That happens now, Tom, surely.

Tom Loosemore: Of course it happens now, but the scale of the prize, when you shift from an advance system to a systemic grant one, would be much greater, I think.

Q196 **Chris Stephens:** Let us just tease that out a bit further then, because obviously we are aware of fraud on quite a big scale with the advance system. Would a grant system be viable once we know that someone is eligible under Universal Credit, once they passed the eligibility test, and that is the place for a grant, or would the place for a grant be, for example, someone who at the end of five weeks is still waiting for a payment because they may be waiting for the outcome of a work capability assessment or any of those issues?

Tom Loosemore: Once you got through that initial period of essentially assessing that someone is who they say they are—the initial period at the start you are verifying that someone is not pretending to be someone else—of course you can choose. That goes to Phil's point: it is a policy decision about whether you make that a grant or an advance.

However, all the way through this you must think like a fraudster. Having up-front grants that you can get when you walk in, just like up-front advances, brings with it systemic risks that I think you should consider. It is not to say it could not be done. I think it is one of the things that could be done.

Q197 **Chris Stephens:** Tom, it sounds like there is a place for a grant somewhere in the system, maybe not on day 1 like the advances system. I think what we are trying to tease out is whether at some point a grant is viable. Is it viable in your view maybe after five weeks for those who are still waiting or a place for after two weeks?

Tom Loosemore: It does not sound like the kind of change that changes the size of the cylinder on the top of a Lego brick, it feels like a different kind of Lego brick. I would just remember that every time you make one



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of those changes you accrete a layer of complexity on top of a system that is complex in terms of how it interrelates to people's lives. One of the challenges here is whether people understand what is going on when it comes to the calculation. I doubt they do now, given the changes that have already happened. If we add changes to what an advance is and what a grant is you are adding complexity. One of the key reasons to move away from the previous benefits regime was an attempt to simplify and I just ask that you keep that simplicity front of mind.

Chris Stephens: I bear that in mind, but obviously one of the problems with the advance system is there is £50 million a month getting paid back into the system.

I see Debbie has her hand up, Chair, so I will pass over to Debbie at this stage. Thank you.

Chair: Thank you, Chris.

Q198 **Debbie Abrahams:** This is a question specifically to Phil in relation to sick and disabled people and the medical evidence they have to supply. Their wait for a first payment is often much longer than five weeks because of this. Are you aware of the type of data that is being asked for that is separate or independent from health records and what is being retained by the Department? You mentioned in your introduction that data is being held by the Department in relation to health conditions and so on.

Phil Booth: At present we are aware that on a trial basis there have been systems where a, if you like, mirror health record was being erected on Amazon Web Services. There have been, as I say, these historic problems where data from what is someone's legitimate GP record is simply not being trusted and instead you are going through this evaluation process by people who are not medically trained and who are arriving at very, very different conclusions in some cases to the person's own doctor.

A piece was published just yesterday by medConfidential on whether DWP will get direct access to NHS patients' data for fraud purposes specifically under the Digital Economy Act. At the moment the flows are, as you say, tied up in processes that are mainly in DWP. When a person does have a long-term condition, a disability or something like that, it seems that DWP does not always take its own doctors' medical evidence as being sufficient. That plays out all the way down the system, unfortunately.

With regard to what is being automated, we know, for example, there is a whole bunch of cases that get to the tribunal about disability benefits. The cost and stress of all that is enormous. There are bits here that could be automated, which do not require retaining someone's medical record at all but which could significantly improve people's experience of Universal Credit and the system.

A very quick example: in terms of when someone has been found by a tribunal that they should not be reassessed for a period of, say, three years, DWP could at that point enter, "Do not ask back before this date"



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on to the claimant's record. That has nothing to do with retaining medical data and everything to do with DWP's processes. Then, as currently happens when the automated systems at DWP spit up, "This person needs a reassessment"—and we know how automated systems work—the way it works is that it sends out all of the notifications. The person gets that with the stress of, "I am going to have to be assessed again". That does not get checked by someone at DWP until the day before the date of the assessment, at which point they realise they should not be calling for an assessment and they de-escalate.

We have here a situation where, while many bits of the system can and should be automated, you need to think about how that interfaces with people in real life. I think many of the witnesses this morning have said this gets complicated when it touches people in their real lives. What we would like to see more of and more transparently is what it is that DWP is choosing to automate.

For some of those things they are saying, "We need this wait" or, "We need this sort of data", like health data and what have you. However, it is not entirely clear that they have done everything they can to automate their own systems to make the pathway work for vulnerable people in difficult circumstances, which they could have done already.

Chair: Thank you. Chris, did you want to come back?

Q199 **Chris Stephens:** Yes, I do. Thanks, Chair, I do have follow-up questions for Mr Booth. However, I am curious if Mr Morgan wants to say something around grants vis-à-vis advances.

Gareth Morgan: It is really very much a political choice. You can treat them either way, simply a cost to the Treasury and a cost to the recipient. There are a number of issues around how you pay sooner or whether you pay sooner. The questions really are not about what you pay, it is how much it is and what it is, and those really are Treasury issues.

My suggestion about using an advance estimation and reconciliation presumably is going to be easier to administer from an administrative point of view. It would probably cost more because it is bringing forward a payment, effectively paying in advance rather than paying in arrears. However, over the generational length of a benefit that is probably not a huge amount of money and presumably in accounting terms would be treated quite differently from making a grant in the first place.

Q200 **Chris Stephens:** Thanks, Mr Morgan. Mr Booth, back to you. You have talked a lot about the automation of the system and how it is designed. From October 2021, the repayment period for advances will be extended to 24 months and the maximum deduction cap will be reduced. Is there any reason why it is taking so long and could those changes not be implemented sooner?

Phil Booth: I cannot speak for DWP. To be a bit ungenerous, it seems to be a fear of a system that, as Tom Loosemore has described, is complex,



not complicated. There are likely work plans, 12-to-18-month work cycles. There is, we understand, an underlying two-week tick to the Agile process. Therefore, many changes—certainly the technical changes, the technological changes that we are talking about—could be implemented much quicker, but I think officials are fearful of how a change across the piece would play out in practice at, as Tom says, a scale of millions. They become, in a way, so anxious, cautious and reluctant to make such changes that we see this much longer delay than would seem to be reasonable from the technical side of things.

Going back to what was said earlier on about phasing things and what have you, when, or if, people are given a choice—I am not saying the 24-month thing is a choice—and the system is modified to enable those choices so they are there within the infrastructure of the system and have been worked out at least for part of the population—for example, the two-week payment in Scotland—then we might be able to move cohorts until you have a system that is doing what you want.

Now, I do not think this is reasonable to do for what we are talking about right now, but it is an example of how it does not always have to be a big-bang change. Waiting a long period to switch over everything is not the only way to approach all of these problems.

Q201 Chris Stephens: Tom, do you have a view on this because I see you are shifting and nodding? The DWP announced this change in 2018 so why would it take three years to implement a change, what would appear to us to be simple changes to the automation system?

Tom Loosemore: To be honest with you, I do not know. Again, I am not that close anymore. The crucial thing to remember here with this is that there is a lot of code. It is a big system, it is a complicated system, but there is nothing remotely deeply complicated about the code. What is complicated and what is complex is how DWP front-line staff operate—tens of thousands of people—how they are trained and how they deal with the edge cases that we do not even know about because we are not close enough to them, which even moving from 12 to 24 months would give you.

The caution that Phil has alluded to, if we reflect back to what Dr Brien said at the start about the big lesson that he learnt, which was to be cautious, I do not know why it has taken three years but I can understand the operational caution about rolling out that kind of change. Having said that, I would move it beyond 24 months. I think you have a big issue with people not realising the impact of deductions when they choose the scale of their advance at the start and it hits them really hard thereafter.

Q202 Chris Stephens: It goes back to the original debate, does it not, about advances and repayable grants? Are there any other suggested changes you would have, Tom, about advances that support people because of the troubles they would have with repayments and debt?



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Tom Loosemore: No, I am not close enough to it. I would encourage you to talk to the people really at the front line of running Universal Credit there. They are all incredible people and it upsets me deeply that they get tarnished thus.

This is the hardest system I have ever come across. Welfare systems generally globally are so much harder than anything in the private sector to deal with trade-offs and to deal with genuine complexity, as in the input does not equate to what you thought the outcome was going to be. Like I say, I think the teams involved in developing the system are the very best I have ever seen. If they are cautious about something I generally would respect that greatly.

Again, I think what is really good about UC is that they have integrated the technology with the operations functions, they are deeply embedded, policy less so. Therefore, you will hear a story about the combination of what is hard technically with what is hard operationally. That is very healthy and globally unique, I would say.

Q203 **Chris Stephens:** Thanks, Tom. That is helpful and I think you are right to recognise the staff and the front-line staff. I think you are right to say we should take evidence from them and, of course, their trade unions and I think that is something we can think about going forward. With that closing thought, Chair, I will pass back.

Chair: Thank you, Chris. I can see that Mr Booth wants to chip in.

Phil Booth: Very quickly, I think what Tom said is vitally important. We are talking with front-line support services, Citizens Advice, Child Poverty Action Group, people who are trying to support people who are having difficulties with the system. We have a transparency and interface problem.

Not to be too polite about it, it would be easier if the technical people at DWP would get into a room with people like medConfidential and others so that we can translate what is going on, because a lot of the frustrations and problems we are seeing I think have come from years of people being told, "Look, the computer system just cannot do it". Therefore, more transparency and a better interface in that regard I think might actually help things go forward and might also feed into the process priorities and what have you, which I am sure they are getting a bit of through doing user research anyway.

Q204 **Chair:** You are saying you can only talk to policy people and Mr Loosemore has said there is bit of a separation between them and the technical people?

Phil Booth: There is a mismatch. As I say, we have offered ourselves to go to talk to anyone technical to try to work it out—we understand systems, we have been working on government systems for 15 years or more—and yet we still get to these deadlock points, sometimes lasting for months, where civil society support organisations are simply stonewalled and told, "It is too difficult, the computer cannot do it" or what have you and there



is no meaningful discussion. We can get past that but it requires a degree more transparency and openness.

Tom Loosemore: To your point, Stephen, I am afraid that comes from only the policy elite in the civil service being allowed to speak. I am in the joyous position of being able to speak for those who are not allowed to speak, which is the technologists and the operational people. I think it is safe to say that the frustration among the operational and technology people within DWP is that many times—not every time, but many times—policy people write their own cheques that they themselves do not have to cash, the operation and technology team have to cash.

I would really encourage much deeper embedding and longer duration of policy people. Staying with Universal Credit, we have this problem of turnover of people within the policy elite all the time. Embedding properly policy people in Universal Credit was there at the start in 2013-14. There were some superb policy people deeply embedded, who sat next to the product managers, the technologists and the operational people. I am afraid because that policy elite likes to go away into its dark cupboards and think great thoughts, again to be pejorative, it is causing these problems.

Q205 **Chris Stephens:** Sorry, Chair, I will be quick with this question. Tom, you are intimating problems with turnover of staff. That is also a problem as well, is it not, with the front-line staff, there is turnover there? They want to make sure the front-line staff are trained properly and there is consistency on how claimants are being dealt with.

Tom Loosemore: I would agree. The real challenge here is an operational one, is a training one, is consistency of message, and that is what takes time. Often it is not the technology that takes time, it is the retraining. Policy people are here today, gone tomorrow. To understand Universal Credit and its history is not something you pick up in six months, I am afraid, however smart you are.

Q206 **Chair:** I think one thing you are telling us, Mr Loosemore, is that the technology people would quite like the chance to speak to Citizens Advice, for example, and for that dialogue to happen that does not happen at the moment.

Tom Loosemore: The technology and the operational people are sat together in teams, it is that combined conversation. It is the fact that the policy people are the front door and that front door works both ways. It works to the frustration that Phil has alluded to that you cannot get through it and you hit a dead end, and I also think sometimes it works the other way as well. There are some potentially healthy and interesting conversations to be had that tend to happen anyway quietly but could more healthily happen if they were more in the open.

Chair: Mr Morgan I can see indicating; sorry about the bell.

Gareth Morgan: Thank you. I wanted simply to add that from an advice and information sector perspective, which is a sector that has suffered



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enormously from cuts over the last decade, of course, the experience is exactly the same. We see an enormous number of day-to-day flaws in the way that the system reacts and interacts with people in very different kinds of circumstances.

I know from talking to colleagues that they have spoken to front-line staff within DWP and their response is always, "We know, but it is not us who make those kinds of decisions". Certainly, even though there are notional channels of communication between the advice sector and policy people, there does seem to be one-way traffic in that we speak but are not heard and they speak and it is a pronouncement.

Q207 **Chair:** That is extremely interesting. Can I finally ask each of you, or all of you collectively, whether there is anything you think the Committee ought to be looking at in our inquiry on the five-week wait, anything we have not talked about already, anything that anyone would want to add?

Phil Booth: I think I am okay. It is the basic point that if there are sets of rules, as Tom said, that the DWP can train its staff of civil servants to do to make consistent decisions, then it can quite clearly automate those decisions. I would ask the Committee to be thinking in terms of where those are not technical things but it is just a political choice, a policy choice.

Gareth Morgan: I would simply say that the five-week wait is only the first period of a long sequence of periods that can cause problems. You really need to be looking at issues around, for example, seasonality and self-employment, to recognise that there are problems that arise predictably because of the way in which the assessment period operates, not simply because of the length of the assessment period.

Tom Loosemore: Specifically around the five weeks, I would encourage you to consider that the two-week run-ons from legacy benefits, particularly as migration of existing welfare claimants on those benefits comes on, is going to make a big difference. Don't lose sight of that would be my final message.

Chair: Okay, fine. It has been a fascinating session: very, very interesting and very helpful to us as well. Thank you, all three of you, very much indeed for joining us. That brings our meeting to an end.