

## Work and Pensions Committee

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

Wednesday 15 July 2020

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

Questions 208 - 285

#### Witnesses

I: Will Quince MP, Minister for Welfare Delivery, Department for Work and Pensions, and Neil Couling, Senior Responsible Owner, Universal Credit, Department for Work and Pensions.

Written evidence from witnesses:

[Department for Work and Pensions UCW0096](#)



## Examination of witnesses

Witnesses: Will Quince MP and Neil Couling.

Q208 **Chair:** I welcome everybody to this meeting of the Work and Pensions Select Committee. I am delighted to welcome the Minister, Will Quince, and Neil Couling from the Department as the first witnesses we have had physically in the Committee Room here since the last occasion in early March. We are delighted to see you both. Welcome. Thank you very much for joining us. As you know, we are inquiring into the initial wait for the first payment of Universal Credit. I have the first question to put to you.

We have heard compelling evidence in this inquiry from Citizens Advice, based on the experience of the service it provides under contract to the Department, and from social landlords, foodbank providers and others, that the five-week wait for the first regular payment of Universal Credit is causing a lot of hardship. Do you accept that evidence?

**Will Quince:** First, thank you very much. It is a pleasure to be before the Committee today. We work very closely with stakeholders across the board and always listen to Members from across the House and, indeed, the Committee, hence why we have made numerous changes to Universal Credit and the programme over the course of the past few years.

Where we do have a fundamental difference of opinion with a number of stakeholders is that we do not accept that anybody has to wait five weeks for a payment under Universal Credit. That is because an advance of up to 100% of someone's indicative award is available and that is interest free, repayable over 12 months. As a result, people can have 13 payments over the course of a 12-month period instead of 12. In addition to that, we recognise some of the concerns that stakeholders raise, such as, for example, the initial waiting days. That is why we removed those initial seven-day waiting days. Plus, when we hear of reports that people are finding it difficult in some cases to make repayments, we have taken action in that regard. You will know, Chair, that we have plans that in October of next year we are reducing the maximum deduction further still, from the current 40% to 30%, down to 25% as of October next year, and we are doubling the amount of time that somebody has to repay that advance, from 12 months to 24 months.

So yes, of course, we recognise that everybody comes on to Universal Credit in different circumstances. Some will need a payment of some kind within that initial assessment period and some will not. That is reflected in the fact that between 55% and 60% of people historically have requested and received an advance. Over Covid, the past four months, that figure has been quite a bit lower. For those who do need it, it is important that they can have that support and that is why we put in place the advances system, so people can get that money very quickly, often within 24 hours where they need it.

Q209 **Chair:** Thank you. We have heard from witnesses that social housing



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tenants are much more likely to be in rent arrears if they are on Universal Credit than if they are on housing benefit and that people on Universal Credit are much more likely to need a foodbank than people on legacy benefits. What, in your view, is it about Universal Credit that accounts for those quite striking differences?

**Will Quince:** The first point to make is that I have not seen evidence in that regard. There have been anecdotal reports made by different stakeholders and organisations.

On the point about rent arrears, the evidence I have seen is that more people come on to Universal Credit with historic rent arrears that are reduced over time on Universal Credit because, as a system, it is far better at recovering and protecting people by making payments to help cover people's rent.

In terms of foodbank use, we do not want to see anybody having to use a foodbank in this country. I certainly do not want to see that. We are taking huge strides to better understand food insecurity in this country. That is why we have put in place new questions on the Family Resources Survey as of April of last year and that will be hugely informative for our future work. It is also why we work very closely—and I have held numerous roundtables—and meet regularly with the Trussell Trust and the Independent Food Aid Network to better understand their issues. If we were to have better understanding of their data, Chair—and we have asked, for example, the Trussell Trust for that—we would be able to take a more evidence-based approach to them. I think the important thing to stress is that those who do need that initial support are able to get it very quickly.

The thing that does concern me, and it concerns me greatly, is that people are applying for Universal Credit far too late. They are applying long after they have become eligible. It is in that period, largely, that people are building up rent arrears or other debt, so they are coming on to Universal Credit with those debts. We need to better understand the drivers of that. If people come on to Universal Credit while they still have some resource—as many people do, hence why around 40% or more of people do not want or need to claim an advance—we need to better understand why people are claiming late, because if they claimed earlier, then with the advance it would be far less of an issue.

Q210 **Chair:** Regarding what the evidence is for different experiences on Universal Credit as opposed to the legacy benefits, Citizens Advice has told us—partly on the basis of the work they do for the Department in running the Help to Claim service—that people claiming Universal Credit are about 70% more likely to be behind with their rent than people claiming Housing Benefit. Do you accept that evidence of an issue here?

**Will Quince:** I suppose there are several questions there. First, I would need to see that evidence, and not just anecdotally but to see some data that would suggest that.



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The evidence that we have, Chair, is that people are coming on to Universal Credit with historic rent arrears that then get paid off faster over time on Universal Credit. There is no evidence, as far as I have seen—and I will defer to Mr Couling in a moment—that suggests that people are building up rent arrears while on Universal Credit.

Q211 **Chair:** I wonder whether you have had the opportunity to look at the National Audit Office report on this, which I think does touch specifically on what happens to people, and their arrears, when they come on to Universal Credit and does suggest that arrears increase, typically, when people come on to Universal Credit. Let me just quote one point. This is from the National Audit Office: “The initial five-week wait can exacerbate claimants’ debt and financial difficulties. Despite the availability of advances, claimants and representative organisations that responded to our consultation told us that the wait for the first payment caused financial hardship and debt.” Do you accept what the NAO says about it?

**Will Quince:** In response to that, I would say that people do not have to wait for a first payment because they are able to get up to 100% of the indicative award advance usually within 24 hours. I suppose the question is what exactly the issue is to be addressed here because people are able to get that support.

I would further point to the fact that, as a result of the pandemic, we have increased the standard rate of Universal Credit, that standard allowance, by £80 per calendar month. An average person pays back £50 per calendar month over a 12-month period. As of October next year that will go down by £25 or £30 per calendar month, which is significant, but the point is that £80 more than covers what the vast majority of people would be paying back as part of an advance in any event. We have largely, over the course of this pandemic, recognised that and taken action to address it.

Q212 **Chair:** Do you think the National Audit Office has misunderstood how Universal Credit works?

**Will Quince:** I think there are elements of that report that I certainly recognise and there are areas in there that concern me and I will want to delve into them in more detail. We take all reports of this nature very seriously, and I will look at these findings and work with officials to see if there are further measures that we can take to help support claimants.

Q213 **Chair:** It is a very common theme of the evidence that we have received in the Committee, and is picked up by the National Audit Office, that this five-week wait for the initial payment is causing serious problems. Are you saying that you just have not seen evidence of that?

**Neil Couling:** May I come in? First, I think some of the comparative studies that have been put to us are not real comparative studies, because they compare new claims to Universal Credit—because that is the only way you can come on to Universal Credit—with existing benefit claims, and they are



non-comparable groups. The existing claims will have had arrears in their past and may have been under management for a number of years.

The second thing the NAO report says, at paragraph 1.28, is: "It is not clear how much of this increase is directly attributable to the initial wait for Universal Credit rather than people delaying claiming". I think if the Committee wanted to delve back in history a little bit—and I would recommend this—if you look at the all-party parliamentary group on Hunger report from 2014, it details very clearly the problems with the legacy benefit system, where the same organisations were making the same complaints about the system because they were focusing on people who were having difficulties with the system in the same way that they are focusing now on people having difficulties with Universal Credit.

Universal Credit is not a panacea. It will not solve every problem under the sun. It is the attribution of some of these things to Universal Credit that we are questioning. We have not seen the data but I have asked the Trussell Trust repeatedly to share their data with us so that we can do the kind of matching that you see in figure 7, which shows you the position on rent arrears. The only thing that is missing from that chart is that the NAO decided to cut off the analysis at plus week 17. If they carried that analysis on, which we have, it shows that the arrears start to clear. The housing associations, when they have reported on this, report that, over time, much like for the existing benefit cohort, arrears clear as people catch up on rent.

**Q214 Chair:** A fairly typical piece of evidence we received was from Community Housing Cymru telling us that Universal Credit tenants are twice as likely to be in rent arrears as people on legacy benefits. Do you accept that the wait for a first payment makes some contribution to that?

**Neil Couling:** I wrote to all local authority chief executives in 2016 warning them that that they would see a short-term increase in arrears owing to the nature of, and the way in which landlords will interact with, the way in which payments on Universal Credit are made but that they will be clearing. The same report from Cymru Housing does point out that people get back on track. They talk about housing associations coping well with Universal Credit and the numbers in rent arrears are not different by a huge margin. That is at paragraph 3.9 of their report.

Behind the headlines that you often see that come with these reports, the details show a very different picture. What we see, over time, as we did in the legacy benefit system, is arrears happen because of a life event—you might be made unemployed, you might fall sick—arrears grow up at that point and then they clear over time, and that is happening under Universal Credit in the same way that it happened under the legacy system.

**Q215 Chair:** The evidence looks pretty clear that one of those life events is having to wait for five weeks for a benefit payment.

**Neil Couling:** As the Minister said, you do not have to wait for five weeks, because you can get an advance. It is quite telling to go back to that all-



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party group report from 2014 because that report bemoans the Department for not making the equivalent short-term benefit advances known to be available, and over 40% of those were not paid. There were only 300,000 asked for across the whole year. If you take the period of the pandemic, we made over a million advances. I think you have seen the Department respond to those criticisms from 2014 and short-term, immediate help is much more available under Universal Credit. As the NAO points out at paragraph 1.13 of their report: "Claimants who take a full advance (100% of their estimated entitlement) remain 'ahead' in pure cash terms for around four months compared with a claimant who received the same overall amount of benefit fortnightly"—that is, under the legacy system. What the NAO is calling out there is that Universal Credit is better at getting cash quickly into claimants' hands, much better than the legacy system was. The concern about this initial assessment period is being dealt with through the advances system.

**Q216 Chair:** Can I ask you to confirm that the Department did agree the factual accuracy of the NAO report before it was published?

**Neil Couling:** This is why I drew your attention to paragraphs 1.13 and 1.28, so far.

**Q217 Chair:** So the statement in the NAO report, "The initial five-week wait can exacerbate claimants' debt and financial difficulties"—the Department has agreed to that statement?

**Will Quince:** If you read the former statement—"Many claimants are in financial difficulty before they apply for Universal Credit, with some delaying making their claim until they are in difficulty"—the point we are making is that if people make their claim earlier, before they reach crisis, then it is less of an issue because people are able to take that advance out, usually within 24 hours. The point is this is where, certainly as I have been speaking with officials about, we want to put far more effort as a Department into identifying why people are not making a claim sooner. As part of the pandemic, we have seen people making a claim when they become eligible, and in part I suspect that is because of what has been a very compelling advance Government communication programme, with a Government Minister on the telly every day saying, "Check if you are eligible for Universal Credit." We want to do more in that sphere.

But there are other things as well, and I have raised this in the Chamber. I suspect Mr Coyle will be unhappy with the comment I am about to make, but some of the scaremongering around Universal Credit does put people off, too. That was not directed at Mr Coyle. I am not suggesting he does that, but what I am saying is that some of the scaremongering does not help and it does put people off checking their eligibility and applying for Universal Credit at the point at which they become eligible. If they leave it far too late, until the point at which they are in crisis, even with an advance payment, or a grant, or whichever way the Committee would suggest we look at it, it would not cut it. The key is making sure that people apply and get that support as soon as they are eligible.



**Q218 Chris Stephens:** I want to concentrate some time on delayed payments—that is, for those individuals who are waiting more than five weeks. Minister, can you tell me what the Department is doing to improve the timeliness of payments to ensure that no one has to wait more than five weeks?

**Will Quince:** That is a very good question. Over the course of the past four months, our priority as a Department full stop is to ensure that as many people as possible get paid their entitlement in full and on time. The Department has worked incredibly hard over the course of the past four months in particular, despite unprecedented pressure, staff absence and jobcentres having to close, to ensure that still, despite all of that, despite a record number, an unprecedented number, of claims—over 3.4 million since the middle of March—over 90% of people have been paid in full and on time.

That is a good record, but you rightly point to the circa 10% who are not paid in full and on time, and that does concern me and worry me as a Department. That breaks out into two elements. There is the element that is—I do not like using the word “fault” but I will use the word “responsibility” of the Department: the items that are directly within my control and the Department’s control, and we are taking measures in that regard. The second element—and that is the larger element I hasten to add—of the 10%, is the claimant’s responsibility. There are issues within the claimant journey that people sometimes get stuck on and it is often around identification or it could be around the habitual residency test, for example, but it is often because a claimant has not provided us with the information that we need to process their claim.

You will rightly ask me the question: what are we doing to support claimants to be able to get that right the first time and, if they do not, to help them correct it? Over the course of the past four months, all efforts have been put in to ensure that we get up to that 90% or higher, but what we have not been able to do is some of the additional added-value stuff that we would be able to do had we had more resource. I am pleased to say, however, that the Department is taking action. Mr Stephens, you will have noticed the Chancellor’s announcement about over £850 million to double the number of work coaches in jobcentres up and down our country. We will have additional capacity and resource to be able to do far more outreach work to support people to make sure that they are getting their claim right.

**Q219 Chris Stephens:** Thank you for that, Minister. We will certainly be picking up on the announcements last week from the Chancellor.

A sidebar, then, and I know you will be following the Committee’s work on some of this. Sir Iain Duncan Smith indicated to us that the original intention of Universal Credit was that the first payment would be made within four weeks, and he has suggested that in his discussions with the Department’s officials that more or less does happen for the majority of those who submit claims. Could you confirm that to us, Minister, and tell



us how the Department is making that happen?

**Will Quince:** The former Secretary of State I think was right in terms of his understanding at the time. There was always designed to be, as part of the fundamental design of the system, a four-week assessment period and that is based on real-time earnings, and there has always been, therefore, a three-day Bacs period. That is something that is unavoidable. At the time, my understanding was—and Mr Couling, who was there at the time, long before my time, may be able to confirm this—that there was an understanding that the timings for Bacs would reduce significantly from those three or four days. At the moment, the only way you can do that is via a CHAPS payment, which comes with quite a considerable cost. Then there is plus the processing time.

I would hasten to add that we have already reduced the seven-day waiting period. At the moment, you have the initial assessment period, the Bacs waiting time, the processing time, and then you also have to allow, over the course of that week, for weekends and bank holidays, which appear at different points in the year, plus the three-day Bacs period. The four weeks plus that additional seven days, or a week, is why we cannot get around the five weeks. If the Bacs rules were to change, as they were anticipated several years ago to do, we may be able to review and reduce the period by two or three days.

**Neil Couling:** I think Sir Iain was doing two things. His initial comments puzzled me, I have to say. Then I remembered that when we used to discuss things in the Department, he would always refer to a month as four weeks. When he was saying four weeks—he would confirm this because he would not want to knowingly mislead, I am sure—he meant a month. Then you have the payment days, as the Minister was explaining, on the end of that first month, then payments are made monthly after that and they are made up of two things. On the three Bacs days, I think what Sir Iain remembers is that around about the middle of this decade the banking industry was hoping to replace the Bacs system—as you know, we have Faster Payments for cheques now—and if that went, you could lose three days from that initial week. I think that is what he is remembering there.

Easter will always be a moveable feast, unless Government commence the Easter Act 1928—which to my knowledge is the only statute that Parliament has ever passed that has never been commenced by Government—which was going to fix the date of Easter. Because Easter moves around, we need those four days, and five out of seven Christmases occur with weekends abutting or in the middle of Christmas bank holidays, so we need those four days. I think that is what Sir Iain remembers. He will have to explain it to you if I have that wrong in terms of my recollection, but we have never looked at four weeks in the Department. We have always looked at a month because you need a monthly assessment period as I have explained many times to this Committee in the past.

Q220 **Chris Stephens:** Thanks for that, Mr Couling. Obviously, Sir Iain Duncan Smith can provide supplementary evidence if he wishes to. Is Sir Iain



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incorrect then when he says that most claimants are paid within the first four weeks?

**Neil Couling:** He is correct that most people are paid at the end of their first assessment period, which is the timeliness measure that the NAO report sets out, which we have hit 90%. The discussions are all publicly available. On the recent court case that the Chair asked an urgent question on a couple of weeks ago and the Minister answered, in the course of that we provided the information and the advice that was given to Ministers back in 2011 around that. That details how a month is the key building block of Universal Credit and the seven payment days on top of that, so that you can make those first payments.

Q221 **Chris Stephens:** Another operational question. The Chair has referred to the National Audit Office report. One of the concerns we have had about that report is about the limited data on claimants' characteristics—for example, vulnerabilities and so on. That makes it difficult to assess whether some groups are more likely to face delayed payments. Mr Couling, is that something that you are looking at operationally in terms of any plans to improve data collection?

**Neil Couling:** I will just make one point, Minister, and then do come in.

There is a lot more data available here for Universal Credit than there is for the legacy system. It is one of the things the all-party parliamentary group report of 2014 had a real go at the Department about—that we could not tell you how long people were waiting for payments. The NAO picks up on this as well. The NAO says the Department has been unable to provide them with comparative data for the legacy system. There is richer data. We would like even richer data and we are exploring how to do some of that here.

The other thing I would say about the payment data is that there is a slight quirk in the data, which is that the limited capability work-related assessment payments can only be paid after 13 weeks to severely disabled people, unless they are terminally ill. They all appear as late in the data, even though they could not be paid at the end of the first assessment period, so the data overstate—and the NAO accepts this in the report—the degree of lateness here. Because we do not have a time machine, we cannot go back in time and do a work capability assessment and then get the claim right; we can only ever pay arrears for that. Some of the lateness is artificially created by the way in which we are forced to collect the data, which is much better than the legacy system, I am hastening to add, but clearly still you would like to be able to refine it for that.

**Will Quince:** Can I add to that, Mr Stephens? I do largely share your concerns. We have a very good system in terms of our support for the individual through Universal Credit, because it is that personalised, tailored support, so by pin notes we are able to put quite a good amount of detail as to the specific characteristics of an individual and, therefore, able to support them based on them. What we do not have at the moment is a



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checkbox or something where we can identify particular vulnerable groups, disadvantaged groups or cohorts of people. That is, I think, what the NAO is specifically referring to.

What I hasten to add on that is that I am very keen for us to get into that place. It is quite a significant system build change and it is part of the programme. It is going to take some time, but my ambition is for us to get to exactly that place.

**Q222 Chris Stephens:** Thank you for that, Minister. I think we are concerned, certainly I am concerned, at what Mr Couling said there about 13 weeks for the work capability assessments. Minister, can you tell us—

**Will Quince:** Can I check, Mr Stephens? Just to confirm that, you should not be overly concerned. The rules within Universal Credit are exactly the same as the rules under ESA. You wait 13 weeks and after 13 weeks you have your assessment, and then you are paid your Universal Credit in the first assessment period after your assessment. If your assessment is over the 13 weeks, that can be backdated. Is that right, Mr Couling?

**Neil Couling:** It may be the way I explained it, Mr Stephens. Apologies. The entitlement to that element, the LCWRA element, only starts after 13 weeks.

**Will Quince:** Same as ESA.

**Neil Couling:** Yes, the same as ESA. But because it is paid later, at 13 weeks, just the way the data is collected, that case shows up as late. The NAO refers to this in the last sentence of paragraph 2.10 of their report. It is a quirk in the way in which the data is presented. Clearly, if the WCA is late, then they will be paid that addition even later than that, and that is a point of concern for us as well and is something that we are working on. But as a strict point of fact, I cannot pay those cases in full the way in which our data is collected, because of this quirk we have in the data collection. It exaggerates the number of cases paid "late", but they are not. They are paid, as note 2 of figure 11 states: "The majority of these claimants receive their standard allowance, child element and housing element on time." There was nothing more we could do for those claimants at that point in time but they show as late in the data, even though they are not really late.

**Q223 Chris Stephens:** Thank you for that clarification, Mr Couling, but, Minister, we know from the evidence that disability organisations are giving us that at least 17% of claimants are waiting up to nine weeks for their first payment, so why is that the case and is this tied to the work capability assessment? I must say, Minister, from looking at my own constituency casework, it is quite clear that there are problems in relation to people waiting for payments and that somehow being tied to a capability assessment.



**Will Quince:** I will invite Mr Couling to come in but I gently suggest you may be misreading the data. I will hand over to Mr Couling to explain it in a bit more detail.

**Neil Couling:** I do not think Mr Stephens is misreading the data; I think the disability organisations are misreading the data—in good faith, by the way. I am not criticising them for that. Unless you understood the minutiae of how our data are put together, you might inadvertently draw that conclusion but it is the wrong conclusion to draw.

Q224 **Chris Stephens:** Are disability individuals waiting nine weeks for a first payment? Why would that be the case, Mr Couling? Is there a particular generic example you can give me as to why someone would wait nine weeks for their first payment?

**Neil Couling:** I would not distinguish between disabled people and non-disabled people. Part 3 of the NAO report sets out some of the work we have done to understand why people are being paid late and the work that the NAO has done to understand why people are being paid late. The issues there are, partly, as the Minister laid out, at our door—we might not have done something at our end—or the claimants themselves may have either struggled with the process or failed to provide information. One of the groups of claimants that is paid routinely later than others is that of self-employed people because they have to declare their self-employed earnings on the last day of the assessment period, and if they fail to do that—if they are even a day late—then the claim will be late, but that is not something we can control for. We text people to remind them to complete this action, but if they are busy—they may be in the middle of a big job, for example, as a self-employed person—they may report late. There are various reasons for that and it is all set out very clearly in the NAO report. Part 3 is worth a read.

Q225 **Chris Stephens:** Mr Couling, the last question from me is in relation to the current situation around Covid. You will be aware that there has had to be a move to more assessments being paper-based or by telephone. Can you tell me if that has affected the timeliness of someone receiving a Universal Credit payment, and is it something that you are monitoring and looking at?

**Neil Couling:** Yes, it is. Clearly, our providers have had to adapt for the realities of the pandemic and it is something we are watching and working on with them to ensure that we can speed cases through the new process.

Q226 **Steve McCabe:** I want to ask a couple of questions about people with visual impairment. The first one is quite a practical question about when there are problems with payments. The other one is more about the communication system.

On the first point, we were given quite a detailed account by the Leonard Cheshire organisation about the problems that a gentleman with a visual impairment suffered. He made his initial claim over the phone and advised that he was blind. None the less, he was sent a notice for the online journal,



which not surprisingly he did not see. As a result of that, his claim was suspended. The DWP did eventually acknowledge that this was their problem but he was asked to start the claim process again, which obviously led to delay. In those sorts of circumstances, why can't you backdate a claim?

**Will Quince:** First, I would apologise to that individual—I know you did not name him—for the poor experience that he had with the Department, because we do take very seriously the need to support those who are visually impaired or have a disability of any kind.

Our processes have been reviewed in conjunction with the RNIB in relation to accessibility needs and we do communicate with our claimants in a number of ways, in different formats that include Braille and audio.

In terms of the backdating of claims, in certain specific circumstances we are able to backdate claims by one month, but what I would add to that is that in addition to the telephone service we ordinarily have the face-to-face service at a jobcentre. That has still been available throughout Covid-19 at jobcentres for those who have particular and specific needs. To reassure people, although jobcentres were generally closed, people were still able to get support where they needed it. We also have the Help to Claim service via Citizens Advice.

In addition to that, I recognise that there are people who do have particular disadvantage or vulnerability or complex needs that need additional support, and that is why we secured the additional £10 million for the Transition Fund, which was designed to help support people on to Universal Credit and then, wherever possible, into work. I launched that fund, had to pause it just before the pandemic struck, and as a result currently we do not have the capacity or resource internally to run that procurement scheme. The point of that scheme was that it empowered local organisations, through funding packages, to support our claimants but also the individuals that they are supporting. I want to be able to launch that as soon as possible, and if that is not possible this year I would like to do so next year. I would gently suggest that that would require an additional funding package for next year. If the Committee was minded to do so, support in that regard to Her Majesty's Treasury, given that the Committee and the NAO have raised this as an area of concern, would certainly be helpful.

Q227 **Steve McCabe:** I want to ask a couple more questions about your communications model, but if I can just go back to that case, I was trying to establish whether there is some technical reason why you could not have backdated that gentleman's claim. Why was it that he had to start a fresh claim?

**Will Quince:** It is very difficult. If you would like to pick up with me later, or were Leonard Cheshire to get in touch with the specific detail—whenever we receive a case where we believe that the individual claimant has been let down, we want to review that, review the detail, and then look at our



processes to see where we can improve for others. I will hand over to Mr Couling. He wants to add something.

**Neil Couling:** Mr McCabe, the first answer to your question is that where there has been an egregious error like that, even if the case cannot be backdated more than a month, which is what the law provides, our compensation scheme would take people back that much further, so to leave them with no financial detriment for our error. It sounds like our error in this case. Obviously, I do not know the details, but we will be happy to look at it.

Our processes default to asking people to claim again while we investigate what has gone on previously. I think this is in the NAO report—and if it is not, it is somewhere else and I will find you a reference later—that around 35% of claims do not proceed from initial contact all the way through to completing a claim. We do get a high volume of cases where people do not follow up on their initial applications so the agent, in looking at the case, will think initially that maybe this is what has gone on here and we invite people to make another claim because we do not want any more delay. Then we investigate whether you can backdate on the case. That is why it is set up that way around. It is to try to protect the claimant because so many do drop their claim and then come back to us, maybe a couple of months later. Maybe they thought they could survive, maybe they thought they were going to get a job and then found out that that job fell through, or whatever it was that stopped them making the initial claim. That is why it is set up that way round.

Q228 **Steve McCabe:** Okay. That is helpful. I am assuming that the facts are accurate in this case and this gentleman may well be entitled to compensation.

I want to ask a little bit about some of the things the Minister told us about improving communication. I notice, Minister, that you referred to work with the RNIB. The chair of RNIB, Eleanor Southwood, told the Committee that the RNIB had been working with the DWP since 2013 to try to improve communications for disabled people, but she described progress as “limited and very slow”. There is a record of the Department constantly sending printed letters to people who cannot see them. They get letters to advise them of work capability reassessments. They get letters about their claim. I have a constituent who has been registered blind for 35 years who is sent printed letters. This is the same gentleman who told me that he is going to be reassessed again in two years’ time because the Department thinks there is a possibility he could learn Braille within that period and that would change his work capability status. I suppose he could get new eyes in that period as well but it seems a bit unlikely. Do you think there is a problem with the Department’s attitude or is it simply a question of having to improve your communication systems?

**Will Quince:** I am sorry to hear the examples you raise. When you suggest it is a question of improving communication, I would take the view that we



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can always improve our communication and we are constantly trying to improve communication.

Mr Couling will correct me if I am wrong, but we work with a stakeholder panel specifically relating to Universal Credit of around 80 organisations. That list of organisations is growing and we listen to it very carefully. What I certainly will do, Mr McCabe, is take on board all the points you just raised with me and I will pick up with the responsible Minister, the Minister for Disabled People, and meet him to discuss what more we can do, working with RNIB and other organisations that support those that have additional needs or accessibility requirements, to see what more we can do within our systems across the Department to better improve our communications.

Q229 **Steve McCabe:** I am very grateful for that. Thank you.

I noticed you mentioned pin notes and the way you can deal with individuals in reply to Mr Stephens earlier. As I understand it, the Department does not have a way of recording a person's communication needs. Is that right?

**Will Quince:** That is not true, because we do have the pin note system. Mr McCabe, if you ever want to come into the Department—and this offer goes across the board to the Committee—to see the internal workings of the system from a work coach's perspective, if you visit your jobcentre, I suspect they would be more than happy to show you, within the confines of the GDPR and confidentiality, of course, that the pin note screen is at the very top of any claimant's screen. It means that whoever logs on to see that particular case will see any notes that any previous work coach or case manager has put in there. It would flag if somebody has any additional needs.

If you are asking me if we can go further and have specific check boxes that identify cohorts of people that have additional or specific needs, the answer to that, as I think I gave earlier, is yes, we are exploring that and are very keen to do it. However, it is about first identifying exactly the groups and it is not just those with additional support needs. I would like to be able to track far better through our system such people as care leavers, prison leavers, survivors of domestic abuse, veterans, and so on. We want to improve the system but it is about identifying and exploring how exactly we do that and then ensuring that I can build that in to what is already a very full programme of Universal Credit enhancements over the course of the next two years.

Q230 **Steve McCabe:** I am very grateful for that. Thank you.

The Permanent Secretary is on record as saying that he definitely wants to make communications for the visually impaired more accessible. When do you think that will happen?

**Will Quince:** All I can say to you on that, Mr McCabe, is that I have already committed to what I will do and I will do this immediately after this meeting. I will seek to raise this with the Minister for Disabled People at



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the earliest opportunity. That will probably be next week. I will explore what we currently do and how we can improve. The Minister for Disabled People will have those contacts and regular meetings with stakeholders that I will not have. He will meet them far more regularly, on a range of issues. I think it best if I pick up with him first, but I would be very happy to keep the Committee updated. No doubt, Mr McCabe, you will continue to push us to ensure that we get into the right place in this regard.

**Chair:** We need to speed up a bit. Chris Stephens is next. Can you make it fairly brief, Chris?

Q231 **Chris Stephens:** I will certainly do my best, Chair.

Minister, you have mentioned the new work coach posts. Can you confirm to me, because the Chancellor could not answer this question last week, whether they are brand new posts or whether they are redeployments? Are they fixed-term contracts or permanent contracts, and could you also say a bit about when you expect any process for these additional 13,500 to be fully operational within the Department?

**Will Quince:** All very good questions. I may have to defer a few to Mr Couling because these are operational questions and fall under the remit of the Minister for Employment.

My understanding is that these are all new posts. We are doubling the number of work coaches. That is a commitment of £850 million. I believe recruitment has already started and we aim to have a large number of them in place by October. Mr Couling will probably be able to give you some more information as to the operational delivery of those new roles.

**Neil Couling:** We are trying to get 4,500 of the 13,500 done by the end of October.

Q232 **Chris Stephens:** Thank you, Mr Couling. Just two more quick questions. On that commitment about training, we want to ensure that there is consistency right across the Department and I am sure you understand that.

Where are you going to accommodate the staff? Given that you have closed over 100 jobcentres in the UK, including in the great city of Glasgow, that suggests it is just going to be home working, or what is it?

**Neil Couling:** I have been cross-examined by your sister Committee in Edinburgh about the closure of the jobcentres in Glasgow a couple of years ago, as you probably know, Mr Stephens.

The first 4,500 we can fit into our existing estates and properties. We have been carefully checking that that is all Covid-compliant, working with our local trade unions on that. After that, you are quite right: we will need new estates, so we are currently in discussions about acquiring them to a rapid timetable.

Q233 **Chair:** Do you think you might reopen some closed ones?



**Neil Couling:** It is a possibility. We are looking, certainly, at one of the closed ones that I know of at the moment to try to set up a demonstration of how we do this. We are going to adopt probably a different design than we have in existing jobcentres, partly because we need to make them Covid-compliant quickly. Some of our old estate will not be very good; the jobcentres we closed were quite small. That was not completely the case in Glasgow, before Mr Stephens comes in and corrects me, but in general I think these will be newer properties.

Q234 **Shaun Bailey:** A couple of questions from me. When Sir Iain Duncan Smith was before the Committee a few weeks ago he told us that the five-week wait was never part of the structural plan for Universal Credit but the four-week assessment period was. I am curious to understand if it would be possible to reduce the initial wait to four weeks.

**Will Quince:** Broadly, the answer is no. The fundamental part of the design is that we need a month for the first assessment period and that is to get the RTE data to be able to assess someone's eligibility and what their award would be. We then need at least three working days to make a Bacs payment and then you have to, as Mr Couling pointed out earlier, allow for bank holidays, weekends and the variability of Easter, plus a little bit of time for processing. That is why I think Mr Couling and I alluded to if the rules around Bacs were to change and Faster Payments were to become possible, then in theory you could reduce the time by two or three days, but the idea that you could reduce it to four weeks, I do not even see how, in the former Secretary of State's time, that would have been possible, given the bank holidays and Easter.

**Neil Couling:** You need a month for the assessment period because this is a benefit that works for people in work and out of work, and people are paid monthly, weekly and fortnightly. You need the system to be able to cope with that. You cannot have a system of four weeks, which is why I think Sir Iain, as I explained in answer to a previous questions, was just explaining things in the way in which he does; he often explained a month as four weeks. I think that is probably lodged in his head.

Q235 **Shaun Bailey:** Touching on the Faster Payments point briefly, I wonder whether or not the Department has explored that as a possibility, what discussions you have had around whether operationally it was feasible to look at using Faster Payments as opposed to Bacs, and in particular if you had had any discussions with Treasury about that and what might be the details of any such discussions.

**Will Quince:** I will defer to Mr Couling.

**Neil Couling:** In the pandemic, I have increased the limits on Faster Payments. There are limits on the number of Faster Payments we can pay because there are limits within the UK's payments structure. At the moment, the reason why the banks do not all go to Faster Payments for everything is that they can do a finite number of these, but I asked for a bigger share and the banks were very good at giving us a bigger share of



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Faster Payments. I quadrupled the size of Faster Payments in case we faced a massive surge of advances to do immediately. We did see a surge in advances and we did breach the number of Faster Payments, our old limit, so it was the right thing to do.

In terms of converting the whole system to Faster Payments, you have the overall infrastructure of the UK banking system to think about here. There is also an issue of costs, which I think the NAO referred to in its report, certainly in our discussions with the NAO, which is that the Bacs payments are extraordinarily cheap. Faster Payments come at a higher price, so there would be an Exchequer cost to doing it at the moment, which is why, when Sir Iain was in the Department, we were talking with him about the changes coming towards the middle of this decade and thinking that would be the most cost-effective time to move to more general Faster Payments.

Q236 **Shaun Bailey:** I am conscious, even though we are talking about that, that, for example, Mastercard offers a short-term payment contingency and that can often process payments immediately. It is not very well used. I am curious to know, given what you have just said, from your experience would that be something that operationally could possibly be used? Or is that something that the Department would not be able to explore?

**Neil Couling:** You can use these systems, okay, but our volumes are just so big. Last month we probably made around 4 million payments of Universal Credit. The Faster Payments limit is around, I think from memory, 200,000. That is the problem. You need to be able to operationalise this for everything. The one thing the claimants told us when we were doing the original design in 2011 was that they wanted certainty of payment dates. They did not want their payment to be late once we had set the claim up and it was paying on. The seven payment days with Bacs systems allows us to say, "You will be paid on the 18th, or before that, if it is a weekend or a bank holiday, but never on the 19th or the 20th. You will be paid on the 18th". That certainty allows people to budget and plan and so forth.

Q237 **Nigel Mills:** It sounds pretty clear, Minister, that you are absolutely wedded to the current structure of a monthly based assessment and a seven-day payment. It is not a question of the system could not cope with something different or Treasury would not allow something different; that is what you think the right system should be. Is that correct?

**Will Quince:** It is less an issue of being wedded to a particular design. It is fundamental to the design. It has been built on that basis. If, for example, I were to come into the Department tomorrow morning and say, "Mr Couling, we need a fundamental redesign of the system; I want to change it to X," it would mean literally starting again. I see Mr Couling rolling his eyes. It would mean starting the whole process again and that would come with enormous build costs, plus, at the moment, we would not have the capacity to do it, in particular because of all the effort that has been put into the redeployment of staff to claims processing to make sure



that during the pandemic people were getting their claims in full and on time.

Having said that, if we want a system that aligns with the way that most people are paid in this country—I think between 75% and 85% of people are paid monthly—and given that this is an in-work and out-of-work benefit, that a core driver of the Universal Credit design features is that it is designed to support people and empower them back into work, and that it mirrors how most people work and are paid, then that seems to me to be a pretty sensible way to approach a benefit system. Further to that I would again point out that the vast majority of countries across Europe also use a monthly benefit payment structure.

**Q238 Nigel Mills:** Okay, so you are not at all attracted to any proposals that would align the benefit structure to people who do have two-weekly, or four-weekly, or even a weekly pay cycle. There is no plan, no desire, no interest in that.

**Will Quince:** Mr Mills, we already have the capability to do that. Through our alternative payment arrangements, people can be paid fortnightly. That is possible. But I think if you look at some of the work that we have already done—we have run a pilot in this of, I think 2,000 or 3,000 people; it has already been done by default in Scotland—what you do see is quite a high reversion rate for people who start off saying, “Yes, two weeks sounds great”, especially if it is what they were used to on the legacy benefit system, but then they say, “This does not fit with the way that I pay my rent or the way that I am then paid by my employer, or when my bills come out”. There is a very high reversion rate back to a monthly cycle. The system is designed around automation. That is how you get the savings and that is how you get the scale. Quite frankly, it is how we have been able to process the number of claims during a global pandemic—over 3.4 million claims since the middle of March. That is how you achieve that. But it does not mean that we do not also recognise that there are people for whom that just does not work as well and that is why we have alternative payment arrangements available.

**Neil Couling:** Can I make one point?

**Will Quince:** Yes, of course.

**Neil Couling:** Sorry to be pedantic about this, but given the exchange we have had about Sir Iain’s comments, it is twice-monthly payments, not two-weekly. I would not want us to go off down that rabbit hole.

**Q239 Nigel Mills:** That is twice-monthly payments, not a twice-monthly assessment. You still have the one-month assessment period but you can have a second payment.

**Neil Couling:** Yes, it is paid effectively late and that is how the Scottish Choices system works.

**Q240 Nigel Mills:** There is no option to say, “I get paid fortnightly, I have had



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this job for years, I would like to have a fortnightly Universal Credit assessment". The only option—

**Neil Couling:** No, because—

**Nigel Mills:** —is just to defer half of your payment.

**Neil Couling:** Sorry, I should not interrupt. Because people move between different kinds of jobs, which have different payment cycles, and you may have in the household—remember, couples can claim—somebody who is weekly paid and somebody who is monthly paid and you need that assessment period to cover both of the couple, you cannot have individual assessment periods. You have to have some simplifying principles. You have to have some architecture on which to build a scheme, and we have chosen a month to do that for all the reasons that the Minister set out.

Q241 **Nigel Mills:** Is there any scope to align payment periods or assessment periods with calendar months, so that, rather than my assessment period running from whatever random date I happen to claim, it is more aligned with a sensible working month?

**Will Quince:** Operationally, that would be very difficult and certainly against the fundamental design of the system. Neil, you designed it so—

**Neil Couling:** In theory you could. The recent court case that I mentioned earlier in my evidence points to the difficulty some claimants have by having their assessment periods ending at the end of the month, very near to the day on which they are paid, because of the overlapping that can occur there. You would also put an incredible strain on the system because while we have automated 90% to 95% of payments, for a lot of payments, especially where people report to us late, such as the self-employed, we have to go in manually to make those payments. If you make them all towards the same period of the month, you will put an incredible stress on the system. We do have uneven numbers of payments due every day already because of the dates on which people claim, but that smoothing does help with the administration of this.

If you could get to a completely automated system, where human beings reported everything they were due to report on time, perfectly, I would solve fraud and error and you could potentially do that, Mr Mills. But my experience of human beings over 35 years is that things happen in their lives, it is not their fault, and they omit to do things, or we get things wrong at our end, and you need to have the capability to correct and deal with that.

Q242 **Nigel Mills:** It strikes me that one way you could shrink the five-week wait would be, "We know this person, yes", and perhaps the whole household gets paid at the end of the month, so even though they have started their claim in the middle of the month, you could just say, "If we can get all the information in, we know their payment will come through in two weeks. We could then make their payment pretty quickly after we have seen the exact amount". What you are saying is that is not anything you would like



to try to build because you want the full-month wait to spread the workload out over the month, I think, if you know there is no realistic prospect of any different income turning up in the first two weeks of a month.

**Neil Couling:** You may want to pile in on me later about fraud and error—I do not know where the Committee’s questioning will go—but what you are trading here with speed is your verification demands. If you set a high verification threshold, then you lose speed, which is why we go for advances. One of the reasons we go for advances, why you have been making advances, is because they are recoverable. If the claimant has overstated their circumstances—and some did: you will remember the UC advances fraud inquiry that the NAO did a short while ago—we will get that money back eventually, so there is no loss to the Exchequer. If you put all the verification demands up front and you have to make the payment in days, it just becomes an impossibility and you will get more and more error in the system if you do that.

You are constantly trying to optimise between competing pressures in any system design. I know the Committee is aware of that because I am sure you have wrestled with these issues before yourselves. You cannot have things simultaneously that are in contradiction with each other. We might come on to making grants. In theory, you could design a system to make grants, but what verification demand and what level of fraud and error would you be prepared to accept? Tom Loosemore in his evidence set this out very well. You run the risk of creating a honey pot for foreign criminals if you are not very careful around grants and so forth. These are the things you have to trade off with any kind of system design.

Q243 **Debbie Abrahams:** Good morning, everyone. I apologise, my internet has been a little bit dodgy this morning. If it starts to freeze, or if I have missed things that have been said already, again I apologise.

I have been a little bit concerned in terms of the evidence from the Minister and the Permanent Secretary this morning. You made the suggestion that evidence has not been strong enough to enable the Department to make adjustments for, for example, the rent arrears that have been reported by the Chairman earlier today. Can I ask as a preliminary: what is the Department doing to make sure that there is balanced and robust evidence so that they can respond to some of the quite significant evidence consistent with the issues that have been raised?

**Will Quince:** I think I got the gist of that, Chair. What are we doing to ensure that we can get better quality of data and evidence that may support some of the claims that are being made? Is that right, Ms Abrahams?

**Debbie Abrahams:** It is.

**Will Quince:** Okay. The answer to that is we work really closely with the stakeholders. Very often the data that we receive is very small samples, or it is anecdotal, or it does not prove any causal link. That is in part the issue, because if you take, for example, the delay issue, you can say that people



are coming on to Universal Credit and have rent arrears or have debts. That point may be factually true, but whether an advance at that point is paid or whether a grant is paid may not make a huge difference. What would make a difference is if they were to make that application two, three, four, maybe even five or six weeks earlier when they became eligible.

What I am really keen to do is to ensure that we are working with these organisations and stakeholders to make sure that people are claiming earlier. That is why we introduced things like the Transition Fund—because there are a group of people that we know we are just not coming into contact with early enough because they are not interacting, checking their eligibility and making Universal Credit claims. That is why we wanted, through the Transition Fund—and in part we are doing it via Help to Claim—to help and to empower organisations to support those who may be eligible to check if they are and, therefore, apply.

More broadly, we would love to have access to the data of organisations like, for example, the Trussell Trust, because that would better inform what we do internally as a Department. As you know, because I think, Ms Abrahams, you have asked questions—

**Debbie Abrahams:** We can sort that out for you.

**Will Quince:** If you are able to, that would be hugely—

Q244 **Debbie Abrahams:** We can sort that out for you, because I cannot think of one single charity, one single DPO, that is not saying the same thing. You talk about being in contact with the stakeholders. We had a UC all-party parliamentary group yesterday that was saying that we had a very extensive survey from the National Housing Federation that was providing, again, more evidence of the issues. You may or may not have seen the report that came out last month. It was again talking about the issue with rent arrears and the impact that that was having on debt, including having to go to pay-day lenders. These are really serious issues.

Can I make a further point before we get on to the substantive questions? It was not just Sir Iain who was making the points; it was also Baroness Stroud and Dr Brien who were advising the Department about how in the short term there might be a monthly period, but it was to reflect work, and at the time most people on UC—it may not be across the country, but most people on UC—were either weekly or fortnightly paid. Recognising the issues that you mentioned about the assessment period, making sure that the system and the payment period aligns better to how people are paid is very important. Surely, we must make sure that the system reflects that.

**Will Quince:** Mr Couling will come in, perhaps, with some of those figures. I met the National Housing Federation only at the beginning of this week. I meet them regularly. I never shy away from meeting stakeholders, and they regularly feed in their concerns to me. The very same report that you raise, Ms Abrahams, also says that there is a very high prevalence of people coming on to Universal Credit with pre-existing debt and rent arrears. It also shows, I seem to recall—but I do not want to mislead the Committee—



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that somewhere around 22% of people were delaying their application to Universal Credit. I am very keen to work with housing associations and, where we can, support them to do far more work with their tenants to better support them. We are very, very keen to better understand some of these challenges.

But one thing I would just say is that people often raise this issue of the first initial assessment period, or they often refer to it as the five-week wait. I say to them, "What exactly is the issue that you are trying to resolve, and do you genuinely think some of the solutions and propositions that are being proposed would fix that issue?" That is why I say: think outside the box. There are other things and other fiscal measures that they could ask for that would have a far wider impact. Bear in mind that at present only around 55% to 60% of people are applying for an advance. That suggests that there is a percentage of people who do not want or need one. Therefore, it is really important that where we are providing support it is well targeted.

Take, for example, the period during Covid, and again I am sharing anecdotes because I do not have the figures because my analysts are redeployed at the moment. What I do know is that the number of people claiming advances is significantly down, and that is because people are not coming on to Universal Credit when they are in crisis. Some are, but many are not. They are coming in while they still have some capacity in terms of resource; therefore, they do not need or require an advance. That is why I gently say: what exactly is the problem you are trying to fix and are there better measures? Of course, the elasticity of the support that we can request from Treasury is only so wide. I would ask: can we address some of the problems that you rightly highlight through other measures that are operationally deliverable, when this one, even in the present time, would be very, very difficult, if indeed possible, to deliver? I genuinely do not believe it would solve the core issues that you allude to.

**Q245 Debbie Abrahams:** Thank you, Minister. I am sorry, I am conscious of the time, so I am going to move on to my substantive question. It relates to the recent Court of Appeal judgment. In the judgment that Lady Justice Rose gave, she was absolutely scathing of what has happened, and she has rejected the point that Permanent Secretary Couling was making that the design and so on of the structure made it unlikely or very difficult to change. She has completely rejected that. What are you going to do to ensure that the system can deal with those people who are paid on the last day of the month, which does not conveniently slot into the monthly cycle assessment and payment cycle that you have? Could you also explain the difference between the assessed number of people at full roll-out who will be affected, as opposed to the assessment of the numbers that you have made?

**Will Quince:** These are all fair questions, but I think, with respect, they are premature. That is because the judgment was only handed down very recently. The Select Committee Chair secured an urgent question on this



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issue, which I responded to in the Chamber for, I think, around 50 minutes or so. What I have committed to, and I reaffirm that commitment, is that while the judgment does not actually mandate or require us to do anything specific, we will find a way to address this issue. I would ask the Committee to kindly give me the time and the space to, first, do that modelling that the hon. Lady rightly suggests we need to do to explore the potential options. Secondly, whichever way we look at this it is going to require some kind of legislative fix, so it is not going to be a very quick thing to resolve. Many people will potentially be impacted by this. Although we have only had around 1,000 people who have made a complaint on this issue, I understand—*[Interruption.]* I can see the hon. Lady is potentially indicating that it may be wider. That is why I and officials have to do that exploratory work.

I would just gently push back and say that so many members of my team are redeployed across the organisation, analysts in particular, into the processing of claims. I would love to have them back, but at the same time my No. 1 priority and the Department's No. 1 priority is the processing of claims and making sure that we continue to maintain that over 90% of people are paid in full and on time. But I do commit to keeping the Committee updated on progress. You will no doubt continue to push me in the right direction over the coming weeks and months.

Q246 **Debbie Abrahams:** Quite definitely, Minister. Thank you. As I say, it was in the judgment that there were 85,000 people who would be affected, not a small number by any means.

**Will Quince:** Yes, although, Ms Abrahams, that figure came from the Opposition. I do not recognise that figure.

Q247 **Debbie Abrahams:** No, it did not. It was in the judgment. You need to be absolutely clear that it was in the judgment.

**Will Quince:** But it is the source of the figure.

**Neil Couling:** Hang on, I do not want to disappear down a legal rabbit hole here, but we estimated 85,000 people if the High Court judgment found that we were interpreting reg 54 wrong. The Court found that we were interpreting reg 54 correctly. It would have affected 85,000 people if we had been wrong, but the Court found we were not. It is a much smaller group, but a very important group, as the Minister has been laying out.

Q248 **Chair:** You said before that the Opposition came up with this number. Presumably, you mean the Child Poverty Action Group. They are the opposition, are they?

**Neil Couling:** It is our estimate.

**Will Quince:** It is our estimate, is it? All right.

**Neil Couling:** I gave evidence, so I might know something about this. In our evidence we gave an estimate of the impact of the reg 54 decision.



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When we were asked why we appealed, it was because the reg 54 decision would have been extraordinarily disruptive to the system. I think the judges did recognise that this is quite hard, which is why they did not mandate a solution on us. This is quite hard to do. As the Minister said, we have set about trying to do this, but I would not want the Committee thinking this is a slam-dunk, walk in the park kind of thing.

**Will Quince:** Can I add one more to that? The Committee will know sometimes even my own frustration at how long it takes to get things in the UC programme and to get things built. Where we have a JR and we have committed, as I have, to find a solution, my ambition is to also look at whether a fix for one thing can also be a tool and a mechanism to address other issues, which will not be subject to JRs, but that the Committee, stakeholders and others— That is why I want to explore it in more detail and make sure that we can address as many problems as possible as part of that system fix.

Q249 **Debbie Abrahams:** We look forward to that. My second and final question, you will be relieved to know, is in relation to alternative payment arrangements. In Scotland a fortnightly payment is quite readily available and easily arranged. In Northern Ireland it the default position. Why is this not available more readily to England and Wales? In saying that, I am conscious that no figures on alternative payment arrangements for England and Wales have been published since 2016. Could you tell me what you understand the level of applications to be, and then how many are approved for people who have applied for alternative payment arrangements?

**Will Quince:** My understanding is those figures are published quite readily. I will take that away and look at it.

**Neil Couling:** I will bring the Committee's attention to where they are, but they are definitely there, Ms Abrahams.

**Will Quince:** Quite.

Q250 **Debbie Abrahams:** I understand a journalist posed a freedom of information request in 2018 on APAs and it was refused. These are not readily available. If the Permanent Secretary is able to come back to the Committee with this information, that would be very helpful, because it is important to understand why England and Wales do not have the same opportunities for more frequent payments as those claimants in Scotland and Northern Ireland.

**Will Quince:** Yes. The rebuttal to that is that there are FOIs and FOIs, in the same way there are written parliamentary questions and written parliamentary questions; how detailed a particular question is may have prompted a disproportionate cost response. That is what I suspect may have happened in this case. But broad figures, it is my understanding, are published. I absolutely assure you we will come back to you and see what we can provide on that. On the broader point about APAs being available



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by default, we do start from the fundamental position that claimants on Universal Credit are encouraged to manage their own finances and budget so it better mirrors the world of work. For the vast majority of people, that works incredibly well. Having said that, we work with the Scottish Government, and we worked with all of the devolved Administrations in this area, and sometimes we may respectfully disagree.

I am always a bit concerned about throwing the baby out with the bathwater where a system is working well for the vast majority of people and then there is a small minority for whom a specific arrangement would work better. That is exactly why we have alternative payment arrangements. If you instead decide that you are going to change the system for everyone by default, that could disadvantage the majority and make the system more difficult for the majority. I will point you again to what I referenced earlier, which is the pilot, and indeed what we are seeing in Scotland, which is a very high reversion rate from the default position of twice monthly to monthly, because people find that it suits them far better. That is why we take the view that it is better to start with the monthly position and then put in place an alternative payment arrangement for those who need and require it.

Q251 **Chair:** Again, can you come back to us about where the data is?

**Will Quince:** Yes, gladly, Chair.

Q252 **Neil Coyle:** By very quick right of reply, I have worked with the Minister for many years, including as co-chair of the ending homelessness group previously. I have publicly and privately thanked him and credited him for some of the changes to Government policy on homelessness. I would respectfully suggest that when he suggests some people are scaremongering for presenting the facts about Universal Credit and that only one third of those applying received a payment and not a loan, when people present facts of real people's lives, people forced into prostitution and made homeless as a result of the wait for Universal Credit, it makes him look beyond pompous.

That said, my question is on run-ons. The Government have previously—contrary to some comments this morning—acknowledged the problems caused by the wait for Universal Credit. They have reduced the wait time, and they have introduced some run-ons for some benefits. For example, those moving on from the housing benefit get a seven-week payment for that five-week period. The Government previously excluded those coming over from tax credits. What is the rationale for that exclusion, and will that decision be reconsidered now, Minister?

**Will Quince:** I thank my hon. Friend for his question. I have been called many things; pompous is not one of them, so there is a first there.

**Neil Coyle:** You have today.

**Will Quince:** Indeed. I would say to my friend in response that in sharing facts comes responsibility to share context, and that context is—



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**Neil Coyle:** Can we stick to the question, Minister? I am asking about tax credits.

**Will Quince:** You did raise a question. I think it is right, though, that context is important, and the reality, as we know both from the NAO and, indeed, from the National Housing Federation and others, is that people are delaying their claims. Why are they delaying their claims? We think there are numerous reasons why, but in part is because there are some people who are scaremongering about Universal Credit. What do we know about Universal Credit? We know that, in line with legacy benefits, the satisfaction levels are high for the vast majority of people. I will leave it there, other than to say that when sharing facts comes a responsibility to share context.

On the broader point about run-ons, he is right to suggest that run-ons are proving to be a really important part of the transfer from legacy benefits on to Universal Credit. We have had the Housing Benefit run-on, and as of July this year—22 July, I believe—we are going to have a run-on of JSA, IS, and ESA. I want to take this opportunity, Mr Coyle, to pay tribute to the Universal Credit programme team, because despite the unprecedented pressure they are under there are two things that I said I really wanted to get done and ensure were delivered on time.

Q253 **Neil Coyle:** The question was about tax credits being excluded.

**Will Quince:** I am going to come on to it. One is the Landlord Portal, which was delivered last week, and then the other is the run-ons, which will be delivered this month. They are hugely important and will put about £200 into the pockets of those transferring. There is a reason why we made the change. The change is because traditionally on legacy benefits people are used to a fortnightly payment cycle, and as a result it is to help people transition on to it. Tax credits, for a very large number of people, are paid monthly. It is less of an issue. I am not saying it is not an issue for some, but it is less of an issue, and that is why that policy decision was taken. It is for those on legacy benefits, but it is excluding those on tax credits.

Q254 **Neil Coyle:** Minister, you mentioned the change now around income support, JSA and ESA. That decision was announced in 2018, two years ago. Why has it taken so long to deliver that change, and how many people have missed out in the last two years?

**Will Quince:** I clearly do not have the figures here, but we were absolutely clear when this would be delivered. We have to put two things in place. First, we need to secure the funding, and secondly, we need to secure the programme slot to ensure that it can be delivered. What we do not like to do is set expectations in terms of saying we can deliver something and then find we are not able to do it. Despite the events, we have been able to deliver these two very big changes to Universal Credit. I will give you another example, Mr Coyle. I would love to be able to deliver the doubling of the time to repay advances ahead of October next year. I would desperately like to do so, but I cannot promise to do so because we do not



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have the time available, especially because of Covid-19, in the build programme within UC.

What I can say to you is that the UC programme is a feast of different programme events and items that are to be built, and they are all enhancements to the system. You can chop and change those, and in part I could, therefore, say we could accelerate something, but what would you like me to decelerate or take out? I could have potentially accelerated the doubling of the time to repay advances, but Mr Couling would have said, "Minister, I could possibly do that, but I would have to push back the run-on of legacy benefits". It is all about competing priorities and Ministers working with programme officials making assessments about priorities. We tend to base those on the benefit that they will have to claimants within the fiscal envelope we are provided from Her Majesty's Treasury.

Q255 **Neil Coyle:** Minister, you said your first priority is people. How many people have lost out in the last two years?

**Will Quince:** It was absolutely clear, Mr Coyle, when we were delivering this programme.

Q256 **Neil Coyle:** How many people?

**Will Quince:** Clearly, I do not have those figures to hand. I will be very happy to write to you and set out the number of people from the point at which the policy was announced to the point at which the policy would be brought in.

**Neil Coyle:** Thanks, Minister. That is great. Thank you.

**Will Quince:** But policy changes do not tend to be retrospective, and as I recall they were very rarely retrospective under the previous Labour Government either.

Q257 **Neil Coyle:** Unfortunately, I am conscious of time, Minister. I look forward to you writing. Are there any plans to extend the roll-ons beyond two weeks, or to new claimants, not those on legacy benefits, at all?

**Will Quince:** The point about that is we do think the system is working. We have to see how that goes when we have the run-on of IS, JSA and ESA, which is about £200 into the pockets of claimants moving over. It is important to stress that they are also entitled to claim an advance where applicable and appropriate as well. At the moment we do not think it is appropriate to go further, but as with all policy I keep it under watchful view. I would say that any change in that regard would be significant and would require to be part of a fiscal event. I would just gently say that as part of any potential pitches or proposals that I may make at future fiscal events, at present this would not be one of them.

Q258 **Neil Coyle:** Before the pandemic crisis the housing benefit run-on was expected to cost around £440 million. What is the expected cost now, given the rising figures of UC claimants?



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**Will Quince:** I will have to write to the hon. Gentleman with that figure, but I will gladly commit to doing so.

Q259 **Neil Coyle:** Likewise, what is the cost of the roll-on payments of IS, JSA and ESA expected to be this year?

**Neil Couling:** The cost of housing benefit will not have changed, because you cannot make a new claim for housing benefit right now. That population is static.

Q260 **Neil Coyle:** No, but people who have been made unemployed who are receiving housing benefit now will make a UC claim, so there has to be cost.

**Neil Couling:** They would eventually have come over to Universal Credit anyway, and they would have received the run-on when they moved across to Universal Credit, so there is no net increase in run-on costs resulting from the epidemic.

**Will Quince:** They would have received transitional protection as well.

Q261 **Neil Coyle:** You think the housing benefit figure is the same, but what is the figure for the income support, JSA and ESA then, Director General?

**Neil Couling:** There are no changes there, because you cannot make new claims for income support, ESA—

Q262 **Neil Coyle:** What is the cost? I am not asking about the changes; I am asking what the cost is.

**Neil Couling:** The cost is set out in the NAO report, which no doubt you have read. I will find you the reference if you have not been able to find it yourself.

Q263 **Neil Coyle:** Okay. While you try to find it, what is the cost of scrapping the five-week wait, and how does that compare with the rising costs of this plastering-over-the-cracks approach?

**Will Quince:** It is difficult to accept the premise of the question. Mr Coyle, you just reference and say, "Scrap the five-week wait". What are you actually proposing? If you make a proposal to me, then I can—

**Neil Coyle:** I am asking you, Minister—*[Interruption.]* No, no, no, I am asking you, Minister.

**Will Quince:** Mr Coyle, hold on. You have asked a question, so let me finish.

**Neil Coyle:** You are not answering the question.

**Will Quince:** No, I am. What exactly are you proposing? Please let me finish. There is a suite of potential options. Anything is, in theory at least, possible. The question is: how much are you willing to stomach in terms of cost, in terms of delay, in terms of fraud risk, and in terms of delay to payments? Because as Mr Couling has said, you would not be able to get



payments to people within 24 or 48 hours, as you do now. If you come up with a proposal, and stakeholders have come up with several—to give you a ballpark figure, we think the sphere or fiscal envelope required to do something in this field would be somewhere between £2 billion and up to £4 billion, as I think one of the stakeholders that gave evidence to this Committee. I would gently suggest we have put £6.5 billion into the welfare system over the course of the pandemic and for this financial year—far more than the average amount that anyone is paying back in an advance. If you genuinely want to address some of the issues that have been flagged earlier, there are far better fiscal interventions that would achieve the same or a similar objective than the one you suggest, which would require a fundamental redesign of the Universal Credit system—a system, I hasten to add, that has 5.2 million people on it, so it comes with all this risk.

Q264 **Chair:** We will leave it there. We will certainly come forward with a proposal.

**Will Quince:** We will spar at a later date, no doubt, Mr Coyle.

**Chair:** We will come forward with a proposal in due course. Thank you very much. Steve McCabe, quickly if you could.

Q265 **Steve McCabe:** Yes, absolutely, Chair. I want to ask very quickly about people who took Government advice and applied for Universal Credit during the pandemic, only to discover that they had lost out. I think this is most evident in the case of tax credits, and maybe one or two others as well. I wonder if you have any idea of how many people have been affected by that situation; they applied for Universal Credit and they lost their tax credits, so they were worse off.

**Will Quince:** We are two very separate systems, and although Universal Credit is the rolling of six benefits into one, tax credits is a Treasury system, so we do not necessarily have the oversight of that data from a departmental perspective. What I do know about is those who have raised it with me specifically as Minister for Welfare Delivery. First, let me say I do have some sympathy with people who find themselves in this position, but when you suggest that the Government advised people to claim Universal Credit, I do not think that is the case. We advised people to check whether they were eligible for Universal Credit. It is made absolutely clear throughout, as has historically always been the case, that a Universal Credit claim and making one will cease any existing entitlement to legacy benefits, and that includes tax credits. That is made absolutely clear in the system.

I would say, having recognised this issue—and it is not a new issue, because it was the same pre-Covid-19; the only difference is we had far more people applying over a shorter period of time—that we encouraged people to check their eligibility, and we have introduced the new website, Understanding Universal Credit. We have also introduced—at pace, I hasten to add—a new checkbox in the system to make sure that people have to click through to acknowledge that they understand that continuing



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with a Universal Credit claim ceases legacy benefits. But it has always been clear.

**Steve McCabe:** But, as Mr Couling said—

**Will Quince:** I think, Mr McCabe, if I may, the driver again is that there are differing rules between tax credits and Universal Credit, the two biggest being spousal or partner household income, and the other being the capital limits. On Universal Credit there is a capital limit of £16,000, whereas on tax credits there is no capital limit.

Q266 **Steve McCabe:** Minister, as Mr Couling said earlier, human beings being what they are, we do not always know that. It is certainly true that the Government did say during the pandemic that if you had no access to funding you could apply for Universal Credit.

**Will Quince:** Mr McCabe, “You can apply”. You can apply, yes, but you have to check your eligibility, and—

Q267 **Steve McCabe:** How many people have applied and ended up worse off? I am simply asking. Do you know?

**Neil Couling:** There have been changes of circumstance, so you would not be able to tell.

**Will Quince:** Correct.

**Neil Couling:** I have said this when the Committee, in its previous incarnation in the last Parliament, did its work on natural migration. I said you would have to create a whole new system, creating notional entitlements under the legacy system.

Just while I have the mic, it is paragraph 1.11, bullet point 2 in the NAO report, for the cost of benefit run-ons: £750 million.

**Will Quince:** There is an important differentiation, Mr McCabe, if I may point it out. As Mr Couling rightly points out, there is a group of people who have a change of circumstance. For example, if someone were to have lost their job and, therefore, apply for Universal Credit, well, their tax credits would have ceased in any event in that case. Although notionally you can say they would have lost out because they are no longer eligible for UC, they were no longer eligible for tax credits. The specific cohorts I think you are referring to are those who voluntarily choose to make a Universal Credit application even though they are currently still entitled to tax credits. I hasten to add that we have made it very clear and we have enhanced that to make sure it is even clearer going forward.

**Steve McCabe:** Can I just ask one quick follow-up on this?

Q268 **Chair:** Steve, sorry, can I just clarify this point? The Secretary of State did say in the House that the Department was looking at the situation of those who have claimed Universal Credit and ended up much worse off as a result. Is that investigation still ongoing?



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**Will Quince:** I have explored it, Chairman, and let me put it this way. If it was a simple fix and something that we could easily do, I would have put measures in place to do it. It is not, and in part largely that is because there is not a roadmap or a route back to tax credits. The only way that we can at present do that, in my understanding, is where there is a proven fraudulent application and false identity; for example, someone has stolen their identity. It is a very difficult thing to do.

**Chair:** Last point, Steve, if you would.

Q269 **Steve McCabe:** Minister, you told us on 23 April that you were ruling it out, but 11 days later your boss said she was looking at it. I think that is the point the Chairman has just made. What is happening? Is she still looking at it or have you prevailed and have you overruled her?

**Will Quince:** I think there are very few, if any, occasions where I overrule my Secretary of State. In fact, it is largely the other way around, Mr McCabe, which I suspect is the same in most Government Departments.

Q270 **Steve McCabe:** Is she still looking at it?

**Will Quince:** We continue to look at all ways in which we can support claimants, but in this particular one it is incredibly difficult, and the options, as with anything within our benefit system but particularly when they straddle two different Government Departments and two different systems, make it very difficult. Whatever you do brings about unintended consequences and potentially affects a much wider cohort of people. I am not saying it is ruled out. What I am saying is we have explored options and we have not found one at present that is workable.

Q271 **Dr Ben Spencer:** Thank you both for coming and giving us evidence today. I would like to ask a bit about advance repayments. To start off with, I would like to thank you for the announcement of the changes to the repayment period and the deduction cap. How many people do you think that will help?

**Will Quince:** That is a very good question. I do not have those figures to hand at the moment, but in effect everybody who currently has an advance repayment as of October next year will see that period of repayment doubled to 24 months. That will put, on average, about £30 back into someone's pocket. The broader piece of work in terms of reducing the maximum amount of deductions down from 40% to 30%, which is currently in place, and as of October next year down to 25%, will benefit a much wider cohort, because it is broader than just those who have an outstanding advance. I can get you those figures, though.

**Dr Ben Spencer:** That would be helpful.

**Neil Couling:** You can confirm much of that with figure 9.

**Will Quince:** A lot of it is in there.

**Neil Couling:** I am just saying.



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**Will Quince:** I am just conscious we have had circa 1.35 million advance claims since the middle of March, so that gives you an indication of the scale, at least during Covid-19. But I would want to give you the full number, at a steady state now, of the number of people who have an advance outstanding. Of course, the other thing is, because people are paying them back over a period of time, the amount outstanding fluctuates and can be paid off earlier in order for people to take out a further advance, if they have not taken the full 100%.

**Neil Couling:** Not everybody takes 12 months now; some people elect to pay back sooner.

**Will Quince:** Yes, and some people do not take out the full 100% indicative award. Some people might say, "£200 is what I need at the moment to get me to my first payment".

Q272 **Dr Ben Spencer:** Thank you. Just so I can understand the advance system better, is an advance a loan?

**Will Quince:** No. I often get asked this question, but in effect it is an advance of your entitlement, and the key to that is that you get 13 payments over a 12-month period. It is, in effect, an advance of your first indicative award, and it is up to 100% of your indicative award, and it is interest free. It is quite clearly an advance and, therefore, not a loan. I understand why this point is raised around the broader profile of debt, for example, but it is absolutely an advance, not a loan.

Q273 **Dr Ben Spencer:** This is the question, and I am sure you can entirely anticipate what I am coming on to. It is a chunk of cash that is passed on to somebody, which then has to be paid back over a period of time, which will impact their budget going forwards in terms of repayments, which are taken out of UC. Shouldn't an affordability assessment take place as part of this?

**Will Quince:** Work coaches will make this absolutely clear to people, and there is full training and guidance on this to make sure that people are aware of exactly what an advance is and what it means for their future payments. They encourage them to take out only what they need for that period of time. Can you give me a bit more clarity about exactly what the question is? Then I can delve deeper into what more we could do to provide that support for claimants.

Q274 **Dr Ben Spencer:** Yes, I will give you clarity. This means that people are going to have to make repayments monthly, which comes out of their UC payments. They are going to have to budget according to that. I can envisage a situation where you are in a very difficult financial situation by definition, because you are claiming for Universal Credit. There is the offer to take out an advance payment, which will get you through the assessment period. That is cash in your pocket. The people who are going on to the system, as we know, are already highly indebted, they have had a change in life circumstance, they may be struggling with a variety of



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vulnerability factors as well, and there is cash in your pocket that is available. This is going to be repaid, and it is going to affect how much you have available from UC going forward over the next 12 months, and in the future over the next 24 months. That is a difficult decision to make, I think, in terms of how you are going to adjust your budget going forward over that next 12 and 24 months.

For most other situations where people get money and have to repay it, we have regulated loans where we assess the affordability and we have a great deal of protection, because we recognise that this is a difficult decision and we want to protect people from making unwise decisions. Of course, people need the freedoms and liberties to make those decisions, but we are very careful. We have the FCA, and if you want to take out a mortgage there is a lot of scrutiny that takes place in terms of assessing that. I wonder what your take is on that and the approach that the Department takes.

**Will Quince:** It is a fair point, but we do a lot of that already in terms of the initial guidance.

**Neil Couling:** Dr Spencer, I would go back to one of my earlier answers. You are trading speed and the immediate need. Remember, in 2014 I am being criticised for not making advance payments at all, and then quick enough, so we have traded speed with the kind of questions that you are asking here. I just ask the Committee to consider what the Resolution Foundation said about advances. They said: "This notion that 'advances equal debt' is unhelpful, wrongly discouraging claimants from getting the support they need." I get where you are coming from, wanting to protect claimants. We will make them very aware that they are going to have to pay this money back, but we are trading speed and immediate response to destitution threats against how long such a process you are talking about is going to take to see through.

**Will Quince:** Over and above that, there is lots of support already within our jobcentre network, mostly through the Flexible Support Fund that is individually commissioned, where our work coaches will signpost people to specific support based on their individual needs. Yes, as Mr Couling rightly points out, there is that initial advice and guidance about how much it will be ongoing, but we are also taking policy decisions at a national level to ensure that we are reducing that burden by extending the period of time and reducing the maximum deduction from somebody's allowance.

Although I take on board the points you make, there is the additional further measure, which is signposting to the Pension Service. We do take those steps already. As Mr Couling said, often the key here is getting that financial support to people within 24 or 48 hours maximum, because they are in crisis. Some people do not need it and do not take an advance. Of those that do, you alluded to and referenced people who are in crisis, but many of those who come on to UC are not in that position, especially if they have claimed early. They still have resources, and that is why they can wait or take a smaller advance. There are some people that are in



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crisis, and that is why we have that training and guidance for work coaches, to ensure that they are able to offer that support. But as Mr Couling said, it is a balance of getting money to people quickly, but providing that guidance and support at the same time, because we are not financial advisers.

**Q275 Dr Ben Spencer:** Thank you. Some of the evidence we have had previously has suggested that if you were to change advance repayments into a non-repayable grant and take that approach, it would be disastrous with regards to fraudulent claims. I am just picking up a few points that you both made earlier. Could you explain how much of a problem fraudulent claims are at the moment for the Department with the current system and advance payments?

**Will Quince:** With the current system for advances, fraud is far less of a problem, because we have switched back on a number of the easements that we put in place during Covid-19. That was, without question, a clear policy decision that we had to take on the basis that there were huge numbers of people. I have referenced it already, but 3.4 million people—it is just unprecedented. We could not have done the ID verification and other checks to the extent that we did them previously and got people their advances, and then paid in full and on time at the rate that we did.

We did put in place easements, which we had to accept, based on a calculated risk matrix, would increase the risk of fraud. You will have seen even during the previous NAO report that there was an issue with people taking out fraudulent advances. We have put in place measures to stop that, and we have put in place further measures still, and we will look at what further measures we can take. Fraud is one of the things that vexes me more than anything; advance fraud slightly less so because we do recoup a lot of that money. But if you go too far down the grants route, that is where we see the biggest risk for organised criminality. Sometimes it is criminality from overseas that targets our systems to make huge, bulk, fraudulent claims. We have had such attacks on our system that we have been able to fight off, but I hasten to make the point that every single penny that someone steals from our system is a penny we want to be spending on vulnerable claimants and claimants up and down this country.

I take fraud incredibly seriously. I have a weekly meeting with our fraud team and we are constantly looking at measures we can put in place. Some of those I cannot go into because they are obviously sensitive. We would not want the potential fraudsters to know the measures and tactics we have to thwart their activities, but we may be able to meet at a closed Select Committee event and discuss them with you in more detail. It is an area where I am quite excited about the work we are doing. The more savings we can create in this area, the stronger our argument with the Treasury to be able to put in some of the measures, other than perhaps the ones we are discussing today, that the Committee may like us to explore further.

**Chair:** I am going to ask for the next two contributions to be kept fairly



succinct and brief, please. Both people have questioned already.

Q276 **Shaun Bailey:** I very quickly want to touch on the three-month deferral of repayments. The scheme is very welcome, but there seems to be a common thread in a lot of the support schemes that the DWP offers, which is that many of the service users don't know about them. I have seen it anecdotally from work on my own patch. I am curious about what the Department is doing, particularly in the comms piece, to ensure that these schemes are communicated so that there is as much uptake as there needs to be. I think there has been a recognition in the Department that perhaps a bit more could be done on the comms side of it. I am curious to see what is going on to communicate this to service users.

**Will Quince:** Mr Bailey, I think that is a very fair and good question. We provide regular guidance to our work coaches. Having been around the country and visited jobcentres, I have absolutely no doubt whatsoever that they are making claimants aware of the availability of things like the three-month deferment for those who are facing hardship. The challenge comes—and this is referenced in the NAO report—with those claimants who have a particular disadvantage or vulnerability or complex needs and simply do not have the interaction with the Department that we would like them to have. Some of them have a mistrust of authority and, therefore, avoid coming into any Government office, including the jobcentre, like the plague. We want to avoid that, but there is always going to be that challenge.

That is why, through things like the Transition Fund, our work with stakeholders, we are keen to make sure that we are disseminating the information about what is available and the options we have open to claimants, not just internally but externally to other organisations and stakeholders, because they are the individuals who are most likely to come in contact. One example of where we are trying to go further is the £3 million project we have for outreach to those who are rough sleeping. That is us working with MHCLG and local authorities. We are not waiting for those who are rough sleeping to come to us to find out what they are entitled to. We are going out to them to make sure that they are getting what they are eligible for and the support that they need. I am really keen to do far more of that kind of activity.

Q277 **Chris Stephens:** Minister, I noted your reluctance on non-repayable grants, but is there not a case for, or has the Department looked at, a non-repayable grant when someone has passed the UC eligibility criteria or at the point when they have not received a payment within the first five weeks? Is there not something that the Department has looked at there for non-repayable grants?

**Will Quince:** As I referenced earlier, all of these things are possible, in theory at least. On the point that you referenced there, Mr Stephens, in relation to paying someone once their eligibility has been determined, for many people that is too late. The point of the advances system is that people are able to get that support very early on, often within 24 or 48



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hours. We look at any recommendation or suggestion from this Committee, or indeed individual Members, and if there is something that is credible and we believe is workable and we could secure funding to explore further, we will do so.

But I think the problem with the measures that you mentioned, Mr Stephens, is that anything comes with considerable compromise and risk. The question is: are you willing to sacrifice the wait that people would have to make? Are you willing to take the risk on fraud? Are you willing to completely fundamentally redesign the system and knock back other things like, for example, the extension to 24 months that is already in the UC pipeline? These are all factors that I have to consider in assessing what changes we make and what we explore.

At the moment, as all of my team, or the vast majority of my team, are redeployed across the organisation—we redeployed 10,000 staff across the organisation to claims processing and we are now recruiting 13,500 more work coaches—we don't have the capacity to explore some of these issues, nor do we have the system capacity to do them even if we wanted to, had the will and secured the money from the Treasury to do so.

**Chair:** Thank you. You have given us an invitation there.

Q278 **Selaine Saxby:** I want to ask about debt. We have spoken and heard a lot of evidence about people already having debt as they come on to Universal Credit. Sir Iain was very clear with us that Universal Credit was never designed to be a vehicle to collect tax credit debts in particular. What discussions are being had with the Treasury, particularly about the tax credit debt, and is there not another way to enable people to repay some of those debts or perhaps even to write them off?

**Will Quince:** That is a very good question. It is largely outside of my remit because tax credits sit with the Treasury. Of course, we make suggestions to Treasury in that regard but asking them to write off between £6 billion and £10 billion is not a small ask and you have to question the fairness of that, too. They are fair questions but they are really questions that need to be directed at Treasury Ministers.

Q279 **Selaine Saxby:** Do you have any suggestions other than to go back to Treasury Ministers? If it was your choice, would you be using Universal Credit to collect tax credit debt?

**Will Quince:** There are two ways of looking at that. The first is that Universal Credit is a much better vehicle for collecting debt and in particular supporting people with last resort debt and making sure that we help to keep people in accommodation and with electric, water and so on being paid. Universal Credit does its job really well in that regard. If you are asking me hypothetically—without getting me into trouble here—whether things like historic debt, tax credit debt over X number of years, the rate at which it comes over, and how long you have to pay it back should be looked at, those are all questions for the Treasury. Although you tempt me down a route—of course I have conversations with the Treasury. I am going



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to do anything I can to make the lives and the transition of claimants on to Universal Credit better and to ensure they keep more money in their pockets. Rest assured that conversations are happening behind the scenes, but the decision making in this regard can only be done at the Treasury.

**Neil Couling:** This was a decision made in 2014, so Sir Iain signed up to it and asked me to go and build a system to do this, which I, as a civil servant, have faithfully done. What the HMRC said at the time—this might help you with the questions you need to ask—was, “If you take the tax credit claimants over on to Universal Credit, we no longer have a means to collect tax credit debt from them, so you need to collect that tax credit debt”. Tax credits create a lot of debt—about £1 billion to £2 billion a year even now—so they would be faced with a big fiscal issue on their side.

**Will Quince:** It is one of the big fundamental issues with the legacy benefits that, in effect, you had to guesstimate what your entitlement was and you would only then change it retrospectively. Often people found themselves with thousands of pounds of arrears without knowing it. In some cases, they only find out when they move on to Universal Credit that they have historic tax credit debt, sometimes small figures and sometimes quite large figures. I understand, and we have discussed this earlier today, the whole point about monthly assessment periods and using RTE, but that is exactly how you avoid the issues that exist.

Q280 **Dr Ben Spencer:** Referring back to your point about in some ways trusting the system, how do you think it impacts on people’s trust in going to Government organisations that the only time they discover that they have tax credit debt is when they come on to UC?

**Will Quince:** Not in all cases. I am not aware. But in some cases it will be often smaller figures—people will move over to tax credits and they will have last year. Because it is year and a year of arrears, isn’t it?

**Neil Couling:** Yes. The point I was trying to make—sorry, I don’t mind being shut up—is that I think there is a belief that this is all historic debt. It is all historic to one extent, in that it relates to a tax credit claim, but it is quite new historic debt. Tax credits continue to create debt even today and most of what is coming across to us is quite new, so there is a chance the claimant has not realised that this has happened to them. Each year you have this annual reconciliation that goes on within tax credits. There is some very historic debt but most of that has been written off by previous Governments. The Labour Government and the coalition Government did some writing off of old tax credit debt.

Q281 **Selaine Saxby:** We also heard from Sir Iain that Universal Support was designed to run alongside Universal Credit, and Help to Claim is not the same as Universal Support. Are there any plans to reinstate Universal Support to run alongside Universal Credit?

**Will Quince:** That is a good question. Mr Couling was there at the time, so he can probably give a bit more chapter and verse. Sir Iain looks back



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on Universal Support, but Universal Support was a concept for which the Department or the Secretary of State at the time never secured the support or funding from the Treasury to roll out entirely, so it was never done. It was piloted in certain areas and then they rolled out a smaller scale but still quite significant scheme of support by local authorities. You may recall that there was a significant issue where some local authorities, mine included, did a very good job of that and went above and beyond to support claimants. There were others, on the other hand, that did next to nothing, and some that literally did nothing. As a result, the decision was taken for Citizens Advice with Help to Claim and Citizens Advice Scotland to commission that service.

Having said that, I completely recognise, from the NAO report and my own work within the Department over the course of the past year, that we should go further for those who have particular complex needs and disadvantage. Although Universal Credit works for the vast majority of people, for some it can be overwhelming and they have particular needs that mean they need the additional support. That is why I fought so hard and secured £10 million for the Transition Fund. The idea of that was not just to be a £10 million fund that we dish out some money to some organisations across the country and they spend a year supporting people into Universal Credit. It was about seeing the innovation that comes from local organisations supporting some very vulnerable people and then using the evidence base that that presents to make a comprehensive and compelling bid to Treasury about a successor programme—in my mind at least—to what Universal Support could be or could have been.

I still have the ambition to do far more in this area and that is why I gently and cheekily put that request in. There is always concern when you don't spend a budget in a year, including the £10 million, which it looks sadly unlikely I am going to be able to do this financial year because it has to be spent by April. I am going to make the same request again for next year but there is no guarantee that the Treasury will approve that. That is why I gently suggest, given what the NAO has said and given the drive in this regard, that to make sure we support vulnerable claimants and disadvantaged claimants and those with complex needs you help me to get that over the line, because I think it is such a vital piece of work for the Department.

**Neil Couling:** One thing to add is that there is a de facto Universal Support. Sir Iain left some unfinished business with regard to Universal Support, as the Minister set out. I agreed with him that we needed that support for claimants. It was not possible to route it through the councils. There was a very uneven performance. There was a Select Committee inquiry about this and if you go back over its report you can see that in the last Parliament. Paragraph 3.15 of the NAO report, which I have mentioned before, sets out how we have brought much of that offer and that support into jobcentres. Jobcentres are doing things very differently than they were four or five years ago. I agreed with Sir Iain that we needed to provide that service to our vulnerable customers. It was not possible to do it in that



way, so I had to try to bring it in and put the burden, frankly, on jobcentres to do it because we could not get collective Government agreement to a Universal Support as he was envisaging it. We have done it; it is in the service. It is just not branded Universal Support.

**Q282 Sir Desmond Swayne:** A number of witnesses have submitted evidence that purports to suggest the causal link between arrears, mental health problems and other issues with Universal Credit and particularly the five-week wait. When you ask to drill down into the data to show the causality, it is not there. It is simply there may be a connection but there is no obvious causality and these are among the most vulnerable people. Can I suggest that had we implemented Universal Support in the way that Sir Iain had the ambition that it would be done, you would have collected that data and you would have a much clearer idea of precisely what forms of support the most vulnerable would need?

**Will Quince:** I think there is probably some truth to that. This is in part my ambition with the Transition Fund and where I would like us to get to, but don't underestimate that there is some hugely exciting work ahead of this. Drill down into what is being done in all of your individual jobcentres in this regard through the Flexible Support Fund, which is a £40 million fund and is going up by £150 million, quadrupled, as part of the Chancellor's announcement last week. Some of this localised support, based on local area needs, is really significant and we do not shout about that enough as a Department. I see it as we go to jobcentres around the country.

But, yes, I want a far more compelling and comprehensive proposition to be able to support vulnerable and disadvantaged claimants up and down the country. I think and genuinely believe that the Transition Fund is the vehicle to drive the innovation that will help us make the case to secure what will be a significant investment from Treasury to make this a reality.

**Q283 Sir Desmond Swayne:** You were asked earlier how many people had missed out over the last couple of years and you said you would have to write to us. I was surprised that you did not have the figure in your head, on the grounds that, given that no one was promised anything two years ago, the answer is nil, quod erat demonstrandum.

**Will Quince:** There is certainly truth in that and that is a fair point. We tend not to make retrospective changes unless there is an exercise as a result of a judicial review or something of that nature, in the same way that tax changes tend not to be retrospective. But we make it absolutely clear when something is coming into the system so that stakeholders and organisations and charities can make it absolutely clear to the people they support what is coming down the track and when it is available. I think that is really important, too—not springing it. The Landlord Portal is an example. Mr Couling and his team have been working so closely with the housing associations and providers to bring this to life, and that is why they were so supportive. I think that was brought in ahead of the expected date. We are doing a lot of this work.



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I will provide the figure for the number of people who came on to Universal Credit over that period, but you are right to suggest it is a question that is not very sensible.

**Q284 Chair:** Can I put a final point to you, partly from what Sir Desmond was just saying? A lot of submissions that have come into the Committee have suggested a connection between the five-week wait and the difficulty people are facing. We have established that the Department agreed with, accepted the comment that the National Audit Office included in its report: "The initial five-week wait can exacerbate claimants' debt and financial difficulties." I think it is helpful to have that established. An example of the kinds of things that we have been told is from Citizens Advice, based in part on the work it does for the Department, which is that around 40% of Universal Credit claimants struggled with rent and mortgage payments compared with 23% of people on legacy benefits. It is true that one cannot prove the connection between the five-week wait and that kind of discrepancy and, as Sir Desmond said, we have had a lot of information about discrepancies of that kind.

Is there something else about Universal Credit that you think might account for that sort of difference, the fact that a lot more people are in rent arrears if they are on Universal Credit than on legacy benefits? Is there something else other than the five-week wait that might account for what we are being told about?

**Neil Couling:** I can't create a counterfactual to prove that. You are looking at new claims after a potentially debt-creating event with claimants that have been on benefits for a long time. If you look at figure 7, you can see that there is an increase of four-week arrears to six-and-a-half-week arrears, but if they had continued that chart on you would see it coming down. I wonder if this is a problem of transition rather than system design. I don't know whether it is fashionable to say this anymore, but I met the French Minister who is charged with introducing universal credit in France. She came over for a visit here to learn the lessons of Universal Credit. The Trussell Trust and Citizens Advice said the biggest thing you need to avoid is the initial wait for benefit and she said, "It won't be a problem in France because we have always paid benefits monthly".

It may be that what we are experiencing here, which is why we have done the run-ons, is a problem of transition rather than something of design, but we are open to looking at this. That is why we would really like to match the Trussell Trust data in the way in which the housing associations have allowed us to match their data to ours so we could see what the level of arrears were. They are not as high as people are saying and they look not to be structural and permanent. The Cymru Housing report says in paragraph 2.5 that tenants "claw back" over time, which is what landlords are telling me, so people recover their positions.

**Will Quince:** The other point about the first assessment period is that you have to keep it in the context of the other factors, the mitigating factors



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that have been put in place—for example the run-ons, the availability of advances, the doubling of the repayment period to repay those advances. We are constantly bringing in measures that largely address some of the issues. I genuinely just push back gently and suggest that when you look at some of the ideas coming forward from members of the Committee, although sound, well reasoned and well intentioned, I do not think they would achieve the objective. I gently suggest that there are other things that would be more targeted that would help and support the individuals who are currently struggling with the system and we will continue to look at those things.

Q285 **Chair:** On my specific point, you do not think there is anything else about Universal Credit that might account for the differences that we are seeing? There isn't any other feature or aspect of it that we have not really talked about that might be behind these differences, other than the five-week wait?

**Will Quince:** I think there are numerous things but, as Mr Couling said, it is counterfactual and also you have to base it on the cohorts of people that are coming on to Universal Credit. For example, the cohort that has come on to Universal Credit over the past four months would be very different from the cohort that came on over the past year. You can't really make that comparison.

**Neil Couling:** Perhaps I could draw the attention of the Committee to the all-party report, because that is the only way of going back to 2014 and looking at what was going on there. You see similar levels of foodbank use percentages for people with delays to benefits. The report talks about eight to 10-week delays in tax credit payments and they are creating demand in foodbanks. It does not look to be something inherent in the design of Universal Credit that is driving this. In many ways, Universal Credit improves on that 2014 report because of advances, because we have more of a focus now on paying on time than in the legacy system. It is set out in the NAO report: 78% of cases were paid on time in the legacy system, 90% in UC. But there is no doubt in my mind that some people are experiencing difficulties and that is why we are doing the run-ons, we have advances and we are trying to correct for that.

**Will Quince:** The key for me is why people are delaying their claims, because that is one of the key features in all of the evidence and the reports. Why are people delaying their claims? If people aren't getting into that level of arrears, that level of debt, and they come on to Universal Credit quicker, getting their advance, then getting their first payment five weeks thereafter, they would be in a far better position. I am very keen to explore with stakeholders, internally and externally, what more we can do to ensure that people are aware and make their claim as soon as they are eligible, not leave it until they are in crisis.

**Chair:** Thank you very much indeed for being very generous with your time and with your answers. You have given us a very interesting and helpful session, for which we are very grateful. We are expecting to



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produce a report about this after the summer break and we will look forward to further discussion when that occurs. Thank you, everybody.