

Public Accounts Committee

Oral evidence: Universal Credit, HC 1183

Monday 9 Jul 2018

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Members present: Meg Hillier (Chair); Chris Evans; Luke Graham; Shabana Mahmood; Anne Marie Morris; Gareth Snell.

Sir Amyas Morse, Comptroller and Auditor General, Adrian Jenner, Director of Parliamentary Relations, National Audit Office, Joshua Reddaway, Director of Work and Pensions Value for Money, NAO, and Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1-296

Witnesses

[I](#): Sophie Corlett, Director of External Relations, Mind, Alison Greenhill, Director of Finance, Leicester City Council, Tony Kirkham, Director of Resources, Newcastle City Council, and Emma Revie, Chief Executive, Trussell Trust.

[II](#): Neil Couling, Director General Universal Credit, Department for Work and Pensions, and Peter Schofield, Permanent Secretary, Department for Work and Pensions.

Written evidence from witnesses:

- [The Trussell Trust](#)
- [Mind](#)

Examination of witnesses

Witnesses: Sophie Corlett, Alison Greenhill, Tony Kirkham and Emma Revie.

Q1 Chair: Good afternoon and welcome to the Public Accounts Committee on Monday 9 July 2018. We are here to look at the Government's handling of Universal Credit, particularly off the back of a National Audit Office Report on the subject. This is our first time looking at it for over a year. We have been giving it time to settle in.

Just to remind everyone, Universal Credit is rolling six benefits into one, and it began in the coalition Parliament. It was originally scheduled to complete in October 2017, but as we know it has faced a number of delays, and its latest completion date is 2023. Not yet 1 million of the 8.5 million claimants have moved from legacy benefits to Universal Credit. There is an awful lot of noise around this, as we have picked up in the last week. The Department claims it is working, although its own research says that four in 10 claimants are experiencing financial difficulties.

That is one of the reasons why I am here to introduce our first panel. We wanted to get people who are right at the coalface of dealing with Universal Credit. I am delighted to welcome Alison Greenhill, who is the director of finance at Leicester City Council and a member of the Society of Municipal Treasurers. I think you were president until March this year. Is that right?

Alison Greenhill: Yes.

Q2 Chair: Tony Kirkham is the director of resources at Newcastle City Council and the current president of the Society of Municipal Treasurers. Two of you at once—we are very honoured. Then we have Emma Revie, who is the chief executive of the Trussell Trust, which runs food banks up and down the country, including in my constituency—thank you for that. Sophie Corlett is the director of external relations at Mind.

I want to kick off by asking each of you to say from your experience how well you think Universal Credit is working and what the impact is on claimants and your organisations. If you feel you are repeating yourself, don't. You can always just say, "I agree," and then we will get through more work. I will start from my left to right—Alison Greenhill.

Alison Greenhill: Thank you, Chair. Leicester is relatively new to the table. We started with live service, which is for single claimants and new claimants, in January 2016. We actually only went to full service three weeks ago. That limited experience over the two years is important for the preparation for full service, which I had anticipated to be based on what has happened elsewhere and some learning curves, given what I've read and obviously talked about with my colleagues.



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I stress that local engagement with our colleagues in the DWP has been excellent. There is definitely a genuine collaboration and a want to work for the benefit of the people in the area. More difficult has been national engagement and learning from the impact of what we have seen elsewhere. Tony is better placed to tell you what is happening with full service, but in just three weeks we already have two eviction notices from landlords. The expected case load was 603 weeks. It is 1,200, and therefore the level of local authority support required has been significant.

Q3 **Chair:** The expected case load was 600?

Alison Greenhill: It was 600, but it is now 1,200. To some extent, we are prepared for a larger case load, because I would rather be over-prepared than under-prepared.

Q4 **Chair:** Is that a case load of people with eviction notices?

Alison Greenhill: It is all those migrating from HB. It was a shock to me how quickly—in three weeks—private landlords became nervous about the impact of Universal Credit, particularly the delay in rent payments.

A couple of quite big issues remain unresolved, including the impact on local authorities. I know that the National Audit Office Report suggests that there is an additional burden on local authorities. In Leicester, three city centre Jobcentre Plus sites within a quarter of a mile of one another means needing three lots of resource to try to support claimants coming in, which means three lots of housing officers—£250,000-worth—in all our three sites to make sure that the resource is there to support people.

One area that the Report does not cover but which has a significant impact is those people who have historically been overpaid housing benefit and have an attachment to the benefit going forward. When moving to Universal Credit, that attachment to benefit falls away. Leicester City Council has £4.5 million of attachment to benefits. Since January 2016, when live service started, I have made 296 applications to the DWP for an attachment to Universal Credit, and not one has been successful.

Q5 **Chair:** So you have to reapply for the attachment to benefits?

Alison Greenhill: I have to ask the DWP to approve an attachment to UC.

Q6 **Chair:** So all the old ones fall away and you have to start again, effectively?

Alison Greenhill: As someone moves to Universal Credit, it is easier to be my benefit to be able to attach to. That is £4.5 million on the council's balance sheet so that, I think it would be fair to say, when that individual or family move on to Universal Credit, the likelihood of me getting that attachment, and therefore of that debt being repaid—given that those are still benefit households—is virtually zero, and that is multiplied by—

Chair: I will let the others come in and then we will come back to this. We have two local authority witnesses.



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Tony Kirkham: We are a bit further down the line. We were one of the first core cities to go down this line, so we were pretty much in full service, apart from a few postcodes, throughout 2017-18, with around 7,800 people currently accessing Universal Credit. I echo some of the things that Alison picked up on. I will take you through more of our housing experience. Newcastle has 26,700 homes in our ALMO. We now have just over 4,500 people on Universal Credit on that basis. Our experience with those rent accounts is that that cohort of people had arrears of around £1 million previously. That has more than doubled to £2.1 million over that period. However, by working with the household, we have managed to move the collection rate up to around 93%—we are into a steadied state; it averaged around 75%—we normally have a collection rate of about 98% or 99% for people outside of Universal Credit.

Q7 **Chair:** Are those notional arrears because of a delay, or are people choosing to spend the money?

Tony Kirkham: They are being driven by a number of aspects.

The delay is certainly a part of it. If you look at the case studies—I am sure we will not have time to go into the individual case studies—you can see people not understanding their position initially, the delay coming through, a lot of to-ing and fro-ing, and support from ourselves in relation to getting the correct position in the longer term. We have a number of people in that situation, who have never dealt with money, so debt advice and support is required. The scary statistic is that when we have sat down and put people through the debt support, nearly 45% of those people do not have a sustainable plan going forward. Their circumstances will have to change, in that they will have to go into employment in some way, or they will have to reduce their housing costs and their basic core costs.

We have seen a significant increase in rent arrears, but because we are the housing landlord in that situation, we have been able to take a longer-term view, to work with the residents in relation to putting that forward. We spent nearly £0.75 million last year on that support alone. We wrote off £0.5 million of council tax in relation to those through hardship. We also made hardship payments of around £50,000. That is the real front end, where we are basically giving people vouchers for food.

The private landlords, as Alison suggested, are less keen to be in that space, and to give people that time and flexibility to get used to not only a new system, but a lower income base. In Newcastle, we calculate that welfare reform will take about £110 million out of the city when it is fully formed and, on top of that, another £12 million to £13 million in rent, which would have been reinvested back into the system.

Q8 **Luke Graham:** Can you talk us through how that £110 million was calculated?

Tony Kirkham: That comes from the various work streams. As you know, there are quite a few in relation to Universal Credit. They include the bedroom tax, tax credits, disability benefits, child benefits, sickness benefits, a benefit cap and council tax benefits. Those are all various

changes, which are programmed as part of welfare reform. We can certainly pull our evidence together.

Chair: It would be helpful if you could provide us with that.

Q9 **Luke Graham:** That would be great. The reason for my question is that the whole point of the Government proposition will be that if more people get into work, the welfare cost would go down. I am keen to understand what the volume is and then what the rate is, so it's almost having a new rate for each. If you have a breakdown of that, that would be very useful.

Tony Kirkham: We have put that into our previous responses. Just in relation to the landlords, you are now getting a situation where landlords are saying that they will not accept people on Universal Credit. In Newcastle we have a sponge—as I call it—of 26,000 homes. My concern is for other core cities that do not have the ability to soak up that pressure as they go through this experience.

Chair: Because you have fewer people in the city centre wanting to live in council housing than in London, for instance.

Emma Revie: Our evidence would support the findings of both local authorities. Last year, we distributed, through our 428 food banks, 1.33 million three-day emergency food supplies. We collect quantitative data every day. Live data is gathered in each and every one of our food banks. We analysed that data to see if there was an impact from Universal Credit. Looking back, in areas where Universal Credit was in full roll-out for 12 months or more, we saw a 52% increase in footfall, compared with areas where Universal Credit was either not in full roll-out or had been in for less than three months, where we saw a 13% increase. There was a significant increase in areas where Universal Credit was in full roll-out.

Looking to understand that further, we carried out another piece of qualitative research, to look at what some of the drivers were. We spoke to people within our food banks, who had gone on to Universal Credit in the recent past. In response to your question on whether it is working and what the impact was, our data showed us that 70% of respondents who had gone on to Universal Credit had gone into debt in the initial waiting period, while they were waiting for their initial Universal Credit payment. Our research also showed us that that debt continued. Even where advance payment could be made, what our respondents were telling us was that it was too costly to repay, going over a period of time, so it just pushed the ball slightly further down the field. In fact, our research was showing that people were having to borrow, often, from friends and family to see out the initial waiting period. Their payment came in and that was used just to pay back friends and family. Therefore, the debt increased and went on further.

Our research showed that 57% of people, during the initial wait period, were experiencing physical and mental health problems as a direct result of that wait, and 56% of people were incurring rent arrears or facing the possibility of being

evicted from their homes, which I think backs up what we have been hearing from local authorities.

On food bank use, Oxford University did some research with us over 18 months, tracking our data against other data from the DWP and other sources, and one of the things they were able to say to us was that food bank use is an indication of destitution, because in the month before somebody comes to a food bank, on average they will only have earned £319, so these are people who, by any stretch of the imagination, can be described as vulnerable at the point where they are coming into the system and, as a result of going into the system, coming into food banks.

In terms of other issues that people are experiencing when coming on to Universal Credit, there are issues with the administration of the system. Our research showed us that there were significant issues with communication, with 30% of people saying they were not getting the information they needed in order to know what was going on. Again, I think that refers back to what Tony was saying, in terms of people being able to understand what the ramifications were of moving into the system. That is a real problem and causes a lot of mental hardship and a lack of ability to plan.

No universal support was what we were hearing. Universal support is the system that people should be able to expect at the point where they go on to Universal Credit, and 63% of respondents had been offered no support at all; 8% of respondents told us that they had been offered some statutory support, but only 8%. The next highest offer of support they were given was a voucher to go to a food bank. I would say that on the ground people are not aware of universal support, which is not about providing debt advice, which is the most pressing need, with 70% of people going into debt at the point where they go on to—

Q10 Chair: We will come back to you with some specific questions, but it is very helpful to get the background. What was the number of respondents? You talk about the percentage; what was the total number?

Emma Revie: We surveyed 278, so it was a very small number. It was meant to be very much qualitative. The data on our 52% increase for Universal Credit is across all food banks.

Q11 Chair: Roughly, what number is that, so that we can get an idea of the scale?

Emma Revie: If you can tell me 63% of 278—

Q12 Chair: Oh sorry, no, the first number. You said you had the quantitative data, for all your visitors to food banks.

Emma Revie: We distributed last year 1.33 million—

Q13 Chair: So the first figures you gave were on the basis of 1.3 million.

Emma Revie: All—yes, absolutely.

Q14 Chair: But the second—

Emma Revie: Was our deep dive—

Q15 **Chair:** Have you had it analysed? Is it statistically valid?

Emma Revie: Absolutely, for us to raise those—it was meant to be an indicative study.

Q16 **Chair:** So it's more qualitative. You wouldn't expect it to be quantitatively correct; it's qualitative.

Emma Revie: It's quantitative.

Q17 **Chair:** Just to be clear, what are the figures?

Emma Revie: I think what often happens in this situation is that the 52% is disregarded, because of the qualitative. What we wanted to do with that was be able to speak to the Department about what we were seeing and hearing—to articulate that.

Chair: We'll come back with more specific questions; Mr Snell will come in in a moment and we'll work round. Ms Corlett.

Sophie Corlett: We have 130 local groups across England and Wales, and 20 of those do very specific work on benefits, although most of them are supporting people in one way or another with benefits—benefit claims or the fallout from a benefit claim—and we also take calls into the office, so that is where our information is coming from. It's much more anecdotal, but there is a lot of it.

The people we are talking to are experiencing considerable hardship and considerable deterioration in their mental health. They struggle with the process, and I'll explain a little bit what I mean by that, but broadly, they end up tangled in the process and unable to dig their way out of it. They struggle with the online application. They struggle with conditionality—the conditionality that comes while you wait to get your work capability assessment. In theory, that conditionality can be lifted, but it isn't necessarily. They struggle with waiting for their first payment and then, if they are able to get an advance payment, they struggle to pay that back. Particularly people with mental health problems who have been out of work for some time struggle to apply. Five weeks from the claim may be quite a number of weeks from them starting a claim, because the claim fails and they have to do it again. They have not put the right information in, or whatever it is.

If they get the money in advance, they are not able to pay it back. They are at a very low point with their income, and it just puts off the evil day. You have to pay it back. They find that they are borrowing from friends and family, and they are struggling with accommodation or whatever. They struggle with the monthly budgeting. They do not find that they are being automatically offered it fortnightly.

They struggle with the online journal, because it is online and because of the fear of the requirements that are popping up on that. People talk to us about the fear of something popping up on that that they might miss, and the need to be eternally vigilant and constantly looking at it. A number of stories of things that have happened on the online journal really indicate



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why that would be. One woman went off to an appointment at the job centre and when she got there they said, "Oh no, you're late," or "No, it's cancelled." I think it was cancelled. She said, "Well, I didn't know." The appointment was for 10.30; the online journal prompt had come at 10.15 saying that it was cancelled. There are all sorts of things like this, and people feel that they are about to be caught by it.

- Q18 **Chair:** Are you saying that there is an assumption that people are living off their phones and are online the whole time?

Sophie Corlett: There is that assumption, and many of these people will be people who are quite capable of operating online, and others not. They may have had to set up appointees.

- Q19 **Chair:** They may be online, but not online permanently.

Sophie Corlett: Or not online very often. There are a whole string of things with everything being online. A lot depends on work coach discretion rather than automatic things that the work coach should prompt to ask. You either have to know to prompt your work coach, and then your work coach might not believe you or give it to you. There seem to be eligibility rules that you do not know your way around. It is all that sort of bureaucratic entanglement that means that people struggle financially, but their trust in the work coach is really undermined. It has a massive impact on people's mental health.

Chair: It take a while to correct from that.

- Q20 **Gareth Snell:** Ms Greenhill, you mentioned that the DWP have rejected all your requests for attachments to benefits. I presume that is council tax arrears and rent arrears that you were trying to claim back, or are there other things?

Alison Greenhill: It is purely overpaid housing benefits.

- Q21 **Gareth Snell:** Fine. Did they ever give any reasons why they were rejecting those particular attachments?

Alison Greenhill: I think it would be fair to say I would be speaking on behalf of other colleagues. I am not aware of any. I am not saying that they have not. I can certainly confirm that with the Committee.

Chair: It would be helpful to know.

- Q22 **Gareth Snell:** A question for both Ms Greenhill and Mr Kirkham. You are the treasurers of your local authorities, aren't you? In terms of your internal budgeting, how much are you setting aside, or did you set aside initially, either in reserves, or through reducing collection rates or estimates of income to compensate for the impact of Universal Credit?

Tony Kirkham: In relation to our council tax collection rate, we have the best in the core cities. We previously had the best in the north-east as well. We basically lost 1% in collection through Universal Credit, so you are looking at about £1 million. We have written off £500,000 of that in 2017. At the same time, we lost £300,000 in the various different grants



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for supporting this type of activity. I have had to make that good out of council's money, because we have not seen that downturn in activity.

Wearing my other hat, the ALMO Your Homes Newcastle set aside £4 million as part of the HRA for welfare reform. To date, we have spent £2.1 million of that.

- Q23 **Gareth Snell:** Is that spend a mixture of helping people to stay in one of your properties and—as you must have budgeted for with your ALMO hat on—a loss of rental income overall, writing down your base?

Tony Kirkham: The way that the housing revenue account works, as you know, is as a ring-fenced account so, yes, we have to make assumptions around the level of income that we will have. Similarly, as suggested in relation to council tax, we are probably looking at about a 1% reduction in collection overall, when we take into account where we think we will be with the full roll-out of Universal Credit—i.e. the level of numbers we will get t.

- Q24 **Gareth Snell:** I appreciate that you may not be able to answer this question, but I will ask it anyway. How much less in pounds is your average social rent than the average private sector rent in the city? Presumably your local housing rate.

Tony Kirkham: I cannot answer that one off the top of my head. I am sorry.

Chair: We can find that out. Did you want to ask Ms Greenhill?

- Q25 **Gareth Snell:** Yes. Do you happen to know the answer to any of those questions, Ms Greenhill?

Alison Greenhill: I cannot answer the housing rate or rent question, but I am happy to let you have that. In terms of council tax, I have just gone full service, so I am optimistic about maintaining our level of council tax collection, bearing in mind that we took the maximum increase for council tax this year of 6%, so the amount that I am meant to be collecting is more. That said, we have set aside £4 million in reserves to support the general welfare reform agenda, which is benefit income cap, discretionary housing payments and bedroom tax in particular. With regards to council housing, I estimate a £1.2 million reduction in rent collection.

- Q26 **Gareth Snell:** Have you put any temporary additional resource into your revs and bens department, or whatever your equivalent might be, in order to help people transition? Or have you given more open access to computers in your libraries, or the sorts of things that may not be recorded in a traditional report but are actually a cost associated with Universal Credit?

Alison Greenhill: There are two parts. The housing benefit administration grant has reduced year on year, so in 2013-14 my grant was £2.8 million, and in 2018-19 it is £1.4 million. It is 50% less but I have only had an 8% reduction in caseload in that period. Yes, we are supporting housing benefit administration, an additional support in communities with digital



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support, and the adult education service, particularly around digital inclusion and language skills. In Leicester, having a minority ethnic majority, it is not just about vulnerability; we have a very mixed community, so it is about digital awareness and, particularly, language barriers and community issues. Housing is an additional cost.

One of the things that I did want to say was about the run-on from transferring from housing benefit to Universal Credit. What was a fairly automated system between the DWP and the local authority for housing benefit—through something called ATLAS—is now very manual. I think we have seen something like a 3,000-person-hours increase from manually processing paperwork—

Q27 **Chair:** Is that 3,000 hours over the time you have been live?

Alison Greenhill: Yes.

Chair: Just in those few weeks—3,000 additional hours.

Alison Greenhill: Yes. An immense number of documents come through for an individual's household. It can be all manner of documents for someone who is now claiming Universal Credit and we have to check manually. So the answer is yes.

Q28 **Gareth Snell:** Last point, Chair. The NAO Report says that the DWP has offered to reimburse costs where local authorities can evidence those costs. I do not know whether that is a scheme that either of you have attempted to access; if you have, have you found it easy to navigate? Again, forgive me, certain costs can be argued to be associated with the roll-out of Universal Credit that may look like enhancement of day-to-day activity of a good local authority. I wonder whether you have had problems recouping any of your costs centrally.

Tony Kirkham: We certainly presented them with evidence around the various different assumptions made and the amount of time and support for individuals. That has not influenced the level of grant that we have received for payment. But that statement came out only recently, so we are keen to see how we best manage that.

Alison Greenhill: We have seen the opposite effect. One of the grants made available by the DWP was for personal budgeting support. My welfare advice provider, which is the national organisation Citizens Advice, could not provide it for that level of funding. I went back to the DWP and said, "I can't do it for that," so they have not provided it at all. Rather than them reviewing the amount of money they were going to give me so I could provide a local offer for individuals to receive personal budgeting advice, there is no local offer.

Q29 **Shabana Mahmood:** This question is possibly for the whole panel, but it is for Ms Revie in particular. You have obviously collected a lot of data. How would you characterise the Department's response to your attempts to engage with them and learn some of the lessons that are coming out of the data that you are collecting across your organisation?



Emma Revie: We have definitely seen increased engagement, and over the past few years our engagement with the Department has been more and more positive. Members of the Department and Ministers have visited food banks, which has been great. It is always much easier to have a conversation when it is about the reality on the ground and one has seen the reality on the ground. That has been very much appreciated by us, and it means we are having a conversation about what is real. We have used our data to have really positive conversations, and in the light of the NAO Report we really want to do that further. It is a system we want to see work. It does not encourage us to hear that a local authority does not have money for universal support. We want to find a solution that will make that work.

- Q30 **Shabana Mahmood:** Obviously, it is helpful when people see the reality on the ground—it is easier to deny that from far away, here in Westminster. Have any other positive changes come as a result of those positive conversations? Do you feel you have been able to make a difference to any part of the Department's approach to the operational bit of Universal Credit?

Emma Revie: We have seen changes in the past. We very much appreciated the £1.5 billion that went back into the system in terms of reducing the one-week waiting time, and there have been other changes. There has most definitely been engagement. We would obviously welcome further engagement. We are aware that we are representing a particular group of people. We know food banks. We know people who come into our food banks. That is the data we collect and the story we are telling. It is about that group of individuals, who represent groups in society that are over-represented in our food banks: single parents, families with multiple children, people with disabilities, and people with mental and physical ill-health. We want to talk about those groups, and we would welcome the opportunity to speak more about changes that could be made.

- Q31 **Shabana Mahmood:** You say the DWP is responsive to you—it is listening and willing to listen. What one thing do you feel it could do that would improve the lives of the people you describe, who also represent many of the people I send off to food banks in my constituency? What is the one thing you would be pushing for?

Emma Revie: The one thing we would ask for at the moment is a real, truly universal support system—one that is funded, that people are aware of before Universal Credit rolls out in an area, that local authorities are funded appropriately to set up and that, most importantly, includes debt support and advice.

- Q32 **Chair:** So not just money but advice.

Emma Revie: At the moment, it is about digital support and personal budgeting and planning. It was initially considered that debt advice should be part of universal support, but that was discarded as it was seen that it would duplicate services elsewhere. That is not the reality. It is a really important component that does not currently exist within the established universal support offer, which 63% of people coming to food banks have



not been offered. The offer needs to include debt, but it also needs to be available. It needs to be resourced and it needs to be available.

The fact that people are coming into food banks having not been offered universal support means that targeting and understanding vulnerable people at the point of the initial work coach meeting is not working at the moment. That is before we move into managed migration, where case loads are going to increase—they will quadruple at least. At the moment we are not managing to target and provide the right support to the right people to prevent them from facing having no food. We need to try to fix this before we get to managed migration, when it might be too difficult to pull it back, and that is what we would like to work with the Department on.

Shabana Mahmood: Ms Greenhill and Mr Kirkham, as local authority representatives, do you have the same positive experience of trying to engage with the DWP, or even with the Ministry of Housing, Communities and Local Government, as Ms Revie has described is the experience of the Trussell Trust? Is there slightly more willingness to listen?

Alison Greenhill: I would like to hope so—

Q33 **Shabana Mahmood:** Let's not look forward at what you hope for. What is the lesson learned from your experience so far?

Alison Greenhill: I think what I said earlier about locally. Certainly locally our DWP colleagues are very engaged in trying to get the right offer and the best offer for residents of the city. My frustration is the national conversation. November's changes were very welcome in recognising that using simple language—like saying to individuals, "Do you incur housing costs?"—actually make it more simple, and using words like "Do you pay rent?" So those sort of changes happen but I suppose my frustration is Newcastle had full service a lot earlier, yet I don't see that we have moved on and learned from the experiences—particularly rent arrears and hardship. And also what we have not done, then, is stopped looking at the easy changes, and also we have not looked at where the changes can be discussed, before you do them, with local authorities. So certainly my colleagues who have worked closely with Newcastle, actually, to be prepared for roll-out, have advised me that what happens is a change is made—that we could see what the impact was going to be often on administration, not necessarily on the individual but the work that, then, the local authority faces. I do not think we are learning that lesson, but I am hopeful that this Report means that we can move forward before we go to managed migration, and learn that lesson.

Tony Kirkham: Just to follow on from what Alison was saying, yes, locally we definitely had very positive engagement; unfortunately colleagues locally can listen but they don't seem to be able to influence the bigger picture. We are represented on one of the working groups. My colleague on that group has had some frustrations. She feels like she is having the same conversation 12 months on, and obviously where Newcastle has been at the front end and has done some of the learning it is a shame that



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colleagues who have come in further down the line are still having to reiterate some of those processes. Some of the automation processes are still very clunky and are not being prioritised, which means we are doing reworking, and as part of that reworking there are possible errors, and those errors have impacts upon individuals, and that is obviously very difficult for them, and compounds the issues of an already very complex process. So we are more than willing to get involved and help to try to improve these processes, and we do have that engagement locally, but I do not think it is penetrating nationally, would be our view.

- Q34 Shabana Mahmood:** The Department's position is that some of these complaints are coming from organisations—in particular local authorities have funding issues and are lobbying for changes in terms of the policy rather than trying to make Universal Credit work. How do you respond to that, Mr Kirkham?

Tony Kirkham: We have taken a very proactive role in Newcastle in active inclusion as part of the welfare reform: hence I was able to quote to you that we think the impact of welfare reform—that our share of the £29 billion is over £130 million over the full implementation. We are working with 117 partners locally to make this work. We understand the concepts that sit behind it. What we are having to deal with are the individuals that this is happening to; and these people already have complicated lives. It is not just a small proportion of the population. If you go through the case studies, people have telephone bills. They have various different things. You add up their daily spend and we are getting people who are coming out with £12 a week to feed themselves. That is a very difficult situation and we understand the bigger parameters of it but they are the people we have to deal with.

- Q35 Luke Graham:** Two very short questions, if I can. Ms Revie, thank you very much for your evidence. I know the great work your organisation does. You mentioned the 52% increase in footfall where full services have been for 12 months-plus. Do you have any data that extends out to the 24 months, to see whether it is an actual spike? We see from the NAO Report the proportion of people on Universal Credit that are fairly satisfied is quite consistent with jobseeker's and some of the legacy benefits. I was wondering if, from the evidence you see, you see that it is a spike, as in it is the transition and migration, then it flattens out afterwards?

Emma Revie: I can speak to the difference between six months and 12 months. At the six-months point we ran a report to see where food banks were in areas where full roll-out had been in place for six months compared to where food banks were in areas where there was no roll-out. At that point it was a 30% increase in footfall, compared to 12% nationally. We then saw it at 52% when we looked at 12 months and more. So it means that it is not the initial period, but we haven't yet run our data for further on, but we are definitely seeing a trend upwards from six months to 12 months.

- Q36 Chair:** In my area, you can go to a food bank only three times in a year.



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Is that the same across the country?

Emma Revie: That is a guideline we have. We certainly do not want to be a situation where somebody is being referred to us by a respected referral agency and we are sending them away because—

Q37 **Chair:** We are just trying to gauge how many times someone—

Emma Revie: On average, it is just under two times that you might see somebody visiting a foodbank. When you look at that £1.33 million, that is what it is on average. The reason we have the guideline of three visits is to ensure that—

Chair: We just want to understand the figures.

Q38 **Luke Graham:** I have a question for Mr Kirkham. What percentage of your local population has taken up the direct landlord payment? With the changes to UC, you can now take the payment direct to landlords. Arrears have been raised as a concern, so what has been the percentage uptake?

Tony Kirkham: Within YHN, I think we are at about 25%.

Q39 **Luke Graham:** So a quarter of those who can take it up have taken it up. Are the local teams encouraging that enough?

Tony Kirkham: We are, very much so.

Q40 **Chair:** Are you hitting any resistance when it is encouraged? Obviously it is money in people's pockets.

Tony Kirkham: I think it is the delay. I suppose the issue is that you wait until somebody is in real trouble before they accept that that is the best way to go whereas some people who have never managed their money before would probably prefer us to be in at the front end.

Q41 **Chris Evans:** How much of your time is taken up dealing with people who have come into one of the food banks just looking for help and advice on universal benefit? When I have been to food banks myself, a lot of people have come in just for advice.

Emma Revie: By the time somebody has been referred to us, it is because they need food. When we have our conversation with them about what has brought them to us, some 28% of people who came to our food banks last year were there because they were on benefits and their money was not sufficient to cover their costs. There are lots of other reasons. About 75% of referrals are benefit-related, with slightly different reasons within that. Across the board, about 75% of people who come to us are there because of something to do with their benefits—so, a lot.

Q42 **Chris Evans:** How does that impact on your finances?

Emma Revie: The way in which we are structured is that each of our food banks is an independent organisation within our collective, so you are talking about local people responding to local need. What does a 52% increase in footfall on average—in some areas it is 80%—do to a small



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local charity? It puts them under a lot of stress, so we are certainly looking at how we can support our food banks and increase the food they have access to, but also at how we can increase the training and support needed to give that kind of advice about welfare. But it is certainly a strain.

- Q43 **Chris Evans:** Ms Corlett, do you have any experience of people who have to sit down with work coaches and talk about their aspirations?

Sophie Corlett: Sorry, who?

- Q44 **Chris Evans:** I spoke to the Motor Neurone Disease Association and they said they have members who have to sit down with work coaches and talk about their aspirations. I was just wondering whether you have the same thing happening with some of your members.

Sophie Corlett: Yes, they do have meetings with the work coaches. We can send some information on about that specifically. I think that one of the issues about the meeting with your work coach is that, as we have already heard, the coaches have quite a high case load, which is due to go up. The work coach has discretion in a number of different areas, including in the requirements and conditionalities that are placed on you. For us, a particular issue with Universal Credit is the period between your claim and your work capability assessment, trying to make it possible that while you are waiting for that claim you do not have to do your 30-plus hours of job search. That is a huge barrier for a lot of people who are just not well enough to do it. They are not well enough to go in to see the work coach. They are not well enough to go to the jobcentre. So there are all sorts of discretions that the work coach could have to lift that conditionality, with sick notes, to be in touch with the individual and find out what is going on for them, but we find that that is not being done automatically. The systems that are potentially there at the work coach's discretion to enable the person to progress through the bureaucracy smoothly are not being put in place. The person then ends up on sanctions and is not able to have a productive conversation.

- Q45 **Chair:** There are a couple of points in your evidence that I want you to give a bit more information on. You have an anecdote of someone asking for bi-monthly payments to help them to budget, but the person they spoke to said it would be up to the decision maker. That is a common answer to queries. From what you are saying there, you seem to imply that the person on the frontline in the jobcentre should have more discretion to make that decision for somebody.

Sophie Corlett: I don't really understand why fortnightly payments shouldn't be available to everybody. So many people are struggling with this, but people with mental health problems, in particular, are telling us that.

- Q46 **Chair:** So that is a recommendation you would make.

Sophie Corlett: We would absolutely make that recommendation for everybody. We have had people being told that they are not eligible. They have got mental health problems and struggle with budgeting, but are not



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eligible. Some people are told that they have to wait until they have had their universal support session before they are able to get their fortnightly payments. That is akin to saying, "When we've given you the training that might make it possible for you to manage it monthly, we will give it to you fortnightly, but while you wait you can have it monthly." It's just—

Chair: Topsy-turvy.

Sophie Corlett: Yes.

- Q47 **Chair:** Can you explain briefly what you would like to see around explicit consent? You suggest in your evidence that that is problematic.

Sophie Corlett: Yes, it is problematic.

Chair: And the NAO touches on this.

Sophie Corlett: People who struggle with the online journal process or just struggle to come in to see the work coach might need support with a conversation with the work coach. Under the new system, you have to have explicit consent for somebody else to have that conversation, and you have to do that each time. Setting that up might be quite difficult. You might go to see somebody at Mind—

- Q48 **Chair:** When you say "each time", that is the bit I was quite interested in. If I had a mental health problem, I would have to see someone each time—for each intervention—and say, "You have my explicit consent."

Sophie Corlett: Yes. If you went to Citizens Advice or Mind, you would have to give explicit consent for that person on that day to speak to—

- Q49 **Chair:** MPs, for example, have a standard consent form for us to talk to other organisations. That doesn't cut it in this situation.

Sophie Corlett: I don't know whether MPs will be exempt in the system.

- Q50 **Chair:** I am using MPs as an example. Other organisations have consent forms.

Sophie Corlett: Yes, you have to give explicit consent for them to talk to somebody else. Of course, if you have got a session with your adviser at Citizens Advice, it is unlikely to be long enough for you to get explicit consent, deal with that and then for the person to hold on to the conversation and deal with the issue.

- Q51 **Chair:** Sorry, I am unclear. If I went to see Citizens Advice with a mental health problem, and they had a consent form for me to sign, I would have to do that every time and for every intervention.

Sophie Corlett: I'm not sure of the actual process for it. My understanding is that you do it via the journal, but I can get back to you on that.

Chair: Mr Reddaway, the NAO covers this in the Report.



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Joshua Reddaway: Paragraph 2.30 sets out the difference between the process for MPs and the processes for everybody else. The documentation I have seen from the Department suggests that a claimant can give explicit consent simply by putting it in their journal. They don't need to do anything else but, as Sophie Corlett is saying, they have to do that every single time.

Q52 **Chair:** That is the point I was getting at. It is the repetitive bit.

Sophie Corlett: There is an alternative, which is that you set up an appointee, but then that is it. You then have no control over it.

Chair: Okay. So there is a degree of inflexibility there. That is very important.

Q53 **Gareth Snell:** I was just going to pick up the point that you made, Ms Revie, about the increase in footfall to food banks. People have said it is 75% because of benefits, but what breakdown do you have, if indeed you have one, between those who are on in-work benefits and those who are waiting for other forms of benefits—either out-of-work or disability benefits?

Emma Revie: I can give you that data. I don't have it at my fingertips—I just know the wider groupings—but I can get it for you.

Q54 **Chair:** Just one last question. A number of you mentioned debt advice. The Money Advice Service was set up and is funded by the Government to provide that service. Have you referred people to it? It was supposed to fill the gap that Ms Revie spoke about. Universal support was supposed to include debt advice originally, and it doesn't. Is the Money Advice Service fit for purpose to do that, or does it need more resourcing? What's the gap? What's the issue? Ms Revie, as you mentioned it first, have you had to deal with this?

Emma Revie: We would certainly refer people from food banks to the Money Advice Service in various parts of the country. The difference is that it would be an entitlement under universal support.

Q55 **Chair:** Okay. So you have to queue up for money advice, as with a lot of services?

Emma Revie: Absolutely, and having the investment in to deal with the influx of increase as a result of people coming on to universal.

Q56 **Chair:** I know certain constituents have benefited enormously from it. Ms Corlett, what about from your perspective?

Sophie Corlett: We've found the universal support broadly not that useful; maybe it's just a bit too universal. It's also very brief.

Q57 **Chair:** What about the Money Advice Service? Have you used that at all?

Sophie Corlett: We refer people to different Money Advice centres, or we give people money advice, and a lot of our local services end up just



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helping people with their rent, or their debt, or whatever it is. So, it falls back on to the voluntary sector.

- Q58 **Chair:** So, from the local authority perspective—I don't know if either of you or both of you wanted to answer how about that works for you—I guess, Ms Greenhill, you're at the early stages?

Alison Greenhill: I am. For me, it's almost too late. Referral often happens when an individual, a household or a family are in debt. So in preparation for full service, we have been trying to identify those households that need it most, because unfortunately I can't support everybody in the city who may be claiming Universal Credit over the next 12 months. What I can do is target, on the information that I know. There are nearly 800 tenants of our council housing, who we have been working with very actively, to support them in what is an inevitable transition to—

- Q59 **Chair:** So you are trying to get in there early—

Alison Greenhill: Yes. For the ones who I know about, and they are particular households that already receive housing benefit, because I know those households; those that aren't receiving housing benefit, I may not know. So it's about education and support before someone gets into debt. Unfortunately, I see experiences at the point where there are rent arrears and debt accumulated—

- Q60 **Chair:** At which point, it's very difficult to catch up?

Alison Greenhill: Yes.

Tony Kirkham: We have a mixed economy of support. If you look at it, our active inclusion in Newcastle, which is with the bigger partnership—we've got Citizens Advice and we also have our own welfare rights support. Last year, we supported 29,000 residents through that service; just over 4,000, we think, we have been able to support out of homelessness—

- Q61 **Chair:** Do you agree with Ms Greenhill about the criticisms she was making about it, when it's needed?

Tony Kirkham: That's what I'm saying; we're trying to be proactive in getting the front end through all those different avenues. The outcomes of this, or one of the outcomes of this, is homelessness, which obviously is one of the things we're trying to avoid; we have a very good track record in Newcastle of avoiding that. However, as people get into the indebtedness, it is much more difficult to help support them.

- Q62 **Chair:** Actually, of course, you've got the spare housing, if its "owner" can help a bit.

Tony Kirkham: Being the landlord, we can be more flexible in our landlord duties.

Chair: Not the same in every part of the country.

I thank you all very much indeed for coming along and thank you for the



written evidence, those of you have written in, because there are a number of points that we will pursue with you after this hearing.

You are very welcome to stay for the second half of our sitting. The transcript of this part of the hearing, and indeed of the next part, will be on the website, uncorrected, live in the next couple of days.

Examination of witnesses

Witnesses: Neil Couling and Peter Schofield.

Q63 Chair: Welcome back to the PAC. We are looking at Universal Credit again; I will not repeat what I said earlier.

However, I just wanted to ask you, Mr Schofield, a question. This is Peter Schofield, the permanent secretary at the Department for Work and Pensions, and Neil Couling, who is responsible for the delivery of Universal Credit at the DWP; both are increasingly frequent visitors, certainly in your case Mr Schofield, and Mr Couling has been a number of times before.

I just wanted to pick up on something, though. In the last week or so, since 29 June, you have sent me a couple of letters about new data, particularly on satisfaction levels with the DWP, but they are only rather partial information. I wanted to flag up that we do not really like receiving data outside a Report, and certainly not data that only gives a certain very small snapshot of statistics. I wondered what drove you to send me those bits of information randomly, when you knew we were about to have a hearing.

Peter Schofield: It is nice to be here again, Chair.

Chair: I am sure it is.

Peter Schofield: In preparing for the hearing, I was struck in particular by figure 12 of the Report, which looks at the tail of payments. It is based on data from 2017 and it looks at what happens to people if they have not been paid on time, and what happens in the weeks following that. It was based on data from 2017. It struck me that it might be useful and helpful for the Committee, given that I imagined payment timeliness would be an issue you wanted to discuss with me, to let you have the latest data that we had available and that we could assure going back, because we obviously need to have the tail from the period we are looking at. The latest data we had available was the data I sent over, so that is why.

Q64 Chair: You agreed the Report with the NAO; it was discussed with you on 6 June and you agreed it and signed it off on 8 June. Then it was laid before the House on 12 June. The data in the Report was as up to date as the Report was ever going to be—you would agree that?



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Peter Schofield: The data in the Report that was published was the data—

Q65 **Chair:** You agreed the data was correct. You signed it off.

Peter Schofield: I approved the factual accuracy, as you know, Chair, but we have had more recent data since then in that we have been through quality assurance, which I was able to let you have. As I say, I put it forward on the basis that it might be helpful to the Committee.

Q66 **Chair:** It is a pretty fast turnaround. It was not that long ago that the NAO would produce a Report and it would take a long while before it was signed off, it was agreed that it should be published and it came to the Committee. The Report was signed off by your Department on 8 June, went to the House on 12 June, was published on the 15th and then put in front of this Committee on 9 July. I do not think there is much that is out of date in that Report. There will always be moving data, but I need to make the point that this Committee expects to work on data that is agreed by the Department and not get what is, frankly, rather partial information that has not been analysed for us by the National Audit Office, on 29 June and then again on 4 July. To get two letters, Mr Schofield, is pretty unprecedented, I have to say.

Peter Schofield: The first letter said that I was going to let you have the subsequent data, if you see what I said. It also had some customer complaint data. I only put it forward to help the Committee, and if it is not helpful to the Committee—

Q67 **Chair:** I would say in future, “Please don’t”. Odd bits of data randomly provided, which require further analysis, are not very useful to the Committee. We like to see it in the context. The NAO has done a thorough job over several months looking at it. I was quite struck, though, by the dates of these letters, 29 June and 4 July; they have a remarkable synergy with your Secretary of State appearing before the House of Commons to make some fairly critical comments of the National Audit Office. Can I ask you for the record, Mr Schofield: do you have full confidence in the National Audit Office Report on Universal Credit?

Peter Schofield: You know the situation; I was asked to clear—

Q68 **Chair:** But do you, personally, have confidence in the National Audit Office, Mr Schofield?

Peter Schofield: That is a strange question to ask me. The question was asked, I know—you asked the Secretary of State that very question in the House the other day.

Q69 **Chair:** It is not a strange question to ask. Mr Schofield, you have sent me two letters with what you call up-to-date data, which is out of context and which we need to get analysed, and two rather partial letters, I have to say: not a full Report or anything, just bits of information rather randomly thrown in. I am simply asking you the question, as permanent secretary and accounting officer for the Department for Work and Pensions, whether you have full confidence in the National Audit Office.



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What I asked the Secretary of State is neither here nor there in this room. I am asking you as the accounting officer.

Peter Schofield: Of course I have confidence in the National Audit Office.

Chair: Good.

Peter Schofield: The key point I am making is that I was asked to clear the Report for factual accuracy. We have a very good relationship with the National Audit Office; thanks to the work of the National Audit Office, we were the first substantial Department, I think, to get our annual report and accounts published this year. That reflects a huge amount of fantastic work.

Q70 **Chair:** So you are now giving a paean of praise for the National Audit Office and your working relationship?

Peter Schofield: We have a very good relationship with the National Audit Office.

Chair: Good.

Peter Schofield: We met again only this morning, and one of the key things we talked about was Motability. There is a lot of good work going on there as well.

Q71 **Gareth Snell:** Mr Schofield, in your letter of 8 June where you said you were content to clear the Report, you asked for two small amendments to be made. Given that you knew you would be producing new data that could impact the content of this Report, why did you not refer to it in your letter when you signed off the Report on 8 June?

Peter Schofield: As I said earlier in my answer to the Chair, it was in preparing for this hearing and looking again at figure 12 that I thought it might be helpful to let the Committee have the latest data on the tail and payment timeliness. It was intended to be helpful to the Committee.

Gareth Snell: I think it was more intended to be helpful to your Minister, but that is a different conversation.

Chair: I will not dig through that, but to be clear, these figures go up and down. I do not think there is enough information yet for a trend. We like to see data and trends in context. Certainly, we do not want to see more of this. You are a fairly new permanent secretary: to make it clear, we like to have an agreed report and work on that basis.

Q72 **Luke Graham:** When Universal Credit was launched, it was welcomed by most of the parties. From my experience of going into jobcentres in Alloa and Perth, on the whole it has been welcomed by those staff. However, as we heard from the previous panel, it has caused hardship for a number of people, especially in the transition to full service. The NAO Report says that "The Department does not accept that Universal Credit has caused hardship". Reflecting on what you have heard today and some of the statistics, are you now ready to admit that, actually, Universal



Credit causes hardship to some claimants?

Peter Schofield: I was glad to be in the Committee to hear the respondents from the previous panel and to hear what has been said. It is reflected in the Report that we published a claimant survey around the time that the Report was being published, which had some of the statistics that you referred to. You ask whether Universal Credit causes hardship. I would make two challenges back to that assertion.

First, one of the points that often is made about Universal Credit is the change to the regularity of payments—the fact that we pay on a monthly basis and the period that people are waiting to begin with. Paragraph 2.22 of the Report sets this out very clearly. Not least in response to feedback, we did two things on advances during the course of last year. First, we made it clear to jobcentre staff that they needed to be made available to applicants as they come forward. A chart in the Report sets out the way that that led an increase in the take-up of advances. Obviously, then there was a policy change in the autumn Budget.

Secondly, it is interesting to look at Universal Credit in comparison with the benefits that it replaces. It replaces six benefits, some in work and some out of work. As you go in and out of work, you might have to leave one benefit and apply for another one. If you come out of work, you have to reapply. There is friction implied in that whole process. One of the great things about Universal Credit is that once you are in, you have access to the component parts that represent those six benefits that are taken over. If you look at the Report's reference to the business case, you will see that we assume a greater take-up of a range of benefits because it is much easier for people to claim benefits. Through the combination of the fact that we have addressed the concern about payment timeliness through advances and bringing six benefits into one, we increased take-up. That is referred to in the Report.

Luke Graham: I did say at the beginning that the actual process of Universal Credit had cross-party support—we understand that.

Chair: We are not here to discuss the policy.

Q73 **Luke Graham:** Even from your own survey, which was registered in the NAO Report, what do you say to the four in 10 who are saying they are experiencing financial difficulties as a result of the transition to Universal Credit?

Peter Schofield: With all these, you have to look under the surface and understand what is going on in each case. Some of this point came out in the Report, but some came out in what you heard before: the role of jobcentres' frontline staff is understanding the particular circumstances of individuals. Before any jobcentre moves out to Universal Credit, there is a lot of work done on the complex needs assessment, where we look at the types of people who might come through on Universal Credit and the sort of support that we might offer. We have a different approach for different people with different circumstances. You then step back and say, "40% of people on Universal Credit say they face financial hardship." Surveys have



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been done before on legacy benefits, and in reality—I guess it is a fact—the people who come and receive benefits from the DWP are among the poorest people in our society. The key thing for us is to be able to support people and provide the support that they need.

Neil Couling: I can give the Committee those references if you would like, Chair.

Chair: I will let Mr Graham continue, and then I will come back to you, Mr Couling.

Q74 **Luke Graham:** Again, we understand what the aim of Universal Credit is. We understand the policy and that when people are on it, there is relative satisfaction, but it is that transitioning on. The Report is quite clear: paragraph 2.9 talks about the issues for those people who are already in debt and who have no savings to take them through the assessment period, the difficulties of applying online and the problems with fluctuating payments, where people have different incomes in different months, rather than the four-week or monthly assessment period. Taking that into account, having heard the evidence that you heard before, and with the evidence that is in this Report, surely you must be able to sit there and say, “We recognise that it does cause some hardship to the people who are already in a very vulnerable position.”

Peter Schofield: I go back to the point I made before about Universal Credit and the comparison with other benefits. I am pushing back on your “cause” word, rather than anything else. I do not want to take anything away from the package in figure 8. For each of those points in paragraph 2.9, we are doing things to address them. Take, for example, “difficulties making and managing a claim online, because of a lack of digital access and skills.” As you have heard, and you heard it from the panel before, the assisted digital support is there, exactly to do that. As part of our complex needs plans for each and every jobcentre, and as part of the training that we give to all our staff in the run-up to the roll-out of Universal Credit, we support them in terms of knowing what support to offer customers—

Q75 **Luke Graham:** I appreciate that. We have documented before some of the support you provide to the jobcentres, and I recognise that in the report and in my own experience of the jobcentres. Let me try from a different angle: how do you measure the hardship caused by Universal Credit? How does the DWP measure it? You have the survey that is quoted in the NAO Report, which you are basically dismissing and saying, “They are probably not that well off anyway, so they probably are experiencing financial difficulties.” How do you quantify, or even qualitatively assess, people transitioning from legacy to Universal Credit and see if they are experiencing increased hardship or not?

Chair: Let us not forget that you set as a criteria for Universal Credit that you would see increased satisfaction over time, so there is also a question about when you think that will kick in.



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Peter Schofield: I will pass over to Neil in a moment, but to specifically answer your question, Mr Graham, the claimant survey asks people whether they faced any financial difficulties, so the criteria were the way they would answer that particular question. Neil may want to add more, but I would say that for each of our staff, it is about recognising the individual coming through the door and understanding what their needs are, how we can help them, and how a combination of the things in figure 8 help to address the specific needs that they have.

Neil Couling: It is important to keep the legacy system in mind here. There is a bit of a sense that Universal Credit has invented lots of problems. If you look at the "Work and the welfare system" report from 2011-12, 34% of people ran out of money before the end of the week/month most of the time, and a further 33%—so we are up to 67% now—said it happened more often than not or sometimes. That substantiates what the permanent secretary is saying about people on low incomes struggling to manage financially.

Q76 **Chair:** The corollary of what you are saying is that part of the problem is that they are getting too little money. Is that what you are saying, Mr Couling? I am sure that is not what you meant to say.

Neil Couling: What I am saying is that, since Beveridge, actually, the levels of benefit have been set with regard to levels of earnings and to incentivise people to work. To my knowledge, every Government since 1948 has followed that principle. Ultimately, that is a matter for Ministers and Parliament to decide.

Chair: We might come back to that—that is a big assertion about what is happening.

Neil Couling: That just happens to be true, since 1948.

Chair: There has certainly been a cut in the money, which was not the original intention when you took over.

Peter Schofield: It might be helpful to look at figure 18, on page 52. It brings out the point I was making about take-up. You have to look at the second sentence of footnote 6—I am struggling to read it. Buried within the £1.4 billion, "This figure is the net of: the positive impact of claimants taking up their full entitlement to benefit". There are then some things that net off it the other way, so the number is bigger than that. But it goes back to what Neil and I were saying earlier about comparing Universal Credit with what came before. What came before was more difficult to navigate. With Universal Credit, by making one claim, you get access to the components of the six benefits that—

Q77 **Luke Graham:** I appreciate you bringing our attention to figure 18. The one point is that the outline business case said £2.2 billion, and we have now dropped to £1.4 billion—hey, it's only £0.8 billion. I wonder what it will be when we come out the other end. The whole point of the NAO Report is that the DWP are finding difficulty quantifying the amount we will save and actually being clear about the number of people they are



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going to get into work as well.

Peter Schofield: I just need to correct you there, Mr Graham. The number I was talking about is buried within that—there are other numbers as well. Various changes were made to benefit entitlements—policy changes have been made since the outline business case was made. They are all netted away in there. Sorry, I was not making a comment about benefit entitlement; I was making a point about take-up specifically. It is buried in there, and it is a driver of additional benefit, as part of the business case.

Q78 **Luke Graham:** To go back to my original question, how do you measure hardship caused by migration to Universal Credit? We went on to the amounts that people are receiving, but how do you measure it? From a dashboard perspective or management information? How do you measure the hardship caused by UC?

Chair: Do you feel you have a handle on it?

Peter Schofield: Yes. It is reflected, I think, in the part of the Report where we talk about how we keep a handle on people with needs coming through the system, which is paragraph 2.6. So we have got a claimant survey where we ask people that question, but, within that, everyone's circumstances are different. So we then make sure that we can record the specific types of issues and vulnerability that claimants have as they come in. That enables frontline staff to put some text up against their record so that everyone else dealing with that person knows their situation. Then, the challenge from the National Audit Office, quite understandably, is, "Okay, how are you turning that into management information?" The answer is that you take that text and find clever ways of data mining. So we can pull data out from that and create the management information reports you just described.

Q79 **Luke Graham:** Okay. So that is not being done at the moment.

Peter Schofield: At the moment, we are recording information on individuals. The challenge is, how do we pull that—

Q80 **Luke Graham:** I understand that.

Chair: It sounds like a big new system.

Q81 **Luke Graham:** It sounds fantastic. I am asking you how it is being done at the moment, because in your position you probably do not have the time to go through individual cases. You are pushing back on the NAO, other reports, anecdotal reports from staff, and everything else to say it does not cause hardship to any claimant. How do you measure that to substantiate that counterclaim? I am not hearing how you are measuring that.

Peter Schofield: What the National Audit Office Report says is that we pushed back on that challenge, because we said that advances should be available to clients. That is what we said, and that is what we recorded. In terms of this particular data mining, this is work in hand. We have found it



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is easier to do for certain situations, like domestic violence, where the text is easier to identify. To give you an example of where it is more difficult, you might have a search for mental health conditions, but a claimant might come in and say, "My vulnerability is that my son has mental health conditions." It would be more difficult to get that information through a crude data mining.

So this is work in progress. But the key thing—I want to get this point across—is that everyone's circumstances are different. In a sense, what matters is not whether I have got data on hardship, but whether we are providing the right service to clients who come through the door.

- Q82 **Luke Graham:** Sorry, just to take issue with you on that, it is kind of crucial that you do have the right kind of data. Otherwise, how can you justify your statement that it does not cause hardship? Look, I am a Conservative Member of Parliament and on the whole I am for—

Chair: You are on the Committee here.

Luke Graham: Exactly, on the Committee. We are looking at trying to see whether we can make this work better. What I am clearly not getting from you is how you measure that hardship. It sounds like you are not getting the information, but that the text mining is in process. Can you give us the target date for when that text mining system will be available?

Peter Schofield: Yes.

Chair: Mr Couling?

Neil Couling: We expect to have completed the first run of the data mining by the end of the summer.

- Q83 **Chair:** When you say the first run, is a whole new system being set up? Is there an algorithm that pulls out that information?

Neil Couling: No, we will clearly want to test internally that what we are getting out of it is viable data and so forth. We will run it a few times until we can then run off the system. The Work and Pensions Committee is very interested in domestic violence and the pick-up of cases with a domestic violence characteristic.

- Q84 **Chair:** It feels like a bit of a bolt-on afterwards. You designed the system, and you are at a relatively early stage, compared with the total number that will go through. Did you not build in tick boxes or something that would give you quantitative data on some of these individual cases?

Neil Couling: No, we deliberately didn't, because we know that the system of markers that we currently have in the legacy systems, which we have faithfully produced answers on to Parliament, do not, in many cases, get updated or removed when they should be removed. Vulnerability is often not a permanent state—it is often because of a set of family circumstances and the like—so we always thought that this would be a better system and would give a better way of driving out the kind of



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information that parliamentarians, researchers and others would like about the characteristics.

Q85 Chair: But the text mining depends on people writing the right text in the first place.

Neil Couling: This has been going on since the start of the Universal Credit full service. It relies on the work coaches and the case managers noting the claims right. That has been there from the start. The recent change we have made is to pin that information at the top of the claim—a bit like a pinned tweet, for those who use Twitter—so that it is visible. It is the first thing someone sees, so they may think, “Hang on a minute, this parent has re-partnered. They are not a lone parent, so I need to change that classification on the system.”

Q86 Luke Graham: That will record vulnerability, not hardship. I have to point out, because of the terms used in our exchange, that that will record vulnerability, not hardship. Is that right? The text mining is for vulnerability. A vulnerable person naturally experiences hardship. Are you expecting the work coaches to note in the journal that someone is vulnerable, and, through x, y and z, they are experiencing hardship?

Neil Couling: Yes, because things like personal budgeting support, for example, are not just at the start of a claim. If you see during the course of a claim that somebody’s situation is deteriorating, you would want to refer them for some personal budgeting support, or to refer them on for debt advice. The previous panel talked about our not being equipped to provide debt advice, but there are other, more skilled people who are.

Q87 Luke Graham: Understood. I want to move on to advances, but so we are clear, the text mining will be ready in late summer?

Neil Couling: Yes.

Q88 Luke Graham: Great. The Department stated: “The Department does not accept that Universal Credit has caused hardship among claimants”. That is a statement without substantive data to back it up.

Neil Couling: I think what we are saying is that it should not have, because of the availability of advances.

Q89 Luke Graham: So it doesn’t exist at the moment? I just want to be clear, for the record. That is fine.

Moving on to the advances, it was mentioned how helpful they are, and I welcome some of the changes that have been brought forward; I know those have helped people in my constituency. However, 40% of claimants are facing financial difficulties, as I raised previously. Is that not indicative that the people applying for Universal Credit cannot really absorb the repayment cost of an advance?

An increasing amount of people are taking up these advances, which in some ways is good, because it means that they are getting the help they need. That has gone up to about 60%, according to the Report. However, as the previous panellists mentioned, taking out an advance can mean up



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to a 40% reduction on someone's future payments and almost becomes too costly to repay.

Peter Schofield: By referring to the 40% I think you are confusing two different things. The change made in the Budget announcement in November, which was then implemented in January, was to enable people to get the entirety of their expected monthly payment up front, and then to give them 12 months to pay it back. They are getting their money, and early. Indeed, as the Report says, we can pay advances in five days. If necessary, we can pay advances on the day. We have some lovely stories of people coming to the jobcentre who did not realise that we could help them, and they left with money in their bank account from that very meeting. It is a fantastic way of supporting people in need. But it is the money to which they are entitled, and they are getting it early, so obviously they then need to pay it back.

Q90 **Chair:** Money in your bank account is all very well if you have a balance and not an overdraft. You and I probably have a balance—well, maybe you do, but it is not my business to know. But if you are a benefit claimant, and you get money into your bank account, it is just paying off your overdraft. That is not really much help, is it? Your debts could be so much that it would not help you very much.

Peter Schofield: This is a big help. I think many people find it to be a big help for them to come into a jobcentre and get their full entitlement up front.

Q91 **Gareth Snell:** How does that make you any different to a payday loan lender?

Peter Schofield: I do not charge any interest, Mr Snell.

Q92 **Gareth Snell:** But you accrue it back over a period of time in a way over which the person who is borrowing it has no control.

Neil Couling: That is not quite true. We do recoup it over a maximum of 12 months. In case of hardship, we can defer payments for a further three months. Contrast it to work: if you get a job and take out an advance, very often the employer will want it all back—

Q93 **Gareth Snell:** I was not comparing it to work; I was comparing it to a payday loan. I appreciate the fact that you can repay it back over 12 months if there is hardship, but, by your own admission, you don't accept that Universal Credit causes hardship.

Neil Couling: No, but you can envisage that somebody—we have seen instances of this—might experience another kind of financial shock and that they might need that money to pay for that, rather than pay us back, for the three months that we can defer those repayments to us.

Q94 **Luke Graham:** I understand that some of the changes in advances have been positive, but I will take a different angle. What work is being done to assess whether those people who have taken out the advances, and will have to pay up to 40% in future deductions, are still able to survive



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on the 60% of their remaining payments for those 12 months in which they are paying back?

Neil Couling: They would have got an extraordinarily large advance plus a very short repayment period to be at 40% repayments off the advance. The average repayment on an advance is about £35 a month, at the moment. For people on low income, that is an amount of money, but it is not eye-wateringly large.

Shabana Mahmood: That is outrageous!

Peter Schofield: The 40% is a cap, and it covers every repayment for everything else that they might be taking forward, including arrears on electricity and such like. It is 40% of the standard allowance. It does not take into account people who might be getting childcare allowance and housing allowance on top of that. So let us put that into—

Q95 **Luke Graham:** I appreciate that. I appreciate the theory side of it. I am more concerned about the data and ensuring that we are really clear. I ask the question again: what work and analysis has been done to give you the confidence to say, "Don't worry, this deduction cap is well within people's means. They can carry on with this amount, and they can live at an acceptable level with these deductions." What is the analysis? Where are the facts?

Peter Schofield: When it comes to advances, someone might be getting an advance, and then have their Universal Credit payment within a matter of a few weeks, to pay it back. Not everyone takes advantage of the full 12-month repayment. Some people choose to repay it more quickly than that. It is a policy change that is intended to address the fact that the regularity of payment on Universal Credit is different to previous benefits.

Q96 **Luke Graham:** I am conscious of time. We briefly mentioned food bank use. One of the previous panellists told us that there was a 52% increase in footfall at food banks in the 12 months after Universal Credit had been introduced. Putting forward the case you have, with advances and what Universal Credit is meant to be doing, why do you think that food bank footfall is increasing in areas where we have full-service Universal Credit?

Peter Schofield: I don't know. It is a really good question. It is a good challenge from the Report, and conversations we are having with the Trussell Trust to try to understand the complexity of what goes on when someone comes—

Q97 **Chair:** A lot of them are referred by your own staff.

Peter Schofield: They are.

Chair: In my area, I went to visit the day after the Trussell Trust had had to say, "Please don't just refer people from the DWP," and the numbers had gone right down. They said, "Sorry it's a quiet today. It is because we have just asked the DWP to stop people." So most of the referrals at one point were from the DWP. Don't you think that that is a sign of a system that is not quite delivering for your own staff, if they are



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acknowledging that food banks are an essential part of propping people up?

Peter Schofield: Look, I would much rather that we were in a situation where people did not need to go to food banks.

Q98 **Chair:** This is an area where Universal Credit is not the relevant bit; it was about the food bank and the DWP.

Peter Schofield: But I think that that makes the point. It is a very complex situation.

Q99 **Chair:** Do you think that that situation is acceptable for Government employees in a Department that is supposed to be providing social security to people? I don't blame frontline staff, and I guess that what we are talking about is a safety net in local areas. However, do you not think it is a sign that a system is not quite delivering if people have to be referred to food banks?

Neil Couling: The food banks themselves lobbied Government for a long time, asking for the Department for Work and Pensions to signpost people to food banks. I think it was in 2011 or 2012 that the Government agreed to signpost people to food banks. So it has long been an aim of the food banks themselves for us to refer people to them. It wasn't something about which we thought, "Ah: that's what we'd like to do."

Q100 **Chair:** I suppose that my bigger point, and Mr Graham's point, is about whether it is good that people are referred to food banks when they are going through a system that is supposed to support them and keep them afloat while they are looking for work.

Peter Schofield: They have access to advances—although I guess there is a danger of circularity in our conversation. I have looked carefully at the data. The chart in figure 16 is an interesting one. I do not think it presents a very straightforward story about what is going on, but we are keen to understand it a bit more. Looking at figure 16, the Hastings food bank is the one that has seen a significant increase in the number of clients since the full service Universal Credit was rolled out in Hastings. Again, however, it is an odd chart, because it shows the level going up, then coming down and then going back up again. The question that I have asked and have tried to find out a bit more about is what was going on in Hastings. In Hastings there is a very good food bank that is associated with one of the local churches. It is doing a huge amount of good work, and there is a good relationship between the jobcentre and the food bank. I said to the jobcentre manager, and to the leaders down there, "What is the nature of the points that are raised?" As far as I know, at no point has the food bank said to the jobcentre that there are issues with Universal Credit that are causing an increase in take-up at the food bank.

Chair: I am sure that the Trussell Trust is listening and will correct us if there are any inaccuracies in that statement. I hope that there are not.

Q101 **Luke Graham:** I have two quick points, and then we will move on. If people have previous arrears with the DWP, am I right in saying that, if



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they then apply for Universal Credit, they will have that deducted at a 40% rate unless they specifically ask for smaller payments?

Peter Schofield: The maximum can be 40%. We look at the range of—

Q102 **Luke Graham:** Is that automatic, if there are arrears?

Peter Schofield: For example, if it was repaying a fraud, we would absolutely do that.

Q103 **Luke Graham:** Fraud I understand, but could it be any arrears?

Neil Couling: No; some are capped. One of the previous witnesses spoke about this, but the normal amount of housing arrears is 10%, and on exception it can go up to 20% with the personal allowance. There are a complex set of overlapping rules designed to protect claimants from deductions that are too high being taken. As a matter of policy design, we are trying to balance the need to meet social obligations. For example, Ministers were very keen that there was a 40% reduction straight away in the case of a fraud, as the permanent secretary has pointed out.

Q104 **Luke Graham:** Right. As another point of clarification on what you are saying about average repayments, do you expect some of the average repayments to increase in line with some of the November reforms?

Neil Couling: I gave the average repayment with the November reforms in, so that is with the ability to take 100% of your full entitlement as an advance.

Luke Graham: I don't know whether anyone wants to come in specifically on advances, because I am going to move on to the claimant experience online.

Q105 **Gareth Snell:** Just one point on advances. Mr Schofield, does the increase in advance payments not suggest a problem with the transitional arrangements from legacy benefits previously? Presumably the advance payments are there when there is a problem with transitioning from one to another, or getting access in the first place.

Peter Schofield: Advances are made available to claimants who ask for them. There could be a number of reasons. I think the main thinking behind it was around the changing regularity of payments as you move into Universal Credit—payment monthly—so it helps people to adjust.

There have been other changes to transitions. You mentioned some of the transitions from other legacy benefits. Since we made these arrangements, and we saw this increase, we have introduced the housing benefit run-on of two weeks of extra housing benefit. That did not come in until April. The chart that you are presumably referring to, figure 13, runs to February.

Chair: I think anyone would accept that there isn't any time to analyse the impacts of that at this point. We will be coming back to talk to you about this between the autumn and the new year.



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Q106 Gareth Snell: You say there are many reasons. When you were putting together the arrangements for transitional payments, what were you anticipating would be the reasons, potentially, that would require somebody to need the advance payments to the levels that they are currently being taken up?

Peter Schofield: One of them would be the changing timeliness in terms of the regularity of payment. I keep using the word “timeliness”, by which I mean the fact that we pay Universal Credit monthly. That is the point I am making. That would be one of them. The fact is, though, that the policy—

Chair: We know what the policy is; we are looking at how it works.

Q107 Gareth Snell: Mr Schofield, you are aware that we cannot go into policy, so that is very nice distraction activity for you, I appreciate that. You can shrug all you like. You have given me one reason; give me a couple of others. What was the thought process behind the planning?

Chair: Mr Couling was there at the time. Mr Couling, you carry on.

Neil Couling: We know that roughly half the population have less than £200 worth of savings, so we knew that a bunch of people would need help bridging from their old benefits to the new, or that they may come out of work, having been weekly paid in work, and will be monthly paid in our system.

We estimated in the outline business case that this would be 49% of cases. The report does not mention the figures, but para 2.8 does mention this. We thought it would be 49%; in fact, it was around 60%. That came after some policy interventions. I am not saying that as a distraction, but Citizens Advice came to us and said—this is a good example of feedback actually—“We don’t think you’re routinely advertising advances enough.” You can see in the figure in the chart the effects of just our putting a change into our operational processes.

We knew that a number of people had, or would have, very limited resources, either coming from legacy benefits on to Universal Credit, or coming from employment, by being made unemployed, on to Universal Credit. There will be others as well, such as those who have had a relationship break down. You might not have access to any of the resources if you have fled a domestically violent circumstance, or things like that. The advances were there as a safety net for that experience, and they were expanded after the autumn Budget.

Q108 Shabana Mahmood: Mr Couling, with respect, it does not take genius-level intellect to work out that people living life on the very edge of survival are not going to have savings. Why did you and your Department, for whom serving the poorest and most vulnerable is bread-and-butter work, not know that, and understand its full extent, at the very beginning of this process?

Neil Couling: Advances have been in the system since the very start in 2013. In fact, they were part of some policy reforms that I led in 2008,

when we moved people from being paid benefits weekly to being paid on a two-weekly basis.

Q109 Shabana Mahmood: We're talking about the level—or lack thereof—of savings.

Neil Couling: Hold on a second. I look back to the experience of that change, and in that example, although I appreciate that the change was only from one weeks to two weeks, very few people—I think around 20%—took out an advance on that basis. We therefore made the assumption that it would be 49%, which was an undershoot. It was actually 60%. Personally, I am not too worried about the level of advances. I want people to get the help that they need to transition safely on to Universal Credit.

However, I think it is wrong to say that this somehow crept up on us. It is quite the opposite; it was there from the start. There was a policy decision about the level of advances, and that is the basis on which we entered into 2013 and rolling the policy out. You know that, in the Budget, the policy position was changed, and we moved from 50% advances to 100% advances.

Q110 Chair: We recognise that policy changes happen, but the point is that, if you had a better idea at the beginning about the number of likely advances, that might have impacted on the policy decisions.

Neil Couling: Until about September 2007, the advances were running at about 40%, so you could say that I overestimated for the first part of this.

Chair: Sorry—2007 or 2017?

Neil Couling: In 2017, advances were running at about 40%. It is the intervention in our jobcentres that that was—

Q111 Chair: But isn't that also because you were dealing with the simpler cases first? It is easier for single people to eke out an existence just for themselves.

Neil Couling: No, that was consistent across the full service as well as the live service.

Peter Schofield: It comes out very clearly in the Report, actually. Paragraph 2.22 shows the action that happened. It is a good example of responding to feedback from stakeholders, as the paragraph sets out. However, we changed the guidance in October, and figure 13 shows that advances almost immediately went up. It is very much linked to the change in guidelines that we gave to make it routinely available, which was in response to feedback from Citizens Advice and others.

Q112 Luke Graham: How much did it cost to drop the waiting period?

Peter Schofield: It was £140 million each year for the seven days.

Q113 Luke Graham: And how much would it be to eliminate the waiting period altogether? People go in and have to wait for the four-week assessment



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period, meaning that they need an advance. How much would it be to eliminate that altogether?

Peter Schofield: There is a very good table in here—which I probably won't be able to find at speed, but it shows the whole process, including the seven days of waiting that was then removed. The seven days of waiting was a policy introduced into Universal Credit—

Chair: Figure 9 on page 34.

Peter Schofield: That bit you can basically take out of the process. Look at everything on page 35. I think that is the bit that you are talking about, Mr Graham. You then have the four-week assessment period, which is baked into the whole design of Universal Credit, because we pay on a monthly basis; you have to wait to see what earnings the claimant has received over the month before you know what their entitlement is.

There is then a week for payment, because when you take into account how long it takes to run the BAC's system, and that there are weeks with double bank holidays and things, you actually need that week to give people certainty about exactly what date in the month they will get paid. So, we could remove the seven-day wait because it was a policy introduction, and it was either in or out. Everything else is intrinsic to Universal Credit.

Q114 **Luke Graham:** So there was never an analysis on bringing down the four-week assessment period to a two-week period, with the pay slip from the previous month being used?

Neil Couling: Your problem is that, in policy design—I don't want to annoy the Chair too much by talking about policy—

Chair: It's a bit about policy and a bit about practicality. They really do come together. The right advice to a Minister would hopefully lead to good policy.

Neil Couling: Yes, and I think we have good policy here, but that may be because I am the one who gave this advice.

Chair: I record for the record the eye-rolling of the permanent secretary.

Peter Schofield: It was a supportive eye-rolling. You will see that on the video afterwards.

Neil Couling: If you want a system that is sensitive to earnings received in the period in which they are received, it has to pay in arrears, and you have to have it as a month. You cannot reduce it from a month, because 57% of people on tax credits—that is what we modelled all this on—are paid monthly. A further 12% are paid four weekly. This figure is quite low and might surprise people: 3% are paid fortnightly. And the remaining 28% are paid weekly.

If you have any other payment period—if we went weekly or two weekly, as many of the organisations lobbying us have been lobbying us to do for



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at least 18 months—you can't make the system work. You can make a monthly system work for everybody, but you can't make a weekly system work for the monthly paid. Why is that? I would be paying you full Universal Credit for four weeks out of five, because you wouldn't be receiving any earnings in that period—well, in four weekly periods—and then I would be paying you no Universal Credit. So you have to have a monthly assessment and the money has to be paid in arrears.

Q115 Luke Graham: It was noted in the Report that just over half the claimants make their claim online without help. Obviously, there was the Verify target of 90%. Is that still realistic?

Neil Couling: No, a Verify target of 90% isn't realistic at all, and I have scaled that back in terms of our assumptions. You understand that Verify is not a system that is under our control; it is run by the Cabinet Office, and providers run that system so that the data is secure from Government, so we can't pry in and see what's going on there. So we have scaled that back.

When we did our initial piece of work, we thought that the credentials that people on benefits tended to have might get us towards 80%, but the actual practice, the experience so far, is that it's around 40%. In some locations, we've got it a little bit higher than 40%, but 40% is the planning assumption I have set for the next couple of years inside the programme, and I have resourced the jobcentres so that they can cope with doing the identity checks in the offices so that claimants do not suffer because of that.

Q116 Luke Graham: This is the final question from me. It is forecast that the number of claimants that each work coach will have to supervise is going to jump from 85 to 373. Reflecting on the conversation that we had previously about the amount of work that the work coaches have to do in recording individual data, do you think 373 people per work coach is realistic and sustainable?

Peter Schofield: Yes, it is. What is interesting about those numbers is the impact—it is referred to in the Report. *[Interruption.]* Yes, that's right: it's referred to in paragraph 3.19. I'm talking about the impact that the case-load mix has on the number of cases that can be managed by agents, on the one hand, in service centres and by work coaches on the other. In service centres, as you move away from having a very large proportion of people who are currently going through their first assessment period and are just in payment—as that mix changes and many more of your people who are on Universal Credit have been on payment for a while, the average workload in a service centre changes, because with those people who are on payment, there is less work to do, so any service centre agent can manage more claims. We are seeing that in service centres like Canterbury, which have a more mature case mix.

Likewise, with jobcentres, what will happen as we get more people on to Universal Credit is that fewer of them, as a proportion, will be required to come into jobcentres because of conditionality. Either they will already be



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in work or they will be people who don't have a requirement to look for work because of health conditions. So if that mix changes—

Q117 Luke Graham: That's fine. Just one important clarification—on the 40%, I think the full business case had the target for Verify at 50% for this month, so when did that percentage change; when did the target change?

Neil Couling: When we set the finances for 2018-19. The NAO are correct in their Report to say that last year we were aiming for 50%—I scaled it back even further because—

Chair: I'm just aware of the time, so could we have shorter answers, please? If we ask direct questions and you answer them directly, we can always come back to you. We still have a lot to get through.

Q118 Chris Evans: Mr Schofield, do you get a fixed income every month?

Peter Schofield: Yes.

Q119 Chris Evans: Do you think it would be difficult to manage your budget if it was fluctuating?

Peter Schofield: Yes.

Q120 Chris Evans: So why do you expect that from claimants?

Peter Schofield: I think the answer to your question is about policy design, which I'm happy to go into.

Chair: The policy and the practicalities do overlap. We're careful not to stray on to policy in our reports, but they are connected.

Peter Schofield: The key point about Universal Credit is that work pays.

Chris Evans: We know all that.

Q121 Chair: We know what the policy is. We don't need to have that lesson.

Peter Schofield: On the situation in which your income will fluctuate, if you go into work and start receiving payment from employment, your entitlement from Universal Credit will be tapered away at 63%—

Q122 Chris Evans: Yeah, we all know that, Mr Schofield. We know it mirrors the world of work. What I am actually asking is whether you think it is easier or harder to manage if your income is going up and down every month?

Peter Schofield: Well—

Q123 Chris Evans: Yes or no? Is it easier? If you knew you had this sum this month and another sum next month, do you think that would be easier?

Neil Couling: The way in which Universal Credit works, it probably helps if you think of it providing a floor from which you can cannot drop. You will fall down to 100% full entitlement to UC. If you earn in that month, your total income will be all your earnings—

Q124 Chris Evans: We know that.



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Neil Couling: It only works in one way, so if that income falls in the following month—say it fell from £100 to zero—the impact on the family budget would be £63, because that is the reverse effect of the taper coming back in.

Peter Schofield: So the family will always know the minimum they are going to receive from a combination of Universal Credit and income from employment.

Q125 **Chris Evans:** And if they get an extra payday, it is okay to penalise them. It says in appendix 4 that they lose their “free school meals and local council tax support” if they get an extra payday in the month. That is fine, is it?

Peter Schofield: Well, it goes with the design of Universal Credit. If you are earning more in a month, your entitlement to Universal Credit will come down, but you will still end up in that month with at least what is there in the floor that Neil described.

Q126 **Chris Evans:** The way I see it, if you look at the beginning of the Report, point 15 states: “The Department now expects that an additional 200,000 people will move into work because of that it will save £99 million a year in administering benefits, and will reduce fraud and error by £1.3 billion a year.” It is fantastic if you can reduce it by £1.3 billion. Where did you get those figures from?

Peter Schofield: From the business case.

Q127 **Chris Evans:** And how did the business case arrive at those figures, especially the £1.3 billion in reducing fraud?

Peter Schofield: Well, it looked at the different components of fraud potentially in legacy benefits and how those would be reduced by rolling out Universal Credit. The biggest effect in there was from the misreporting of earnings. That, I think, comprised around half of the £1.3 billion. It is referred to in section 3 of the Report.

Q128 **Chair:** Figure 18.

Peter Schofield: From 3.25 onwards. Using real-time information is the first bullet point. That was about half of the £1.3 billion. There are then effects moving the other way because there is the introduction of a capital threshold. That is in 3.27. We think that, because tax credits do not have a capital threshold, it will create more risk of fraud from capital. When you net them all together—the points from 3.25 and the points in 3.26 and 3.27—it is £1.3 billion. The National Audit Office has been through that. It has points about definition—3.26—but is an overpayment fraud and error?

Q129 **Chris Evans:** What do you define as fraud and error?

Neil Couling: I take the PAC’s definition from its 2004 Report on tax credits. Paragraph 17 said, “If the Department for Work and Pensions paid out benefits corresponding to tax credits in the traditional way they would have to seek Parliamentary approval for overpayments of” £500 million “to £700 million a year.” Clearly, your predecessors in 2004



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thought it was an error loss. Perhaps the National Audit Office doesn't now, but it is money, as far as I'm concerned, that we will save through Universal Credit.

Q130 Chris Evans: And you are quite confident you will save large sums? £1.3 billion is a huge amount of money to save. You are confident you will achieve that?

Neil Couling: Yes, and the OBR, which has been very sceptical about the Universal Credit forecast, has scored that money into its expenditure forecast for the future.

Q131 Chris Evans: So you are quite confident that in a year's time or in two years' time, 200,000 people will be moving into work?

Neil Couling: Not in two years' time, but by steady steps, that is the estimate that my analysts have come up with. They have drawn it up on a very small "c" conservative basis. So they could have made the estimate much higher, but they took basically a third of what we thought we would get, in an effort to hedge against over-optimism and optimism bias.

Peter Schofield: There are three components. We can move to the 200,000, if you like, in the studies. The three components are referred to in paragraph 3.12. For one of them—conditionality—we looked at previous periods where we have introduced conditionality and then we deducted that by a third, to get 30,000, which is 30,000 of the 200,000.

Q132 Chris Evans: My final question on that, before I move on—the thing that is jumping out at me, Mr Schofield, is that what you're saying seems very good, but why has the NAO said that these are unproven assumptions?

Peter Schofield: What the NAO said is that it is impossible to—I need to get the wording exactly right.

Chair: We have it all on the record.

Peter Schofield: Exactly—it is all on the record. I need to read it out—absolutely. Joshua, remind me exactly what paragraph I need to read.

Joshua Reddaway: Are you looking at paragraph 16?

Chair: We can read it for ourselves. So paragraph 16.

Peter Schofield: I'll read it out, "The Department will never be able to measure whether Universal Credit actually leads to 200,000 more people in work, because it cannot isolate the effect of Universal Credit from other economic factors in increasing employment. The 200,000 is based on the Department's modelling." I could read the rest of it out.

The point is, and we debated this quite a lot because it is mentioned in one of the letters that you referred to before, Chair, that just because you can't measure something, that doesn't mean that it doesn't exist.

Q133 Gareth Snell: Like hardship?

Peter Schofield: Thank you, Mr Snell.

Q134 **Chair:** No, it seems there is a measurement for the positives, as Mr Snell highlights, and not for the negative sides.

Peter Schofield: So in answer to the earlier question from Mr Evans, we've explained, or it's referred to in section 3, how the number was derived. But my challenge back in terms of the Report and the debate that we've had is that in a situation such as Universal Credit, where you are rolling it out to the entire country, you would need to have a parallel universe where you don't have Universal Credit, to be able to—

Q135 **Chair:** Okay, that's fine. So why give us your figure? I really don't want challenges to the Report, certainly not at this point in the hearing; I thought we'd dealt with that at the beginning. This figure is oft quoted by your Department and your Ministers that you are creating all these extra jobs; you've now just basically said you can't isolate it. You'll agree with the NAO on this.

Neil Couling: We actually told the NAO that; it wasn't something they found out themselves.

Q136 **Chair:** I'm not going to get into a spat about the Report.

Neil Couling: You cannot isolate the effects of individual policy interventions into the total labour market—

Q137 **Chair:** Which, Mr Couling, demands the question why it is being paraded by the Department and from your Ministers at the Dispatch Box that this is a definite outcome of Universal Credit.

Neil Couling: These are—

Q138 **Chair:** No, you are acknowledging that it cannot be pinned down to Universal Credit.

Peter Schofield: No, no, no, we're not. We're saying that you will not be able to measure which of the extra jobs in the economy came about because of Universal Credit.

Q139 **Chair:** Good. That's very clear. The next time that Ministers are in the House, we will be able to put that to them.

Peter Schofield: But the 200,000 is based on evidence and I can take you through the different elements of it, if you like. The first one is in terms of financial incentives. That's 110,000 out of the 200,000 and that is based on studies that looked at the impact of previous changes to tapers on tax and benefits in this country.

What that is looking at is the fact that we've got rid of the 16-hour rule and the fact that there is a simple taper. That creates an incentive for people to look for work. It's been demonstrated in previous changes to tax and benefits. We are using that for part of this. That's 110,000.

The second element is having a simpler and smoother system. Here, we've looked at various pilots—

Q140 **Chair:** "A simpler and smoother system"? Well, "simpler" is as yet



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definitely unproven, given that you've only got one—*[Interruption.]*

Peter Schofield: No, I'm sorry, but this is based on analysis that has been done that has looked at where you move away from a system where you have to claim and move out and move in to benefits, to where you have got a single benefit that you stay in as your circumstances change. That makes it easier for you to understand the work incentives and to seek work. It is based on pilots that have been carried out with particular groups. These particular pilots showed a 1.8% increase in exit rates out of unemployment. To get to 60,000, we have applied—

Chair: Okay. Can we not—

Peter Schofield: No, I think this is important actually.

Chair: But the NAO analysed this and has come up with its conclusion, so we are really clear.

Peter Schofield: They came up with their conclusion that you can't measure it, but they did not say that it doesn't exist.

Chair: So you cannot measure it as a direct result of Universal Credit. I think that absolutely—

Peter Schofield: No, they did not say that.

Chair: They said it "cannot isolate the effect of Universal Credit from other economic factors in increasing employment." So you cannot isolate it as an effect of Universal Credit. We could be dancing on a pinhead here, Mr Schofield. I think there is a general consensus that everyone wants this to be a success, so let's be really clear. But, especially given the extended timescale of this, it is very difficult to isolate it and the NAO have highlighted that.

Peter Schofield: No, but I think it is important for the Committee to hear—

Chair: Are you arguing with me or are you letting Mr Chris Evans ask his next question? Because I think you are having an argument with me.

Q141 **Chris Evans:** Mr Schofield, I want to move on to migration from legacy claimants. You will do this over a four-year period from July 2019 to 2023. It will take 3.95 million claimants. That is a lot of claimants. How can you guarantee that they will not be worse off as they move from legacy benefits to Universal Credit?

Peter Schofield: Because we have transitional protection.

Q142 **Chris Evans:** What if there is a small, minor change to transitional protection? When do they lose that transitional protection?

Peter Schofield: When do they lose that transitional protection?

Q143 **Chris Evans:** What would trigger them losing the transitional protection?



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Neil Couling: I have set this out for this Committee before, in previous correspondence, but I can dredge that back and send it to the Committee again. But they are major changes in circumstances, not minor changes.

Q144 **Chris Evans:** Again, isn't it right that it is based on factors that are beyond your control? It is based on "Parliament passing enabling regulations... the Department successfully testing the service... and the number of claimants remaining on legacy benefits". How do you manage this? Because these seem to be three things, which could easily go wrong.

Neil Couling: Absolutely. I think this is the most challenging bit of the programme. I have never denied that that is the case. The first key step was to secure policy agreement to a set of proposals to put before Parliament. That was achieved in the early summer with my Secretary of State's announcement on 7 June on this. Now the work starts in real earnest with a number of our deliver partners and other stakeholders on designing a system and an approach that minimises to the greatest possible extent the chances that things will go wrong here. We have to get people from their legacy benefit entitlements safely over on to Universal Credit. The Department is taking that very seriously and has already had a number of offers of support from organisations, which lobby and make comments around Universal Credit, about how we might do that.

Q145 **Chair:** Mr Couling, you came in and did some good work in the re-set in getting this on track to some sort of realistic delivery with some milestones—which have shifted, but we asked you to give them publicly, so that we could challenge you on them and you could explain why they shifted. The key challenge with this is that you are dealing with people. People have lives; lives get complex and things change. Why didn't you get this written in at an earlier change, so that you would have some smoothing out, some ability to support people when they hit even tougher times, given that this is a cohort of people who often do that?

Neil Couling: I would argue that I have been doing that all along the way.

Chair: You've changed it quite dramatically.

Neil Couling: Ministers have changed the policy around this quite dramatically.

Chair: Because it was not working.

Neil Couling: Well, it was in a sense. I have always had an eye on this challenge. If you think about moving advances to 100%, there was a particular political pressure in and around that announcement, and that decision, but that is a decision that is good not just for the autumn Budget, but is good through migration. Similarly, the housing benefit run-on is a policy that will help us to move those people with housing benefit more safely on to Universal Credit.



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To Mr Evans' point, there are at least three policy changes in the transitional protection. That means that for childcare, for example, if you temporarily get childcare in the summer, or you need childcare in the summer because the kids don't go to school anymore, that won't reduce your transitional protection. When you go back to not needing as much childcare, when the kids go back to school, your transitional protection will spring back up. So we have made a number of changes. The SDP changes are designed to do just that as well, and to help people manage their way across. You were kind enough, Chair, to say nice words about what I have managed to achieve since 2014, and I would argue that since then I have had an eye to this challenge coming at us.

Q146 **Shabana Mahmood:** Mr Schofield and Mr Couling, just thinking about the demeanour with which you are giving evidence today, has it ever occurred to you that a little humility and a willingness to listen might go a long way towards rebuilding some trust in this process?

Chair: Mr Schofield.

Peter Schofield: No, look, well, I—

Q147 **Chair:** No. Thank you. That was very cat out of the bag.

Peter Schofield: Rewind—yes.

Chair: A better answer.

Q148 **Shabana Mahmood:** I am not sure that you often give my constituents the chance to rewind, but I will show you more generosity than you show them, Mr Schofield.

Peter Schofield: Thank you. When I was here before, I talked about my four leadership priorities—

Q149 **Shabana Mahmood:** Yes you did. I was about to quote them to you—

Chair: Yes, we have a list ready to quote back at you.

Peter Schofield: You have them ready. I think that the Report sets out a number of ways in which the Department has been listening and that the approach we are taking has been more along those lines more recently. Paragraph 2.42 I thought was a lovely paragraph, in which you talk about some of the ways—

Q150 **Chair:** The love relationship with the NAO is getting even stronger—

Peter Schofield: We have a very good relationship with the NAO.

Amyas Morse: It is nice to see it developing so quickly.

Q151 **Chair:** One meeting this morning and all love breaks out.

Peter Schofield: It was a good meeting.

Q152 **Shabana Mahmood:** Mr Schofield, we are not that interested in an outbreak of love between you and the NAO. I am actually interested—

Peter Schofield: But paragraph 2.42 I thought was an example of—



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Chair: No, no, no, we don't need to hear that. We have read the Report.

Q153 **Shabana Mahmood:** Yes, we have read the Report.

Peter Schofield: Good.

Q154 **Shabana Mahmood:** You did go through your four-point plan at some length, because that was your first session of giving evidence to us. Although I cannot quote it verbatim to you today, I am pretty sure that the words "listen" and "engaged" featured pretty heavily. Yet, nothing about the way in which you have given evidence today, when challenged with some criticism about the planning and administration of this programme, suggests that you are listening to your own four-point plan. Is that plan worth the paper it is written on?

Peter Schofield: Yes, it is worth the paper it is written on.

Q155 **Shabana Mahmood:** How have you demonstrated that today in this hearing, in the manner in which you have approached it and given evidence?

Peter Schofield: I have been listening to the challenge. I was listening to the panel earlier this afternoon. In the way that I read the Report, I see lots of examples of how, first, we have been listening to each other within DWP. There are some great examples of the feedback within DWP, which very much relates to what I was describing to you before about working as one team in DWP. And I think there are some good examples of how we have been engaging really seriously, positively and constructively with partners. I talked earlier about complex needs plans, and that is one great example of how we engage in the sort of partnership that I was describing when I was here before.

Q156 **Shabana Mahmood:** Mr Schofield, today, you and Mr Couling have been challenged on, say, advances. We had a long exchange about advances and the tenor of the answers from both of you seemed to suggest that it was pretty bad under the old system and it is just a little bit worse now, and that these people are very difficult to help—they are by the way. I have the constituency with the highest rate of unemployment in the country. The people you are talking about are my people. Nothing you have said in the answers you have given today suggests that you are taking on board those difficulties and I am asking you why that is. Why is that the case? Refer to your answers today and reflect honestly on the way in which you have approached this hearing.

Chair: Is there a question there?

Q157 **Shabana Mahmood:** Yes, I am asking Mr Schofield to reflect, to reconsider the answer he has just given and think about whether it reflects the manner in which he has approached the hearing.

Peter Schofield: I will reflect, but I think the question you are asking is: "Do I listen and do we listen?" To take one example, and this was part of my evidence earlier so I think it is okay to refer back to it, I talked about complex needs assessments, which are a brilliant example of where we engage with partners.



Q158 **Shabana Mahmood:** I don't think we can make any further progress on that, Mr Schofield. Let's think about an answer that you gave to the NAO when they talked about the impact on third parties. Regarding the organisations facing difficulties in relation to Universal Credit that provided evidence, you said that you believe they are facing funding constraints and are lobbying for policy changes. That is an extraordinarily defensive and quite dismissive response. Why do you think that the only reason they are raising these concerns is as a result of funding constraints and lobbying for policy changes?

Peter Schofield: It is a very noisy environment, isn't it, Universal Credit, at the moment? There are lots of people who want to have something to say on this. Some people disagree with Government policy in this area, but many simply want to help our claimants receive the support they are entitled to. It is those people we want to listen to, and we are engaging with them. There are some brilliant examples of where we have engaged, listened and changed the way of delivering.

Chair: You are giving a narrative answer. Just answer the question; otherwise we are going to be here all night. We can be, but you are highly paid officials running a very big project, and we would like you to get back to running it. We would like to be quicker, please.

Q159 **Shabana Mahmood:** Mr Schofield, the NAO visited local authority officials, housing providers, jobcentre staff and advisory services. You may consider them to be noisy individuals, but they are at the coalface of administering this programme and seeing it in action. I put it to you again: why are you so dismissive of their challenge to the administration of this programme, and why do you consider so much of it to be simply down to disagreement with the policy and lobbying for funding?

Peter Schofield: All I am saying is that a combination of different things is going on here. The Report makes it clear that, for example, where local authorities can provide evidence of additional costs, we will look at that. Indeed, we are engaging at the moment with the consortium of Scottish local authorities precisely because they have come forward with evidence suggesting that the costs they are facing are bigger than the ones we are covering.

Q160 **Chair:** Perhaps you can help us out by saying which of the stakeholders and organisations are only raising issues because they don't approve of the policy. Which of the organisations that we heard from earlier, or that you have heard from, are doing this because they don't agree with Government policy and actually want to undermine it? Do you want to name them? It would help us to know which ones are doing that.

Peter Schofield: No, I don't particularly want to name them here.

Q161 **Chair:** But you do think there are some that are actively undermining policy. It is not because they are representing claimants who have problems and challenges.



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Peter Schofield: Quite understandably, many groups are arguing for increases in benefit entitlements. I can understand why they might make those points.

Chair: Sorry, that's a slightly different issue to how Universal Credit is working. You can argue, on the one hand, for an increase in benefit entitlements and, on the other hand, that Universal Credit is not working practically. They can be very separate issues. To conflate them like that is extraordinary.

Q162 **Gareth Snell:** Can I ask why you don't want to name them here?

Chair: What's the problem with naming them?

Gareth Snell: We have evidence from a number of organisations in front of us, which we use to balance the questions we put to you this afternoon, to which you provide us with answers. You are telling us that the motivation of some of those organisations is questionable. For us to formulate valid questions about this process, it would be helpful to know which organisations you feel to be providing us with information purely with a motivation to undermine the Government. If you do not feel you can give us that information, I can only conclude, Mr Schofield, that you don't actually believe that.

Chair: The Local Government Association? We can go through them one by one if you want.

Peter Schofield: I'd quite like to reflect on this and write to you afterwards. Maybe that is better than—

Q163 **Chair:** But you are maintaining that you think there are organisations out there that are lobbying because they don't agree with the policy? Policy changes in tiny bits and pieces. Lots of people do that, because that affects claimants. That is not being against the whole policy. You are saying that there is a group of organisations out there that are lobbying the Department because they just want Universal Credit to be axed.

Peter Schofield: No, I—

Q164 **Chair:** Mr Couling, perhaps you can help.

Neil Couling: Well, I'll have a bash.

Chair: You've been at the coalface.

Neil Couling: The 2015 summer Budget changes took about £12 billion out of social security spending over the course of the next five years.

Q165 **Chair:** We don't need this. This is all history. We know this.

Neil Couling: There are a number of organisations that think that was wrong.

Q166 **Chair:** Okay, sorry. That is a different matter from the design of Universal Credit, which is your job—you came in for the reset around 2014. You



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have been there for four years, delivering Universal Credit. The policy decision to take money out is a different matter. We are talking about the design of Universal Credit today, so can we focus on that?

Neil Couling: Yes, certainly. My contention is that those sorts of complaints were conflated with the argument, "You are not listening." The Government has said it is not reversing the reductions it put through in 2015.

Gareth Snell: Sorry, but—

Neil Couling: I'm sorry, Mr Snell. Can I finish?

Chair: Finish the sentence, Mr Couling, and then I will bring Mr Snell back in.

Neil Couling: I look at the system we have been building, the amount of feedback we take in and the changes we make. Every week we are dropping new features—new functionality, in old language—into the system. That is in direct response to feedback. When the NAO came to us and said, "We have been picking up lots of, 'You're not listening'," it was very difficult to try to understand that. I said, "Is that 'not listening' on the policy or on the design and delivery?" On the design and the delivery, I can evidence over and over again that we have been listening, which goes back to Ms Mahmood's questions.

Q167 **Gareth Snell:** That is a level of deflection worthy of Jordan Pickford, Mr Couling, but let's be clear—

Neil Couling: I am very happy to be associated with Jordan Pickford.

Gareth Snell: Let us be clear that that is not what Mr Schofield said. He was very clear. It is the one element of clarity we have had in an answer today. He said there are organisations that have made submissions or recommendations not on the basis that they want more money or believe that Government policy is wrong, but purely because they want to see Universal Credit fail. Mr Schofield was asked to name just one, and he was unwilling to do so. You are suggesting that that is because of conflation. Mr Schofield, are you content then that what you meant to say was not what you actually said?

Peter Schofield: I completely associate myself with Neil's comments. I was just trying to remind myself of the exact form of words in the NAO Report.

Q168 **Gareth Snell:** I am more interested in your words, Mr Schofield. You have said that there are people making comments about the operational benefits of Universal Credit purely to undermine Universal Credit because their motivation was to scupper Universal Credit. That is my phrasing, not yours.

Peter Schofield: Sorry, Mr Snell, but you used a lot of words there that I did not use. What the Report says is: "The Department holds discussion forums with external organisations"—



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Q169 **Gareth Snell:** Mr Schofield, I have read the Report. This is not story time with mother; this is simply a question I put to you. You made a very clear point. You were asked to name organisations that you felt were simply trying to undermine Universal Credit, as opposed to trying to make the system better. You are declining to validate that damning piece of evidence by actually providing the names of the organisations that you think are doing that.

Peter Schofield: In that case, let me—

Gareth Snell: Don't read something else to me.

Peter Schofield: In that case, I will retract what I said earlier. I associate myself with the words in the Report. Paragraph 13 states: "many differences to views about policy rather than the implementation of Universal Credit." Those are differences about policy; I did not use words about undermining Universal Credit. If I did—if that was reported—I did not mean that.

Q170 **Chair:** We are not a policy Committee, but the design of this and the policy—we are getting into the weeds a bit. There is a small overlap. It is the stated position of the official Opposition and Her Majesty's Government that Universal Credit is in place. There is not a big disagreement about the broad thing. The detailed criticisms are more about the delivery. You may say that that is policy, but it is about the shape of it, the transitional payments and all the things we have been talking about. To be clear, in answer to Mr Snell's question, you are clear that there are organisations that are out to undermine the policy.

Peter Schofield: No, that is not what I said—

Q171 **Chair:** We have on record what you said, so we can replay that.

Peter Schofield: Okay, you can replay it. If I said that, I did not mean to say it.

Chair: When we get the record back, we will ensure we write to you on that and ensure that you clarify exactly what your position is. If what you said was correct, it is pretty staggering, as Mr Snell said. Ms Mahmood, do you want to come in?

Q172 **Shabana Mahmood:** Paragraph 2.26 states: "The Department believes that much of this evidence was provided by organisations which are facing funding constraints and are lobbying for policy changes." Do you still wish to be associated with that comment?

Peter Schofield: Yes. We signed up to that wording in the Report. But "lobbying for policy changes" is not "seeking to undermine the success of Universal Credit", or whatever words Mr Snell used.

Q173 **Shabana Mahmood:** That comment undermines the thrust of the comments from those organisations, which are about the coalface impacts of Universal Credit's rollout—not its policy, but its rollout. Do you now wish to dissociate yourself from the wording that undermines that



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and perhaps come up with some more positive wording that suggests you are doing what you set out to do as permanent secretary, which is to listen and engage?

Peter Schofield: Look, throughout the Report there are plenty of examples—

Q174 **Shabana Mahmood:** It is kind of a yes or no, Mr Schofield.

Peter Schofield: We are about listening and responding. I can see plenty of examples of that wherever I go in DWP, and they are mentioned throughout the Report.

Chair: We recognise that listening and responding in reasonable time are hard to do, but that is partly to do with the original design and partly to do with the discussions that were locally feeding through the system.

Q175 **Shabana Mahmood:** I am sure we can agree that successful roll-out requires stakeholders who are fully engaged and at the coal face who can help the claimants who are claiming Universal Credit. Do you think you can do more, on the basis of the exchanges we have had today, with those stakeholders to try to build a more positive relationship to help our constituents when they are accessing Universal Credit? Do you personally feel that you can do more?

Peter Schofield: No, I definitely—sorry, I realise I have answered with a no. Yes, we can definitely do more, and we do more—

Q176 **Shabana Mahmood:** What practical, definitive steps will you take as a result of today's evidence session to make that a reality?

Peter Schofield: I do not think it is just as a result of today's evidence session—

Chair: I would hope not. I would hope that you had been thinking about it before you came.

Peter Schofield: Exactly. As you know, it is one of my four leadership priorities. We have great examples of jobcentres—as was referred to by the previous panel—that are like community hubs and that build fantastic relationships with partners locally. I want that to be absolutely what we see everywhere.

Q177 **Shabana Mahmood:** What will you do to rectify your relationship with stakeholders who might have read that remark in the NAO Report and thought, "God, these people don't take me seriously. They don't believe what I have to say"? What will you do to repair your relationship with people who might have read it and come to that conclusion?

Peter Schofield: I hope that no one would have read it and felt that, but if they did, the fact that they would hopefully be engaging not only locally, but with a load of national forums—

Q178 **Shabana Mahmood:** These were remarks made by your Department to the National Audit Office. They will have been read by stakeholders who



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are helping constituents in need. What will you personally do to ensure that they understand that it was not your intention to dismiss their concerns and to imply that they were only saying it because they want lobbying changes? What will you do as a result of today's hearing?

Peter Schofield: I will tell you what I am doing, which is developing our stakeholder management strategy, building closer relationships with partners locally and nationally, which is something that I am leading—

Q179 **Shabana Mahmood:** What does that mean in practice, Mr Schofield? Are you going to get on the phone to the LGA? I want some practical steps from you, not just—

Peter Schofield: Okay. I will give you one example of that then. One of the first things that we did—

Q180 **Shabana Mahmood:** No, not what you did. I am talking about going forward. People will have read this Report and come to a pretty negative conclusion—

Chair: So what are you going to do?

Peter Schofield: It is consistent with my leadership priorities, so it is what I have been doing since I started. One of the things that we have done is created a workstream where we are building relationships with stakeholders. We have a stakeholder strategy. I am creating a group where I bring together senior stakeholders from partner organisations that will meet regularly—or meet me regularly—which is a way of complementing and setting the tone for how I want the DWP to operate in future.

Q181 **Chair:** A direct route to the top for some people.

Peter Schofield: Yes. They can talk to me. Absolutely. That builds on the work I do when I go out and about and meet local partners as well.

Q182 **Gareth Snell:** I was the leader of my local authority. When anyone said to me, "We have a strategy," what that really meant was they were not doing a great deal, but they have it written down somewhere what they should be doing.

Chair: You are a cynic, Mr Snell.

Gareth Snell: I think I have carved out my role in the Committee quite well by being a cynic. You say you are building stakeholder relationships. Pretend I am a stakeholder. How do you build that relationship with me?

Peter Schofield: Well, we could meet, Mr Snell.

Q183 **Gareth Snell:** Right, so we meet. We sit in a room and I tell you that I think there are problems with your service. Then what?

Peter Schofield: Well, I would have to learn a bit about it, understand how it operates and what is going on. Shall I give you an example?

Q184 **Gareth Snell:** How many stakeholders have you personally met?



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Peter Schofield: I meet them all the time, wherever I go. I will give you an example. Three weeks ago, I was in Manchester. I went to the Trussell Trust food bank. I met colleagues there. I met one of the clients coming in through the door and I tried to understand the issue that had brought that person in, then I fed back and looked to examine that case. For me, that is a good example of two things: first, trying to tease out some of the general issues that might be affecting across those policies—

Gareth Snell: So that—

Peter Schofield: Shall I finish the point? To address some of the points that were being raised more broadly, and then to address specific, individual concerns of an individual person who came in.

Q185 **Gareth Snell:** So that was three weeks ago. How often do you have those sorts of interactions with people at the coal face?

Chair: You are a busy man. We understand that you have a Department.

Peter Schofield: This week is slightly different, but normally I would spend two days a week away from London, where I normally go to DWP offices and take the opportunity, where I can, to meet local partners.

Q186 **Gareth Snell:** You heard earlier the evidence from local authorities—from the Society of Municipal Treasurers—suggesting that they were having to make significant budgetary changes in order to prepare for the Universal Credit roll-out. Do you accept that those budgetary changes were as a result of Universal Credit?

Peter Schofield: Look, I think they raised a number of different issues around welfare reform, because they talked about other things than Universal Credit. My response would be that that is why we have discretionary housing payments, which are there to help local authorities to manage the transition.

Q187 **Gareth Snell:** Do you accept that the changes that they have had to budget for are a result of Universal Credit?

Peter Schofield: That is why we have discretionary housing payments. That is a rationale for discretionary housing payments to support the whole welfare reform process.

Q188 **Gareth Snell:** I appreciate there is a system, but as the permanent secretary, you accept that changes that you are making to welfare reform with Universal Credit are causing local authorities to have to change their budgetary arrangements, make greater levels of savings, and build up their reserves in order to compensate for the operations of those policies.

Peter Schofield: Neil has reminded me of new burdens. There is a Government policy and approach. I came to DWP from the Department for Communities and Local Government, so I know full well that when Government introduce policy changes that have a cost on local government, the new burdens regime comes into place. What the Report brings out, which I think is quite reasonable for an accounting officer to



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ask, is that I like to see evidence of what the costs are before we make payment.

Q189 **Gareth Snell:** Okay, but just going back to the fundamental question, do you accept—I am sorry to labour the point—that costs are being incurred by local authorities internally as a result of their having to enact and deal with the operation of your policy?

Peter Schofield: This is a complex picture, because as you heard earlier—

Gareth Snell: It is quite a straightforward question.

Peter Schofield: Well it's not really, because some of the costs, certainly for local authorities, are falling away as people move away from housing benefit into Universal Credit. There is some reduction in the subsidy that goes, but there is an issue about transition. I absolutely accept—

Q190 **Chair:** So there is a cost level to transition?

Peter Schofield: Transition for a whole range of welfare reform benefits is why we have discretionary housing payments.

Q191 **Gareth Snell:** Okay. I think that is the best we are going to get. If that is the case, why is it that in figure 24 there are no internal costs associated with local authorities as part of the costs incurred in operating Universal Credit? Figure 24, pages 68 to 69—internal costs for local authorities, nothing.

Peter Schofield: Well, for the costs that we have referred to—the costs that we have paid—there are two elements. One is discretionary housing payments. The other is where payments have been made by Neil. They are included in the central programme team.

Neil Couling: They are in local authorities. It is line 11. There is £31.8 million there. There are also some other costs—some of the investment costs.

Q192 **Gareth Snell:** Hold on, Mr Couling. Those are external costs. I am asking about internal costs.

Neil Couling: We don't run the local authorities, so they are external to me.

Peter Schofield: But it is included in the £1.9 billion that is referred to. If you look at the following page, Mr Snell, in the bottom right, all of this sums to £1.9 billion, which is the number referred to in the Report.

Gareth Snell: That is the overall cost.

Peter Schofield: Yes, and it is covered in the business case.

Q193 **Gareth Snell:** Yes, but at the same time, local authorities told us in the pre-panel hearing that there are certain costs that are associated with their normal operations that have been increasing because of Universal



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Credit. Do you accept that there have been increases in those ordinary costs as a result of Universal Credit?

That leads me on to my next question. You said that you were working with a group of authorities in Scotland and that, where they can evidence the increase in costs, you will meet those costs. How much has the Department paid out to local authorities to meet additional costs to date?

Neil Couling: Paragraph 2.43 says that I made an additional payment of £4.7 million last year to local authorities such as Newcastle that were in the first wave of full service roll-out. As the permanent secretary said, and as is recorded in paragraph 2.44, we ask for evidence of those costs.

We also look at evidence of savings to them as well, because there are some savings to local authorities that they may not have brought to book in their calculations either. There is a discussion and a negotiation. That is quite proper. I do not think there is anything untoward here. I hope it is what you would expect the accounting officer to do as a guardian of public money.

Q194 **Chair:** Did it come under new burdens?

Neil Couling: The £4.7 million came under new burdens, yes.

Q195 **Gareth Snell:** At the same time, it is £4.7 million. We heard from the treasurer of Newcastle that the decrease in their rent collection rate is going up by £1 million. How would you expect that local authority to make up that difference in the housing revenue account, given they believe the rent arrears have accrued as a direct result of Universal Credit?

Peter Schofield: There are two things that they talked about: one was rent arrears and the other was debt associated with housing benefit. On rent arrears, as you asked the question, the study shows that rent arrears increase typically after the roll-out of Universal Credit and then they fall away. There is a timing thing, because they take a while to fall away. That all happened ahead of the roll-out of the housing benefit run-on in April. As the Report says, it is too early to assess the impact, but I imagine it will have an impact on rent arrears, but it is too early to say. Part of that is a timing thing.

On the point about debt, I think I am right in saying this, but Neil will correct me if I am wrong: local authorities have the option of allowing the debt to move across from housing benefit through to Universal Credit, for us to collect on their behalf. The challenge there is that when we collect debt, we bring all the benefits together but then we create a priority order, very much with the interests of the claimant in mind about how we pay that back or how we draw within the cap of the total deductions.

Q196 **Gareth Snell:** We heard from the treasurer from Leicester that they were looking to write off £0.5 million this year. Would there be a cost that, if they could prove it was a result of Universal Credit, they could claim back from the Department under your discretionary scheme?



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Neil Couling: On your first point, we put that question to local authorities collectively. I do not want the Committee to think that one local authority could choose to go one way and another could choose another. We asked all local authorities to make a decision: do you want to hold on to the debt? I spoke at length to the LGA about this; as I understand it, the reason was that they draw revenue from that debt and use it for their running costs. You probably don't need a reminder about this, Mr Snell. They wanted to keep hold of it and to see what they could recover. As the witness explained, they can do it under housing benefit, because they just cut people's benefit in order to recover their debts and expect the tenant to pay the difference, which is why many people have pre-existing housing benefit arrears before they come on to UC.

Would we accept some kind of write-off? I would look at what had happened to write-offs in that council beforehand, because writing off debts is not something that is new in the local authority sphere. I would want to be certain that it was directly attributable to Universal Credit, but I do not want to fall foul of Ms Mahmood's charge of, "You're not listening." I have consistently said to local authorities, "If they are costs and you can substantiate them, we will pay them." That is what we have consistently done through the lifetime of the project.

Q197 **Chair:** What is in the budget for that going forward? Do you have a budget line for that?

Neil Couling: One of the biggest budget lines we have is around the potential for exits in local authorities. If people working on housing benefit now were to become redundant because they could not be redeployed—it is a big workforce in local authorities, so we think they will be redeployed—I have made some provision in our forward planning in case that comes to pass. That was at the request of the local authorities, so where these things can be substantiated and argued for, we have met those requests.

Q198 **Chair:** What money do you have in the budget for that?

Neil Couling: I can't remember now.

Chair: We have your accounts, but I have not had the chance to look at that line, but I am sure I will find it.

Q199 **Gareth Snell:** In understand what you say, but what are the criteria that you use to assess whether something has been evidenced correctly? Are there criteria that you could publish or something that you could release?

Neil Couling: I or the accounting officer could come before the Committee and probably not be roasted for it. You would find it reasonable and not contentious.

Chair: I have to say that, as a Committee, we are very cross about constant cost-shunting, so I welcome the recognition to local authorities—we will see how far it goes—that there are problems with some bits of this. However, we heard quite clear evidence on this, as Mr Snell highlighted.



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Q200 Gareth Snell: Why do you assume that there are no local costs? Bullet point two of paragraph 3.19 says “no additional costs for local bodies”, so the assumption in your own business case is that there are no additional costs.

Neil Couling: You might need to ask the National Audit Office what they meant by that reference. If we are talking about local authorities, there is provision in there. I think they may be alluding to other bodies, but I look to Joshua and Amyas on that.

Q201 Gareth Snell: I will ask them. The bullet point also says: “The Department has said it will not measure these additional costs until local organisations can demonstrate they are being caused by Universal Credit”. What are the criteria for that?

Neil Couling: A set of pre-existing costs will be associated with the legacy benefits systems. In many cases, those costs may be treble, because people have to make numerous claims as they move and they transition from being out of work, into work and then back out of work, which unfortunately is often the journey for people on benefits. Those will all be pre-existing costs to those organisations. I say in that response that, if the UC costs can be shown to be higher than that, we would consider making some kind of payment. However, they ought not to be, because of the simplification in the system.

Q202 Chair: Are you asking them for baseline data for, say, the previous three years, so that you can extrapolate the costs from that?

Neil Couling: I have been trying to do that. I have been trying to look at people’s accounts, and I have had my team looking at this and exploring whether we can discern the legacy costs and whether there are additional costs from UC. It ought to be the other way around.

Q203 Chair: It might be over time, if it works, but it has not been immediately, as we have heard very clearly.

Neil Couling: That is exactly why I authorised the £4.7 million payment to local authorities in the first 100 or so jobcentres. We were getting to a point where it was proving to be very difficult to get definable information out. I thought that, if they were saying there were certain costs, I was hoping you would be sympathetic to that—

Q204 Gareth Snell: It is the proverbial, as my grandfather called it, wet finger in the air-type stuff. That is what it seems to me.

Neil Couling: Unfortunately, that is where we seem to be at the moment.

Gareth Snell: I thank you for your candid answer, Mr Couling.

Neil Couling: It is. It is very fairly put there. If you see my letter to the chief executives and the Local Government Association, I did that, and I think I was taking a bit of a risk in doing it. However, in contrast to the refrain—

Chair: We are pleased with your refreshing honesty, which I have learned

from other civil servants can be a death knell for your career.

Neil Couling: I think I death-knelled a while ago.

Q205 **Gareth Snell:** So it is more the Department of wet pinkies than Work and Pensions now, isn't it? Can I move on from local authorities? Figure 11 is entitled, "Payment timeliness for individual elements". Can I just quickly talk about people with a limited capability to work, two thirds of whom are not paid on time? The NAO has provided us evidence that the reason people in that situation are not being paid on time is because of the horrendous delays in accessing a work capability assessment, which, as I understand it, is something that the Department is responsible for.

Neil Couling: This is the way in which the timeliness data works. The work capability assessment process does not complete until week 13 at the earliest, but we measure full payment on the first five weeks.

Q206 **Gareth Snell:** So that figure is wrong?

Neil Couling: No, that figure is correct. However, it is an impossible thing to get, other than in the cases of people who are terminally ill, which we pay straight away on the basis of a DS 1500. We do that for obvious reasons: because they are terminally ill.

Q207 **Gareth Snell:** So you have designed a system that is impossible to meet?

Neil Couling: No, I have designed a measurement system. These measurements were put in place when we knew we had problems—in early 2017—and we have fairly reported against those. It is something around the limited capability to work. Let me explain how the measure works. We look back in time at the claim. So we look back at week 13 and say—and we pay arrears—so would that person have been entitled at week 5 to the limited capability for work element in their Universal Credit. We can't tell that at week 5, so nobody in the jobcentre or the service centre can know that at week 5. You can't get that.

Q208 **Gareth Snell:** So you designed a metric counting system that works, but you devised a system that doesn't work.

Neil Couling: No, the legacy system works in exactly the same way. It takes 13 weeks to go from an initial claim for employment and support allowance to the work capability assessment being done, at its fastest. You could question me about the other groups there, but this one—it is impossible to pay those cases on time unless they are terminally ill.

Q209 **Gareth Snell:** So you have designed a system that is impossible—I use your own word there, Mr Couling.

Neil Couling: If your test is—and no, I did not design the system to pay everybody at the end of the first assessment period; I was just asked to measure against that, and this honestly provides measures against that. It is not a question of system design. It is a question of what is possible and what is impossible, and work capability assessments take 13 weeks from start to finish. There is nothing Universal Credit changes or does anything about that.



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Q210 Gareth Snell: Okay, I do not want to labour that point particularly, but clearly it is a situation that is untenable if you have at best a third of the people getting their entitlement because of a system where 13 weeks and five weeks can't—

Neil Couling: I think you are misunderstanding here.

Gareth Snell: No, I don't think I do.

Neil Couling: I think you really are: it is payment in full and at week 5 that person has actually got a payment in full. When we look back at week 13 and discover they are entitled to the LCW because they have passed the work capability assessment, it then shows up as a payment in part, not a payment in full. That is what is going on there. It is nothing about system design. It is about the way in which different policies are working here, and the reality of the work capability assessments that this Committee has looked at a number of times, and how they are proceeded through.

Q211 Gareth Snell: So different policies working against each other are creating an illusion. Is that what you are suggesting?

Neil Couling: You often get—this relates to the point that Mr Evans made a while ago: there are always in a policy design choices that you have to make.

Q212 Gareth Snell: Can I ask you briefly about figure 10, where the notes state that 90% of claimants were being paid, "some on time"? Are you able to give an average as to how much that sum actually is? Is it half of what they are entitled to? Is it two thirds of what they are entitled to? Is it nothing of what they are entitled to? Obviously, "some" just means less than all.

Peter Schofield: I think you get a good indication if you compare figure 10 with figure 11, because that shows the difference between the payment timeliness for those who only get the standard allowance and those who get the additional components. I think what you find—I mean, it is actually quite a similar end point: 91% and 90%. What you find is, I imagine, that within the 90% it is people getting their standard allowance, and then the difference is where people are entitled to a housing element or a childcare element.

Gareth Snell: I was going to ask about those elements that are ring-fenced versus those that aren't, but I think with the time, Chair, I shall leave that.

Chair: Perhaps we will just cover that briefly, and get some of it. Ask the question, Mr Snell. I think it is worth covering.

Q213 Gareth Snell: What I want to understand is, if you are a claimant who gets some of the payment, yes, you may get the parts that are ring-fenced, but those are obviously ring-fenced, so you cannot use them for your day-to-day living costs.

Chair: Do you mean child care?

Gareth Snell: Your child care: so how are you making sure that some payment isn't masking a deeper level of potential hardship that is being induced because of Universal Credit?

Neil Couling: We are working to get to full payment in as many cases as we possibly can—

Gareth Snell: That's good to know.

Neil Couling: But in terms of if the claimant needs extra money, the claimant can have a second or third advance—depending on how many: in each assessment period the claimant can have an advance until they have got their full entitlement. If it is a cash crisis caused by, say, we haven't verified the children yet, then we can make an advance for children costs.

Q214 **Chair:** How do you recoup the childcare costs when they then get paid? Do you just take that directly out, or do you expect the claimant to pay you back?

Neil Couling: If it is a second advance, it will be recovered after the first advance has been recovered.

Q215 **Gareth Snell:** So they are not concurrent?

Neil Couling: No, I don't think we roll them up into one repayment, but can I just check that?

Q216 **Gareth Snell:** Okay. Finally from me, on figure 4—the timetable for Universal Credit—are you still comfortable that you are on track to have a full service roll-out by December 2018?

Peter Schofield: Yes.

Q217 **Gareth Snell:** And do you think you will need any of the contingency timetable that is built into that programme?

Peter Schofield: The big challenge, as Neil said earlier, is managed migration and the huge amount of work that is involved in that. That is where the contingency comes into play. The roll-out to all jobcentres by the end of the year is in hand. There is acceleration under way, but it is going well.

Q218 **Gareth Snell:** Are you still content that by March 2023 you will have completed the migration activities?

Neil Couling: It is a viable plan.

Q219 **Gareth Snell:** That isn't necessarily what I asked. I asked whether you are confident you will meet that target.

Peter Schofield: It is a challenging and viable plan. The Report quite rightly uses words from the Major Projects Review Group, which gave a challenge back—it talked about growth in scope and various other things. It is challenging, but it is viable.



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Gareth Snell: On the profile of that migration, moving over individuals with simple cases is obviously very different from moving over families with complex cases. At what point in that migration period will you know whether you are going to meet that milestone target by March 2023?

Neil Couling: I am deliberately not showing too much of my hand on this at the moment, because I want to engage with the stakeholder groups about the best way of tackling this challenge, but you will effectively need to hit a run rate at a certain date if you are going to be able to complete the exercise. The work that we have done internally suggests that the organisation would struggle at anything over 100,000 cases a month coming across, so that is the upper limit. I do not want to be at 100,000, because that might stress the organisation and we need to have some capability to move around, so I want to set that at a lower level. I am deliberately not saying what that is now, but that is what the next phase of planning and testing is all about.

The key thing here—as Members of Parliament, you will know this—is how claimants react in contact with the plan. The one thing we know from Universal Credit and the test and learn approach we have taken is that there may be a difference between what you think will happen and what actually happens. That was very true around housing—Newcastle will tell you this—in the early days. Claimants did not respond as we had anticipated. We have learned from that, but we need to continue that learning into this next really important phase.

Q220 **Gareth Snell:** Without giving away too much about the cards you want to keep close to your chest, on what date do you think you will be able to assess that you have either hit that run rate sufficiently or you have not and then report back to us about whether you expect further delays?

Neil Couling: It will be into 2020, because I have a year's worth of testing, which will be low volume, at the start of this. We will then want to do what we did with full service—try it in volume and see what happens—before committing irrevocably to a certain volume. We are talking about 2020 or 2021.

Q221 **Gareth Snell:** So in roughly 18 months' time you will know whether you will hit that target.

Neil Couling: Yes. I am very keen to protect this testing period and to not see it eaten away at.

Gareth Snell: I understand that.

Q222 **Chair:** That makes sense. What do you need to have in place to make sure that you are ready in that testing period? What markers will you have to hit, and by when?

Neil Couling: Shall we start with the good news? One of the things we have been doing as we have been rolling out full service is building the infrastructure, so we will have the infrastructure on which to deploy managed migration. We will have built the service centres, the jobcentres

will all be very used to dealing with Universal Credit and the stakeholders will be very used to it as well.

Q223 **Chair:** So all the jobcentres will be doing it by the time we go to—

Neil Couling: All the jobcentres. We will have around 3 million people on Universal Credit by the time we start this in large volume. The environment will be set up for this. Those are all good things from a project delivery—

Q224 **Chair:** So that is already tick-tick done, or en route. What else??

Neil Couling: The key thing, which I keep emphasising, is: how do the claimants respond to our contact to them?

Chair: That is the difficult bit.

Neil Couling: The difficult bit is switching off the legacy entitlement and switching on the Universal Credit entitlement, and making sure that there is financial cover over that period as well so that we do not—

Chair: That is the hard hand-to-hand stuff.

Neil Couling: That is the really tricky bit.

Q225 **Chair:** What worries you about that? We have covered some of that today, but what genuinely worries you about what could go wrong there? A lot could go wrong. Every individual is different.

Neil Couling: I worry about the perception of Universal Credit. I am on record saying I am worried about how some of the debate is carrying on and what that is doing to claimants, making them quite fearful.

There are a large number of people who will gain from this move over to Universal Credit, getting higher entitlements, but all of the media noise about it is making people quite fearful and I am worried about that. We need people to respond positively to an approach from us, or it might be from someone else—that is why I want to keep this a bit open. It could be an approach from your landlord, to invite you to make a claim for Universal Credit. I am open to looking at different ways into this, because that is, as I said, the key to success here.

Q226 **Chair:** Implicit in that is that you are looking at providing better support—are you?—to people at that migration point. Do you want to expand on that and talk about what that will mean practically, how far you have got and how far you will have to get before you roll this out?

Neil Couling: I think it has already come out in questions either to us or to the previous panel around universal support. I am reviewing universal support at the moment, because we are getting only about a third of the number of cases going through universal support that we had expected. That is concerning me. I think the Trussell Trust said it was worried that people were not getting the support that is already there. People forget that universal support is £200 million-worth of help that just is not in a legacy system. So we are new to that, and the providers are a bit new to



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it—they are a bit more experienced, as some local authorities have been doing it themselves for a while, and Citizens Advice does about a quarter of the delivery here.

We have got to adapt what we have got. It will be a different kind of universal support—

Q227 **Chair:** So what milestones have you set for that? We heard a lot about, for instance, debt advice not being properly in there. You have got the Money Advice Service, but that is a slightly separate bit of Government funding—I think by you.

Neil Couling: The Work and Pensions Committee are reviewing universal support at the moment, so I want to wait for them to produce their report.

Q228 **Chair:** You are listening to their views? That is good. It is always good to know you listen to Select Committees.

Neil Couling: We always listen to people's views.

Chair: A schmooze session. The NAO and Select Committees—no one could be kinder and better today, clearly. Carry on, Mr Couling.

Neil Couling: Damned with faint praise.

I want to wait for that. We have been talking to Citizens Advice directly about what they could help us with, because they are in contact with a lot of the people who will need some support here.

Q229 **Chair:** Are you looking at a contract with Citizens Advice?

Neil Couling: We are looking at a whole series of different possible relationships with them. I am not going to be more specific than that today, in respect to them as well. I am also talking to a number of social landlords who have really bought into the idea of Universal Credit—they can see what it can do—and are thinking about how they can help us do this, because it is in their interests—

Q230 **Chair:** So really what you are looking to do is outsource some of the work to organisations who, in a sense, have a relationship with the claimant already. Is that what—

Neil Couling: I do not really like the word “outsource”. Perhaps partner. And just to see what is possible—

Q231 **Chair:** But money will follow that partnering.

Neil Couling: If necessary, it could do, yes.

Q232 **Chair:** To go back to the timetable again, it is all very well that you want to wait for the Work and Pensions Committee report to come out and so on, but when do you have to make decisions on this? And how long do you have to get these partners to work with you to ensure that the roll-out runs more smoothly?



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Neil Couling: Clearly I cannot do anything in terms of testing until the regulations are passed, and they probably will not be passed until late autumn. I am assuming what the parliamentary calendar will look like.

Chair: Okay, so late autumn. One milestone, which is sort of out of your control.

Neil Couling: Yes, often out of my control.

Chair: Pesky politicians will get in the way.

Neil Couling: It's democracy—it's wonderful. Then we have got what we like to think of as the design phase, which we are just entering into now, working with these organisations. Then there will be a test phase across 2019; in 2020 we will start to put some volume into the system and by 2021 we will be going at the full lick.

Q233 **Chair:** This is good stuff if it works; the question is, why weren't you doing this before? You have obviously learned along the way and we would expect some honing, but some of this stuff about debt advice and the transition is pretty bleeding obvious for an organisation for which, as Ms Mahmood says, this is your bread and butter business.

Neil Couling: Debt advice was a point fairly made by, I think, the Trussell Trust and perhaps one of the local authorities as well; forgive me, I can't remember exactly.

Q234 **Chair:** Yes, both of them.

Neil Couling: We took a long, hard look at that a few years ago and concluded that we were not the people to provide debt advice. It already existed; the Money Advice Service was funded by levies on the banks after the 2008 experience and we tried to channel support through them. When we see that there are debt issues, we refer people to Money Advice and so forth, and that might still be a viable model. Some of the organisations doing universal support say, "We should be able to do the debt advice for them as well." They are in a kind of competition with Money Advice. I do not mind particularly, as long as it is done.

Q235 **Chair:** Does not timeliness matter as much as anything—and good advice, obviously?

Neil Couling: I think so, but what is going on with universal support is quite strange. The councils will tell you, "We haven't got enough time." I budgeted 120 minutes, for example, for pre-budgeting support for them as a period for each slot. They are actually taking about 74 minutes in real time. Those are not my timings; they are what the councils have reported back to us. There is something going on around universal support that I would like to understand a bit more before I start saying, "We're going to do this and we're going to do that."

Q236 **Chair:** We will keep an eye out for our sister Committee's report and probably come back to you on this particular point when we have you back in. Another couple of quick things: you have two parallel systems



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running, the live service and the full service. Do you regret that now that you have a bit of a headache, running two services in parallel?

Neil Couling: Completely not. It was the right decision back in 2014. It has allowed us to get the operating environment set; it has given me a cadre of trained people inside DWP who are used to UC.

Q237 **Chair:** And you can justify the cost of it?

Neil Couling: I think so, yes.

Q238 **Chair:** Mr Schofield?

Peter Schofield: The Report refers to the £837 million, but the investment element is included within the other investment costs, and we still come within the overall budget.

Q239 **Chair:** So are you saying you will passport over some of the costs?

Peter Schofield: A lot of the fixed costs can only be used for Universal Credit live service, so they have been depreciated away. It is more the value you get from the learning, the training and development and the partnering that Neil has described.

Q240 **Chair:** The other question for you on the money, Mr Schofield: you have planned efficiencies and you will not get them if it costs more than £173 per claim. What if you do not meet that target? Where will the money come from?

Neil Couling: First, 94% of the costs fall by virtue of the case load and conditionality changes. Like for like, the unit cost would currently be about £202, as opposed to the unit cost in the Report—I forget what it was, but Josh will know the figure—

Joshua Reddaway: It is £699.

Neil Couling: Yes, £699 right now. It would be £202 if I had a magic wand and could change the case load to be fully rolled out. There is some more automation and efficiency that I have to drive into the service, but it is not as much as you might think, looking four or five years out. As I said, because I need a stable operation to be able to safely move people in the managed migration phase over, I don't want to be making big changes to the system then.

Peter Schofield: Those are the points I referred to earlier from paragraph 3.19; the mix will change that. I think we have real confidence that we will deliver the unit cost reduction that comes automatically as the case mix changes.

Q241 **Chair:** But if you don't, do you have plans? Where will you plan to do other things in the budget to make it balance?

Peter Schofield: Then you come on to a wider question about negotiations on the budget for DWP. We have a budget through to—

Chair: You might go to the Treasury cap in hand. There we go; that is an



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early bid for the next spending review.

Q242 **Shabana Mahmood:** I thought I had read that there had been a cut to universal support, in that it started at £239 million and is now at £170 million. Is that correct—a £69 million cut in funding for universal support?

Peter Schofield: The point there is around the take-up, which Neil was describing earlier.

Q243 **Chair:** So there has not been a cut; it just hasn't been used.

Peter Schofield: It just hasn't been drawn on. You are right: there are two sets of numbers in the report, one at the beginning and one towards the end.

Q244 **Chair:** It is not that it wasn't there—you haven't reduced the total available.

Peter Schofield: No, and one other point I was going to make on take-up was about training our frontline people to ask the right questions to get clients to take it up. So the right question is not, "Would you like budgeting support?", because most people say, "No, I'm fine", but enabling the conversation to happen in the jobcentre where people understand, "What are your issues in terms of managing your budget?"

Chair: The nudge thing.

Q245 **Shabana Mahmood:** So for the service that Mr Couling described, which sounds very positive and would be welcomed by all members of the Committee, the money is there for all of that to be delivered. Is that correct?

Neil Couling: Yes.

Q246 **Shabana Mahmood:** Yes? Okay. That is not quite—but perhaps we can come back to that another time.

Peter Schofield: Some of it was top-sliced to provide the £4 million to local authorities which we talked about earlier.

Q247 **Shabana Mahmood:** Okay, thank you. A final one for you, Mr Schofield. Have you ever met a claimant of Universal Credit who is in financial hardship and sat with them, looked at their paperwork and tried to navigate their claim with them?

Peter Schofield: Yes.

Q248 **Shabana Mahmood:** You have. What did you learn from that process?

Peter Schofield: The one that comes to mind because it was most recent is the one in Manchester that I was describing. I was in the food bank, the Central Manchester food bank, and someone came in to say—I am not sure how much of the case to talk about, but the issue was that they had said that they had not earned any money in the previous assessment period and our system said that they had. They had therefore been referred to the food bank by the jobcentre. My immediate reaction was to

take the details and to follow up with the jobcentre, to find out about the situation and to understand it a bit more.

Q249 Shabana Mahmood: That was not quite what I meant. I meant more, Mr Schofield, what we do as MPs—a person comes to us with a problem and we sit with them to look through their paperwork, to learn from the paperwork and their experience what is going on. What is a big efficiency that occurred to you when you met that person?

Chair: The system problem.

Peter Schofield: The system problem is one about communication. It is a communication issue. The person who came to the food bank said, "This is what I was told by the jobcentre", so I said to the jobcentre, "Hang on, this is what they heard. What did you say?" The jobcentre said, "That isn't what we said." Really, it is about trying to get the communication to work. It goes back to what I was saying about the take-up of universal support—actually engaging in a way that enables people to receive the support that is available. I think we are doing much better at this over time, but it is partly the training and support that we need to give our frontline team.

Q250 Shabana Mahmood: Do you meet claimants regularly? Systematically, week by week, month by month.

Peter Schofield: When I am out and about—

Chair: Two days a week—

Shabana Mahmood: That was stakeholders, not claimants.

Chair: I think Mr Schofield already said he met claimants at the jobcentres.

Peter Schofield: Yes, at jobcentres, so I will sit in a work coach interview, or—

Shabana Mahmood: Sorry, I misunderstood your previous answer. I thought you meant stakeholders when you meant both stakeholders and claimants.

Peter Schofield: Sometimes the stakeholders are in the jobcentres.

Chair: Mr Schofield, we're on a joint mission to find one moment of accord in this meeting. When we last met, we said that we would gather evidence about badly worded letters, which you acknowledged. We are still gathering that evidence. We will send you a dossier of badly worded letters and, if you are really on a mission to improve communications, on that point we can agree we will be with you, if you can deliver it.

Q251 Chris Evans: One final question. You do not collect essential details of vulnerable claimants. I am just concerned, as I have been contacted by various groups about people being diagnosed with terminal illnesses who have to meet with work coaches if they slip through the system. Is there any way of ensuring that that does not happen, because this is an issue



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of sensitivity and so on?

Peter Schofield: Yes, that is something we are very much on—

Neil Couling: We have been in touch with Macmillan about this, because we totally agree: we do not want to put people in those awful circumstances through anything that is not going to be required for their benefit claim. From this spring, we have been allowing third parties and claimant representatives to send us the DS1500s, which is the form on which terminal illness is declared directly to us. It is all explained on gov.uk, and it is one of the many examples where we have responded to feedback.

Chair: My final question is on some of the points made earlier about online access. There seems to be an assumption with the journey that people are on their phones and online all the time, but often information is put up at short notice. One of my constituents said to me, “Meg, I’m online one hour every day in the library. That’s my online.” That is someone who is IT literate. Have you reconsidered how you are going to do the online thing, given that a lot of people are digitally excluded or don’t have the money to pay for the data on their phone?

Peter Schofield: One of the points that was made was about communicating. We ask people, as part of their claim, how they would like us to communicate with them. Some say they want to be communicated with through the journal, and some people say by phone or SMS. I guess the challenge to take away from this is, do we regularly ask people the same question to check whether that remains the case? The claimant survey, in terms of access to online, was quite helpful.

Q252 **Chair:** I don’t think any of us is saying online is a bad thing. It’s just that for some people it is not going to work, and maybe there are glitches in the system.

Neil Couling: One of the things I did when I took over a few years ago was to ban the phrase “digital by default”, because it was misleading the design people about what we wanted to do. There will always be people who cannot engage with us online. Our service is a last resort for a lot of people, and we have just got to be there.

Q253 **Chair:** Sure. If we sit in your offices, I am sure it would be very similar to our surgeries. An awful lot of people do not manage with the online system. That is not a denigration of them. It is often financial.

Thank you both very much indeed for your time. We will look back at this, perhaps before Christmas but certainly in the new year. As you move towards the new system and the migration process, we want to make sure we are ahead of the curve. We are keeping the challenge on to make sure it works, because if it goes wrong, given some of the challenges so far, it could be catastrophic for very many more people. By then you will be migrating about 5.5 million people from next summer.

Neil Couling: I am not sure of the number of people—



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Q254 **Chair:** You say you have 3 million already over, so it will be about 5.5 million.

Peter Schofield: It says 3.95 million in the Report.

Neil Couling: So when do you want me back?

Q255 **Chair:** We will determine that with our good friends—and your good friends, it sounds like—at the NAO. You will be starting the managed migration next summer.

Neil Couling: It is about 6.5 million households on Universal Credit ultimately. By the time we start managed migration in any great volume, I think we will already have 4 million on the system. It builds quite quickly. We are probably at 1 million by now—we are maybe a few days away from 1 million—and then it builds 1 million by next July, and then another million by April 2020. It builds quite quickly after that.

Q256 **Chair:** We will bear in mind those dates, and we will have you back at the right moment. We are keen to get in early, rather than after the event. If there anything you would like to show us before you roll it out, we would love to have a hearing on something in advance.

Peter Schofield: You know you are always welcome.

Chair: You are always welcome, too, Mr Schofield. Peace has broken out. You are very welcome to come to us ahead of a roll-out and let us run through how you are going to do that. That would be very helpful. We could be free consultants. There you go—that's another role for the PAC.

Thank you very much indeed for your time. The transcript, as ever, will be up on the website uncorrected in the next couple of days. Our report won't be out before the summer recess. Unless there is a miracle, I don't think we are going to have time for that, so you are going to have to wait in anticipation for the autumn.