HOUSE OF COMMONS

Work and Pensions Committee

Oral evidence: Introductory session with the new Secretary of State, HC 1790

Wednesday 19 December 2018

Ordered by the House of Commons to be published on 19 December 2018.

Watch the meeting

Members present: Frank Field (Chair); Heidi Allen; Neil Coyle; Rosie Duffield; Ruth George; Steve McCabe; Nigel Mills; Chris Stephens; Derek Thomas.

Questions 1 - 143

Witnesses

Rt hon Amber Rudd MP, Secretary of State for Work and Pensions, and Peter Schofield, Permanent Secretary, Department for Work and Pensions.

Examination of Witnesses

Witnesses: Rt hon Amber Rudd MP and Peter Schofield.

Q1 **Chair:** Welcome, Amber. Will you identify yourself for the sake of the record? We will ask Peter to do so afterwards.

Amber Rudd: Thank you very much, Mr Chairman. It is a great pleasure to be here. I feel tremendously honoured to be in this role. I recognise the huge importance that my Department has in serving people. I think we all agree that the previous legacy system for benefits was difficult to manage, complex in many ways, and many of us, as constituency MPs, experienced that with the complexity and confusion that it caused.

I believe that Universal Credit is a force for good. I recognise that it has had problems and I know that from my own experience in Hastings, which was one of its earliest places. I am committed to making sure that we get all the best from Universal Credit and try to eradicate the difficulties that we have had.

Chair: We are going to ask you to talk at some length on that. Welcome, and thank you for identifying yourself as a very keen Secretary of State.

Peter Schofield: I am Peter Schofield, the Permanent Secretary at DWP.

Q2 **Nigel Mills:** You have had a few weeks to master all the detail of this Department. Can you tell us what your priorities are, what you most would like to see changed in the Department during your hopefully long tenure there?

Amber Rudd: Four weeks in, my priorities are to make sure that people receiving Universal Credit have access to the cash in good time. There has been some progress in that area but I am going to see what else I can do. Secondly, it is to make sure that people are secure in their houses. There is more we can do to make sure that people are able to feel certainty about payments to their landlords. I am sure we will be able to discuss that more. Thirdly, it is making sure that Universal Credit works for women and for families.

Q3 **Nigel Mills:** It is fair to say that in his report, which you took a bit of a dislike to, Professor Alston was not greatly supportive of the Government's welfare policies. Did you take any useful information out of that report at all?

Amber Rudd: It is absolutely reasonable and fair that an organisation like the United Nations sends somebody to take a look and to focus our minds on the poverty that there is in our country. It is always useful to have another look and to see what else we can do. He missed some of the good things that we do in Universal Credit, some of the positive elements of people's access to more benefits in some cases and the transparency of being able to manage their own money.

I was critical of his report particularly because I found it inappropriately political. I found describing poverty as a political choice completely wrong. That is not the political choice of this Government.

Q4 **Neil Coyle:** I think it is a quote from Nelson Mandela, isn't it?

Amber Rudd: Indeed, but I still think it is the wrong quote to use of this Government and it is misleading because we are trying to make sure that there are fewer people in poverty, not more.

Q5 **Neil Coyle:** I think the point he was trying to make is that policies like Universal Credit and the former policy of the Home Office of no recourse to public funds for British children born to parents legally entitled to be in the UK, have created poverty and are a specific result of Government policy.

Amber Rudd: I do not think that was the point he was making. He was making a broader point about Universal Credit, and from that point of view he was entirely wrong because he did not seek to compare it to the legacy benefits, which had so many problems. He picked off some of the issues, which I acknowledge have been problematic and I want to fix. From that point of view it was misleading.

Q6 **Nigel Mills:** If I asked you to give a mark out of 10 for how your Department is doing currently, what would it be? Where do you think you can get that to in the next couple of years? Do you think everything is fine now and it is just a bit of tinkering?

Q7 ***Amber Rudd:*** I have some experience in giving numbers inappropriately sometimes, Mr Mills, so I will pass on giving it a mark out of 10, but I will say that I am enthusiastic about Universal Credit. I do think we can get it right. I acknowledge it is not just tinkering. There have been problems and I see that as the biggest challenge I have to try to make sure we can fix those problems and give people the confidence to believe that Universal Credit is going to help them in their lives.

Q8 **Nigel Mills:** What do you think the biggest risks are in your Department? If you had your three red risks of what might go wrong in the next year, what would they be?

Amber Rudd: The biggest risk we have is making sure that Universal Credit, as it is rolled out, does so in a successful way, in a way that gives people confidence, that addresses my priorities. I am keen to make sure that it does so at a pace in which we can have complete confidence.

Q9 **Chair:** You took over the Department with almost your foot on the gas at a certain degree of pace with the rollout of Universal Credit. Are you telling us that you are careful watching but what happens, you may change the rate at which there is migration?

Amber Rudd: I would like to keep an open mind to that, Mr Chairman. The priority for me is making sure that we get it right. The Permanent Secretary and I were discussing this recently. We have particular

concerns, and I know the Committee has raised these concerns, as have stakeholders, about the most vulnerable in society. Some of them will take a long time to get on to Universal Credit in terms of engaging with them and getting the transfers done effectively. We will learn and see how long we need in order to make sure it is effective. I would much rather every individual gets personal attention and care when getting on to Universal Credit than sticking to a prescribed timetable.

Q10 **Chair:** What data are you asking for every week to see whether that very laudable objective, which we would all sign up to on the Committee, is being fulfilled so that you very quickly know whether that ambition is not being fulfilled? What does Peter produce for you every week on data to judge that?

Amber Rudd: I get regular data on the current UC applicants. My particular focus, in answer to your earlier question, is on the managed migration, which as we know starts in July, and I am sure we will come back to that. At the moment, for instance, because my priority is money being received by individuals, I have been focusing on how soon they are getting that.

In Hastings, when we first had UC, only about 50% were getting their payments on time. We are now running at 85% and I want to see that improve. I have some key elements that Peter updates me on to make sure that we are making progress in the areas where I think we have seen weakness.

Chair: We will come back on the five weeks in a moment.

Q11 **Derek Thomas:** We ought to understand, and I certainly do, that when we are changing any sort of benefit to another system that will naturally cause stress and anxiety even if it works perfectly and is absolutely fantastic, and we know there have been some challenges. I want to talk a little bit about another change from DLA to PIP, the personal independence payment. The very thought of that for many people who have a long-term health problem will be stressful even before they enter the process. I appreciate it is four weeks in and there is a whole myriad of things to get your head around. The PIP affects our most vulnerable people in society.

There seem to be real problems with the process of applying for it—the medical assessment, the mandatory reconsideration if the result does not go how people think it should, particularly those supporting individuals, and then the appeal process—and that process is not seen as a success. Have you had time or are you considering now what can be done to look at that whole area?

Should all people be constantly reassessed every two or three years? Are you confident in the process as it stands? For example, do you have confidence that a mandatory reconsideration is a genuine reconsideration or just a rubberstamp exercise so that the default position becomes an appeal? From all the MPs and colleagues that I have spoken to, including

my own situation, people wait a very long time for appeal, sometimes with no notice whatsoever, and in that time they have no benefits. If they have family, they can get help but often people just do not have the support that is needed.

Have you had time to look at this and consider it? What can be done to change the outcomes, make sure we make the right decisions quickly and appropriately, so that we can avoid the stress and anxiety that could be avoided?

Heidi Allen: If I could add on the ESA as well.

Amber Rudd: Yes, on assessments. On PIP I announced last week that people on the highest disability would not have to be regularly reassessed every two years. Instead there would be a light-touch reassessment every 10 years. I agree with your principal point, which is that there is a cohort of people who should not be put through that every two years.

I also think that we could do better on the waiting time for assessment. I do have concerns about the number of appeals that get through—a lot—which does indicate that maybe those earlier decisions could be better made.

On ESA, the waiting time has come down from an average of 32 weeks to 10 weeks. Of that 10 weeks, four weeks is the applicant's opportunity to fill in the form. Those waiting times have improved quite significantly but I take your point that it is a lot to put people through and we need to get a higher rate of success.

Chair: A quick one on how we follow through and get that promise fulfilled.

Q12 **Neil Coyle:** There are 180,000 disabled people who are owed about £1.6 billion due to underpayments by DWP identified by the National Audit Office and the courts. There is a process for reviewing all of those payments, and I do not expect you to have this figure to hand—although Peter should, I suspect—but could we have an update on where the review of those payments is at, given it is meant to finish next year? There are about 500,000 people being reviewed.

Peter Schofield: Obviously, the National Audit Office did their report, and I appeared before the Public Accounts Committee back in May on the whole process of taking people from IB into ESA. The first phase will be completed in April but since my appearance in front of the Public Accounts Committee the Government looked again at the position on—I do not know if you remember the position on section 27, which means that we are now doing another phase of that work to bring more people and to go back to the point of transition rather than back to 2014.

Q13 **Neil Coyle:** How many people have gone through that review process so far? How many people were owed money by the Department and how many are now receiving the correct payment?

Peter Schofield: I will have to get you the exact numbers, so I will write to you on that. But we are on track to complete the first phase by April, which will be about 300,000.

Q14 **Neil Coyle:** Everyone by the end of next year is on track, is it?

Peter Schofield: The commitment is to spend another year doing the second phase, but we are on track.

Q15 **Neil Coyle:** Completed by the end of 2019?

Peter Schofield: Yes, and we are on track to meet our commitments.

Q16 **Chair:** Can I suggest that one of the weekly sets of data you get is from Peter?

Amber Rudd: Yes, Chairman, you can.

Q17 **Ruth George:** When this Committee did a report on PIP and ESA, one of our key recommendations was that assessments would be video-recorded to allay people's fears and drive quality up. While that was accepted by the previous Secretary of State, we have not seen any progress towards it being implemented. My constituents are finding that now they are being all asked to supply their own recording equipment if they want their assessment to be recorded. In the past there used to be two or three sets per assessment centre. Those do not seem to be in operation anymore. Is that something you could look into or the Permanent Secretary could give us an update on?

Amber Rudd: I will certainly look into that. Video-recording is a good development. We have some piloting going on and Peter can update us on that. It is a priority to make sure that we do get it out because people need to have confidence in the system, I wholly agree.

Peter Schofield: The pilot has started but I am concerned by the example that you have given. Could you write to me and let me know the situation and I will look into it?

Q18 **Chair:** Could that go on your weekly list, please?

Peter Schofield: It is quite a long list now.

Chair: Monday morning is going to be taken up.

Q19 **Rosie Duffield:** We are going to move on to the impact on women. We note in your letter that you said, and you mentioned earlier, that you want to put women and children at the heart of getting this right, which is great. As a Committee, we have received evidence that women are turning to prostitution while waiting for Universal Credit or because they are worse off once they are on it. What are you going to do to protect those women? The previous Secretary of State suggested that they should get another job and that work coaches are strategically placed to help. Do you agree with that?

Amber Rudd: The whole point of Universal Credit is to stop people getting into these extreme situations. One of the ways we can do that is by addressing the priority I set out for you earlier, which is to make sure that people can have access to the money earlier. If people can have access to the money earlier, they are less likely to have extreme responses, like the one you set out.

Being able to make it clear that people can have an advance on day one, if that is what they need, would be an important way of addressing that. Of course, women are in the higher range of the lower paid, so women will be both winners and losers from Universal Credit, but I believe overall they will be winners.

Just one example, I met an MP yesterday who said to me what a success Universal Credit had been in her area because they had—

Chair: Theresa May.

Amber Rudd: It is not. It is one of your own; I will tell you later. She was able to confirm to me that because of the role of work coaches engaging with women there were a whole cohort of Muslim women who are much more engaged and were able to get assistance with finding real jobs rather than doing much lower jobs than their qualifications. I am hopeful the personal nature of Universal Credit will be able to help a lot of women who were otherwise untouched in the legacy system, not helped into work and neglected.

Q20 **Rosie Duffield:** It is interesting that you mentioned Muslim women because Ruth and I are both part of APPGs on Universal Credit and single parents where we have heard that Muslim women are particularly badly affected by the two-child policy because there are various cultural aspects to that. What is your thought on that?

Amber Rudd: I believe that the two-child policy is the right policy in being fair to the taxpayer and being fair to the people who are receiving it. It is about making sure that people make the same decisions that people on incomes have to make if they are on benefits if they want to have two children or more.

We can do more to help make sure that women get the benefit of the Universal Credit payment and so I am going to be focused on making sure that the main payment is made to the primary carer. I am going to be coming back with some more proposals on that in due course.

Q21 **Rosie Duffield:** We are going to move on to split payments. Professor Alston found that women are particularly affected by poverty generally. What can you do to ensure that the benefit system does not contribute to or exacerbate that? You are talking about putting women and children at the heart of it but, practically, how do you think that could work?

Amber Rudd: Roughly 60% of payments to couples are made to women, but I think we can do better than that by ensuring that the payment is

made to the main carer. I am going to be taking some steps to address that.

It is so important to me, having been a Minister for Women and Equalities, and I have particularly made the point of having conversations with the Home Secretary about the Domestic Abuse Bill and making sure that I speak to the Secretary of State for Communities and Local Government about housing to make sure that women can be at the centre of any policy making.

Q22 **Rosie Duffield:** Scotland wants to introduce split payments under the Universal Credit system. The DWP apparently has said go ahead but the Scottish Government are saying that they are waiting for the DWP. Could you clear that up?

Peter Schofield: We are waiting for them to set out the policy intent.

Amber Rudd: I spoke to Shirley-Anne Somerville yesterday and she did not raise it with me. As far as we are concerned, we are waiting for the information from them. But as a result of this Committee meeting, I will of course get back on the phone and see how we can help.

Q23 **Neil Coyle:** When you say you are waiting for them to outline the policy, what is it they need to outline in order for the DWP to move on this? Is it something to do with the IT system, which from memory was part of the concern?

Peter Schofield: Having said that they have had an Act of Parliament in the Scottish Parliament to say this is what they want to do, we now need the Scottish Government to set out the policy intent, how they want us to do that, and then we can look at implementing that through the IT.

Q24 **Neil Coyle:** You will do what the Scottish Government ask on this even if it means adapting the IT system? Sorry, Chris, you probably want to come in on this.

Peter Schofield: We will look at what they want to do and then how we can implement it.

Amber Rudd: But be in no doubt, we want to help. I had a very good conversation with them yesterday. One of the things I raised was that they do not want to outsource, the way we do, the assessments on ESA and PIP, but we have contracts coming to an end so I need to push them to make proposals about how they are going to handle it instead. But it was a very constructive conversation and, after the issue you have raised here, I will build on that and make sure that we do not have anything outstanding between—

Peter Schofield: I will get back in touch with my colleagues over there.

Q25 **Chris Stephens:** Going back to split payments, the Sottish Parliament has made the decision that it wants split payments. This Committee has recommended to the Department to engage positively with the Scottish

Government and, if it is a success, that split payments should be rolled out to the rest of the UK. Is that something the Department is looking at?

Peter Schofield: We are very happy to work with the Scottish Government to understand exactly what they want us to do and we will talk about the implementation and what needs to be done to implement it, if that is what they want to do and if it is possible to do so. I will very happily get back in touch with my opposite number.

Q26 **Chair:** We have been talking about this and about the Scottish Government role. You seem to be suggesting that the Scottish Government have not told you what they want; is that true?

Peter Schofield: They have not told us how they want to implement this decision made by the Scottish Parliament, which I think relates to officially a reserved matter but it is something we are waiting for them.

Chair: It is months and months.

Peter Schofield: No, I know. I agree.

Q27 **Chair:** Are you blaming them?

Peter Schofield: I will undertake to have another conversation with my opposite number—I do not want to get in a blame game—and follow up. They certainly have not raised it with me.

Chair: It is another thing on your weekly list.

Amber Rudd: I had a very constructive conversation with my opposite number yesterday, which was not this sort of tone at all. It was absolutely, "How can we help each other? Have we gone through our list?" and this did not come up, but I will pick up the phone after this meeting.

Q28 **Chair:** It should be a conversation you would have on day one, Amber, not half a year later.

Amber Rudd: For me it is a few weeks later.

Chair: I know for you it is four weeks, but also we are thinking about how your Department operates and how the Scottish Government operate.

Amber Rudd: There was no indication from that call that they were waiting for anything from us.

Peter Schofield: We have regular meetings and I have a meeting set up very soon in the new year, where my executive team and I are going up to Edinburgh to have another of our meetings with them, and we are talking about how we can support them, implement Scottish choices more broadly, and all that they are doing in terms of the devolution settlement. The relationships are good. On this one we are waiting for more information.

Chair: We want action, never mind about the relationships. Ruth, can you come in on this?

Q29 **Ruth George:** Yes. I was looking at the arrangements in Northern Ireland for payment of Universal Credit there. In Northern Ireland they have been offered for payments to be split already. Where there are children involved the child element goes directly to the main carer. They have also been offered splits where there are no children involved, which seems to be working perfectly fine without any need for lengthy, protracted negotiations. Is that a model that could be used elsewhere in the UK?

Amber Rudd: I would be looking at the main carer element. I am interested in that as a potential change of direction. I will be doing some work on that. I believe the split payments is the same as with Scotland's proposal, which is that it will have to be done by hand. Is that correct?

Peter Schofield: Yes.

Amber Rudd: That means that it is very difficult for us to consider it on the scale of which we want to do it. The principle of one payment per household is not a totally new one.

Q30 **Ruth George:** It is 282,000 potential Universal Credit claimants in Northern Ireland so it is just quite staggering that that amount is going to be done by hand and that there has not been investment in the past in getting the computers to manage to work out those split payments. In Northern Ireland, they have twice monthly payments by default. The rent payments are paid by default directly to the landlord. These are things that can be done within Universal Credit but this Committee has been consistently told that things are too difficult, the computer says no. It is just trying to find out what can be done to help people and make their circumstances better.

Peter Schofield: The whole intent of Universal Credit is to do what works for the people that we are serving. Conversations happen between the work coach and the claimant to talk through what is required. You can ask for split payments in England as well. It is just that when the conversations happen, when people think about the nature of the bills, the nature of the circumstances they are in, this is not the right solution. When they are done, they are done through manual payments.

Q31 **Heidi Allen:** Is it all being done manually? That is what we are struggling to get clarity on. Are they doing it manually?

Peter Schofield: They are.

Q32 **Chair:** Do you have an extra complement of staff to achieve that and, if not, what is happening in Northern Ireland is what we have recommended should be the option for the whole country?

Peter Schofield: In order to do any of these different types or alternative payment mechanisms, they have to be done manually.

Q33 **Chair:** They manage it in Northern Ireland.

Peter Schofield: The number of claimants is much smaller.

Q34 **Chair:** That is not the relevant point, is it? It is the size of the machine serving that number of people. Are you saying you are overstaffed in Northern Ireland compared with the rest of the country so they have the spare capacity to do this, or in Northern Ireland do they just get on and do it as part of their normal daily routine?

Peter Schofield: In Northern Ireland, particularly in Scotland for example, the Scottish choices—

Chair: Northern Ireland is the question.

Peter Schofield: I know Northern Ireland is the question. Where things are done manually, they cost more money to deliver and we need more staff to do it. That is the nature of the situation. Where there is a policy change that we need to implement we will look at how quickly we can automate it. Automation is the right solution for any of these different ways of payments, just in the context of everything else we are doing.

Q35 **Chair:** Was that part of the £1 billion for the Ulster Unionist deal if you are saying extra money for Northern Ireland but not for England? Where is the fairness in that? All the representations we have had from constituents have been to have a Universal Credit with this flexibility.

Amber Rudd: With split payments.

Chair: The cost is a one-off one; it is not a regular one because then presumably the computer responds to whatever you compute into the computer.

Amber Rudd: I do not agree with the principle. The split payments should be available when there is a particular need but not as the normal principle.

Q36 **Chair:** Do you disagree with the Northern Ireland model?

Amber Rudd: Northern Ireland has a certain amount—they have the right to make that decision. -

Chair: They have managed to do that without a Government.

Amber Rudd: They have. I have a different view, which is that it is right to have one payment unless there is an exception to it. We need to make sure that those exceptions are available when people need them. Housing benefit has always been paid on the one-household principle. One of the benefits of having Universal Credit is that everybody can see how much is coming into the household and they can anticipate their spending and they can have more control over their money with having one household. I think it is better.

Q37 **Chair:** If one is going to stick with the one-payment policy and, given we know the vulnerability for some women and many children with that

policy, will the policy be that, to have a split payment, the non-carer has to request it rather than the carer gaining the main part of the allowance plus the children's allowances?

Amber Rudd: I am not sure what the policy is going to be in that respect. I had a meeting last week with Women's Aid and Refuge. I acknowledge that they want to have split payments as normal but having talked to them, we are now going to be discussing how to accommodate their concerns so that it can be requested in a way that protects the women where appropriate.

Q38 **Chair:** Mine was slightly different. I was not asking for split payments. I was following your wish to have a single payment as the norm. If we are having the single payment as the norm, could that go to the women—and normally the woman is looking after the children—and the allowances, if there is a split payment it has to be, generally speaking, the man that requests it?

Amber Rudd: It is my preference to move towards—

Chair: Can you take that away and think about it?

Amber Rudd: Definitely I will. I am thinking exactly about that for the same reasons the Committee has raised it.

Q39 **Heidi Allen:** Just as a modern woman, Amber, what century are we living in where we say a man and a woman's income is all the same in one lump in a household? To me, the woman, if she is out working and has an element of top-up from Universal Credit because she is working, deserves to see that. For me, it has gone beyond the domestic violence angle. I think that in modern Britain women deserve to be recognised, rewarded, supported in their own right. They are not an amorphous blob with the bloke too.

Amber Rudd: Nobody is saying they are, Heidi. There are many different ways of having families. A man and a woman is just one of them.

Q40 **Heidi Allen:** Single payments suggest that you do not have your own identity.

Amber Rudd: The principle of a single payment is also, let's not forget, to protect the taxpayer so that people who are funding it know that it is fair. You can have people on low income paying taxes living next door to the people who are receiving it. Having one household receiving the overall payment is the fair way to do it. This is not something we have just invented. It used to be the case with housing benefit, which quite often—

Heidi Allen: Not everything that you have seen together.

Amber Rudd: It is. I find, when I talk to people—and I have been to a number of Jobcentres—that people on the receiving end of it have appreciated having one payment for the family. As 60% of the receivers

and couples are women already, they can have control and sight over the money. As a modern woman, I would appreciate that as well.

Chair: Sometimes we have to protect someone who is not the modern woman and have rules for them.

Q41 **Heidi Allen:** Before I move on to managed migration, which is obviously the thing on everybody's minds at the moment, I would like to talk a little bit about the stability of the existing system. I know you have talked already about how you want rollout to be at such a speed that the system can cope, which is great. How do you feel generally about the stability of the system and, from the weekly figures that you get from Peter, are you content that the system is coping at the moment before we even think about managed migration?

Amber Rudd: What I have learnt in my four weeks here is the scale and ambition of Universal Credit. It is enormous—enormous in its good intentions, but enormous also in its practical changes that it is making. Government sometimes are not as good as they should be at rolling out hugely ambitious new changes. It is coping but we are only at the foothills in some respects, so I am cautious about saying it is coping. It is well enough to be absolutely clear about how successful it is going to be over the next few years. I hope we are going to make steady, careful steps, checking all the time as we embark on this ambitious programme.

Peter Schofield: Next year is a challenging delivery year for us on Universal Credit ahead of doing managed migration, but we are currently at around 1.4 million claimants and that will rise by the end of next year into early 2020 to 3 million. That is because we have now rolled it out to every Jobcentre and that means that every new claim and every change of circumstance is into Universal Credit rather than the legacy system. Even ahead of managed migration, next year is a challenge.

Heidi Allen: That is why I am asking the question.

Q42 **Chair:** What the Secretary of State told us this morning is ahead of you; she is watching very carefully. Although you are reciting these figures, we will have these things done by this date, which is what this Committee has been arguing with the Department: please do not be governed by these arbitrary targets whatever happens.

The Secretary of State has been telling you via us that she is not happy with that system. She is going to look very carefully. Would it not be better for the officials in the Department to stop talking about these goals and adopt the Secretary of State's mode of discussing; this is going to be people-led and not figures-led.

Peter Schofield: Absolutely. This is completely people-led. From the time that I spend at Jobcentres with work coaches, seeing the way that they provide a tailored relationship with each claimant, it feels on the ground very people-led just as much as when I am sitting over in Caxton House.

Q43 **Chair:** If it is going to be 3 million, by then those people on the ground are pressurised in a way that the Secretary of State does not wish them to be.

Peter Schofield: That is not what I am saying at all, Mr Chair. What I am saying is that when you look at the forecast for new claims into Universal Credit—as of last week, we have rolled the last Jobcentre into Universal Credit so all new claims are into Universal Credit. That means when you just look at the forecast of new claims into working age that are now, with a few exceptions, all into Universal Credit, you can see that build up.

What that means is that we need to make sure that we are putting in place all of the system changes, all of the automation to make sure that each and every one of those people coming into Universal Credit has the best possible experience, which is why things like payment timeliness is so important. Despite the fact that we have seen the volumes of people in Universal Credit go up from something like 500,000 to 1.4 million over the course of the year that is just coming to an end, we have seen payment timeliness go up from 77% to above 85%. It was 83% when I was last in the Committee in October and it has gone up since then, despite the increase in volume.

All of that is down to hard work and focus, but I am answering Ms Allen's point. I am absolutely focused on delivering for our people, for our customers, over the course of 2019 when the volumes step up again.

Q44 **Heidi Allen:** We are talking a lot about big volume here; can it cope with the volume? We know there is a lot of manual processing still behind it. It is not just the work coaches; it is the processing centres behind the scenes that I think struggle the most. Amber, how in the detail do you feel yet?

One of the things that struck this Committee is that because UC has taken so long to roll out, you do not know about some of the bugs until you get there because you are pushing more people through the system. You wrote to us last week about this Christmas issue where some people's employers might pay them early over Christmas and how the system can cope with two payments in a month. I would like you to talk us through that, whether that is just a gift for Christmas or whether that is something that will help with that issue all year round.

Secondly, just another bug: people pay social housing rents weekly. Universal Credit is monthly. Every five or so years there are 53 weeks in the year, which means that those tenants go one week without rent. There are still bugs in the system. It is not just about big volume and processing. How in the detail do you feel on that?

Amber Rudd: I would say I am making progress. I am going to answer this question, but if I may, to Mr Chairman's point, it is right to have goals but I will be on top of making sure that problems do not emerge that we do not address and, if we need to, slow down. I am particularly

concerned about how long it may take to get people who are more vulnerable on to UC and making sure that they are handheld on to it so we do not miss anybody between systems. We will see how that goes over the next few months, but I am absolutely alert to that.

Secondly, on the Christmas issue, yes, this was signalled to me by MPs—I have been having a series of meetings with MPs—so I spoke to the Treasury to ensure that they spoke to HMRC to ensure that businesses were alert to the changes they need to make in order to make sure that when the payment is made pre-Christmas the individual does not lose their UC.

It is very simple but it is a responsibility of employers to make sure that they do that. I wrote out to MPs to make that clear so that if it should occur, if there are individuals, constituents who come to see them and say, "It is a disaster, I have been cut off UC" we can have it corrected and HMRC are alert to it. I hope I addressed that one.

Q45 **Heidi Allen:** Do you think it is the employer's responsibility, because it is all to do with the date of the payment, isn't it?

Amber Rudd: Employers make payments in certain ways. There are certain boxes to tick as part of the HMRC responsibility that they have, and normally they do. I know that the Hollywood case has been brought up before and that is one where it did not take place. I do not want that to happen again, so that is why we have got on the front foot to speak to Mel Stride at Treasury, who spoke to HMRC to ensure that there is coverage here. One of the things I hope I can bring is I have a good relationship with many of the Ministers to address these things as quickly as possible.

Q46 **Heidi Allen:** Do you think that will fix the issue all year round? It can be an issue for people in variable work, that one month they get paid twice, brilliant, and then next month, nothing. That bounces people in and out of UC. Will this proactivity through HMRC fix it?

Amber Rudd: Absolutely it will. It makes it particularly relevant over Christmas. Usually it does work. As is so often the case with UC, overall it works. It is just that there are a few people who get caught out in the side of it, and that is what I need to address.

Q47 **Heidi Allen:** Do work coaches have any role in this if the employer still does not do what they are supposed to? The work coach should be the buddy to that claimant and say, "Yes, I can see what has happened with your wages".

Amber Rudd: Yes.

Q48 **Heidi Allen:** They will have some proactive ability to do that?

Amber Rudd: Work coaches are aware of this as well

Q49 **Heidi Allen:** And the 53-week rent issue?

Amber Rudd: It is on top of that.

Peter Schofield: Part of that is about the engagement we have with landlords to change the way that that works.

Q50 **Heidi Allen:** But they don't. Housing tenants, housing associations, council house rents are weekly.

Peter Schofield: Not in every case.

Heidi Allen: The majority are.

Q51 **Ruth George:** Even if it is on a basis of four weeks, I think 2019-20 will be a 53-week year.

Chair: Next year will be.

Ruth George: Previous indications from the Department have been that they will not cover that extra week of rent, which will just put people into more arrears through no fault whatsoever of their own because Universal Credit is paid monthly. It just seems that it is designed to put people into more debt from which they will struggle to get out. If you could have a look at it again.

Peter Schofield: We can write to you, but it is certainly not designed to put people into rent arrears in that way at all.

Q52 **Ruth George:** But paying 52 instead of 53 weeks when it is 53-week year will do that.

Amber Rudd: I agree and we will address it and I will come back to you on it.

Ruth George: There are all these bugs.

Amber Rudd: Yes, there are quite a few like that.

Q53 **Chris Stephens:** You seem to be aware that there are problems at Christmas time. Why has your Department taken the decision for Universal Credit claimants to remove the £10 Christmas bonus?

Amber Rudd: The £10 Christmas bonus was paid to a certain group of people who were receiving benefits. It was never paid to everybody who would be eligible for Universal Credit. The people who did receive it before are still receiving it. It just has not been extended to everybody in receipt of Universal Credit.

Q54 **Chair:** You are phasing it out?

Amber Rudd: Yes, effectively. But people who used to receive it still get it, people who are on ESA and so on.

Q55 **Chris Stephens:** I had an answer from one of your Ministers saying that they are going to scrap it.

Amber Rudd: It is being phased out, as the Chairman said, but it has not just suddenly been—I understand there was the same campaign last

year when it was not paid either to people who had been moved on to Universal Credit.

Q56 **Chris Stephens:** Would the Department not look at the actual rate of payment for a benefit that has stayed at the same rate since 1972, as the Christmas bonus has? Christmas is a time when people are struggling.

Amber Rudd: I understand that. Of course in a few years' time 50% of people who are on Universal Credit will be in work, so it is not just people who are not in work who will receive Universal Credit. At the moment, new applicants to Universal Credit do not get it. The people who are, which is the majority of people who did get it, do still get it.

Q57 **Heidi Allen:** If we could take you away from the bugs in UC and look forward a little bit. Managed migration, first and foremost. We are pleased the Department significantly rewrote the regs, having read our contribution, SSAC's contribution and so on, but there is still some nervousness, as you will be aware, about the lack of detail for how migration will happen but acutely aware that the transitional payments for SDP are in there, so we do not want to lose those regs altogether. Can you talk to us about your plans as to how you will present those regs when they come to the House?

Amber Rudd: Obviously, I recognise the urgency of getting this done, the regulations and the debates. We are not going to be debating them before Christmas. I take very seriously the letter that I have had from the Chairman and from Margaret Greenwood about it. I will be bringing forward proposals in January that will address some of the concerns you have raised.

I recognise you would like to draw me much more on that. I have not yet been able to get cross-Government support for the proposals that I want to do. All I can say at this moment is that I want to make sure that we are fully prepared. I acknowledge the proposals you have made in your letter and I will come back as early as possible in January to address them. I particularly know that I need to do that just as soon as possible to make sure that we get the severe disability premium in place as soon as possible.

Chair: It is so helpful for not just Parliament but for the public if we have Ministers that give an answer like that, who do not bullshit when they have not—we literally now know where we are on that. It is a very honest answer that you do not have agreement, you are seeking agreement and you will bring forward your proposals after Christmas. I only comment because it is so unusual to hear these things.

Amber Rudd: I will try to continue to earn your goodwill for the session.

Q58 **Neil Coyle:** Sticking with an absence of bullshit, Chair, to use the term, will we still have a debate in the Commons when plans get finalised?

Amber Rudd: Probably. It depends on what type of parliamentary action there is as a result, whether it is an affirmative or negative action, but I recognise your concern on it.

Q59 **Neil Coyle:** You have been very clear that you want claimants to get their entitlements in good time. Are you agreeing that waiting five weeks is too long?

Amber Rudd: Waiting five weeks without getting an advance is too long. The advance payments have been increasingly successful, which is good. We have a number of other proposals, which I am sure you are aware of, to help people with that five-week wait that otherwise they have, for instance the legacy benefits being paid after two weeks to ensure that they can have some money within those five weeks.

The advance payments being paid over 12 months is helpful so that people can gently pay it back. We can do more to communicate that it is an advance payment not a loan. It is a distinction. This money is coming in and people are entitled to it. It is not a loan in the same way that people are quite rightly nervous of taking on. I would make the distinction between a loan being against something that you do not necessarily know the money you are going to get in from it.

Neil Coyle: You do pay it back.

Amber Rudd: You pay no interest and it is deducted against money that is going to be paid to you.

Q60 **Neil Coyle:** We know that Universal Credit is causing debt in arrears and we know it has driven thousands of people into destitution and thousands of people into food banks. If you dispute that, talk to Trussell Trust and the Independent Food Aid Network. We know that is happening. The solution to debt and arrears is not more debt, is it?

Amber Rudd: People who arrive on Universal Credit are quite often with substantial debt. Before addressing your question, can I just point out that Universal Credit is an improvement on legacy benefits? There have been errors and difficulties with legacy benefits, some of which come into Universal Credit with people arriving with substantial debt.

I do think that there were early problems with Universal Credit about payment, and having to wait five weeks without getting payment upfront has been hard for people. Sometimes there has been a delay, even after the five weeks, which meant that it was hard for people. One of the things that we are pressing down on is making sure that that payment after five weeks comes in on time and, as I said earlier, that is now at 85% and allowing people to have access to the money.

Q61 **Neil Coyle:** On the idea that people are in debt, Southwark was one of the early adopters and the average council tenant is about £8 in credit on housing benefit. The average council tenant on Universal Credit is £1,000 in arrears. Those are the averages.

Amber Rudd: We have made changes on housing benefit.

Q62 **Neil Coyle:** There are housing associations in the same position, where they are more in credit in their accounts. The idea of people arriving with a lot of debt is not backed up by a lot of the evidence. If you could supply where your evidence is coming from to try to justify that, I would welcome seeing it, as I am sure the rest of the Committee would.

Amber Rudd: On housing benefit, under a former Secretary of State a change was made so that people could have another two weeks of their housing benefit within those five weeks, specifically to protect people's housing payments.

Peter Schofield: That was introduced in April and, as the NAO reflected in their report in June, it was too early at that point to see the impact of it on things like housing arrears, but we would expect to see those two weeks tracking through.

Q63 **Neil Coyle:** You are simply saying that advances and more debt is the solution? You are not looking to change fundamentally that five-week waiting period? You are not looking at roll-ons or run-ons of other support at all, anything different to what is going on now?

Peter Schofield: As the Secretary of State said, Mr Coyle, the Budget announced that there will be a run-on of legacy benefits. Those who were on legacy benefits with DWP will see a two-week run-on and that will be introduced from July 2020.

Q64 **Neil Coyle:** But you are not looking to reduce that five-week wait?

Peter Schofield: We are not looking to change the monthly assessment process, because it is a key part of Universal Credit that we assess people's incomes.

Q65 **Neil Coyle:** It is also the part that has driven people into foodbanks and into debt at the start of a Universal Credit claim, and you are not looking to change that fundamentally?

Amber Rudd: I wonder if you have quite understood the point that the Permanent Secretary has just made, which is that two weeks of legacy payments is going to be paid during that five weeks, so after two weeks—

Q66 **Neil Coyle:** But there is still a gap of three weeks.

Peter Schofield: No, because then three weeks later you get the full monthly entitlement.

Q67 **Neil Coyle:** What do you get in the three weeks?

Peter Schofield: You are living on the two weeks that you had paid beforehand.

Q68 **Neil Coyle:** For five weeks?

Peter Schofield: No, because it is like the continuation of the rhythm of your legacy benefit.

Q69 **Neil Coyle:** Your expectation is with those run-ons—foodbank demand and 50,000 people who are turning up to Citizens Advice every quarter, that demand outside the system. You said the system is coping. I would suggest that the system is only coping with a massive army of volunteers in foodbanks. Are you saying that will reduce?

Peter Schofield: I think there are two things to that. One is that, as we said at the time the NAO produced their report, usage of foodbanks relates to a whole range of different factors.

Q70 **Neil Coyle:** Yes, primarily Universal Credit and no recourse to public funds. That is what foodbanks have said.

Chair: It is a big factor.

Amber Rudd: Of course.

Peter Schofield: Of course, but my point is that at the moment, if you are on legacy benefit you are paid every two weeks. Under this announcement that was made in the Budget you are paid every two weeks and then you have started your Universal Credit claim. You get the next two weeks and then three weeks later. As I say, the usage of foodbanks is down to a whole range of different factors. The time I have spent in foodbanks has made that clear to me.

Q71 **Heidi Allen:** There is a connection. When UC rolls out in a town foodbank usage goes up.

Amber Rudd: That is why we need to do better with both our advance payments and the legacy payments being paid for two weeks, and also the rent. Former Secretaries of State have addressed some of this. I do acknowledge the issue of foodbanks and I do not want people to have to go to foodbanks. As I said, in Hastings we had a rise in foodbanks when UC was rolled out and I have been there many times to talk to them about the consequences and what we can do to help.

What we must acknowledge too is the fact that it used to be that Jobcentres would not give you information about foodbanks, and now many of us help people access foodbanks if that is what they need. I still do not want people to use foodbanks, but they have become part of the norm as support for people who do need them.

Q72 **Chair:** Surely, Amber, there are two ways to prevent hunger, destitution, that occurs under the present system. One is to run on historic benefits for the five weeks or to whenever they pick up their Universal Credit payment. The alternative is the one that I have discussed with you, which is establishing a citizens bank that lends people the money free of interest so that there is no gap in income and they have a huge period of time, thanks to the workings of your Department, for paying it back. Nobody has put forward any other solution that does not risk people

ending up at foodbanks.

Heidi Allen: Or make your advance payment, which is your best guess, your monthly payment, make that your first payment. The fact that 60% of people need advance payments, now we are talking about two weeks of roll-on, they are all sticking plasters on top of the fact that the five-week wait is a fundamental design flaw. Make that first advance payment the best guess of a payment and balance it out at the end of the month.

Amber Rudd: I think that is an interesting proposal. Lots of people have come to me with different proposals for getting money into people's hands earlier and I will consider—

Q73 **Chair:** Do you want me to take the three proposals and discuss it across Government and see whether we can get support for it?

Amber Rudd: There are financial consequences to some of these suggestions. The principle, though—just to bear in mind about having the first payment after five weeks—is that at the centre of Universal Credit is a system that engages in real time with the payments being made to you through HMRC. Obviously you have to wait to get that information. I have had several people bring Ms Allen's suggestion as well but, as I say, there are financial consequences to it.

Q74 **Derek Thomas:** I am sorry to extend this a bit further, but I do want to understand exactly what we are talking about. Listening to what I have just heard it sounds like there is a one-week wait. Someone receives their money. Two weeks later they receive their money on the traditional payment benefits and then, under the system you are going to do, two weeks later, once they have gone to Universal Credit, they will have the two weeks later run-on of the benefit.

Amber Rudd: Four weeks.

Q75 **Derek Thomas:** No, sorry, the Permanent Secretary said that from July 2020 the run-on would be another two weeks into the five weeks.

Amber Rudd: Yes, that is correct, but they get four weeks' payment at the end of that. They get the monthly payment, so they have had two weeks extra in order to adjust to the new system.

Heidi Allen: So don't do it.

Q76 **Derek Thomas:** At the moment it is every two weeks, okay?

Amber Rudd: It is paid every two weeks, yes.

Q77 **Derek Thomas:** Then they go on to the Universal Credit, where it could be the five weeks but they will get their two weeks after, as normal. Then they will be waiting three weeks, but in fact they would have just received the money for two weeks, taking them to the two weeks, so the time period where they will not receive any money will be one week, will it not?

Amber Rudd: That is correct.

Peter Schofield: They then get four weeks, so they have had six weeks' money in the first month.

Q78 **Derek Thomas:** That needs to be made clear because the stress and anxiety that we talked about is often not knowing what to expect.

Amber Rudd: I completely agree, and that is very much part of the legacy system where people had no idea how much money they would be getting at the end of the month and part of the benefit of Universal Credit is there would be clarity on that.

Q79 **Ruth George:** That was because the amount that could be paid extra in a year was reduced from £5,000 to £1,000, that is in tax credits, but that is another argument for another day.

Your predecessor Secretary of State admitted that 3.2 million families under Universal Credit would be worse off by £2,500 a year. That was before the last Budget that put another £1,000 on to the work allowance, which will benefit working families by £630 a year. Even if all those 3.2 million families are the exact ones to benefit from that £630 extra, it still leaves those 3.2 million families on average £2,100 a year worse off. These are low income families already who are struggling to get by. Was this the Department's intention? Is it your intention as Secretary of State to make 10% of the country's families that much worse off?

Amber Rudd: By 2020 we will be spending £2 billion more than we would have been spending under the previous legacy benefits. I do not accept that Universal Credit is about spending less money, which seems to be at the centre of your question. What it is about is making sure that—

Q80 **Ruth George:** No, it is about the number of people who are affected.

Amber Rudd: Yes, but I am just putting a counter point, which is that by 2020 we will be spending £2 billion more than we would have under the legacy benefit system. The point about Universal Credit is to try to protect the vulnerable, make sure they are looked after, but also at the core of it is this plan to try to make sure that people can get into work and have the additional money without having the terrible cliff edge along the way. From that point of view it is succeeding and we know that people are going to work who would not have been doing so before.

Peter Schofield: To build on that, the way that the money, the £1.7 billion in work allowances, was targeted in the Budget, there is an extra £1,000 that goes on the work allowances that support families with children and those in rented accommodation. It was targeted at the families most at risk, most at need—

Q81 **Ruth George:** It is a work allowance, is it not, so it affects people who are in work?

Peter Schofield: That is right.

Q82 **Ruth George:** Yes, not necessarily those who are most in need.

Peter Schofield: It is reversing a change that was made after 2015 and the result of all of that, as the Secretary of State says, is that Universal Credit will now cost more each year in steady state than the legacy benefits it replaces and that is something that the OBR has reflected on.

Q83 **Ruth George:** I am afraid that argument will not cut much ice with the over 3 million families who are due to lose over £40 a week. Saying that other people are getting more money is not going to help them in their circumstances. Do you agree, Secretary of State?

Peter Schofield: All I am saying is that there is more money being spent and it is targeted on the people who are most at need.

Q84 **Chair:** But Ruth has a different point, Peter. She is saying, nevertheless, whatever you are doing with some people, that there is a substantial number of people who will be worse off, sometimes very worse off. How do we square that one?

Peter Schofield: First of all, we are spending more money than before overall. The second thing is, as the Secretary of State was saying, that one of the advantages of Universal Credit is you do not have the complexity of six benefits where you have to keep claiming and reclaiming.

Ruth George: We know all that, Permanent Secretary.

Peter Schofield: It is worth another £2.4 billion.

Q85 **Ruth George:** Can I just explain the rationale of Universal Credit that particularly concerns me? Why so much more money is going into it is because it is reducing the clawback, which under the housing benefit was 80%, down to the standard 63%, which none of us would disagree with. But what that means is that people in areas of higher-cost rent and with higher wages are seeing more money in their pockets.

Those are the people who, under the legacy system, under Universal Credit, are the ones better off. Unfortunately what happens in any area where you have more demand than supply of housing and you have renters with more money in their pockets is that rents go up. Universal Credit is going to increase the cost of rents. It is going to increase the amount of money going to working people with high rents, but as a quid pro quo what is happening is that of these 3 million-plus families who are on low incomes, 74% of them own their own homes. They are people who have tried to do the right thing but they are the ones who are going to be substantially worse off.

The work allowance that was put in the Budget, the £1,000, goes nowhere near the £3,500 that was taken off lone parent's work allowance in the 2015 Budget. It goes nowhere near putting right what was the original intention of Universal Credit before the 2015 Budget took the extra £12 billion a year out of it. I think that is the whole Committee's

key concern about what Universal Credit is doing to make poor people—a substantial number, 3.2 million families—so much poorer that they cannot get out of debt. How are you going to address that?

Chair: Amber, putting Ruth's question another way, how are you going to answer those people in Hastings who come in and say, "I am on average £40 worse off"? Do you think telling them, "Don't worry, other people are better off as a result of Universal Credit" is satisfactory?

Amber Rudd: No, I do not think that is satisfactory. Of course everybody will have different circumstances. There may be somebody who benefits, for instance, from the fact you can now earn £12,500 without paying tax at all. There may be somebody who benefits from the rise in the minimum wage, the national living wage. There may be other things that have helped. They may in Hastings, for instance, since you have raised it, Mr Chairman, benefit from being one of the opportunity areas that gets additional money into schools that helps so much. I do not think we have to look at this as just one thing.

Q86 **Chair:** There are 3 million claimants in Maidenhead and in Hastings and in other constituencies. People will be coming to the surgeries and saying, "I am worse off". We all know in our constituencies people do not come in to say, "Gosh, I have more money and everything is going hunky dory". They come in because something is wrong and it is affecting them. Do you really think it is adequate to tell those people, "Don't worry about being worse off. We have made other people better off"?

Amber Rudd: No, I do not accept that. My answer to your question has been that there may be other things that have made them better off that this Government have done, for instance taking people out of tax before they earn £12,500, which has been very significant, and 32 million people have been taken out of tax altogether. There are other parts to this, which is part of a system to try to make sure that work always pays and that people on low income are looked after.

Chair: We will come back. We will ask the CAB locally to present you, Amber, with people who will be worse off by these sorts of sums and who have not benefited by the extra money you have put into schools and so on. Is that all right, Ruth?

Q87 **Ruth George:** Can I just say that after the Treasury the IFS produced figures post-Budget to show that the lowest two-thirds of the deciles of the population are worse off after all the tax and benefits changes put together? The ones who are worst off are the lowest decile, next worst off are the second decile and so on, going up. They are the ones who are paying for this. After all the tax and benefit changes, they are still substantially worse off.

Amber Rudd: I have also seen that income inequality has not changed since 2010. Those figures also confirm that the highest paid are paying a greater share of tax than ever before, so I do not think it stands on its own.

Q88 **Chair:** Amber, we will come back to you on this, because it is quite possible to have that sort of distribution and in Birkenhead and in Hastings and in Maidenhead people being reduced to destitution. We will come back, if we may, on all of that

Amber Rudd: By all means.

Q89 **Chris Stephens:** Secretary of State, by 2021 the Department will have spent £37 billion less on working-age benefits compared to 2010 as a result of the savings the Treasury is asking you to make. Can I ask what assessment the Department is making on the impact of those cuts to claimants' lives?

Amber Rudd: Mr Stephens, the coalition Government made some choices about what is fair to the taxpayer and what is fair to people in need of benefit support to make it sustainable to taxpayers and those were supported in 2010 to 2015. Just remember that the previous benefit system under Labour trapped people in benefits where they did not feel they could go out and work. The system needed complete reform, which is why it got support, in fact by both parties, and went forward. Universal Credit supports people into work with, we estimate, 200,000 more people being able to get into work in order to do that.

Peter Schofield: In addition, since 2010 something like 3 million more people are in employment as a result of all of that.

Q90 **Heidi Allen:** There are also more jobs out there; it is not just the benefit system.

Chris Stephens: It is also low-paid employment, I would argue as well, but we will maybe come back to that.

Peter Schofield: The overall position is that there are a million fewer people in poverty.

Q91 **Chair:** Could you publish the data for us, and the research, which agrees with your assertion of those additional people in work as a result of Universal Credit?

Amber Rudd: Am I being asked a trap question, Mr Chairman? Has this been asked of former Secretaries of State?

Chair: No, no, it has not.

Heidi Allen: I do not think the data exists. That is the problem.

Amber Rudd: Let me come back to you, if I may.

Peter Schofield: Do you mean the 200,000?

Q92 **Chris Stephens:** I need to be clear. It sounds from your answer that the Department is not assessing the impact on claimants' lives to cuts that have been made to the Department's budget. Is it making any assessment on the impact of the four-year benefit freeze for claimants?

Amber Rudd: One of the impacts of the work that Universal Credit has done, and the Government overall, is that we have never seen employment higher. That is one of the benefits we have going forward. I lost my thread there for a second. What was your question? The benefits freeze.

We can see that the benefits freeze is on its fourth year. It is a difficult situation for many people on benefits, given that it is going into the fourth year. We have not done any particular assessment on it. It is, as we know, supported by the Government, passed in legislation, so I cannot particularly comment any further on it, but I recognise the fact that it is difficult, given that we are going into the fourth year.

Q93 **Chris Stephens:** Will the Department consider making an assessment? There is a very real concern from this Committee about decisions being made by the Department and how that impacts on claimants' lives and I think it would be useful if the Department could come up with some assessment criteria to identify what is happening out there. Constituents can come to us, for example, on Neil's point earlier about the five-week wait.

I know constituents are saying, "After three weeks I need to go to a foodbank". The impact of that decision is something that can be measured. The impact of the benefit freeze is cutting back benefits to the value of something like 23%, which is what the House of Commons Library is saying. I think we really need to know what assessment has been made of people's lives by the decisions being made by the Department for Work and Pensions.

Peter Schofield: Mr Stephens, I think the point the Secretary of State is making is that you need to look at the whole system in the round. The whole system is around encouraging and supporting people into work at the same time as reductions were made to DWP's budget.

Q94 **Chris Stephens:** I would argue that many of the people are now on zero-hour contracts. An impact of the Department's decision is to sanction people in Universal Credit if they refuse a zero-hour-contract job, but if they are on legacy benefits they would not be sanctioned if they refused a zero-hour-contract job.

Amber Rudd: People should go into work. The principle of sanctions is that there was a conditionality.

Q95 **Chris Stephens:** "People should just go on to zero-hour contracts." Is that what you are seriously telling us, Secretary of State?

Amber Rudd: I would say yes, if people are offered work they should take it.

Q96 **Chris Stephens:** If it is a zero-hour contract? If it is insecure work?

Amber Rudd: Yes, because the whole point about—

Q97 **Neil Coyle:** Even if it is prostitution? That is the reality for some of the people directly affected. We have had that example here.

Amber Rudd: We have had this conversation. If we are talking about zero-hours contracts, do not bring in prostitution. That is a completely different element and it is something that we are trying to—

Q98 **Neil Coyle:** That is the reality of some of the people affected by the changes.

Amber Rudd: We have had the conversation about it and the fact is Universal Credit is designed to help people. The fact that they can get advance payments should allow them to be—I do not really understand why you are bringing up prostitution.

Q99 **Chair:** Amber, are you saying that taking a zero-hour contract, Universal Credit will nevertheless ensure them a stable and appropriate income via whatever the scale rates for Universal Credit are?

Amber Rudd: For some people zero-hour contracts work well. You may have had that experience, but for some people it does.

Q100 **Heidi Allen:** Not the majority of people in a regular working environment.

Amber Rudd: The fact is for some people it does work well. Formerly under this Government we made sure that people could not be told that they could have one zero-hour contract. We legislated against that, which I think is important. For some people it works well. The point about Universal Credit is that you can earn money and it can be taxed at an appropriate rate so you can still receive your benefit.

Mr Stephens, the point about taking work is not just about having money coming in. It is also about the confidence of being able to develop your own status and being able to have the security of having work coming in, and being able to make sure that you can then get a higher level. You may start at a lower level of work but you can then get a higher level.

Q101 **Chris Stephens:** Five minutes ago you said, in answer to my question, that if someone is offered a zero-hour contract job they should take it. You are now saying, as I understand your answer to my further question, that some people will benefit from a zero-hour contract, which implies that for a lot of people zero-hour contracts do not suit them. It does not suit their personal circumstances. Why did the Department take the decision under Universal Credit to sanction an individual if they report that they have refused a zero-hour contract?

Peter Schofield: Mr Stephens, the reality is what goes on in the conversation and the relationship between the work coach and the claimant. The nature of that conversation is not one where someone from on high says, "Thou shalt instruct your work coach to do something". It is all about what is right. Maybe that is one of the things that I need to do something about. Spending time with work coaches I see the reality of

the nature of those conversations, which is, "What is the right work for you? What are your skills? What are the things that you could do? What are the opportunities in the area that you live? How can I help you?"

Q102 **Chair:** I think we would like to follow this up. We will do an inquiry, probably, but also we will follow it up in correspondence, Amber, with you, if we may. All right?

Amber Rudd: Can I just ask one tiny thing of Mr Stephens? Have you been to your Jobcentre and talked to the work coaches?

Chris Stephens: Yes, I have.

Amber Rudd: Good. I am glad to hear that.

Chris Stephens: I have been to my Jobcentre regularly and I have been to other Jobcentres regularly, along with this Committee, and we have suggested to officials the information they give to us is wrong. For example, when we went to a work coach we were told by Mr Dowling that everybody sees the same work coach all the time. We knew that was not true because when I went to the Jobcentre the individual work coach had said to the claimant, "You will be seeing someone else the next day".

Chair: These are really important issues and we are going to come back to you on them, if we may. As Neil says, perhaps all of us have been to his Jobcentre across the river.

Q103 **Steve McCabe:** I want to ask you a little bit about the two-child policy. To Rosie earlier, you more or less repeated the Government view that it is about trying to change behaviour and make people on benefits think about planning for a third child in the way that people in work would have to consider that. If it is about trying to change behaviour and make people think about family planning, how do you justify applying it retrospectively to people who have already made the decision?

Amber Rudd: Mr McCabe, I do share your concerns and I am considering carefully what action to take going forward. As you rightly say, I support the policy that people need to consider their income when they are having a third child, as people in work do, but I share your concerns about the retrospective element. It is not straightforward, because it has already been legislated for, but I will be coming back with more details on that in due course.

Q104 **Steve McCabe:** But you accept that conflicts a bit with the stated aim of the policy?

Amber Rudd: I accept the concerns.

Q105 **Steve McCabe:** What about people who make the decision in good faith to have a third child? They are in work, they can clearly afford it and something happens subsequently. They lose their job, they separate, they are widowed. What about someone like that? It sounds to me as if the third child is then being penalised for a twist of fate. How does that fit with the aim of the policy?

Amber Rudd: We have made some adjustments in terms of carers and different family arrangements, but I will be taking a careful look at it to make sure that it is fair. I think the principle is fair, but I need to make sure that it is received as such on the ground as well.

Q106 **Steve McCabe:** Is it right that the Committee should conclude that the stated aim of the policy is obvious but there are clear difficulties with the application to a whole range of people and you are looking at that?

Amber Rudd: Yes, families are different. There are mixed ages, mixed couples, mixed children out there, so we have to make sure that it works for everybody and that there is sufficient personal engagement to make sure that everybody's families are supported. I would also say that it is not straightforward sometimes to make these changes, given that Parliament has already legislated for them.

Q107 **Steve McCabe:** I guess when Parliament gets something wrong people expect us to put it right. That is why you are here.

The Committee took evidence that this will place about 250,000 additional children into poverty by the end of the Parliament. Do you recognise that figure and are you worried about that?

Amber Rudd: I am very conscious about the figures that could lead to an increase in child poverty and I am committed to making sure that we do what we can to ensure that does not take place. I know that the additional money that came in from the last Budget has gone some way to addressing that. I have looked at the numbers and I am hopeful that we can do something about it. I have seen that some of the money that has come in, particularly on the additional payments, will help but I will be looking carefully to see what else we can do.

Peter Schofield: Yes, so the work allowance.

Q108 **Steve McCabe:** The work allowance, thank you. How many families do you estimate will be hit by what is your policy now?

Amber Rudd: Which?

Steve McCabe: How many families will be affected by this policy?

Amber Rudd: The two-child policy?

Steve McCabe: Yes.

Amber Rudd: I do not know the answer to that.

Peter Schofield: I do not know.

Q109 **Steve McCabe:** Does the figure of 700,000 ring a bell with you? Would you accept that?

Amber Rudd: I am afraid I do not know the answer to that. Are you saying how many families would be affected if people had two children? I do not quite understand.

Q110 **Steve McCabe:** The current estimate is that at least 700,000 families will be affected by the two-child policy you have introduced.

Peter Schofield: Do you mean if they do not subsidise—

Q111 **Chair:** What is the answer to Steve's question, please?

Peter Schofield: I guess the point is it is a dynamic situation. It depends on whether people respond to the fact that they do not get the child element for the third child.

Q112 **Steve McCabe:** Let me ask it a different way. When you introduce a policy like this, do you do any estimate on the likely effect of it in terms of numbers or do you just wait and see what happens?

Peter Schofield: No, we do an impact assessment.

Q113 **Steve McCabe:** You must have a figure then?

Peter Schofield: I do not have a figure with me here.

Q114 **Steve McCabe:** I accept that, but I am saying you do have a figure. Would it be possible to send that to us? The figure of 700,000 strikes me as remarkably high and if it is accurate I am amazed that you are not slightly more concerned about it.

Peter Schofield: Do you want a quality impact assessment for that policy?

Steve McCabe: Yes, that would be helpful. Thank you very much.

Q115 **Rosie Duffield:** As a former Minister for Women and Equalities—and I think you might still do a bit of that in your brief—what is your personal opinion of the rape clause element where a woman has to disclose personal sexual violence and incredibly intimate things that have happened to her to a series of strangers and potentially her own children and family?

Amber Rudd: It is very difficult. If you are going to have a policy—which I support; I think it is the right policy—you have to have some exceptions for where there is non-consensual conception in that way. We tried to engage as constructively as possible with the stakeholders to make sure that where that has taken place there can be support for the third child in that instance. I think we have it right. Any woman can effectively self-declare and they will be supported and the additional funds will be made available.

Q116 **Rosie Duffield:** What if she chooses not to, because this is a heinous crime that has affected her entire life?

Amber Rudd: Well, I hope that the work coach will engage with her in a sympathetic way to try to help.

Q117 **Rosie Duffield:** She has to disclose that, though?

Amber Rudd: Indeed.

Peter Schofield: Or to third-party groups who support people in those situations.

Q118 **Chair:** Will they be able to speak for her?

Amber Rudd: Yes.

Chair: All right. Very good.

Q119 **Rosie Duffield:** Not without explicit consent being held.

Peter Schofield: It would have to be explicit consent, yes, I accept that.

Q120 **Chair:** The Conservative Party rightly emphasises the stability of families and partnerships. For example, two couples who have split up or have not married before and both have between them more than two children, they do the right thing by what the Conservative Party has always said, that families in stable partnerships are key to the nurturing of children. You have a policy that wallops them with benefit reductions. I know you have said, really helpfully, that you are looking at this area. Might you take that aspect of the two-child cap away with you? It really undermines what I think most people associate with a proper goal of public policy.

Amber Rudd: Yes, thank you, Chairman. There are some exceptions within it for that sort of arrangement. I am not quite sure exactly what they are at the moment.

Peter Schofield: Fosters, adoptions.

Chair: It does not cover what—

Amber Rudd: No, I will take it away.

Chair: You will take it away. That is really good.

Q121 **Heidi Allen:** You know, of course, that your immediate deadline on the two-child issue is February when the UC would kick in?

Amber Rudd: I am aware of that.

Q122 **Heidi Allen:**. Turning to something completely different now: the benefit cap. At the moment the latest statistics I think we have are that 19% of people picked up in the benefit cap are on JSA. The rest, therefore, are on ESA, limited capability for work. Is it right that people who cannot—and we are not expecting them to—go out to look for work because of health conditions are still subject to the benefit cap?

Amber Rudd: People on ESA do still apply for work and are still able to work.

Q123 **Heidi Allen:** But the lion's share are classified within the DB systems as not being actively—there is no conditionality there for them to be seeking work.

Peter Schofield: Well, you know this, but if they are in a support group in ESA or claiming PIP or DLA then they are exempt from the benefit cap.

Q124 **Heidi Allen:** I am not sure that is the understanding. We had Justin Tomlinson in front of us a couple of weeks ago. Unless my memory is wrong, his response was that they would still be subject to the benefit cap and his suggestion, which did not sound like Justin at all to me, to be quite honest, was that they should just get a lodger.

Peter Schofield: The people who are on ESA are the people in the limited capability for work-related activity. Sorry, the support group are exempt. Those that should be engaged in work-related activity are included in the benefit cap.

Q125 **Heidi Allen:** Is that right?

Amber Rudd: Yes, I think it is right. People who are on ESA but are being helped into work, we hope, should have the same benefit cap. The whole principle about ESA is that just because people are disabled does not mean they cannot get into work and have a fruitful life. My father was blind for 50 years and worked for all of them. I think we have to be very sensitive to making sure that we are genuinely trying to help people into work and not treating them differently to people who do not have disabilities.

Q126 **Heidi Allen:** Another aspect is if they are in temporary housing, which is perhaps something the council have put them in because of a shortage of housing in their area, which is flipping expensive. That money still ticks down really quickly because of the cost of that accommodation, yet they are still subject to it as well.

Amber Rudd: The less temporary accommodation we can have the better, because it is so difficult for everybody.

Q127 **Heidi Allen:** It happens, doesn't it?

Amber Rudd: Yes, it does. I still think you have to have the cap because again it has to be fair to taxpayers as well.

Q128 **Heidi Allen:** I agree with all of that, but it is just whether there are some anomalies that do not sit right. Is temporary housing one that you could look at?

Amber Rudd: Okay, I will take a look at that.

Q129 **Ruth George:** Moving on again to carer's allowance, on which I instigated a Westminster Hall debate and this Committee looked at a few weeks ago. For that debate I researched some of the examples of carers who have a very hard cliff edge on the earnings threshold that they are not allowed to exceed before they lose their carer's allowance.

The Minister there admitted that the advice to carers about that earnings threshold is not clear in the literature that they receive about it. Do you think it is fair in that case that carers are being taken to court under the Proceeds of Crime Act and are being asked to sell their houses or to come up with a large number of years of repayment of carer's allowance that they may have inadvertently been claiming?

Amber Rudd: Thank you for raising this. I am raising it in the Westminster Hall debate as well, because you have made me focus on it. I have taken a look at it. The carer's allowance is, of course, not a payment like any other. It is an allowance to try to support particularly couples at an elderly stage in their life to make sure that they get something for the extraordinary work that they are doing supporting quite often their partner.

I think the principle of it is right in that way. I do want to make sure that the rules are simpler. The Minister has said that he will take a look to make sure that we can try to take out some of that complexity that you have highlighted.

Peter, could you address the prosecutions?

Peter Schofield: Yes. We have exchanged letters, Chair, on this as well and following the meeting that we had back in October I wanted to get to the bottom of what we are doing here more broadly. I have instigated an internal review by the Government Internal Audit Agency to look into this more broadly to see if we are getting the balance right. How we are preventing overpayments in the first place is for me the most important point here. We are getting much better at using the data that we get from HMRC to enable us to pick up on changes of circumstance so we can identify where someone might be at risk.

Q130 **Chair:** What about this huge historic group who are now being hounded—we will send you letters and introduce you to people—and the idea that these people feel there is some sort of terror being unleashed on them, for goodness' sake?

Peter Schofield: Like you, I want to get to the bottom of making sure that does not happen. It is not the process that should happen. The process that should happen is that when our debt management people get in touch with claimants who need to repay an overpayment the conversation is, "How much can you afford to pay?" I have sat with the agents on the phone as they have had those conversations.

Chair: We will send you some letters, if we may, of constituents who are not having that treatment.

Amber Rudd: Ms George, come and see me and we can have a discussion about it.

Ruth George: That would be really helpful. Thanks very much, Secretary of State.

Q131 **Chair:** A last question—although, knowing this Committee, it will not be. There has been a real feeling of injustice among many women about raising the state retirement age. Is this actively being considered by you?

Amber Rudd: The Committee will probably be aware that it is difficult for me to comment on that because of the judicial review that covers so many different elements. At the moment I have to see how that proceeds

without being drawn any further. There are no plans to make changes at the moment but it is under judicial review, as we know.

Chair: Nigel, do you want to cover some other aspect that is not covered by the judicial review?

Q132 **Nigel Mills:** Since we have not asked you about pensioners at all this session, do you have any early ideas or any early priorities as to how you may wish to take pensions forward? If I was to ask for a score out of 10 for your Department's benefit, I guess we would all give you a pretty high score for auto-enrolments. What ideas would you like to see brought forward?

Amber Rudd: I think auto-enrolments has been a great success and it is fantastic to see the scale of the take-up on that. I think there is more we can do. We have plans to see if we can encourage more success in the auto-enrolment, potentially lowering the age and increasing the contribution amount, but I know that colleagues are concerned about at a time of life when people have other pressures in their lives about how much money they can contribute.

I think auto-enrolment is a great success and I hope that we can continue to build on it. I also am looking forward to the pensions dashboard and there are other elements of pensions that I think the Government can encourage people to participate in more successfully.

Q133 **Nigel Mills:** The wobble in your Department over the summer about the pensions dashboard is now behind you?

Amber Rudd: I like to think so, yes.

Q134 **Nigel Mills:** You are full steam ahead. Is the proposed Pensions Bill, which we think is for next year, which will include the new Royal Mail pension plan, on track?

Amber Rudd: Yes, that we are still committed to and hope to be bringing it forward.

Chair: A very quick one. That is why I said "a last question", Secretary of State.

Q135 **Chris Stephens:** I am not going to ask you to comment on the judicial review, but there is still some concern by the Committee that the independent case examiners in the DWP closed all the cases as a result of the judicial review. Is there anything you can tell the Committee about that?

Amber Rudd: I am aware of that. Sometimes there are legal processes that we have to go through if a judicial review is going ahead. That was their advice and their position. I think that we just have to follow the judicial review now and allow everybody's independent positions to be respected.

Q136 **Neil Coyle:** What assessment has the Department made of the impact on

the UK pension funds of the Prime Minister's deal or no deal next year?

Amber Rudd: I have been a little bit involved in some of the thinking around deal or no deal, as you put it. We have done some work in the Department to make sure that pensions are going to be protected and paid on time and in a way that would be expected by UK residents anywhere within the European Union. We are not one of the Departments that is so dramatically impacted as others and we have made preparations to ensure that we protect UK citizens abroad.

Q137 **Neil Coyle:** That is state pensions?

Amber Rudd: Correct.

Peter Schofield: This is a role for the Pensions Regulator and they keep everything under review.

Q138 **Neil Coyle:** You have your seat belt on and you are expecting the car crash?

Amber Rudd: I think that is a very good metaphor, Mr Coyle.

Q139 **Heidi Allen:** You mean not expecting—avoiding.

Amber Rudd: Not expecting—exactly.

Q140 **Nigel Mills:** Do you have any quick reaction for us on the rather damning report on the Motability Scheme published last week?

Amber Rudd: Yes, I do. I have had a substantial meeting with Amyas Morse to go through it and I am looking forward to my meeting with Lord Sterling to have discussions with him about some of the important points that have been raised in the report.

Q141 **Nigel Mills:** Are you expecting some fundamental changes in how they operate?

Amber Rudd: Yes.

Q142 **Chair:** We made the inquiry so you would have the opportunity to make the most major changes.

Amber Rudd: I am grateful for that. Amyas Morse made the point to us, which I think the Committee has made also, that the service given to people is very good and we should not take that for granted, because it has not always been like that in the past. We can welcome the service people get while addressing the financial consequences of some of the payments.

Q143 **Chair:** A very polite way of putting it. Amber, thank you very much. Peter, thank you very much. We have quite a lot to write to you about.

Amber Rudd: Indeed—and I have quite a lot of work to do. Thank you very much.