HOUSE OF COMMONS

Work and Pensions Committee

Oral evidence: The work of the Secretary of State, HC 1790

Wednesday 24 July 2019

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Watch the meeting

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

Questions 145-244

Witnesses

I: Rt Hon Amber Rudd MP, Secretary of State; Neil Couling, Change Director General and Senior Responsible Owner, Universal Credit, Department for Work and Pensions; and Emma Haddad, Director General – Service Excellence, Department for Work and Pensions.

Examination of witnesses

Witnesses: Rt Hon Amber Rudd MP, Neil Couling and Emma Haddad.

Q145 **Chair:** Good morning and welcome, Secretary of State. Can I ask you to identify yourself for the sake of the record?

Amber Rudd: I am Amber Rudd, currently Secretary of State for Work and Pensions, and I am accompanied by Neil Couling and Emma Haddad, both of whom I think you have seen before.

Q146 **Heidi Allen:** It is fair to say there was a bit of a bunfight over this question, but I won. It is on the five-week wait. I have been getting very excited, because some press articles have suggested that you may have reached a conclusion and that you have been trying to persuade both candidates for Prime Minister—as was—that the five-week wait needs to go. What is your view? Share it with us.

Amber Rudd: It is no secret that I did talk to both candidates about what else we could do to help people, frankly. It is about making sure that people get access to their money as soon as possible. I had conversations with them and they referred to them. I cannot really anticipate what a new Prime Minister is going to do, nor can I anticipate what a new spending review will do, but I am proud of the work—I don't want to waste time going back through the whole thing—that has been done. One of the benefits of the pilot we are going ahead with will be to see how well it works in terms of the transitional payments and the loan payments and to see how people manage on the wait.

As you will know, a number of things are already in place, and the two-week legacy benefits run-on is coming in next year. I think it is reasonable to look at the evidence, so we will look at the pilot and then at the run-ons—both the existing one for housing benefit and next year, when managed migration moves ahead, those for the legacy benefits. The Department and I are keen to see the evidence of what works from the changes that previous Secretaries of State have made. But I am mindful that there are lots of other proposals, some of which have come from yourselves and some of which have come from think-tanks, about how to get money into people's hands earlier, and I would be surprised if a new Prime Minister did not want to take a look at those.

Q147 **Heidi Allen:** Forgive me for being a bit mean, but when you mentioned the pilot for managed migration, you used a phrase about seeing how people cope waiting. These are people. It shouldn't be about how they cope waiting. There is already evidence from the increase in food bank use about how people are coping with the five-week wait. Yes, there is a pilot about to start—today, in fact; well, I suppose the process will start today. How did you describe to those two leadership candidates how a world with universal credit, with faster access to money rather than that five-week wait, might operate?

Amber Rudd: It is not exactly as you have described, because under the managed migration pilot, which is going ahead, as you know, there will be the equivalent of the transitional payments that are planned for the full managed migration, and there will also be the equivalent of the two-week run-on of the legacy benefits.

Please do not characterise me as talking about people in any sort of disparaging way when you quote me as saying "cope". I want to make sure that the changes that have been put in place do enough to mirror sufficiently the existing benefits that people have, so that they can move seamlessly from one to the other. I know that people are concerned, as I am, about the so-called five-week wait, but I am hopeful that that becoming a two-week wait will make a significant difference. That is what I am going to be looking at.

Q148 **Heidi Allen:** The final question from me, if I may, is about the two-week run-on. Don't get me wrong, it is welcome—of course it is, because it is a shorter gap—but talk to us about how it will be processed. In reality, how will that work for claimants?

Amber Rudd: I am going to ask Neil to do that, but can I make one other point? I know the Committee is aware of this, but not everybody is. The two-week run-on is additional funds. I am not unhopeful that people will think, "Actually, universal credit is a good thing for me, because after two weeks, I am getting this additional money, as well as the money at the end of the five weeks." Neil, could you explain how the actual process works?

Q149 **Heidi Allen:** From a processing point of view—manual, automated or otherwise.

Neil Couling: We want to automate the process. At the moment, when you make a claim for universal credit, an instruction goes to the universal credit system to stop your legacy entitlement. What we want to do, which is why it has taken us a while to bring it in—I know the Committee would like us to bring it in earlier—is to interrupt that automation and replace it with another automation that allows the payment to run on for two weeks. In that sense, in that first assessment period, you are getting two weeks of your old benefit entitlement, plus your full universal credit at the end of the five weeks.

Q150 **Heidi Allen:** On that basis, Amber, with that piece of IT work and another piece of IT work to change the automation processes, plus the cost of two additional weeks, would it not be easier and cheaper to get rid of the five-week wait altogether?

Amber Rudd: No, I genuinely don't think it would be. As you know, the whole system is designed to mirror the world of work, so at the end of five weeks, it is assessed on what people have earned during those four to five weeks. At the core of it is the right approach. What we need to make sure is that people have access to sufficient funds during that period. Under the old system, they would get it after two weeks.

Q151 **Heidi Allen:** Which is the world of work for many people on low incomes.

Amber Rudd: It is, and it is the world of housing benefit for many people. But I think that previous Secretaries of State have put in place changes, which I know the Committee welcomes, that will mirror that, because they get those additional funds after two weeks. If we see that that is effective, and that people think, "Look, I've moved on to universal credit. I've had the money after two weeks. My housing benefit has not been impacted. My rent is being paid on time", we will have demonstrated that it can work under the current system.

Q152 **Neil Coyle:** I am glad that you are saying that you want people to get the money quicker, because of the devastation of the wait, but adding these run-ons and roll-ons of housing benefit is an extra cost of £115 million to the taxpayer, while the delays for the individuals are simply reduced, not eliminated. Is there not a case to be made that it would be cheaper to scrap the five-week wait than to add more costs to legacy benefit roll-ons, as you seem to be planning?

Amber Rudd: Those are decisions that have been made by previous Secretaries of State.

Neil Coyle: Not the run-ons in the pilot.

Amber Rudd: Yes, because the pilot is mirroring the full migration that is due to happen, hopefully, in about a year's time. The pilot is designed to mirror that and show that it can work. What you are proposing is going back and basically redesigning the system. What I am proposing is trying to make sure that the system works for individuals.

Q153 **Neil Coyle:** No, what I am saying is that your proposals, under the pilot, with the additional run-ons of legacy benefits, are a new cost, as you just said, that we could eliminate.

Amber Rudd: What do you mean, eliminate?

Neil Coyle: If you scrap the five-week wait, you do not have to pay the additional run-ons—the two weeks of extra benefit that people will be getting at a cost to the taxpayer.

Amber Rudd: I don't have the figures to compare one with the other at the moment. I do think that your proposal does not quite work, because what we are trying to do is to make sure that the system sticks to its core principles of being able to pay people, at the end of the month, the amount to top up the world of work or for them to have the equivalent of—

Q154 **Neil Coyle:** But you are not saying that, because you are saying that the run-ons are at a two-week point of legacy benefits.

Amber Rudd: Yes, because they are acknowledging the fact that people have been used to having payments every two weeks, and it is fixing that particular problem by making sure that they do not have to wait four to five weeks.

Q155 **Neil Coyle:** By throwing good money after bad.

Amber Rudd: It is not good money after bad. It is ensuring that we fix that so that when they get on to universal credit, their first experience of the first two weeks works for them. Then they will go on to the routine of being on UC and then they can make other choices—as you know, there will be other choices within that that we have made amendments to—but at the moment, they will be able to go on because their cash flow will have been ameliorated by having had those two weeks.

Q156 **Chair:** Amber, when you get the transcript, might you look at that and then write to us about what Neil was saying and what you think the position is?

Amber Rudd: Sure. I am happy to do that.

Q157 **Rosie Duffield:** The Minister last week told us that the Department is introducing direct payments for funeral expenses because it works better for claimants, who obviously have a lot going on at that time and don't need to be dealing with that. You also pay directly for some people's rent to the landlord. Why can the Department not pay universal childcare costs directly?

Amber Rudd: Can I just say how pleased I am that we have put in place, starting this week, the child funeral payments? I pay tribute to Carolyn Harris, who campaigned on that so effectively.

Chair: Hear, hear.

Amber Rudd: In terms of the child payments, we have moved to paying the first month up front. As the Committee will know, it is 85% of the childcare costs. That is available now for work coaches to manage, to ensure that where individuals need it, they can have it up front. I am also endeavouring to make work coaches aware that they have more flexibility themselves, so that if they want to pay other payments—not just the first one—up front, they can choose to do that. My push is always to try to ensure that the work coaches, who are on the frontline trying to help individuals, can respond to those needs. They are paid up front for the first month. I have also made it less onerous for individuals to reclaim the benefits in terms of when the invoices come in. The move is continuing to try to ensure that we help people.

Q158 **Rosie Duffield:** Thank you, but earlier this month we had four mums telling us that they would rather not be on universal credit and would rather go back to working tax credits, which are not as generous financially, because of the stress and strain of having to meet those up-front costs. Are those mums going to be affected quite soon, so that it makes a difference?

Amber Rudd: I certainly hope so. It is partly in response to that testimony that I have tried to make these changes so that they can be paid up front on the first one, and there is more flexibility after that if the work coach chooses to put it in place.

Chair: Thank you. That is quite an important move, isn't it?

Amber Rudd: I hope so.

Q159 **Chris Stephens:** Secretary of State, let us move on to fraud and the huge coverage that there has been in the media about fraudsters applying on someone else's behalf to gain benefits. Did the risk register alert you to that possibility?

Amber Rudd: I was made aware of the fraud by work coaches themselves. On one of my visits to a jobcentre, when I was having a roundtable with a group of work coaches—it was in the north-west, which has the highest levels of fraud—they said to me, "We've got a problem here in this office, and we need you to help us to sort it out." I was aware of that probably in January or February this year, and when I looked into it, I discovered that there had already been a department within the Department of people to deal with fraud. I stepped that up, so we now have 120 people whose job it is to address fraud, and I believe that we have started to see it flatten and come off. There has been a problem, but I would point out that it is less than 1% of claims. We encourage work coaches to report it—

Q160 **Chair:** You say it is only that small percentage of all claimants, but the effect on people being thieved from is 100% per claimants.

Amber Rudd: What do you mean?

Chair: You seem to be suggesting that it is not terribly important, because it is a small proportion of all claims, but if you are the person who has been in Birkenhead market and been beguiled by somebody who takes a good £1,000-plus off you, that is 100%.

Amber Rudd: Absolutely. I don't want to minimise it, but I want to put it into context. I looked into this, and in 2003 the HMRC tax credit fraud level was just over 9%. It is now down to just over 6%. There will always be fraud and bad people trying to steal money off other people. The element of effectively having online banking through universal credit will give an additional opening, but I take it very seriously and we are doing a number of things. I was handed this today: it is a campaign we are doing on identity fraud, to ensure that claimants are aware that they should not hand over their identity. It is the same as it is with banking. There is more that we can do, and there is more that claimants can do, to try to protect them. Where claimants lose their claim through no fault of their own, we repay the money. Where claimants have been beguiled and had the benefit of the money themselves, they have to repay the money. We do get the money back, in terms of protecting the taxpayer, but we are also trying to do more to make people aware of what to look out for, and to take steps to stop it. One reason Ms Haddad is here is to answer any further questions on fraud.

Q161 **Chris Stephens:** In order to protect taxpayers, we want to know what safeguards are in place to prevent fraud, and whether those safeguards were not working in this case.

Amber Rudd: We are stepping up safeguards. We are trying to get the balance right when making loans and advances available, so that people can have access to funds as early as possible. One initiative was to make it as easy as possible for people to have access to funds, but of course if you do that, you run the risk of fraud. One thing we are looking at now—somebody will get a report back in the next few months—is whether we should move to face-to-face meetings before people get their advances in their hands.

Q162 **Chris Stephens:** Will those who have been victims of fraud be allowed to move back to legacy benefits, and will they have the money that was claimed in their name wiped off the record?

Amber Rudd: Yes, people who have been moved to universal credit by virtue of fraud, and who tell us that, will move back to legacy benefits if they choose that.

Q163 **Chair:** So you can move them back?

Amber Rudd: We can. People who have been victims of fraud and whose money has been stolen—

Q164 **Chair:** No lobster pot, then.

Neil Couling: That is not a phrase we would use in the Department, but because the claim was not properly made, you can revert the claimant back to their legacy benefit entitlement.

Q165 **Chris Stephens:** So people can move back to legacy benefits in some circumstances.

Chair: You could do it anyway, couldn't you, whether the claim has been made properly or not?

Neil Couling: No, the regulations do not allow you to move people where a claim for universal credit was made properly. We are using the criterion of whether a person has been scammed.

Q166 **Chris Stephens:** So anyone who has had money claimed in their name—that will be wiped from their records.

Neil Couling: There is a slight difference depending on whether some collusion was going on, or whether someone had been a beneficiary of the fraud. In a number of frauds we have seen, the claimants are part beneficiaries, and they may not be able to revert back to universal credit. Those who have been totally scammed and had their identity stolen can be reverted back.

Q167 **Chair:** So if the lobster is half in, we would be able to get them out, but if they are in, they've had it.

Neil Couling: It depends on the nature of their claim to universal credit and whether it has been properly made.

Q168 **Chair:** Amber, did the particular fraud that Chris mentioned appear on your at-risk register?

Amber Rudd: I am not sure. I would like to answer that more clearly, but I don't know the answer. I had already got to grips with it.

Q169 **Chair:** Will you write to us on that?

Amber Rudd: I certainly will.

Q170 **Chair:** How often do you meet your officials and go through the at-risk register?

Amber Rudd: About every week to two weeks.

Q171 **Ruth George:** Some 42,000 cases of suspected fraud have been raised by staff. How do you distinguish between those who have been complicit, as you see it, and those who are entirely innocent victims of scams?

Amber Rudd: By trying to get to the bottom of what has happened. If a case is raised as fraud by the staff, the usual procedure will be for the individual to be interviewed, which should reveal what has happened.

Q172 **Ruth George:** Are the interviews under caution?

Amber Rudd: Some people are interviewed under caution if they are invited to the Department and interviewed by our fraud team.

Q173 **Ruth George:** How many of those 42,000 cases will be interviewed under caution?

Emma Haddad: I do not know the total because we have not gone through it yet, but so far we have interviewed around 1,400 people under caution. There will have been other interviews, called compliance interviews, which are slightly different.

Q174 **Ruth George:** Those interviews will make a big difference to whether someone remains on universal credit or not, and what they say will make a difference. The letters advise people that they can be accompanied by a legal representative. These are people who have been scammed. They are being forced to pay back the advance of universal credit, and they have had their old benefits stopped. They are people with absolutely no money whatever, as I have raised in the House and written to you about, Secretary of State. How are they going to obtain access to a legal representative?

Amber Rudd: They will not always need a legal representative.

Q175 **Ruth George:** Any welfare rights adviser will advise them to take a legal representative with them because the consequences are so serious, and because of the degree to which they have been scammed or were complicit. It is a very fine line sometimes. There are people who are told that they are applying for a Government loan or a Government grant, and who willingly give their information over. It is going to be very difficult to decide in many cases, and people's lives will be affected by what they say.

Amber Rudd: It is my intention that those interviews try to assist people. They are not supposed to be confrontational. They are supposed to be, "How can we help this person who we believe has been scammed in some way? How can we assist them? Do they need other support? Do they need signposting to somewhere that can help them?" Do we know how many of them bring in a legal representative or adviser?

Emma Haddad: I can find out, but I don't know. Our fraud investigators have a responsibility under our duty of safeguarding. They are trained to look out for signs of vulnerability, and whether the interview should go ahead in the first place when the claimant arrives. Especially if they are without legal representatives and we think they are vulnerable, we will stop the interview.

Q176 **Ruth George:** None of that is set out in the letter. Have you seen the letters that are being sent to people, Secretary of State?

Amber Rudd: I haven't.

Q177 **Ruth George:** They are extremely scary. They say to people that if they ignore the letter, they could be—I am trying to read off a very bad photocopy. This is from a case that was sent to my constituent. It said that they could end up being prosecuted and could end up in jail. This is why people are so scared. Do you believe that an interview under caution is appropriate? Some of the very vulnerable victims I have been referring to you are absolutely terrified when they get this letter.

Amber Rudd: I hope that their experience when they go and have that interview is not terrifying. As has just been said, people are trained to assist people and to find out what safeguarding issues they might need to assist with. It is not designed to lead to a prosecution, although very occasionally it does. It is designed to see how we can assist and what other vulnerabilities might be there that we can help with.

Q178 **Ruth George:** Is an interview under caution appropriate, then? I urge you to look at that. I will send you the letter that people are being sent, and you can see for yourselves. These people are victims, and they feel that they are being re-victimised all over again.

Amber Rudd: I will take a look at the letter. We intend to treat them like victims, but if you feel that that is not happening, I will certainly take a look.

Q179 **Ruth George:** It is certainly an enormous workload for your Department—42,000 people, of whom 1,400 are interviewed under caution. The systemic fraud has happened in just the past four or five months. The Committee wants to make sure those levels of fraud, which are running at about 10%—

Amber Rudd: They are not running at that level; they are running at a much lower level. I continue to say about the level of fraud that it is all unwelcome, but under the previous system there were higher levels of fraud. It is just that this level of fraud has come in recently, and it is partly because we are trying to get people money earlier. The element of advances is what is allowing people to commit that fraud. I mentioned one of the elements we are looking at: whether we should move to face to face. In November this year, there will be access to the list of births and deaths. We hope we will be able to check who people are more effectively before the advance is made.

Q180 **Chair:** Let’s assume that Ruth and I are claimants and have been part of this scam. How would you decide if one of us needs that letter saying, “You are going to be interviewed under caution,” and the other not?

Amber Rudd: It will depend on the evidence and what has been reported by the work coach. We get these reports, as has been said, and if it is appropriate we will send out a letter.

Q181 **Ruth George:** But usually it doesn’t get to the work coach because it is an online application for an advance. The work coach is alerted only when the person does not attend for their interview.

Emma Haddad: Fraud teams are trained to look out for particular things, so they will know that some of them are probably more likely to be a victim of fraud and have no part in it. There would be a compliance interview to check it out. There are particular traits that they can see, which are generally the ones where there is something more serious going on. They would be the ones they would invite in to interview under caution. There is a difference between what we see in the evidence we have got before an interview in terms of the seriousness we believe the case to have.

Q182 **Ruth George:** When someone is being scammed, I have seen children added to their accounts. I suspect it is cases where there are lots of children that are suspicious. That is understandable, but the people involved might have no idea of what is being done by somebody on their account, if they have applied for a loan, as one of my constituents did. Another one had someone turn up at her door and sat with a tablet and filled in an application.

Amber Rudd: That is exactly why we are trying to do with the ID fraud campaign. Your constituent could have been vulnerable to somebody coming along and trying to set up a new bank account for them. ID fraud is not unique to universal credit.

It is something that everybody needs to be aware of, but I am conscious that we need to do more, which is why we are taking steps to look at whether we should move to face to face. We hope the changes in November to being able to access the births and deaths will make a difference as well.

Q183 **Chair:** Amber, given that we know the official line of the Department on how good universal credit is, most of us get views that people are terrified about it. If somebody, therefore, on legacy benefit unexpectedly makes a claim to go on to universal credit and is asking for an advance, isn't that a warning on your part that it might not be a genuine claim?

Amber Rudd: Personally, I don't think that is sufficient, Mr Chairman, because I meet plenty of people who tell me how pleased they are with universal credit and how they intend to tell their friends to do the same.

Neil Coyle: How many?

Q184 **Chair:** Yes, come on. How many people in your constituency have told you that?

Amber Rudd: There are plenty of people. I wouldn't take that view, but I sure the fraud team will have their own criteria to see where there might be fraud.

Q185 **Ruth George:** This is obviously hugely labour-intensive within the Department and will be, going forward. They are running about 10,000 cases a month at the moment. I certainly hope that you won't be waiting until November to prevent that. Otherwise, you will have a huge backlog of cases. Prevention is always better than cure.

Amber Rudd: I completely agree.

Q186 **Ruth George:** On carer's allowance, we are still seeing huge overpayments being racked up by people. Do you feel you have sufficient staff in the carer's allowance unit, looking at the VEPs to ensure you are not getting carers racking up big overpayments still, because of the devastating impact it has on them?

Amber Rudd: We have tried to give more clarity to the responsibility of people to tell us when the carer's allowance is no longer payable and whether we have got the right assessment. As the Committee will know, quite a lot of our payments rely on people alerting us to changes.

I am alerted by MPs, my constituents and the general press about what the big issues are. At the moment, I thought we had made sufficient changes to the carer's allowance to ensure that it wasn't a big issue any more, but I will certainly take a look at it again.

Q187 **Ruth George:** To ensure that you are not getting those big overpayments being racked up?

Amber Rudd: Yes.

Q188 **Ruth George:** Thank you very much. Can I ask a question on childcare? You talked about up-front payments. The first payment was the flexible support fund, which is not repayable. It is very good news that that can be used in holidays.

In the summer holidays, a lot of parents suddenly have to pay extra for childcare. Is that up-front payment going to be from the flexible support fund again? If so, are you increasing it? Or is it an up-front payment that will need to be repaid?

Amber Rudd: It will need to be repaid. It is a matter of judgment by the work coach if they think it should be paid up front. The point is that I am trying to ensure that they appreciate that they have more flexibility. I think the flexible support fund plays an incredibly important role in helping work coaches really help individuals with their personal needs. When it comes to the spending review, if I have an opportunity I will be making that case.

Q189 **Ruth George:** That is a big change, to be able to claim childcare up front, in some circumstances. It is obviously a key time of year for that; have you made sure that all the work coaches are aware of that? The flexible support fund announcement you made here took quite a long time to reach the frontline.

Amber Rudd: I'm not sure. Have we done any communication about that?

Neil Couling: Budgeting advances have existing for a while. What we have been saying to our staff is that they can use the budgeting advance system to effectively loan money to the claimant, so they can pay the bill. When the universal credit adjusts—because it goes up a month later, in respect of that bill—they can repay their advance in that way. Would I, hand on heart, say every work coach in the country has clocked all this yet? I don't think so, because we are running an organisation of 30,000 or 40,000 people. In answer to the question, has this information been put out into our operational units? Yes.

Amber Rudd: I think as a result of this conversation, should I have the opportunity, I might write to all the jobcentres, setting out some of the facilities that are available to them, if they choose to use them to support their work and support their clients. One of those I would refer to is help with the childcare bills, so that over the summer they are aware of the flexibility that they as individuals have to support people. I will do that next week as part of it.

Neil Couling: A case contacted me, and we facilitated all this yesterday. I am hopeful that this is happening, but we will double check for the Committee.

Q190 **Ruth George:** I hope that not every case has to go to your level of expertise and pay in order to get through the school holidays.

Neil Couling: So do I. She had heard that I had helped on other cases before, so I am the victim of my past.

Q191 **Ruth George:** Could the Committee also have that information? I would have thought all MPs would welcome it, so they can advertise to their constituents that they could take on extra work over the holidays or be able to pay for quality childcare, where they might be cobbling it together at the moment, and get those payments up front. That would be really useful.

Amber Rudd: Yes, I would be happy to do that.

Chair: Very good.

Q192 **Steve McCabe:** You made the welcome announcement of the £405 for people who were previously entitled to severe disability payments. Does that logic really mean that universal credit must be less generous to the severely disabled than the system it replaces?

Amber Rudd: I don't think that is what it means. I think it means that we are acknowledging that people with severe disabilities should have the additional funds that they were originally entitled to and that if they move on to universal credit, and they are not going to have the same entitlement, they should have had the opportunity for it to accumulate, which is what has happened this year, and we need to get on with paying it out to them.

Q193 **Steve McCabe:** How did you arrive at the £405 figure?

Amber Rudd: That was a result of assessing the judgment from the High Court in May. I can see my colleague is working through the numbers to explain it to you, if you would like that.

Steve McCabe: I always love to hear these explanations.

Neil Couling: Essentially there are three rates of payment for four different categories, singles and couples. A single former recipient of the severe disability premium, who isn't in receipt of the limited capability for the work-related activity bit of universal credit, is paid at £285. For a couple in that situation, without the LCWRA, that is £405. If you have the LCWRA, which is why a million severely disabled people are better off on universal credit than they are on their legacy benefits, the payments are now £120 and £285 for a couple. We offset their gain from universal credit, if you are a former SDP recipient.

In one other piece of good news, at the team table this morning we made our first payment. We have made our first compensation payment.

Q194 **Steve McCabe:** Very good. In fact, it is up to £405—I said it was £405. I asked that because the Department's own figures from February 2018 show that there are about 3,000 claimants who are single, living alone, severely disabled and without carers, who would be entitled to both severe disability premium and enhanced disability premium. Consequently, they are £720 worse off under universal credit. Doesn't it follow that even with this payment and even with the calculation we have just heard, they are still £315 worse off than they would have been?

Neil Couling: I am trying to do the maths in my head. I will certainly take a look at that.

Q195 **Steve McCabe:** Well, they are your figures from February 2018. I would be really interested to see—

Neil Couling: The provision we have made is for recipients of severe disability premium. We are not paying them transitional protection; we are paying them, in effect, a compensation payment.

Q196 **Steve McCabe:** This is a payment that is available to some people, but not to new claimants or where there has been a change of circumstances. Is it reasonable to assume that the people who do not qualify must be £405 worse off than the people who do qualify?

Neil Couling: It is available where there has been a change of circumstances that would not have affected the underlying conditions that entitle them to SDP. It is important to understand this.

Q197 **Steve McCabe:** What I am trying to understand is that you have worked out how certain people can get it, so they are getting an extra £405—or up to £405, according to you—but if you do not meet the criteria, that must mean you are not getting £405, so you must be getting less than the other person. That must be the case.

Neil Couling: There are a couple of things going on here. There is the design of the universal credit system. We effectively made a decision in 2011 that the money going to severely disabled people was poorly targeted; it was going to some severely disabled people but not all severely disabled people. We did not cut the amount going to disabled people; we spread that over, which is why you have 1 million people gaining from the move to universal credit. In these compensation payments, the former Secretary of State—the current Secretary of State's predecessor—was concerned about people losing severe disability premium, so we engineered and announced a system to compensate people who had lost severe disability premium. If you have lost severe disability premium and not had a change of circumstances that affects your underlying entitlement to severe disability premium, you get these compensation payments.

Q198 **Steve McCabe:** If you are a new claimant with identical circumstances to the person who has lost severe disability premium, you are getting £405 less. That is the case, isn't it? It must be.

Neil Couling: If you do not qualify for the limited capability for work-related—

Q199 **Chair:** Do you expect court cases on that?

Neil Couling: I know the Committee has looked at this and at the court case before. In fact, that court judgment found that the decision to arrange the benefits in the way we did in 2011 was sound, so it did not question that. What the court judgment—well, the first one—

Q200 **Chair:** Steve's question was not about that. Steve's question was about the fact that you are going to treat claimants who are in identical positions differently.

Neil Couling: A number of judgments have said it is perfectly acceptable for Parliament to decide that in a new situation, for new claimants, different levels of entitlement can pertain. The recent judgment that caused us the problems with the regulations said there was inequality of treatment of people coming from legacy benefits. That was wrong, and we had to deal with that.

Q201 **Chair:** You say Parliament decides. When did we decide this extraordinary policy?

Neil Couling: In the Welfare Reform Act 2012.

Q202 **Chair:** So you have a legal basis to discriminate against people who are similar but who claim at a different time?

Neil Couling: There is a long history of legal judgments pertaining to this, even before 2012.

Q203 **Chair:** You are saying you have the authority in that Act so to behave?

Neil Couling: Parliament is sovereign.

Q204 **Steve McCabe:** Just one last thing: where people receive back payments, is that assessable when they are applying for universal credit?

Amber Rudd: It is not assessable as capital, no. It is not taken account of. Was that your question?

Q205 **Steve McCabe:** Yes. So if the Department has to give you a back payment—

Amber Rudd: Of £5,000 or whatever it is.

Q206 **Steve McCabe:** It may be a bit more in some cases. That cannot then be assessed when you are applying for universal credit.

Amber Rudd: Correct. I have checked that.

Steve McCabe: Thank you. I might have to write to you about a particular case in relation to that matter.

Amber Rudd: Please do.

Q207 **Chair:** It was very important for us to know that, Secretary of State. Can we go on to your pilot? I asked you in the House what the criteria were for success. Have you had any more thoughts on that, please?

Amber Rudd: Yes, I have, and I would sum it up by saying that establishing what level of intervention is needed to manage people from one place to another is what we are trying to do. We hope that moving people from legacy benefits to universal credit is going to be as smooth as possible, and that's what I want to look at. What level of intervention is required to make sure that each individual has a positive experience out of that?

Q208 **Chair:** What is the definition of "smooth"? That was the operative word in your answer.

Amber Rudd: Well, we'll look at how long it takes and what sort of intervention we need—whether people with particular difficulties, for instance, need additional organisations to help. We have a plan, which I think you know a little bit about and which is to make sure we use people who are known to the individuals we are trying to move. We have called that, under the plan, "Who knows me?" It is likely to involve, for instance, social housing. It's so that people already know the individual who is going to be coming to them to try to work with them to move from legacy benefits to the managed migration benefits. But not just as a result of your question in the House, Mr Chairman, but as a result of my own thoughts—

Q209 **Chair:** No, no. I was just saying that you gave us some thoughts in response to an oral question.

Amber Rudd: I am doing that, and it is about that intervention. What level of intervention is going to be needed before we scale this up? That's what I want to know.

Q210 **Chair:** As this is an ongoing pilot, how do you pick off the results to apply generally to policy? You're not going to wait to the end, are you, to allow the lessons, if there are lessons, to be learned?

Amber Rudd: No, we are not. It is going to be evolving on an ongoing basis. We have a team set up in Harrogate who are going to be working closely with the Department to try to evaluate the experience that everybody has as they go through. We talk about test and learn, but it's more than that. I don't want anybody to have a bad experience out of this, so we will be leaning in very closely with the individual. So we're not learning something because of somebody's issues; we are learning something in order to help them to have a positive experience.

Q211 **Chair:** Have you fully adopted the point that Nigel addressed to you at previous meetings? That was that you take the responsibility for the claim and ensure that smooth transition. The onus is on you, in moving somebody, and not on the claimant.

Amber Rudd: I think that we are acknowledging that we have to have a very personal engagement with everybody in this pilot to ensure that that does happen. As I said in the House as well, we will make sure that nobody is left behind.

Chair: Nigel, do you want to come in on that? *[Interruption.]*

Nigel Mills: Inspiration is coming from the side.

Amber Rudd: Well, Mr Couling has one case to give you as an example.

Neil Couling: The first case that we have done I think illustrates some of the dilemmas and what we are going to try to do. We were talking to the claimant last week, trying to get them ready for today. She is very nervous about coming across to universal credit. She has heard all the media about it and she's very worried.

Q212 **Chair:** So she's not one of the people the Secretary of State has spoken to.

Neil Couling: No, she's not, unfortunately—I can't get the Secretary of State everywhere.

Amber Rudd: She's one of yours, Mr Chairman.

Neil Couling: She is on JSA at the moment—she has been on JSA for a while—and she is thinking of going on to ESA to try to avoid getting on to universal credit, but that will of course trigger a natural migration, so as a protective thing, this morning I was talking to the team about issuing a migration notice. I think this was the spirit of Mr Mills's question—doing some of the lifting for the claimant. It's so that she is protected—so that she can then get any transitional protection that's due, because she won't get that under natural migration.

So to my mind, we have already started the learning on morning one of the pilot. Do we need to do this more assertively? We have a plan to do—

Neil Coyle: We are six years in. We are six years in to universal credit. This is meant to be finished by now, and you're still talking about learning about the new cases—pathetic!

Q213 **Chair:** Well, it's good that they are trying to learn, but we are also trying to learn what you are saying to us. The point that Nigel put to you nearly a year ago was that what you call the heavy lifting should be totally on your side, and not on the claimant's side, if they are to have the smooth experience that the Secretary of State wants.

Neil Couling: What we are doing is in the spirit of what the Committee is asking for, but not the letter. I think you were asking me than whether I pre-populate all the data and do all that. I explained, in various interactions with Ms Allen and Mr Mills, why that is really difficult to do and that it is what got us into the underpayments on employment and support allowance. We are trying to learn from that and understand that pre-population, assuming that we know what claimants' circumstances are, is not the way to go. What we are trying to do, which is in the spirit of what the Committee is looking for, is support claimants on this journey and find the best way through.

I am sorry, Mr Coyle, we have not tried that. This is the first morning of trying to move our first cases from the legacy system over to universal credit without that happening for a change of circumstance or a new claim. There is learning to do there and it would be a foolish organisation that assumed it knew everything and could plough straight ahead.

Q214 **Nigel Mills:** I suppose what we would understand by seamless is, if I am a claimant, I pay my rent on the second day of the month, and I have other bills to pay, and I get my benefits on the last day of the month, or whatever, and I do not really want to change that, because it works—I have my cash flow coming in and I know what I am doing. You would think that seamless would mean that one month, you would just switch from getting legacy benefits to getting the new one, and you could carry on running your affairs in roughly the same way with roughly the same amount of money, except that there may be some change that I need to manage.

Is that what you are trying to get to? The problem with the five-week wait, even with the two-week run-on, is that you cannot get me the money on the days I am used to having it, so I cannot pay for things on the days I have to pay them. I have to start getting advances and repaying them, and getting very confused until it all settles down and I go back to getting a monthly payment again. It feels like, for people whose only income comes from the welfare system, that is a hell of a faff, which does not help you or them and just makes life miserable.

Amber Rudd: I have thought a great deal about this. I have sat down at some length with Neil and the others to look at the actual experience an individual, such as the one you have set out, will have. I can see more clearly now why former Secretaries of State pushed for the two-week run-on, for people who are getting paid every two weeks, or have been on benefits and have been used to two-week payments and housing benefits every two weeks. That explains the two-week run-on for housing benefit and why the two-week legacy benefits are going to be so important from summer next year.

I would expect the experience of the person you have just set out to be that, after two weeks, they will get the money from the legacy benefit—so far, so good. They have that experience at two weeks and then, instead of getting the next payment at the end of two weeks, they will get the next payment at the end of three weeks. I understand that that is difficult, but I would say, in mitigation, that it is a more substantial payment, of course, because it is not just in respect of two weeks but of four weeks, and to address that one-week wait, from the four weeks previously, there is the possibility of advances. I understand that that is, as you put it, a faff, but it is there.

Looking at why we have that extra week, rather than just having four weeks, I have looked into that, as the Committee may be aware. In previous conversations with people in those circumstances to try to work out what works best for them, instead of being paid at the end of four weeks as you are usually, at the end of the month, in terms of employment, because of the falling of bank holidays, Mondays, Fridays and changes, they would prefer to have a fixed day. If you say to people, "You will get your money at the end of the five weeks on the 20th of every month, or the 15th of every month", that gives them greater certainty than having that at the end of four weeks, which means that the money can come on one day, the next day, or whatever. It is in response to that that we have that set up at the end of five weeks, and it is in response to the banking system being able to reassure us that they can actually make the payment on that day.

The banking system have indicated that by 2023, they may be able to have sped that up. It sounds like a long way away, but I am sure it will come around. We are always looking for resolutions that will speed it up. I think that the example you have given will have a perfectly, not seamless, but calm experience by having the extra money in the middle of the month and then more money than they might expect, but slightly later than they would expect.

Q215 **Nigel Mills:** There is a danger that in this migration, the way you are doing it, you will find out that with lots of support and lots of people involved, and lots of time, you can make people understand what is going to happen and give them ways of managing it, but is that a real fair test of what on earth you will do to get several million people moving over at really quite a scale? Will you end up as we have seen before, just proving that when you have got lots of intervention you can make this fly, but when you haven't it all gets a bit problematic?

Amber Rudd: I think that is a fair point to make, and it is one I am very conscious of.

Q216 **Chair:** We need more staff, don't we?

Amber Rudd: We will see. This is one of the points of the pilot, really—to establish what will be needed. We have said we will transfer up to 10,000 and it is going to take a year. I hope that from the learning we get initially we will be able to find out how we can work better, perhaps with less intervention. It is going to be all about how much intervention is going to be needed so that people do have a positive experience.

Q217 **Nigel Mills:** Are you going to try and profile your 10,000 or so to have it match, proportionately, the profile of people you are moving, or are you going to try to pick harder cases, or easier cases, or whatever, to try to get the most use?

Neil Couling: We are not trying to recreate a kind of Great Britain in the 10,000. That is just not possible to do.

Q218 **Chair:** It might be quite hard in Ripon to do that.

Neil Couling: It might be hard to do it anywhere in the country, unfortunately.

Chair: I am not sure—but anyway, go on.

Neil Couling: What we will do, and what we do have, is sufficient numbers of people in the locality, or, if we haven't got them there, we will go to a second location to make sure we have picked up the claimant types and claimant experiences. Also, in the financial planning beyond the pilot phase, it does not then jump up to 100,000 a month. It has got a staged increase over the next year to allow for some further learning and further, kind of "Can you replicate this in all locations that we have, hopefully, successfully established in Harrogate?"—and maybe in another location as well. We are keeping our options open a bit there, until I see what comes out of the first couple of phases of the pilot.

Q219 **Chair:** All right. Amber, a large number of our constituents are, each month, naturally migrated, and they are being migrated without protection. How many a month are being affected? Do you know?

Amber Rudd: I am afraid I don't, no.

Neil Couling: It is roughly—I think I have given this to the Committee before—a half-and-half figure. So half are pure new claims and half are—

Q220 **Chair:** But how many in actual numbers?

Neil Couling: Sorry, I didn't realise. I apologise. We have got about 130,000 people coming on to universal credit each month at the moment, so roughly half of that total is what you would call pure new claims, and others have had changes in circumstances that would require a new claim in the legacy system and therefore come into universal credit.

Q221 **Ruth George:** At every gathering that we have had, Neil, you have told us that something that we are asking for, or that the Secretary of State has asked for previously, can't happen, or can't happen yet, because of the computer system. I think in the past you said there are about 200 glitches, or changes that you want to put right, in the computer system. You have 130,000 people a month rolling on to this system. Secretary of State, have you asked about whether this computer system is up to the job?

Amber Rudd: I have actually been very impressed by the fact that this major computer system that is rolling out so many changes for so many people has been so robust; so yes, I do regularly try and kick the tyres and find out that that is still the case, and that it is getting the support that we need to make sure that it never does down, like a banking system seems to occasionally—or a major online shopping system. I think we are doing the right thing, and have got a robust system in place.

Something I do find slightly frustrating, as Mr Couling will be aware, is that when I want to implement changes—perhaps changes that have been suggested here, or changes that I have come to myself from engaging with third parties—it takes a long time to put them in place, because there is a queue of good things taking place to improve universal credit all the time. Because we want to ensure that the system is robust and manages all the changes coming through, they have to join the queue. Sometimes when I am making changes, I am told, "That's a very good idea, Secretary of State; we can do that in three or four years' time." Sometimes something else must be chosen to replace it and come forward, but I think that is how every big tech operation works. If you want to protect the security and integrity of the system, you can't just rush in changes without ensuring that everything is prepared. I respect the system we have, although sometimes I am impatient to move it along more quickly.

Q222 **Ruth George:** A lot of changes have to be done manually at the moment. That is hard enough with 2.1 million claimants at the last count, but that will double in the next 12 months. Do you have enough staff who are physically able to cope with the fact that the computer system cannot cope with the changes, and therefore so much must be done manually?

Amber Rudd: I am constantly tested on that to ensure that what we are doing requires as little manual involvement as possible. This is designed to be an automated online system. We have the right preparations to ensure that we have the right staff.

Neil Couling: You almost make the point for me, Ms George—thank you—because to keep pace with the volume we must keep the developments of the system going, so that we can cope with that level of volume with the level of staff we have. That is why occasionally I might disappoint the Secretary of State as to when I might be able to implement something. The Committee has asked me for more detail on this as part of the natural migration report that you published earlier in the week, and I am sure I will find a way of trying to express that to you.

Q223 **Chair:** Thank you. MPs get contacted by a large number of constituents with a cry of hopelessness and horror about universal credit. Do you get a weekly report on all our letters and hotline use?

Amber Rudd: Obviously I sign a lot of them. One thing I have introduced, which I think is helpful for MPs and senior staff at DWP, is a regular surgery after oral questions—usually the day after, or the same afternoon—so that MPs can bring me individual cases and I sit with my officials and address them. It is important for senior staff at DWP to see what MPs are experiencing, what we can try to assist with and how we can do that. Introducing those cross-party surgeries has helped engagement with people who are experiencing universal credit.

Q224 **Chair:** So we should turn up with all the letters and comments and phone calls we have made about universal credit since the last question time, and give them to you.

Amber Rudd: I am not sure that would be particularly constructive. I am trying to encourage MPs to bring individual cases.

Q225 **Chair:** It would be a way of you learning just from MPs.

Amber Rudd: I have had plenty of MPs come to those surgeries. Rather than being asked about individuals on the Floor of the House, and giving my usual answer that I cannot address individual cases, I am trying to encourage MPs to bring those cases to me afterwards. It is not a way of tricking people; it is about genuinely trying to help individuals.

Q226 **Neil Coyle:** Have you turned any MPs away?

Amber Rudd: I don't think so, no.

Q227 **Ruth George:** I am sorry, Secretary of State, but that is incorrect, you have—me.

Amber Rudd: Ruth, I cannot believe we would turn you away.

Ruth George: Your staff have. I won't say it was you personally.

Amber Rudd: Have you not come to any of the surgeries? I think you have.

Q228 **Ruth George:** I came to one and then other issues were raised, particularly about fraud. I asked to see you about that at one of your surgeries, and to give you the letter that people have been receiving about interviews under caution. I was told that that would not be possible.

Amber Rudd: I am fortunate to have quite frequent engagement with you, so if I am in this place next September, I am sure there will be a further opportunity to meet and pick up on any letters you want to give me.

Ruth George: I might do that before September.

Q229 **Nigel Mills:** Assuming, as we all hope, that you are still in your place, what will you do about the benefit freeze? What will you ask the Treasury for in the event of a spending review?

Amber Rudd: I would strongly recommend that we stick to the current plan, which is to remove the freeze next year.

Q230 **Nigel Mills:** With what level of increase? What are you asking the Treasury to fund in terms of how you plan to increase various benefits?

Amber Rudd: The area I am particularly interested in working in—I have started to work with the Ministry of Housing, Communities and Local Government—is what we can do about the local housing allowance. To me, that would be an area of real change, if we could get more access to different private sector housing support across the country for people on low incomes.

Q231 **Nigel Mills:** Will you be asking for an inflation-linked increase, or do you think there is a case for anything higher than that?

Amber Rudd: I am not going to be drawn any further on that, because there are a lot of unknowns before the next spending review and I will have to wait and see what the position is then.

Q232 **Nigel Mills:** But you would not think that anything less than an inflationary increase every year was appropriate?

Amber Rudd: I would like to see the freeze off, that's for sure.

Q233 **Nigel Mills:** And then linked to inflation?

Amber Rudd: I will have to have that conversation—if I have the opportunity to do so—with the new Chancellor.

Q234 **Heidi Allen:** You must have a view on it, Amber.

Amber Rudd: I do, but I am not going to—

Q235 **Heidi Allen:** I accept it might not be possible because we are possibly into a no-deal Brexit, but you must have a rose-tinted, good day view and a more cynical view if things do not happen?

Amber Rudd: I am sure the Committee is aware that it is my view that we should get as much as possible into universal credit and other support that we give people on low incomes.

Q236 **Chair:** But if Prime Minister Johnson said to you, "Amber, what one move would make me most popular among claimants if I did it?", how would you answer his question?

Amber Rudd: I would like to take some time to think about that, Mr Chairman, because you only get one chance in those conversations. But the legislation currently, of course, links the benefits to inflation anyway, so that is the default position at the moment—unless it is changed.

Q237 **Heidi Allen:** My question is on a theme that Neil will come on to, but from a slightly different angle—it is just a quick question on PIP and the mental health court ruling that we have literally just had. It seems that the mental health third-party sector is still very confused about why the Department's original guess was that around 14% of the case load would be affected by that court ruling, yet now it looks as if you are saying that it is only 0.8%. People are struggling to get their heads around that. You sought the advice of medical experts when you came up with that original estimate. As a consequence of the ruling, in coming up with a new figure, are you still involving external medical experts, or is it only an internal DWP consideration that has been had to reach that new figure?

Amber Rudd: I am afraid I don't know the answer to that question—I don't know whether any of my colleagues here do—so I will have to come back to you on that.

Q238 **Heidi Allen:** Okay. It is just such a shift—who has been advising you throughout?

Amber Rudd: Yes, I understand. I am aware of the scale of the differentiation and I am aware that my colleague the Minister did a UQ on it yesterday, but I am afraid I don't have the details of what you are asking.

Chair: Neil, with the last question.

Q239 **Neil Coyle:** The Department promised this Committee in April last year that all PIP assessments would be recorded by default. Why has that not been delivered?

Amber Rudd: The current arrangement is that we have voice recording for all WCAs—work capability assessments—by request, and on PIP assessments we are still looking at the evidence of the trial that was started at the end of last year. That has been going on and we have had new trials done leading up to the summer we are in, so no firm date or plan has been put in place yet.

Q240 **Neil Coyle:** So when the Department promised to do it in April last year, you were not telling us the truth?

Amber Rudd: I am not sure what you are referring to, I am afraid.

Q241 **Neil Coyle:** The commitment was to record, by default, all PIP assessments. That is not happening.

Amber Rudd: That is not happening at the moment.

Neil Couling: I think we said we would do a pilot first. Interestingly, in the pilot there is very low take-up or very low demand from claimants for this, which is why we had to extend the pilot. We will report in the autumn on what we have found from claimants.

Amber Rudd: That is the evidence I have. The information I have is that we are going to look at it again in the autumn.

Q242 **Neil Coyle:** You have talked specifically about potentially merging assessments at some point in the future. Would you agree to look again at the number of routine reassessments for people with progressive conditions and to reduce the number of people having to go and the frequency?

Amber Rudd: I will certainly take a look. As the hon. Gentleman will be aware, I have been trying to reduce the amount of assessments that take place.

Neil Coyle: Which is welcome.

Amber Rudd: We have removed it for pensioners and we will look again at end-of-life assessments and people with terminal illnesses. If the hon. Gentleman wants me to take a look at progressive illnesses, I will do that as well, privately, and come back to him.

Chair: That was a last question; the last question will come from Nigel.

Q243 **Nigel Mills:** Standard Life, which we would all have thought was a pretty reputable provider, got itself a £30 million fine for how it was selling certain products. Has that moved your view any further on how we ensure that people take some level of independent advice or guidance before they access their pension pot, so that we can ensure that they are as well protected as they possibly can be before they make a pretty irreversible decision?

Amber Rudd: I have seen that information. I have asked my officials to look more carefully at what else we can do to ensure people with savings of less than £30,000 get advice. The FCA and MAPS are giving advice on this. I think Emma has some more information on that.

Emma Haddad: There are several things. MAPS is working with the Personal Finance Society on developing a gold standard of what proper, decent advice looks like. MAPS is also working with behavioural scientists to look at exactly what should be in place to improve the level of advice, so there is ongoing work, with MAPS and the FCA.

Q244 **Nigel Mills:** Presumably, you would agree that there is some urgency to get this right.

Amber Rudd: As a result of what I have been seeing and hearing from the industry, I have said that I would like to look more closely at it, to ensure that people, particularly those with lower savings of under £30,000, are getting advice sufficiently for us to feel confident that they are able to protect their funds.

Chair: Very good. Thank you for that extra six minutes. We are grateful to you, Secretary of State, and your colleagues for coming.