

Work and Pensions Committee

Oral evidence: The work of the Secretary of State for Work and Pensions, HC 50

Wednesday 16 October 2019

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

Questions 245-366

Witnesses

I: Rt Hon. Dr Thérèse Coffey MP, Secretary of State for Work and Pensions, Department for Work and Pensions, Peter Schofield, Permanent Secretary, DWP, and John-Paul Marks, Director General, Work and Health, DWP.

Examination of witnesses

Witnesses: Dr Thérèse Coffey MP, John-Paul Marks and Peter Schofield.

Chair: Welcome, Secretary of State, to your first appearance before our Committee. We hope to invite you on numerous occasions. For the sake of the record, will you and your colleagues introduce yourselves?

Dr Coffey: I am Thérèse Coffey, Secretary of State for Work and Pensions.

Peter Schofield: I am Peter Schofield, permanent secretary at the Department for Work and Pensions.

John-Paul Marks: I am JP Marks, director general for work and health services.

Q245 **Nigel Mills:** You have had a month to get your feet under the desk and master everything that the Department does. Can you set out your priorities for the next couple of years?

Dr Coffey: The Department is a huge part of the everyday contact that the Government has with people on a regular basis: 85,000 people. That is not 85,000 full-time equivalents, but that reach that we have is very important to me. A striking thing is the amount of support that is available to people. Some of the work is about footfall and how we get the people who need help in the front door more quickly to get support at Jobcentre Plus. So there is an element of thinking about how we achieve that.

Overall, I am keen to do what we can to make people wealthier. I am keen to tackle aspects of child poverty. I am keen to see what we can do to reduce the number of appeals going to tribunal, and to ensure that we are more aligned with aspects of the decision making. It will be about how we can get people on a career escalator and a salary escalator. Universal credit provides that escalator, because people can get universal credit until their household income reaches £42,000. Instead of just getting any job, we can help people to get their dream job. That is something we have announced recently.

Importantly, we want to make sure that we focus on other parts of the country, not just the overheating areas of London and the south-east or Cambridge. There are important things there, but we need to make sure that everybody right around the country shares in the prosperity of future growth.

Q246 **Nigel Mills:** Are you starting from a presumption that everything is going pretty well and you just need to make a few nudges here and there, or is your initial reaction to see more fundamental changes made?

Dr Coffey: I will not tire of saying this, but I am the only person in Government—perhaps the only person in Parliament—who has got a PhD in science. I am driven a lot by data analysis and really trying to get to the



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nitty gritty, so I am doing a lot more work on how we can understand the differential. We are very good at understanding our national picture and our sector picture, but I am trying to see how we can differentiate further. Universal credit has now rolled out in every jobcentre across every part of the country. I think it is broadly working well, although there is more that we can do. A lot of it is about how we get people in the front door more quickly when they need help, perhaps a bit later when issues such as missing rent payments have already started to add to some of the debt issues. That is something that I want to make sure we focus on.

Q247 Nigel Mills: That wasn't quite the answer to the fundamental change or a few nudges here and there. It sounded more like a few nudges here and there than a—

Dr Coffey: Broadly, a lot of people who have had the experience are satisfied. I am conscious that there is a drop in satisfaction, particularly among people with disabilities. Working with Justin, we need to get that right and get it focused. Some of the work that we are doing on trying to get a single assessment will be an important part of that, as long as we can make sure that customers actually want that to happen and that we have people adequately trained on it. There are different things going on. Some work has already started on the mandatory reconsideration, which started before I arrived. It is too early to say whether it is working. The Minister believes that we are already seeing some improvements there. I am driven a lot by data and outcome focus. We need to check that stuff is actually working and improving.

Q248 Nigel Mills: I will try my favourite question. If you had to give your new Department a mark out of 10 for its current performance, what would it be? That is a good data-driven question.

Dr Coffey: I guess that after a month it is challenging to do a balance sheet. We have not yet had our first board meeting—that is coming up soon.

Q249 Heidi Allen: From your personal experience as a constituency MP, how do you think people are feeling about universal credit?

Dr Coffey: In Suffolk Coastal, it is working for 9.9 out of 10, no question.

Q250 Neil Coyle: And as a Secretary of State, rather than as a constituency MP?

Dr Coffey: I think that when people get into the system—

Neil Coyle: That's a big "when". "When" is doing a lot of work in that sentence.

Dr Coffey: Okay. I would probably go for 8 to 9. I am quite content—

Q251 Neil Coyle: No sanction then?

Dr Coffey: I am sorry, but I don't know what that means.

Chair: As you are the person who will be marking your work, you would



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have to be remarkably relaxed to sanction yourself.

Dr Coffey: Frank, the NAO produced a report yesterday. It has highlighted some issues. We now need to look at that carefully, which is what I will be doing with Peter, to see what we can do, building on what the NAO has said. I will be open: it is too early for me to give a reaction to that. That is the usefulness of having people such as the NAO coming in to do that sort of work for us.

Q252 **Chair:** One of the problems for you, Thérèse, is that you have inherited a Department that has frozen benefits. In my constituency—I can't speak for others—I see people who are hungry and driven to destitution. That is not surprising, given that benefit levels are not generous. If then, over a period of years, you take off for a two-child family what would have been an £1,800 additional increase in benefits over that period, it is pretty grim.

I assume, therefore, that you did not give yourself 10 out of 10 because there is this huge issue of what we are going to do to treat fairly that group of claimants who have paid the most of the revenue saved, so that the Government can say we are safely out of austerity, now that we have helped balance the books. What is your priority about making good that freeze? We have got another question on caps later, but the freeze has affected everybody below retirement age.

Dr Coffey: Frank, you will know that the legislation did not allow for anything else apart from a benefit freeze.

Q253 **Heidi Allen:** You could have changed it.

Dr Coffey: Heidi, I know you voted for that Act of Parliament as well, although I am conscious that you may have changed your mind since.

Q254 **Heidi Allen:** That was three and a half years ago, and you have to change policy if the inflation environment changes.

Dr Coffey: Building on that, there are 450 benefit lines, some have automatic increases and it varies. We now have the opportunity to consider this in the run-up to what is needed from April next year. The Department is now doing the analysis on about 120 different benefit rates where we now need to consider that for the first time. I am in discussions with the Treasury about this, but until I get the analysis, which is due before the end of the month, I will not be in a position to say exactly what we will do on every single product line.

Q255 **Chair:** But has there been any discussion in Cabinet, Thérèse? The Cabinet has found a magic money tree and all sorts of projects are getting very large sums of money. Does anybody in Cabinet support you in saying that the group that should be at the front of the queue when we shake the money tree should be the people who have contributed most to our economic success by the cuts in their benefits, so that we can end austerity?



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Dr Coffey: I am not going to discuss what we discuss in Cabinet, as you will appreciate, but we have started discussions, in particular with the Treasury. I think there is a general desire of the Prime Minister to see how we have that increased prosperity, and how we share the benefits of increased prosperity with everybody in society.

I cannot give you a definitive outcome on what we will do, but I want to be encouraging. I am conscious of what Amber has said in the past and of different forecasts going forward. I don't think anyone should make an assumption by default, but we are looking very carefully right now at what we can do about benefits going forward from 2020.

Q256 **Chair:** I much welcomed your statement at the beginning that you, as a scientist, were looking at evidence. Nobody can make any sense of what the benefit levels are, why they are at that level. Is there any push on your side, personally, to set up an inquiry that might give us a more rational basis for deciding benefit levels?

Dr Coffey: I haven't looked into that in my first few weeks, Frank, but when I get the analysis it is the kind of thing that I am sure will trigger some questions. In my career I also ended up being an accountant, so we will see how we will progress with different outcomes there. It is important to see what outcomes we want, with consideration of things such as increasing the work allowance on UC before the taper kicks in. That is trying to do what we can about that element as well. That sort of analysis is ongoing.

Q257 **Ruth George:** On the freeze, what is your assessment of the impact of housing costs and local housing allowance and how adequate that now is?

Dr Coffey: I know that the Department has been looking at that carefully. There are definitely parts of London, Bristol, Oxford and Cambridge where the heart of the city is very challenging for people with that element, particularly people coming newly into accommodation who are seeking support. That analysis is underway and the discussions are being had with the Ministry of Housing, Communities and Local Government and the Treasury about how we consider that.

Q258 **Chair:** Thérèse, it is quite challenging in Birkenhead.

Dr Coffey: It is quite difficult to give definitive answers because we are still in discussions about the next steps.

Q259 **Ruth George:** Shelter has produced some very comprehensive analysis of the number of properties in each area covered by the local housing allowance. In my own area, of many properties only about 6% of them are covered by the LHA. I am seeing people, particularly those on universal credit, who are having to make up £100 a month of their rent out of £300 a month of universal credit. If they are also repaying benefit advances, those are the people who are in real destitution and poverty and often visiting food banks. It is not enough just to look at inner cities. This is happening everywhere, Thérèse, and I hope you are going to look at it as a whole.



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Dr Coffey: Indeed, and I have been given the data by borough of where we are with that sort of element.

Ruth George: By borough?

Dr Coffey: By borough.

Ruth George: By borough, okay. Not by somebody called Borough.

Dr Coffey: No, by borough.

Peter Schofield: By local housing area.

Neil Coyle: By local authority, but also by shire?

Dr Coffey: I think I have got it by local authority. Sometimes they are coterminous but not entirely. We are looking at that. One other argument has been made about what more to do about the temporary top-up funds that are available, the discretionary housing payments.

Fundamentally, we are going to be spending something like £24 billion to £25 billion on housing benefit, whether through UC or direct through that. I just don't see that as being sustainable; it just keeps going up and up. The answer is that we have to build more homes in order to support the growing population and meet the growing housing needs.

That is why, since I have been involved pretty much from about day three, that was a big lightbulb for me. If we just keep putting in money, something that has been a sticking plaster for so long has turned into a massive plaster cast. We need to fix that housing situation. You know that the Government are ambitious to do that. It is a key thing between us and MHCLG on how we accelerate that.

Where the market is not working, I am very keen that we consider how we intervene directly to try to support that. Robert Jenrick is working on that with Esther McVey. That is a key part of the discussion.

Q260 **Ruth George:** I am afraid that if you tell my constituents who are visiting a food bank that they have got to wait for the Government to fix social housing before their benefit payment will be adequate, that is just not good enough, for them or their children, who are growing up in poverty. We have got so many policies that are impacting on that. We have got the two-child limit. What is your assessment of the impact of that on child poverty?

Dr Coffey: You will be aware that my predecessor, Amber, made a decision that has now come into effect. For any child born before the cut-off date of April 2017, even if they are new claimants, that will not be considered, so they will not be restricted by that. I fully support the two-child limit policy; I absolutely do. You will be aware of some of the different exemptions that exist—twins, children in care and similar. Actually, Ruth, I think it is a popular policy in the country. I appreciate that we may have different views on that.

Q261 **Ruth George:** The Child Poverty Action Group said that you could not



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design a better policy for increasing child poverty. What is your view of the level of child poverty and what should the Government's ambitions be for it?

Dr Coffey: I am conscious that people get into different arguments about absolute and relative poverty, and all those things—

Q262 **Ruth George:** This is about children using food banks and growing up in destitution.

Dr Coffey: I was just setting out different metrics that people use for elements of that. Focusing on absolute poverty, of course I want to turn that around; I don't want any child to be poor, growing up in a poor family. I believe that work is generally the best way out of poverty, although I am conscious that every part of that is not always fulfilled. I will not be proposing that we turn around the two-child limit policy. Broadly, people see it as a sensible way for the Government to use their taxes. However, I appreciate your point. That is why we are in active discussions about what we can do to add another sticking plaster on the specific issue of housing. It is about the route to achieve that, as well as agreeing the sums, to be candid, which we are spending time on before the Budget.

Q263 **Neil Coyle:** Just to be clear, in the political interest of a popular policy, as you describe it—

Dr Coffey: It is not a political interest; it is a policy that was supported in this Parliament.

Neil Coyle: If I could finish the question. In the political interest of, at some point, potentially, influencing how many children people have, you are quite comfortable with children today being forced to rely on handouts at food banks and living in destitution?

Dr Coffey: It is not a consequitur.

Q264 **Neil Coyle:** It is the reality. If you are not comfortable with the reality, that is a big problem.

Dr Coffey: You are trying to say there is a causal link.

Q265 **Neil Coyle:** There is a causal link between the policy and the destitution and poverty, yes—absolutely, 100%.

Dr Coffey: I am not sure that I agree with that assertion.

Neil Coyle: Then you are not accepting reality.

Q266 **Chair:** Thérèse, there must be a link. If you cut the money of families, which they would normally have had, prior to the policy, the chances of that family being very hard pressed must increase, or we have got benefit levels that are too generous.

Dr Coffey: No, they are not causal.

Peter Schofield: The dynamic impact of more people looking for work, more people finding work—



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Neil Coyle: And living in work in poverty, with the children living in poverty.

Q267 **Chair:** Work is not a route out of poverty, as you know. The Department has surely produced the figures for you, Thérèse. We have an army of people who are in work and gaining all the benefits to which they are entitled, but they are still poor.

Dr Coffey: As I set out before—I will come to Derek—there is a key thing about universal credit. I am sure that Members here have visited their local jobcentres. Our work coaches are very keen on universal credit because before it was just about getting people into any job and then they were off the books. Now there is this ongoing situation whereby we help people to find better work. That is why I am keen on aspects of dream jobs and going up the salary escalator. That is a key focus that I intend to bring in my time as Secretary of State.

Q268 **Chair:** Peter, how many people in your Department are working and claiming universal credit?

Peter Schofield: I don't know the answer to that.

Q269 **Chair:** Don't you think that you should know that, before coming here and blithely telling us that work is a pathway out of poverty? Some of your own staff are so poorly paid and will obviously need to visit their job coach within the Department to find out how they should go up the ladder.

Dr Coffey: Frank, the household income limit is £42,000 before you stop receiving universal credit. It is a good way of getting up the career escalator.

Q270 **Ruth George:** What are the housing costs and how many children do you need to have to be on £42,000? You actually need more than two children and to have had your children before 2017 for that amount to kick in, Secretary of State. If you do not have children, the amount that you can earn before you stop receiving universal credit is £6,000 a year. Do you think that people are not in poverty if they earn £6,000 a year?

Dr Coffey: It is a case of how we can maximise the use of universal credit. You came back to the element about people who work for the DWP who are on universal credit. That is a reason why we do a lot to help people up career escalators and other aspects like that. That is the new emphasis that I am trying to bring to the DWP. That was one of my key decisions early in my tenure as Secretary of State.

Q271 **Chair:** I am going to bring Derek and then Chris in. Could we have an undertaking, Thérèse, that you will ask Peter to produce the data on how many people in the Department are on universal credit, the salary that they have, the amount of universal credit that they claim, and the effects of going to—

Dr Coffey: No, because I think that is personal data, Frank.

Chair: We do not wish to have the names and addresses of the people.



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From family income supplement onwards, the Department used to say how many of its own employees were drawing the then poverty benefit for people in work. I think it is a scandal to come along here, Peter—you are responsible for a Department and for the welfare of your staff—and not to know how many people are on universal credit, how much they are drawing, whether they have visited one of your wonderful work coaches, and whether they can earn more and reduce the claimant income they take home. I am asking you to undertake that work.

Q272 Chris Stephens: Chair, this is already in the public domain, and freedom of information requests have already asked those questions. Peter and Thérèse, can you confirm that more than 40% of people employed by the Department claim some sort of benefit to bring their income up to an acceptable standard? What does it say about a Government Department whose purpose is to alleviate poverty if almost half the staff—certainly more than 40%—are living in some sort of poverty themselves?

Peter Schofield: Well, Mr Stephens, I would say this. We have been working hard to ensure that we give two types of opportunity. One is for staff to earn more than the average across the civil service, through something called the employee deal, which we negotiated with the Treasury in 2015-16. Our staff have had a four-year pay deal, which on average has increased by 2.7% per annum—that is very good compared with other parts of the civil service.

Building on what the Secretary of State said, we work incredibly hard to give our colleagues the opportunity to grow and develop their careers in the DWP and to get to higher grades and earn more money. We do huge amounts of talent and development work. I would love to show you, Mr Stephens, some of the events that we do and the opportunities that we give our people to grow and develop.

Chair: We will come back to that, if we may.

Q273 Derek Thomas: It sounds like there has been a bit of an attack on the Secretary of State on the two-child limit. It would be helpful for everyone in the room, and perhaps for those watching, to know how many families we are talking about and who is affected. Is it just new claimants with more than two children who will be affected by the two-child limit? If that is the case, is that the right answer?

Peter Schofield: It applies from April 2017, and 161,000 families on tax credits and universal credit will be affected by it. Of those, 22,000 are on universal credit.

Q274 Derek Thomas: Who does that apply to? What families are exempt from the changes that have been made?

Dr Coffey: For example, people might have twins.

Derek Thomas: I think you said just new claimants—

Neil Coyle: I think Derek is asking whether this will affect children who already exist, or children born in the future. The answer—let us be



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truthful—is that this will affect children who already exist. I have constituents who are affected.

Dr Coffey: Yes, it is children born after the particular date. By the passing of the Act, at least a year beforehand, a clear signal was strongly given that—I am all for people having children—they would no longer get additional support for more children coming into their family as a consequence of this change.

Q275 **Derek Thomas:** So there will be people who were receiving universal credit or tax credits for three children, and they will now stop receiving it for the third. Is that right?

Dr Coffey: No, I don't think that is correct. The child has to be born after 2017. This is one of the changes that Amber made—there was an issue that if somebody stopped having tax credits or support and left the system, but then came back to claim, they did not get support for the child born before April 2017. That has now changed, and they do get that support.

Q276 **Derek Thomas:** So we are talking about third children who were born after 2017, which is two years ago.

Dr Coffey: Correct.

Q277 **Derek Thomas:** I am getting at this causal link. I just do not think that we can make sweeping statements about poverty, which is a really serious issue, and suggest that one policy among myriad other challenges is the cause of child poverty. That just undermines the whole need to find a solution and help those caught up in this, who may not have three children.

On that point, as we get more years of evidence—you have made it clear that that is what you are concerned about, and that's good—is there room to really look at the impact on those families and constantly review it, and to see what can be done to support them, if needed?

Dr Coffey: I think that if we were going to give additional support in terms of cash, I would rather do that on elements of getting people up the career escalator and to a higher income for their family.

Q278 **Steve McCabe:** Your predecessor was on a bit of a journey over the question of sanctions, and she eventually concluded, in a speech on the future of the labour market in May 2019, that she didn't actually believe that the most severe sanctions worked. She thought that they were “counterproductive” and could stop claimants moving into work. Is that your view as well?

Dr Coffey: I just started looking at this very recently. I am conscious that the legislation laid today will now reduce the sanctions from a maximum of three years to a maximum of six months, for a single sanction. That should come into effect before the end of November. I think it's fair to say that something like just under 2.5% of people have been subject to conditionality—have had a reduction in their benefits due to sanctions. I



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think that's one of the lowest rates that we have had since the whole system came into effect. We are not trying to trap people or do other elements, but we want to make sure that people who have signed up to a contract in order to get support through universal credit actually fulfil that contract, because they are receiving other taxpayers' money. So I think it's a reasonable approach, but I am conscious of what Amber's journey has started, and I am waiting for further consideration that I will do in conjunction with Will Quince, the Minister for welfare delivery.

Q279 Steve McCabe: I asked that purely because it has always been the Department's belief that sanctions encourage people to look for work, but, as I said, your predecessor said, "No, actually, severe sanctions don't have that impact," hence the reduction to six months. I just wondered whether you shared her view. You have said that you have started to look at that, but your Department is due to publish its findings from its evaluation exercise. In fact, they were due to be published in the spring—I think we have passed spring now, haven't we?

Dr Coffey: We have; you're right.

Steve McCabe: They were due to be published in the spring. Have the Department told you when they are going to publish this evaluation? Have you seen the early draft of it yet?

Dr Coffey: We are going to publish it before the end of the year or by the end of the year. The team are still working on the evaluation of the effectiveness. I don't think I have had a report on that yet from the team. But I am confident that it will be published before the end of 2019.

Steve McCabe: Thank you.

Q280 Derek Thomas: I met my local work coaches following a series of meetings with people who had transitioned or were transitioning to universal credit. I refused to have managers in the room, or any senior officers, and we had a really good, honest conversation about what was working well and what was challenging and needed to be addressed. Actually, transport came up as a key issue, but my question is not about that; it's about budget advances to support parents with up-front childcare costs. Your predecessor said that work coaches would be encouraged to use budget advances. I don't know whether you are able to say what progress the Department is making to make that become a reality.

Dr Coffey: I'm still trying to remember all the different TLAs that I'm learning in this new Department, but that is from the flexible support fund, isn't it?

Q281 Derek Thomas: So do we know any information about whether that is actually working? We are talking about July, which doesn't seem that long ago. Are we seeing some progress on the ground for parents?

John-Paul Marks: We are seeing progress on the ground. The flexible support fund is an expenditure pot of about £41 million. We are on track to spend all of that this year. About £12 million of it is for barrier spend,



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and, as you say, that is for things like transport costs; it would be for clothing for interview, and it can include up-front childcare costs.

It is worth keeping the flexible support fund in context. We will be spending £6 billion on total childcare support in 2020, and the vast majority of people on universal credit, once their children turn ages three and four, and those people are expected to work, can of course access 15 or 30 hours of free childcare as well. There is also childcare entitlement in universal credit.

I have written to every jobcentre. We are tracking it monthly—the childcare barrier spend—and we will publish the data next year, when we have the out-turn of that. You can see early indicators that it is going up but, as I say, it is a small amount in the context of overall childcare support—tax-free childcare, UC childcare, and 30 hours' free childcare.

Derek Thomas: You are right that it's small, but it is actually critical for the family involved.

John-Paul Marks: Yes.

Q282 **Derek Thomas:** In the feedback you are seeking, are you able to establish, or are you asking, how available the childcare is? In very rural areas, lots of mums and dads who want to get back to work might not be able to find it even with that support. Can you go as far as that, or does that fall to a different Department?

Dr Coffey: It is actually a statutory duty of every council to make sure that there is adequate provision of childcare. That is done through DFE to local authorities.

John-Paul Marks: On your point about travel, it is absolutely a barrier that we spend effort and investment on. In terms of your constituency, we talked about self-employment last time we met. We have really tried to make sure—hopefully, you felt this—that the engagement is there to get this right. The point of the flexible support fund is that every local jobcentre has that pot of money to use for local circumstances. In the south-west, travel barriers to get to childcare provision may be a particular thing, and the team are empowered to spend that money as they need to do to remove that barrier to get people into work. It is one of the reasons why, over the past few years, we have continued to see improvement in the lone parent employment rate, with more women in work than ever before.

Derek Thomas: After we met, I met the work coaches, and they certainly felt that they were more empowered to help.

Q283 **Chris Stephens:** Secretary of State, will you update us please on the progress of your Department's work with the Scottish Government in relation to enabling split payments, or separate payments, which is the phrase I prefer, in Scotland?



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Dr Coffey: I know that our civil servants are still trying to work out with the Government the practicalities of delivering the different split payment policy in Scotland. I am not sure that it is really for me to get into a discussion of what a Scottish Government policy is trying to do. We are there to facilitate that, recognising the devolution in the Act. I had a brief meeting with Shirley-Anne Somerville, and I will be seeing her for the first time next month. This is an ongoing—in effect, technical—element, which is there.

Q284 **Chris Stephens:** So we are still looking at adapting the IT and administrative systems to deliver this policy.

Dr Coffey: At the moment, aspects of split payments have to be done manually, so it is the IT work that is under way.

Q285 **Chris Stephens:** Okay. If I can touch on other constitutional matters, I understand that the Department has notified its staff that it will increase its operational hours in relation to some work on the potential impacts of the UK leaving the European Union. Will you confirm that for me, please?

Peter Schofield: As part of the employee deal that I described a little earlier—the four-year pay deal—we agreed to increase over time the operating hours in which customers can contact us, whether over the phone or, particularly, increasingly, online. What we have been doing is rolling that out gradually. There has been customer need, and we have been ready to do that. We do this over six-month cycles so—over the four years, there are eight six-month cycles—and we are at the point of notifying our staff that we will be doing further discussions about what comes in in March next year. So we give six months' notice to colleagues.

Q286 **Chris Stephens:** So the change in operational hours is not to do with the UK leaving the European Union; it is for other reasons.

Peter Schofield: This is a long-term plan. Increasingly, particularly through universal credit, more and more of the people who contact us are in work. They want to be able to contact us sometimes outside of 9 till 5.

Q287 **Chris Stephens:** I also understand, Mr Schofield, that it is the Department's intention to close some of the back offices. Is that the case?

Peter Schofield: There is another phase of work here. We are looking at our overall estate. In March 2018 we came out of a 20-year PFI deal, in which we engaged with a third-party firm to provide all of our estate. We were locked in for the 20 years. Since then, we have been looking at where we need to be. What sort of estate do we need to have? How can we reach the people who we need to reach, and how can we do this in an efficient way?

For our frontline jobcentres, we need to have the same retail footprint. For our service centres, there will be places where we want to consolidate. A great example of that would be south Wales, where we have five really small centres. We are going to consolidate those in Treforest, just outside of Cardiff, building a new purpose-built centre, which enables us to work



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flexibly to use technology in a different way and to deliver a better service to the people we serve.

Q288 Chris Stephens: The Department is closing offices and increasing its operational hours; yet staffing levels have reduced, as I understand it, to now below 80,000. Is the Department intending to increase its capacity and recruit more staff?

Peter Schofield: One of the things we want to do is flatten demand during the day. One of the problems that we have is that we often have peak demand in calls at 10 am or 11 am, and you simply cannot have enough staff on the phones to handle that for that period of time. What we are looking to do is to flatten demand over the day, so there is a much better service for people contacting us over the phone, also enabling us to do more in the way of responding to people's online queries, particularly through their journals in universal credit. That is true across the piece—we are trying to become more flexible. As we become more flexible, so we can deliver more for less. As you will see in the NAO report, we have been delivering more for less over the last—

Q289 Chris Stephens: I appreciate that, Mr Schofield, but it does seem curious. If you are increasing the operational hours, it would seem to me that it is obvious that more staff would be required.

Peter Schofield: No, because you have fewer staff—

Q290 Chris Stephens: We know you have fewer staff; you have less than 80,000.

Peter Schofield: All I am saying, Mr Stephens, is you do not pack all your staff in to a particular hour of the day; you spread the number of staff over a longer period, so you have fewer staff more evenly distributed during the day. That means that you can provide a better service to customers.

Q291 Chris Stephens: Do you think the Department has the capacity to deal with these queries—to deal with all the phone calls and all the general queries? Do you think currently the Department has enough staff to carry out that work?

Peter Schofield: This is always a challenge. I came to this Committee about a year ago and you were questioning me about the overall financial position of the Department in the wider context. The key for us is to use the benefits of technology to enable our staff to do more by way of tailored support to the people who need it, and encouraging customers who can interact with us online to interact with us online. I see there being some opportunities here.

Chair: We will come back to you on that, because it is an important thing. Claimants are clearly difficult, not ringing you at the right time, aren't they?

Q292 Heidi Allen: I have a couple of questions. The first goes back to what Chris was touching on about the split payment in Scotland. There are



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many reasons why, in a modern United Kingdom, women might be entitled to have their own earnings as opposed to just being part of a household, but it was also driven by domestic violence. Amber clearly got that, and she said that her priorities particularly were for women and children. She said that the Department were going to look at whether instead of split payments, if that was not deemed the answer, the main fund for children could go to the main carer. What progress has been made on that?

Dr Coffey: First of all, you raise the important issue of domestic abuse. Since the summer—I think it was August—basically there has been training that has been delivered in collaboration with Women's Aid, and there is a point of contact in every single jobcentre to try to recognise those sorts of situations and new referrals. As it stands, about 60% of UC payments tend to go to the woman in a joint claim, largely because they are the main carer, but I think it is not going to be our intention to introduce split payments by default. There are some exceptions already, or some criteria if people need that. Some of that is because every UC payment is quite different. It might not cover everybody's housing element. It may be part of it, so I think it is best if we allow families and households to decide that. On the actual screen, I think there is a bit of nudge going on. JP might want to say more about that.

John-Paul Marks: The previous Secretary of State made a commitment to make sure that at the point of the new claim, it is clear that that choice is available for the customer and for the couple. When people make the new claim and enter their bank details into the system, there is now a clear message that nudges them to make that deliberate choice about who they want to declare the account details for, and we then make that happen. At the moment, 60% is paid into the account of the woman, but we have only made the change quite recently, so we need to monitor it to see to what extent that number might go up as a result of that messaging. But I do agree, of course, that that is only the new claim point in time.

The thing that we have really focused on is the cultural support in jobcentres, where we can spot people with vulnerability—whether it is domestic abuse, mental health issues or homelessness—and then grab them and do the right thing, whether that is getting them into supported accommodation, closing the claim, starting a new claim or whatever it might be. Women's Aid helped us to do that for domestic abuse, and we have 600 specialists across the country now.

Q293 **Heidi Allen:** Can I just check: is anything being done to shift things proactively, outside the 60% that you have talked about already, to get more money going direct to the carer? What are you doing about the other 40%?

Dr Coffey: The choice is there, and we are encouraging people when they go through the claim to make that point very clear—leaving that choice, then, to the people making the claim.



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John-Paul Marks: In that situation—let us say that a vulnerable customer presented at a jobcentre where that was a risk—one option is that someone could make a change of circumstance and change their bank details for the main carer payment.

Q294 **Heidi Allen:** But this is the difficulty, isn't it? I cannot pretend to imagine what life must feel like in an abusive relationship, but the minute that something is changed and is a little bit different, it means that there is hell to pay back home. That is the whole ethos behind why we are looking for the Department to proactively do something, rather than it being about "Why has our claim changed?"

Dr Coffey: I think it has been proactive. That extra support, working with Women's Aid, is an important step forward.

Peter Schofield: A lot of it is about the support that is actually given in the jobcentre by skilled people, tailoring the support to whatever the situation is. Like you, I cannot imagine what it would be like for people in that situation, but the key thing is that we have skilled, supportive people in the jobcentre able to tailor the support to the people they meet.

Q295 **Heidi Allen:** So despite what happens with the Scottish pilot, you have no intention whatsoever of even considering looking at default split payments for the rest of the UK.

Dr Coffey: Not by default, no.

Q296 **Heidi Allen:** One of the first things you said this morning, Thérèse, was about wanting people to come to the Department sooner, before they get into financial difficulties. That is great to hear; you will know, am I sure, that organisations like Citizens Advice are seeing more people presenting with debt issues, or with significantly more debt, when they are moved on to universal credit rather than legacy benefits. What have you learned about the five-week wait? Advance payments are not the answer. We touched on benefits freeze; if it is not enough for somebody to live on, taking money away from them in the form of a debt through advance payment will just plunge them further into debt. Often people may start off life having debt, but it makes it worse for them. What have you learned about that?

Dr Coffey: The four-week assessment period is there—I know that my predecessor did not have any intention of changing that. The bridge payment has been introduced for housing benefit; it is a lot of money to support people on that transition, but I am conscious that this Select Committee, I think, made various recommendations along those lines, and we will be seeing more next year. So I do think that the advance process actually works, Heidi. I think that—

Q297 **Heidi Allen:** How can it, though? Just objectively, Thérèse: imagine living on such a tiny amount of money that it is not enough to live on, and then having to pay some of it back. How can that work?

Dr Coffey: I think it does work. I was just going to get on to how one of the things that I have asked for—I think the Department has done some



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initial research, but I would like to study it more—is about what the barriers are for people coming in quickly. We saw this with Thomas Cook: actually a lot of people did come and get support very quickly from Jobcentre Plus. I guess part of it is that sometimes when you go to the CAB, there is this concept of conditions, but you do not have conditions when you go elsewhere. People who may never have used Jobcentre Plus, or may not have used it for some time, may be frightened about the prospect, or there is even a stigma attached to getting that support. I want to change that atmosphere.

Q298 Heidi Allen: That is not what I am getting at—it is the wait. A lot of people from Thomas Cook bounced straight out of a job—the skilled professionals—but I am talking about people with no food in the cupboard and not a penny in the bank. A four-week assessment process—to assess what? If there is nothing there, it does not need four weeks to calculate that they have not got anything to live on. They are the people I am talking about.

Dr Coffey: That is why, for those people claiming UC for the first time, I think the advance works. I was at HMP Downview last week. If people leave prison there at 10 o'clock, they can get an advance that day. That is the sort of thing where we want to try to help people who are vulnerable.

Q299 Heidi Allen: It is not about the access to money, but that it has to be paid back. Why else do we see, where universal credit rolls out, food bank use increases 30%? There is a link.

Dr Coffey: It is an advance.

Heidi Allen: It is a loan; it has to be paid back.

Dr Coffey: Exactly. Advances have to be paid back.

Heidi Allen: But how do they pay it back out of an amount that is not enough to live on?

Q300 Chair: We are not going to have semantics about advances and loans. On your managed migration pilot, you are looking at the results before you press the button that says that it is safe to have mass migration of benefits. What things do you have in mind, which, if they show up on the pilot, will make you think, "We still haven't got universal credit right and we ought to make sure that those errors in the system are dealt with, before we subject large numbers of claimants to a transfer"?

Dr Coffey: You will be aware that the plan is to have a maximum of 10,000 people on that journey within six months' time. That is a maximum. I think the Department is being very cautious in its pilot in Harrogate. I am encouraging it to consider more places. A lot of that is about who the reference models are that people trust most to make that move. The transition protections are the right thing to do. We have set aside a lot of money to support that. I am conscious that something like two-thirds of the people on this managed journey—currently, the people eligible—are people moving from tax credits, rather than people on the other kinds of legacy benefits. Will HMRC be the trusted partner to



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signpost people about now coming on to this journey of managed migration?

I would like to see us doing some a bit quicker. I am conscious that when people are going in and out of the benefit, they do not then get the protection of the managed migration, so I am keen to see if we can speed that up. I was in discussion yesterday with Neil Couling about that.

Q301 **Chair:** But if the pilot is going so well, might we not have rolling results?

Dr Coffey: Rolling what, sorry?

Q302 **Chair:** From you. We would like to see. On the basis of the pilot, the fate of many of our constituents' rests. Would you not please share with us as a Committee what the results of the pilot are?

Dr Coffey: It is a small number at the moment, which surprised me. Our officials are being very cautious, because of what happened. Back in 2003 there was a big move and 1 million people were left off the system.

Chair: But we were told that this pilot was going to be a substantial one.

Dr Coffey: With this pre-population—all that sort of thing. That is not what we want to do. We have tried that in the past with the speed-up. We have learned lessons from that, which I am sure the Committee welcomes.

Q303 **Chair:** I am grateful for all of that. You are now saying that the pilot is so small that you do not want to share the results with us.

Dr Coffey: We need to get more people on that journey—I said this to Neil Couling yesterday—so that we can get on with that evaluation more quickly.

Chair: As you get more people, will you share the results with us, as well as talking with your officials about what the results show? What is your view on that?

Dr Coffey: I didn't catch your—sharing the results before I met the officials? I didn't hear your question Frank. Can you repeat it?

Chair: We thought that the pilot would be substantial by now. You are telling us that it only involves very small numbers. I can understand your rationale for that. We have always implored your predecessors not to rush at things, so it would be a bit much if we now said that we should rush. But building up this pilot slowly means, presumably, that you are already finding difficulties in putting your foot on the accelerator.

Dr Coffey: No, I don't think there is a direct link; I think it is just that officials are being very cautious. I had my first meeting about it just yesterday, going into a bit more detail on the pilot. This is my interaction with my officials on what more we could do, potentially, on this. It really is too early to say, but I am sure once we get to that stage we will be able to share that with the Committee, of course.



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John-Paul Marks: The thing that is important—we learned this lesson when we started UC roll-out in Sutton—is keeping it small and really focusing on the user needs of the different customer groups. We know we have about 200,000 people still on JSA—jobseeker’s allowance. Those customers already come into face-to-face contact with Jobcentre Plus. We coach them through: “What is transitional protection? What will I get? How does it work?” We have a certain way of working.

Then there is the tax credits group. Then, of course, there is income support as children get older. It is about understanding for the different customer groups what their needs are and what support they will need to make this transition safely, so they understand TP, they know what they are getting and we can deliver it really safely. I think keeping it small is the right approach.

Chair: John-Paul, thank you. The key thing for me was the Secretary of State saying that as results come through she will share them with the Committee. That is very open—thank you, Thérèse. Obviously, you will decide when there are enough through; I know that perfectly well.

We want to come on to claimants accused of benefit fraud. A number of people want to come in.

Q304 **Ruth George:** I have had several constituents who have been affected by this. How many victims of fraud have been returned to legacy benefits now?

Dr Coffey: When you say “victims of fraud”—tell me more about that.

Q305 **Ruth George:** I am talking about people who have been duped into making a claim to universal credit or who have had one made on their behalf without their knowledge—both circumstances—and they have usually had to pay either a large or the whole amount of money over to whoever was making that claim, and they have been kept on universal credit often when they are hundreds of pounds worse off on that.

Dr Coffey: I know that there has been a situation by exception, but it has been on the basis of the investigation by the UC advances fraud team whether or not people are returned to legacy benefits. I appreciate that there are concerns about how we determine that. Peter or JP might want to say a bit more.

Peter Schofield: We have a special team looking at this. In the event of someone whose details, for example, have been stolen and someone has made a claim on their behalf that they have had no involvement in whatsoever—they have just realised that it has happened—or if there is a situation where someone would lose the severe disability premium, in those cases we would work with them, looking at whether moving them back to legacy is the right thing to do. Some people are better off staying on universal credit, but where they are better off moving to legacy, that is what we would do.

Q306 **Ruth George:** I think about 40,000 cases were being investigated. That



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was the last answer that we had on that. How many of those have been returned to legacy benefits?

Peter Schofield: Very few of them are in the category that I have described. The number that you have talked about there, Ms George, is the number of cases that have been referred for fraud. That number has been increasing week by week, and I get a weekly return on that.

Q307 **Chair:** What, the number of people being subjected to this fraud?

Peter Schofield: The number of people where our staff have felt that there was a case of fraud being committed.

Q308 **Ruth George:** So how many cases are we at now?

Peter Schofield: Around 85,000.

Q309 **Ruth George:** How many of those have been investigated? In all the cases that have been referred to me of my constituents they have been duped in some way. They have been told that they were applying for a loan. They have given their details to someone who said that they were applying for a loan. They have had someone looking like an official with a DWP badge turn up at their house and take their details from them. These are not people who have knowingly made a claim for universal credit themselves, of their own volition.

Peter Schofield: Yes, and we have a dedicated team who will look at every one of those cases on a case-by-case—

Q310 **Ruth George:** But in the meantime, they are stuck on universal credit, in one case £120 a week worse off, with several children, struggling in poverty and having to repay the advance that the fraudsters took. If 85,000 families are in this situation, that is quite serious.

Chair: About 140 of each of our constituents make up that total, so this is a very serious fraud.

Peter Schofield: Those are suspected cases of fraud that have been referred to the specific unit. I am not going to make any judgment about how many of those do represent fraud cases. I have given you the criteria under which we would look at moving people back to legacy, which are quite narrow. Where an advance has been taken on someone's behalf but they have not benefited from the money, we will not ask for that money back; we will only ask—

Q311 **Ruth George:** But you are saying they still have to stay on universal credit?

Peter Schofield: As I say, we have a specific unit that will look at all these cases on a case-by-case basis.

Q312 **Chair:** Let us say 140 people in my seat, on average, have had some fraudster convince them that "I'm the person to get you on to universal credit. You'll get more money. You can get an advance," and then, by hook or by crook, they get quite a bit of that advance into their own bank



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account. Are you saying, Peter, that you are not pressing that group to repay the advance they got?

Peter Schofield: Someone might have had an advance of £700, of which the fraudster took £500 and they received £200. In that case, we would treat the £200 as if it were a normal advance; we would not ask for the £500 back.

Dr Coffey: We have changed the processes very recently, haven't we, to try to tackle the fraud?

Peter Schofield: Yes. To finish the story, on 18 September we introduced a new feature, which means that fraudsters cannot do this online fraud all the way through the system. We will only make an advance when someone, at some point in the process of making an application, has been into a jobcentre. We have already seen, almost immediately, a two-thirds reduction in cases referred for fraud. We are going to make further changes later in the year to further clamp down on this.

Q313 **Ruth George:** What changes are those?

Peter Schofield: I never like to go into a lot of detail about this publicly but, basically, other aspects that will mean that people cannot make up an element of their claim. For an advance to be paid on that element, we will have checked it; we will have done an online check before, so people do not find themselves in that situation.

Q314 **Derek Thomas:** May I have a bit of advice? I think this is the right place for it. A very young woman turned up with her mum to a surgery I held in July. She was in exactly that situation: she had been somehow duped into making a claim and actually received several payments over several months, big chunks of which were taken by a third party. I am just going to tell you how it is: she only really clocked that something was up when the Department for Work and Pensions said she had to pay the money back. Now, she is in quite considerable debt. She was not on any benefits before. At the moment, she is in a really difficult place, wondering what on earth to do. What is available to support her? Is it really the case that money she spent perfectly innocently, thinking it was hers to spend, is now being clawed back out of money that does not exist?

Peter Schofield: As with any case, you are more than welcome to write to me with the details, Mr Thomas, if that would be helpful. If she is on universal credit, she will have a case manager who will be looking after her case, so she could phone the case manager and just explain the situation, and I am sure it would be resolved. But if there are any problems at all, feel free to drop me a line.

Q315 **Derek Thomas:** I will send it to you. My understanding is that she is a student and she was not on any sort of benefit whatsoever, and just fell into this.

Peter Schofield: And probably would not have been eligible.

Derek Thomas: Exactly. It is quite bizarre. The reason I mention it is that

there must be lots of people in that situation.

Q316 Neil Coyle: Secretary of State, you mentioned that you had a meeting with Neil Couling just yesterday about the pilots. How many people in the pilot areas are receiving their full universal credit payment on time?

Dr Coffey: I don't know the answer to that question.

Q317 Neil Coyle: Can you provide it?

Peter Schofield: We can give you the average numbers.

Q318 Neil Coyle: And overall?

John-Paul Marks: Overall, across the country, in terms of the first assessment period, for paid in full on time, the last public data was 84%. That is continuing to improve. I think when we publish the next data, it will be at a record high. We are continuing to get people through the new claim journey, and increasingly everything is verified and paid on time. For all assessment periods, it is well over 95%. That is the national picture. We can see that for every jobcentre in the country. We can look at, for example, what the rate is in London Bridge, and for those who were not paid, what the cause was. Was it someone who was self-employed not reporting their earnings? Was it because they failed to attend their identity interview?

Q319 Neil Coyle: So you are looking at that after seven years of implementation of universal credit. That is helpful. As Heidi Allen has already pointed out, this is the essential income—the only income—that families have, yet thousands of people are still not getting their payment on time.

Dr Coffey: I will ask Peter how we get this to 100%. That has to be the ultimate target of the Department. We need to understand what the gap is, what is within the Department's control, and what is not. Sometimes the issue will be the provision of different paperwork about the tenancy agreement, or different elements like that. That is an ongoing challenge that I have set Peter, because 84% is still not good enough, but I need to know what we control and what is not under our control.

Peter Schofield: To build on that, I get weekly updates on where we are, and management information. That is slightly different from what we publish because of the nature of what we measure. Obviously, I then hold JP to account for how we are progressing on that.

We are looking at what is in that remaining gap. Why is it that people are not receiving the full amount on time? How much of it is down to our processing? Probably very little. It is more down to claimants not coming forward with the information that they need—but I don't take any comfort from that, because I want to make it as straightforward as possible for claimants to give us the information that they need.

We are constantly improving bits of the journey, such as the housing part—making it easier for landlords to upload rent information—and



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making it easier for people to give us details about their childcare costs. We are constantly looking at that. I would love to get as close to 100% as possible—100% is probably not possible. Getting up towards 90% would be an improvement.

Q320 Neil Coyle: There is a fundamental issue here. You talk about “customers”, but benefit claimants do not have an alternative. They can’t take their custom elsewhere. There is no choice—there is only one social security system. You are constantly improving, but thousands of people are still not getting on time the basic, minimum level of income that we as a society provide. Constantly improving is simply not enough for the thousands of families who are left reliant on food banks or forced into sex work and other things as a result of a process. Processing is your excuse, but the overall process is what this Government have determined will be used, whether landlords or employers provide that information. How quickly can you get higher than 80-whatever per cent?

Peter Schofield: I agree with you that our customers have nowhere else to go, and I am as committed to this as you are; I assure you of that, Mr Coyle. We are doing this at the same time that the case load on universal credit is increasing significantly. For example, over the course of the last 12 months, we have seen something like a fivefold increase in the number of people in universal credit, and we have seen that percentage rise by five percentage points. We are both dealing with higher numbers and improving all the time.

I am not complacent. I am working hard. We are working hard to improve this as far as we can.

Q321 Chair: Peter, given that you are not complacent, Thérèse made a very important point just now. She asked you to answer a question: what factors affecting the percentage are within the Department’s control, and what factors are outside its control? Have you been able to answer that question yet? It ties into Neil’s: what target have you got to make sure the area that is within your sphere of influence is acted upon, so that you have 100% take-up in those areas where you can control the outcome?

Peter Schofield: I am slightly pushing back on the premise of the question, because my point would be—

Q322 Chair: I am just picking up what the Secretary of State said. She asked you a very sensible question. There will be some things that the Department can’t control, and other things that it can. Given that there will be some areas that the Department can control, have you actually answered the Secretary of State’s question, and over what timescale are you going to get control of the Department to deliver 100% over the areas of which you are in control?

Peter Schofield: The reason why I was pushing back was to be harder on myself, to be honest, Chair. I think I could show that we are pretty close to 100% on the things that we do, in terms of processing.

Chair: I’m sorry—could you repeat that, Peter?



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Peter Schofield: We are much closer to 100% on the things that we are responsible for processing, because the things that tend to hold us up are the things that we ask other people to do—coming forward with housing or childcare costs, or confirming the claimant commitment. My point to Mr Coyle, and the reason why I am being harder on myself than that, is that I think we should be making it as straightforward as possible for our customers to do the things they need to do as part of the journey. I could get to 90-something per cent. with regard to the Department doing the things that it does, but that would still leave work to do to help customers.

Q323 **Chair:** What is the target for ensuring that the figure is 100% in those areas that the Department controls?

Dr Coffey: I think the Committee is aware of something that the Department has already initiated with the CAB—Help to Claim. I think we are six months into that now.

Q324 **Chair:** We are not talking about all this stuff outside the Department, Thérèse. You asked Peter a very important question: what is under the control of the Department, and when are you, as permanent secretary, going to make sure we have 100% delivery on those areas? I just wanted to know what the timescale is for achieving that, because that will affect the overall percentage that Neil is so concerned about. We are all concerned about it.

Peter Schofield: Yes, and I am responding to the Secretary of State on exactly that question. I am just making another point, which is that I want to push the Department—

Q325 **Chair:** Sorry, you keep saying that you are being tougher on yourself, and then you don't answer the question. When are you going to say to the Secretary of State, "If we in the Department get 100% of what we control working properly, it will affect the overall percentage by this amount"? When are you going to be able to give her that data, Peter?

Peter Schofield: I can probably do it fairly shortly.

Q326 **Chair:** What does "fairly shortly" mean?

Peter Schofield: That's a conversation I would need to have with the Secretary of State, to be fair.

Chair: That's good news, isn't it, Thérèse?

Q327 **Neil Coyle:** The Department accepted that the eight-week wait for universal credit was too long and cut it to five weeks. It has subsequently subsidised that with about £115 million of roll-over costs on housing benefit. The Secretary of State has already mentioned that there will be extra subsidies, including on jobseeker's allowance; I think child benefit is the other one. How many more millions of pounds of taxpayers' money will be spent on enforcing the five-week wait when those roll-overs come into force?

Dr Coffey: I don't know the answer to that question.



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Q328 **Neil Coyle:** Why not?

Dr Coffey: I was about to say that the decision about the roll-over was made before. David Gauke initiated it when he was Secretary of State. I think it is a fair challenge about whether that was the best use of taxpayers' money, but it was responding to a wider concern about people at that bridging point. I am very keen to make sure that we identify that. Help to Claim is at the six-month point; Will is looking at how effective Help to Claim has been, at what is working in the in-centre elements—is it the telephony?—and at, as I started with, how we get people help as quickly as possible, so they can claim and be supported by the money.

Q329 **Neil Coyle:** Sir Peter, Dr Coffey is new, but you are the permanent secretary. How many millions of pounds of taxpayers' money will be spent on these subsidies next year?

Peter Schofield: The number I would give you is that by '23-24 we expect to be spending around £64 billion in total on universal credit, which compares with £62 billion on what we would have been spending—

Neil Coyle: That's not what I am asking.

Heidi Allen: Neil is asking a different question. This is the Elastoplast that Thérèse talks about; these are Elastoplasts because of the five-week wait.

Q330 **Neil Coyle:** How much more is the housing benefit—the seven weeks instead of five weeks—going to cost? How much more is it going to cost taxpayers for you to bring in the jobseeker's allowance and child benefit element, instead of fixing the real problem, which is the five-week wait? This is your bread and butter; this is your job.

Peter Schofield: I can't remember the number for next year, but I will write to you, Mr Coyle.

Q331 **Neil Coyle:** I look forward to your letter. Universal credit is one of the biggest issues that people come to see Citizens Advice about—250,000 people did so, before the contract began, with the six months. The biggest issue that Citizens Advice sees people about is still, to this day, PIP. When will the Department address the fact that so many disabled people are still seeing Citizens Advice about this, and still seeking appeals on PIP? When can we expect the cost to the taxpayer of appeals, and the money that goes to the court system and the tribunals, to be reduced?

Peter Schofield: We are doing a lot of work on that. JP can tell you a bit about some of the work we are doing on decision making and mandatory reconsiderations, but one of the important things we are doing is trying to ensure that we spend more time with those cases where, particularly in a review, someone has gone from a higher award to a lower award or to a nil award, just to ensure that we have more evidence at that point. The key thing is to get it right first time, rather than to allow those cases to move up and down the system.

Neil Coyle: Yes, and the Department is not getting it right, because of assessments that are faulty.



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Peter Schofield: JP can tell you about some of the work we have been doing over the past six months.

Q332 **Neil Coyle:** Let's hear from JP.

John-Paul Marks: I agree with you; too many cases go to dispute, mandatory reconsideration and appeal. The latest data that we have published shows that we are upholding more mandatory reconsiderations now, and we have introduced a holistic decision-making process, which basically means that at mandatory reconsideration, we contact the customer; I think the Minister for Disabled People took the Chair through that this week. We can do a call-back, if that is more sensitive, but we try to collect any additional oral evidence that might not have been picked up in the assessment report, because we know that that is one of the biggest reasons why a claim goes to appeal and then is upheld.

As a result, we are overturning more of those decisions of mandatory reconsideration, and we are taking that into first-tier decision making as well. I agree that the objective is to reduce the number of cases going to dispute. Some 95% are right either at the first tier, or after mandatory reconsideration, but still, 4% for ESA and 5% for PIP go to appeal, and the majority are upheld once they get there. The key is to get the assessment right more consistently first time.

We do about 1,500 quality checks per month on our assessment providers; we have a stretching "unacceptable" assessment report target of 3%. We have seen improvements over the past couple of years with PIP, but we must do more. We have talked with Members about things such as audio recording of assessments, to build confidence—we will be putting advice to Ministers following a trial of that—and are putting in place mental health champions and GP champions in our assessment providers, to try to get more of the evidence in, so that we get the decision right first time.

Q333 **Neil Coyle:** Those mandatory reconsiderations have been improved only because this Select Committee discovered the target for upholding the initial decision, which the Department denied existed for so long. There is a real issue with trust on this. Disabled people fail to trust the Department or the assessment process overall. Many disability and welfare organisations say that one single assessment process is welcome—Dr Coffey mentioned that—but given that trust barrier, what is the Department's timeline for introducing the single assessment process for PIP and ESA?

Dr Coffey: I think the Department has started testing the feasibility of the single assessment. There are two different sorts of regulations that have to be considered. There is the issue of education; it is because of the improvements to that element that the approach is a bit more cautious than I expect the Committee would like. We are working with external stakeholders on that element. We still need to work through that. I know that Justin is very much engaged in trying to make this happen.



John-Paul Marks: As has been reflected by colleagues in the conversation, the previous Secretary of State only announced this back in the spring. Feasibility is under way, but we recognise that a PIP assessment is about independent living, and that ESA assessment is about fitness for work—these are not the same thing. We have to be careful about understanding how this would improve customer experience. Would it improve trust? Would it improve engagement? Would it make it easier for people? If we can do the feasibility and show that that is true, then that would be a helpful improvement, but people might say, “Actually, I’d like my PIP assessment with my companion, and with my medical assessment, because this is about caring for myself, cleaning and living at home independently, and I’d like this assessment over here about fitness for work.” Trying to merge those two things into a single face-to-face contact might work for some people, but it might not work for everyone. That is why we want to be cautious: to ensure that we get it right and base it on evidence.

Dr Coffey: I know Justin is very keen to ensure that it is absolutely the decision of the person going through the process whether to have one or two assessments. The digital platform is being developed to try to ensure that we can share data a lot more readily with the decision makers on what can be done in the individual assessment.

John-Paul Marks: That second part is very important. As we know, the PIP new claim journey takes around 75 days. It goes through a phone call; a questionnaire is completed and comes back; then there is an assessment and a decision. It is a significant journey.

Clearly, there are opportunities to make the new claim system available online for people who want to use that. They can then track their claim and see where it has got to, just as you can when you do your passport or driving licence: “Where has it gone for assessment? Where is the decision?”. How do we try to keep everything together in a much more effective journey? The trial is live in three sites. We will iterate that based on user feedback, evidence and experience, then look to try to scale that later in 2021.

Dr Coffey: As part of my learning, I attended and observed PIP assessments earlier this week, and I want to try to follow that through. Once it has gone from the face-to-face assessment, how does a DWP decision maker make that decision going forward? That is part of my training.

Q334 **Chair:** Justin is also trying to ensure that the Department looks at its own records, isn’t he? For example, if somebody applying for PIP has on three occasions applied for disability benefit and been knocked back, but is then successful in establishing the right, it might be relevant to the analysis of whether they are eligible for PIP.

Dr Coffey: I think the change in approach to mandatory reconsideration is very important. Once we get better learning from that, putting it into the first-time experience is key.



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Q335 **Chair:** I wonder whether you might write to us, Thérèse, after this meeting about the reform that I know Justin wants to do. It seems so obvious, doesn't it, that when you are looking at a particular PIP claim, you should also look at the history of the claimant within the Department, and at whether you have knocked them back two or three times before on eligibility for previous benefits, or for PIP, for which they then successfully got their right established? One might be really rather careful with those claims.

Dr Coffey: But on PIP, remember—although I know there are changes under way on the light-touch review for people with pensions—that people adapt. PIP is not about whether you can work; it is about how you need to be supported, and that can change over time.

Chair: I agree.

Q336 **Neil Coyle:** If you have a progressive condition or a terminal condition, it is likely to get worse, rather than better.

Dr Coffey: That's a different story.

Q337 **Neil Coyle:** These are people who are still subject to multiple assessments.

I have a final question, sticking with disability. In January, the courts ruled that the Department had acted unlawfully in how it had treated disabled people who previously received certain premiums under universal credit. Can you give us an update on the progress in paying back the support that those disabled people were entitled to, and in protecting disabled people going forward?

Dr Coffey: I know that the Department increased the rates of the transitional payments for former recipients who had moved to universal credit, to reflect that loss. There are different rates available. There are some former recipients who have been considered for a lump-sum payment, but I think JP has much more of the detail on what is happening there.

John-Paul Marks: On the lump sum payment, the latest data—I think we published this in a PQ recently—show that we have made just under 14,000 payments totalling just under £40 million. The average payment is £2,280 for severe disability premium. We forecast that around 20,000 people who have naturally migrated to universal credit are now entitled to this backdated payment. We have done around 14,000, and we think we have about 6,000 left to go. That will mean that everyone has received their SDP.

Q338 **Neil Coyle:** The transitional protection is only for severe disability—SDP. The Department knows that the vast majority of disabled people get the enhanced disability premium; 900,000 people get the enhanced disability premium and 100,000 get SDP. So the Department is deliberately targeting the transitional protection at one in 10 of the disabled people who have already lost out as a result of Department decisions.

John-Paul Marks: Let's be honest: a choice has been made about SDP transitional protections—

Q339 **Neil Coyle:** You are blaming Ministers.

John-Paul Marks: No. The reason for the choice being made in that way is that more money has been invested in the LCWRA component of universal credit for those who are not expected to work—the previous support group of ESA. We invested more money into that group, so they are, on average, £100 a month better off. That benefits 1 million disabled people. So when the decisions were made by previous Ministers, with advice, it was about how you get the right choices with what is available, given the resources and choices that have to be made. Every choice has to be around support for vulnerable people, incentives to work and fairness for the taxpayer. So the balance has been struck on SDP—

Q340 **Neil Coyle:** So, despite the court's decision, the Department is saying that 900,000 enhanced disability premium disabled people will be deliberately made worse off under universal credit. That is the admission.

John-Paul Marks: No, that is not what we are saying. They are better off because they are in LCWRA.

Peter Schofield: Following the case, we adjusted the payments. We compared what people would have been paid under ESA under those different categories with their different premiums and what they would get under universal credit, which took into account the premium within universal credit. That is why we have got the three elements of payment now which are higher than before, which we have introduced since the court case. Because the court was saying, "We want you to level out the treatment for those who have naturally migrated and those who have been kept on the legacy benefit." That is what we have done.

Chair: We are going to write to you on that point, if we may, Thérèse. It is very important.

Q341 **Nigel Mills:** We turn now to some pensions issues. Obviously we are very excited to get the long-promised Bill—

Dr Coffey: The Bill—hurrah!

Nigel Mills: I have a couple of questions about what is in it, and then a couple about what is not. In terms of collective defined contribution, do you have any employers who might be interested, other than Royal Mail?

Dr Coffey: A number of organisations have expressed an interest, but it would not be appropriate for me to name them. That conversation needs to be had with their employees first. Clearly Royal Mail has been public about its desire potentially to use this scheme.

Q342 **Nigel Mills:** Okay. It is encouraging that there might be some more, I suppose. Obviously we are very keen that the compulsory release of data for the dashboard is in the Bill. Are you content with the decisions taken previously on how the dashboard is structured? You would not have



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rather had the Money and Pensions Service doing its own state-owned dashboard. Are you happy with the direction of travel?

Dr Coffey: I have huge confidence in Guy as the Pensions Minister, and I take on board his advice. I think that what we are putting forward is good. It will be good for people, who need to trust what is happening with their pension scheme, have that greater visibility and be able to take more control. So I am content. If you have additional views that we might need to consider, I am sure he would welcome that.

Q343 Nigel Mills: You might remember that when we last had a pensions Bill, there was quite a campaign—it was supported by the Committee—to make it practically if not quite mandatory to take guidance before drawing your pension. The Government effectively agreed and then compromised that the regulator—the FCA—would sort that out. Yet, we are 18 months or a couple of years on from that and we have not really seen any progress from the FCA on ensuring that people have taken at least some guidance or advice before accessing their pension. We still see that about half of people who access their pension for the first time doing it without any advice or guidance. I think only 15% are using Pension Wise. Are you content that the regulator is acting quickly and robustly enough to ensure that people are not making key decisions for the rest of their lives without really being informed about what they are doing?

Dr Coffey: I would hope that the pensions dashboard will help people to be informed. Actually, I have not yet met the Pensions Regulator or the Money and Pensions Service. I have spent a lot of my time focusing on some of the issues that the Committee has understandably focused on this morning. There is further discussion to be had about elements of that, and it is something I have not yet come to an opinion on.

Q344 Nigel Mills: Would you urge the FCA to get their fingers out on this, and require providers to put robust measures in place to make sure that people, before they access their pension, have taken the free, highly regarded Pension Wise guidance so that they can be informed about the choice that they are making, and know that they should be shopping around before just staying with their default provider? This is a pretty fundamental key to ensuring that they get the best value for whatever they have saved.

Peter Schofield: This is a particular interest for the Money and Pensions Service under Hector Sants, developing their strategy. There is one thing about regulator views. How do we make sure that the Money and Pensions Service is in there, providing successful advice to people at the key stages in their lives? There is a lot of work that they are doing as part of their strategy at the moment which we are talking to them about. Indeed, they are coming to our executive team meeting next week to talk about that, and how we can work closer together with the Department.

Dr Coffey: It is quite challenging in a way, Nigel, to almost make it a condition. It is their money. If we start putting more conditions on how they can get their money, I think that is not something that the Government should be wading into. We should make it as attractive as



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possible, and I agree that people getting good advice when they come to make a significant decision about their pot of money is important. Nigel, I promise I will challenge Hector when I see him, and say, "Do you think you are pulling your finger out enough, because I am conscious that other people aren't?"

Nigel Mills: I think it is the FCA. He was at the predecessor of that; he is now doing something else. Parliament legislated to require the FCA to do that—to put in place measures to try to get people to take that guidance. Otherwise, they can fall victim to scams if they do not know what they are buying, and they can be mis-sold. We saw Standard Life, a reputable provider, get fined a huge amount of money for mis-selling to people at that point. This is not a theoretical risk; this is people making a mistake when they retire that they can never undo. We have probably laboured that.

Chair: Before you go on, Steve wants to come in on that point.

Q345 **Steve McCabe:** I want to ask a very small point on this issue of guidance and the use that is made of Pension Wise. Is the Department due to publish its Money and Pensions Service report shortly? I understand that there has been one every year since the freedoms were introduced, but we are into October and there is no sign of the 2019 report. Is it imminent?

Dr Coffey: I don't know the answer to that, Steve. I will find out and let the Committee know. I was just thinking back: I was actually the Whip on the Bill with Steve Webb when this all went through—not that I was fully informed then. Anybody who has been a Whip will know—

Nigel Mills: We have had another Bill since then, so don't worry. We are talking about the financial advice.

Dr Coffey: I know. Steve, I will find out and write.

Steve McCabe: Thank you.

Q346 **Nigel Mills:** There is no provision in the Bill for regulation of consolidated defined-benefit schemes. Is that something that you think you might have to add later in the Bill's progression, or are you happy that the current regulatory framework can protect people who find themselves in schemes—

Dr Coffey: To be open with you, the Government have not yet come to a collective view on the best way to take this forward, so we are still discussing it. We can't put forward legislation that is there. What I think it is fair to say is that the Pensions Regulator has put out very strong guidance, which I believe will be sufficient for people not to start setting up big new schemes, because of the amount of money, in effect, that will need to be guaranteed by the fund providers. I am conscious that the super funds that are considering setting up the consolidators are already engaging the Pensions Regulator, and I know that my colleague, Guy, is



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working with the Economic Secretary to the Treasury to try to find a way forward.

Q347 **Chair:** On that, Thérèse, there is a difference between the Pensions Regulator using what power they have now to say, "Here is guidance," and, if there is, advice to you to say, "We ought to have additional regulation, which should be in the Bill." Has the Pensions Regulator written to you to say that we should have additional, legally-based regulation?

Dr Coffey: Not that I am aware. Guy is very much in control of the Bill and is now working with Baroness Stedman-Scott—the Bill is being introduced in the Lords.

Peter Schofield: There is a balance here between the role of insurers and the role of pension funds, as you know.

Q348 **Chair:** Peter, we are aware of that, but we are also aware that if the consolidated schemes get off the ground there will be huge sums of money involved with very many people's pensions. It does not take many crooks to ruin a huge number of people's lives.

Dr Coffey: Indeed, but the guidance sends a very clear signal. It is at the tougher end of what the industry might have expected.

Q349 **Chair:** To come back to whether the Pensions Regulator has asked you to go further—

Dr Coffey: I haven't had any direct contact—

Chair: No, but it would be good if you could come back to us on that.

Q350 **Nigel Mills:** Switching to auto-enrolment, is it still fair to say that the rise in contribution levels has not led to a material increase in opt-outs? We are six months in.

Peter Schofield: We are reviewing it at the moment. Obviously, as you know, the previous one, the April before, we didn't see that. We are reviewing it and will publish the results in due course.

Q351 **Nigel Mills:** But the indications are that it has not changed much.

Peter Schofield: The indications are really positive.

Q352 **Nigel Mills:** In the light of that, do you still think it is sensible to wait until the mid-2020s before implementing the auto-enrolment review ideas that the Government came up with a couple of years ago? We know that 8% is not a sufficient level of saving. Shouldn't we move to tackle that as quickly as we can, given that all the threats of the escalation have not really come to pass?

Dr Coffey: Being the new girl, this is a chance to answer all those sorts of questions. I have asked that question. Understandably, the Department, recognising that this is future saving, is being cautious, but I have asked the question again about what the mid-2020s will really look like and whether we can look at that.



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Q353 **Nigel Mills:** We just know that it is not enough. If we know we have a problem, we could try and fix it.

Dr Coffey: Historically, people under the age of 21 had a lower income. Is it the right thing to be doing that? The review shows the outcome of that. It is a question I have asked again.

Q354 **Nigel Mills:** Do you see a need for a pensions commission to go over all this again?

Dr Coffey: We will be bringing in significant changes to the pensions area. There are questions that could still be answered. Perhaps an external commission is the right way to do that. I am going to sound a bit equivocal here: I can see the advantages and the disadvantages, but it is something that I know the Minister is considering carefully.

Q355 **Nigel Mills:** When you joined the Department and had your briefing on pensions, did you find a fully worked-up plan for how we tackle the self-employed who have not been auto-enrolled? Are you ready to launch it on the world, or is that an optimistic assessment of where we have got to?

Dr Coffey: I think you know that the review suggested that the current framework is not suitable for the self-employed. I am also conscious that it was in our 2017 election manifesto. Admittedly, that was a slightly different Administration. I think there was quite a lot of testing being done on what we could do in marketing activities to encourage people who are self-employed to proactively look forward to getting themselves ready for retirement at an early stage. I have to be open: I haven't really done much more work on aspects of that self-employment angle.

Q356 **Nigel Mills:** I am sure that you would welcome the chance to announce the outcome of the Prime Minister's review of the WASPI ladies' situation and what the Government's plans are, so we thought we would give you this chance to say what your response is to the court case and what the Government might do, if anything, for those ladies.

Dr Coffey: As you are aware, successive Governments had this policy, and not only in 1995 but with what happened in the other Pensions Acts since then. At this stage, the judgment is there. It is still a legal process. The JR process is not actually over because people have the right to appeal. They have to make that decision fairly soon, although I can't remember the date. I can't go into detail about anything else until the legal process is under way.

Q357 **Nigel Mills:** But the Prime Minister did say that he wanted to review it. Has he commissioned any work from your Department on options?

Dr Coffey: I think while there is an ongoing legal process that is not the right thing to start work on.

Q358 **Rosie Duffield:** I know that we have moved on to pensions, but I am going to be a bit cheeky and go back briefly to universal credit. The Motor Neurone Disease Association and Marie Curie have been running the



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Scrap Six Months campaign since summer 2018, and Amber Rudd announced a review into that in July. I have been asked to raise this issue by the chair of the all-party group on motor neurone disease, Madeleine Moon, and my constituent Katie, who is caring for her husband who has MND. How far has that review process got, and how near are we to scrapping the six-month rule on the SRTI section?

Dr Coffey: I am just trying to recall where we are. I think the review is still—I am trying to think whether I am going to a roundtable about it at the end of this month with organisations. I know it is on the radar for Justin and other colleagues. The Department has not come up with a recommendation yet. I think we are still reviewing this with external stakeholders.

Peter Schofield: We are acting, particularly with clinicians, on this sensitive space. We are working closely with them, but we do not yet have a proposition.

Q359 **Rosie Duffield:** Has the review started?

John-Paul Marks: The consultation has started. It has been going on, and advice will go to Ministers shortly.

Q360 **Chair:** Will you write to us, Thérèse, when you come to a decision on this?

Dr Coffey: Yes, I am sure I can.

Q361 **Chair:** Can we talk about the take-up of pension credit? We are now highlighting the amount of pension credit that is not claimed, yet the rules have gone against families who would have been eligible previously, regarding the age of the oldest partner and whether they can claim pension credit. We have not come up with a more suitable term than mixed-age couples. What is the response of the Department to that? I thank you for highlighting the non-take-up of pension credit.

Dr Coffey: The estimate comes from the survey that was undertaken, which said that about 60% of people take up pension credit. We are already using a wide range of channels to communicate information about it to potential customers, so when people trigger an event, we will say, "Do you realise that you may be eligible for pension credit?" On the split age issue, I am afraid that I do not know that level of detail at the moment—I expect JP or Peter will know more about that than me.

Q362 **Chair:** If not, might you write to us on that? Are you reviewing the policy or not?

Peter Schofield: As you know, we implemented the policy only in May. We will continue to review it, but we are implementing this policy and will see what the impact is.

Dr Coffey: One unintended consequence of the BBC decision about TV licences is that it will stimulate more people to check whether they are eligible for pension credit.

Q363 **Chair:** If one of the parties is over retirement age, they will be ineligible,



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won't they? What about mixed-age couples?

Dr Coffey: As Peter laid out, the policy is relatively new. We will need to understand that element, but I don't think that we will suddenly unwind it without careful consideration.

Q364 **Chair:** If one person is above retirement age and one is below, they are required to go for universal credit.

Peter Schofield: Yes, that is right. The member of the couple who is below retirement age would be expected to look for work.

Dr Coffey: I am not sure what you want in the letter, Frank.

Q365 **Chair:** Well, are you actually happy with that position? I think there has been a change in policy. If one person was above retirement age, they could get pension credit, but now the policy means that if one person is below retirement age, the couple must claim universal credit.

Peter Schofield: Yes, that is the policy that was introduced.

Dr Coffey: It was introduced about five months ago.

Chair: Yes, and as time goes on, it will affect more people.

Steve McCabe: It was introduced by the previous Administration, and we are asking whether the new Administration thinks it is a good policy.

Q366 **Chair:** There is also a new Secretary of State. Why don't you take it away and tell us whether you think this issue is low down or high up in your priorities?

Dr Coffey: Dare I say that although I am aware of the change that happened in May, it is not on the list of priorities that I tried to outline at the beginning of this session.

John-Paul Marks: The only extra bit of reassurance I can provide is that one advantage of universal credit means that if someone makes a claim for an entitlement, they get all six elements they are entitled to, such as housing benefit, JSA or tax credits. When circumstances change, we have a project working on pension credit, and long term it would be strategic for someone to reach pension age and move on to pension entitlement without having to make a new claim. Then you would get the automatic take-up of pension credit. Strategically, long term this would be about re-platforming pension credit so that it passports automatically from universal credit into state pension age.

Chair: Very good. Thank you very much for being here. We are grateful to you.