



Department
for Work &
Pensions

THE RT HON THERESE COFFEY MP
Secretary of State for Work & Pensions

Caxton House
Tothill Street
London, SW1H 9AJ

Rt Hon Stephen Timms MP
Chair
Work and Pensions Committee
House of Commons
London
SW1A 0AA

TA September 2020

Dear Stephen

Thank you for your letter of 7th September requesting further clarification on a number of points raised in the WPSC's Covid inquiry report.

DWP has sought to consistently and proactively engage with the Committee throughout the pandemic. Since the start of March we have received thirty-six letters from the Committee and have had five public evidence sessions during this period, where my ministers and I have responded at length to the committee's scrutiny of our work.

I have set out responses to each of your further questions below.

- 1. The Committee recommended that, reflecting higher standards of payment timeliness during the outbreak, the Department should set out "how it intends to improve on, or at the very least maintain [standards] of payment timeliness in 'normal' times, with fewer staff in front line roles. Please could you provide us with a response that more directly addresses our recommendation?***

There is a need to balance pursuing higher rates of payment timeliness and other Departmental objectives such as supporting people back into work, and reducing fraud and error. As explained in our response to the report there will continue to be reasons why payment timeliness will never be 100%, including the provision of necessary information by claimants required to complete and substantiate a claim.

Payment timeliness in Universal Credit in 'normal' times is already well above the levels in legacy benefits. Where there are opportunities to improve timeliness further, without damaging efforts on verification, we will take them, but ultimately we must continue to take a holistic approach which ensures we balance objectives appropriately.

- 2. We also recommended that the Department urgently take steps to return to their pre-existing benefits, or the equivalent financial position, anyone who has inadvertently left themselves worse off by making a claim for Universal Credit during the coronavirus outbreak. Should we understand from your response that***

you do not plan to take any action on this issue? If so, why has the careful look at possible changes concluded that there should be none?

As the Minister for Welfare Delivery made clear when he gave evidence to the Committee on 15th July, we have carefully investigated this. As a matter of fundamental policy design, making a Universal Credit claim will cease any entitlement to legacy benefits and tax credits that an individual might have. This function is supported in legislation and reflects the overarching principle that Universal Credit will replace the legacy benefit system. To consider returning claimants on an individual basis would threaten to unravel the Universal Credit roll-out process and Welfare Reform, which has been agreed by Parliament.

Even before the pandemic, DWP actively encouraged individuals to use benefit calculators to check their eligibility for Universal Credit before applying. The Department continually makes improvements to the UC service in response to feedback and user research. Therefore, on 3rd June we introduced a check-through box to remind claimants to check their eligibility before making a claim and to remind them that legacy benefits will cease when the UC claim is submitted and that they will not be able to return to them in the future, even if the claimant is not entitled to UC.

3. The Committee recommended that the Government should:

- ***publish the details of how it arrived at the conclusion that only a small number of households would be newly affected by the benefit cap;***
- ***carry out a full analysis of the numbers and characteristics of the households newly affected;***
- ***assess the impact of the cap on the financial resilience of those households;***
- ***take steps to ensure that no one was left worse off by the interaction between the increase in some benefits and the benefit cap. We gave in our report the example of a capped household whose income from Universal Credit decreased, because the increase in the standard allowance increased the level at which the cap on deductions is set.***

Please will you provide us with a response which addresses directly the Committee's recommendations on this subject?

4. The statistics published on 6 August show that, between February and May 2020, 84,000 households were newly capped. Is it your view that this is a small number of claimants? If not, might you explain why the numbers capped are so much larger than the Department anticipated?

Around 150,000 households in both Universal Credit and Housing Benefit were capped at May 2020, which equates to 2% of all households in receipt of Universal Credit and Housing Benefit - an increase from 1.4% in February 2020.

This increase is not unexpected given the Government quickly and effectively introduced £9.3bn of measures in response to Covid-19 to support those facing the most financial disruption, including the temporary increase in the Universal Credit Standard Allowance and Working Tax Credits, and increases to Local Housing Allowance rates. In addition to this, the four-year benefit freeze ended and there was an unprecedented increase in the UC caseload.

5. What is the Department doing to respond to this substantial increase in the number of households subject to the benefit cap? Will you, for example, increase the funding given to local authorities for Discretionary Housing Payments?

These households have received an uplift in benefits to reach the cap. Exemptions continue to apply for the most vulnerable claimants that are entitled to disability benefits and carer benefits. There is already £180m in Discretionary Housing Payments for local authorities to distribute for supporting renters with housing costs in the private and social rented sectors in 2020/21. This includes an additional £40m announced for this financial year in the 2019 spending round.

This is alongside additional Government support put in place to support those financially disrupted by Covid-19, such as the coronavirus job retention scheme, the self-employment income support scheme, the £500 million hardship fund via local councils, the £63 million local welfare assistance fund and injecting £1bn by uplifting the Local Housing Allowance to the 30th percentile of local market rents.

6. Please will you provide us with a response which addresses directly the Committee's recommendations on these subjects? In particular, do you have any comment to make about the reports of individual claimants facing delays of many months?

Any claimant is able to complain to the Department regarding service.

As you are aware, the need to keep claimants and our assessment providers' staff safe resulted in the suspension face-to-face assessments in March. Although we continue to clear paper based assessments at pre-Covid-19 volume levels, being unable to carry out face to face assessments or home visits has limited our ability to deliver previous volume levels overall. In June, we introduced telephone assessments which enabled us to increase the number of claimants receiving an outcome from a WCA. We have also undertaken steps to minimise the number small number of claimants who are unable to have a telephone assessment and continue to explore alternative ways of assessing them including the re-starting of face to face assessments, subject to it being safe to do so.

7. Why is the assessment rate paid to ESA claimants who are appealing, but not to PIP claimants?

Payment Pending Appeal is available for some ESA claimants who meet the legal requirements. There are no plans to extend Payment Pending Appeal to other benefits including Personal Independence Payment.

Our focus is on making the right decision as early as possible in the process. An important part of this is our new holistic decision making approach which is now embedded across our teams. This approach is designed to pro-actively identify and gather additional evidence we may not have seen, including engaging with the customer, where appropriate, to gather further oral or written evidence.

Since this approach has been put in place we have seen an increase in the number of decisions changed at the mandatory reconsideration stage.

We are engaging with stakeholders, customers and decision makers to look at how we can further improve our processes including through our Green Paper.

8. Was the Department aware before the pandemic that so many people who are eligible for PIP need the help of support organisations in order to be made aware of PIP and successfully make a claim?

9. In your view, should DWP itself be doing more to promote PIP and to support people to make claims for it—as it does for Universal Credit?

We are committed to ensuring that people are aware of the financial support available to them and receive the support they need in order to make a claim for PIP.

The GOV.UK pages are kept updated with key information on PIP, including eligibility, the necessary steps to making a claim and ways to access additional help. In addition, we work closely with an extensive group of external stakeholders, including national and regional charities, welfare advisors and local government authorities, who are well equipped to support PIP claimants. We regularly involve and update them on key developments in PIP so that they are able to provide the people they support with relevant advice and help.

Claims to PIP have increased significantly in recent years, with numbers of claimants increasing by 30% between 2014 and 2019.

10. Can you give us any indication of when the Department's evaluation of the SRTI will be complete?

11. Given the importance of prompt payments for people who are nearing the end of their life, how do you plan to evaluate how they are treated by the benefit system without having robust data about payment processing times?

The evaluation took longer than anticipated due to covid-19. It has shown that there are three themes: the desire for change to the six-month rule, the need to improve consistency and the importance of raising awareness of available support. The Department is working at pace across government to bring forward proposals. Currently, the average time from registration to decision for a PIP claimant under special rules is 4 working days for new claims and 2 working days for DLA to PIP reassessment claims.

12. Is it your view that the analysis we have recommended is not needed? If so, it would be helpful to have a clear explanation of how you reached that view.

13. As the Government Department responsible for "understanding and dealing with the causes of poverty", what steps is the Department taking to understand the impact of COVID-19 on levels of poverty?

This analysis will be published in our Households Below Average Income statistics for the financial year 2020/21. This is currently due to be published in March 2022.

For 2020/21 there have been additional challenges due to Covid-19. The Family Resources Survey (FRS) was designed to be conducted using face-to-face interviews. From this April, and in common with the Government's other large surveys, the FRS moved to a telephone

interview. We are doing all we can to minimise disruption to the FRS; our initial assessment is that data integrity should be preserved but it is likely to be a smaller sample size

In addition, to ensure we have an up-to-date picture on the financial impacts of the outbreak as they evolve, we are tracking and monitoring a range of timely published data sources such as the Understanding Society Covid-19 Survey, the Wealth and Assets Survey and the COVID module of the Office for National Statistics Opinions and Lifestyle Survey. We are also assessing administrative data of claimants coming onto Universal Credit. This monitoring will ensure we understand the impact of Covid-19 on low income households.

14. Will you review the evidence about the operation of the Minimum Income Floor before it is reintroduced in November?

15. When do you expect to publish analysis of the impact of the Minimum Income Floor on self-employed people claiming Universal Credit?

16. Are there now sufficient numbers of self-employed claimants subject to the MIF to allow the Department to carry out the necessary analysis?

The temporary suspension of the MIF in response to the immediate economic effects of the pandemic has interrupted any evaluation plan but we intend to proceed with reinstatement of the MIF.

17. Please could you provide a response that addresses specifically the Committee's recommendation of more consistent, frequent reporting on coronavirus related enforcement by HSE? If it is not possible to publish frequent data about HSE activity during the pandemic, it would be helpful to understand why this is the case, including details of any cost implications.

When HSE gave evidence to the Committee it agreed to update the Committee Chair at regular intervals. A letter with the latest information about HSE's COVID related activity will be sent shortly. HSE will also start to provide this type of information regularly in a public format later in the autumn.

18. Might you please comment on our recommendation about the funding of HSE?

As a result of the HMT allocation of up to £14.2m in 2020/21, HSE has significantly increased its capacity and capability to undertake checks and inspections related to COVID-19 secure workplaces. This increase in activity could not have been delivered without the additional funding.

19. Does the Department have a strategy for coordinating the employment response to an economic downturn? Will any plans be shared with the Committee for public scrutiny?

The economic impact of the pandemic is still emerging. The Department has plans for any new developments and as it proved in the early stages of Covid-19 we can, and will, respond. For the reasons previously stated in correspondence with you we will not share these plans and instead our focus is on meeting the challenge we face.

Beyond this initial response, the Government announced its £30bn Plan for Jobs in the summer and is now working with businesses, the third sector and local government on implementation. We have already launched our £2bn Kickstart scheme, which provides quality work placements for young people at risk of long term unemployment, and are also scaling up our Sector-based Work Academy Programmes (SWAPs) to ensure those looking to pivot into new roles and sectors can gain the experience they need.

In the coming months our job-finding support package will draw on private sector expertise to help those who have recently lost their job, while our job entry targeted support scheme - JETS - will provide extra help to individuals who have been unemployed for three months or more.

This is alongside our existing commitment to double the number of work coaches within this financial year. We have robust evidence that the support our work coaches give claimants is effective at helping them into work. On average they find work almost two weeks quicker than they would have in the absence of any appointments with their work coach.

In providing this support we know we can have a real impact, by improving the life-chances of individuals and their families and in supporting the economic recovery and delivering wider benefits for society.

Your sincerely,

A handwritten signature in black ink, appearing to read 'Thérèse', written in a cursive style.

Rt Hon Thérèse Coffey MP
SECRETARY OF STATE FOR WORK AND PENSIONS



Work and Pensions Committee

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From the Chair

Rt Hon Dr Thérèse Coffey
Secretary of State
Department for Work and Pensions

7 September 2020

Dear Thérèse,

Thank you for the Government's response to the Committee's report on *DWP's response to the coronavirus outbreak*. The Committee has asked me to write to you to clarify some points not covered by your response.

Universal Credit

The Committee recommended that, reflecting higher standards of payment timeliness during the outbreak, the Department should set out "how it intends to improve on, or at the very least maintain [standards] of payment timeliness in 'normal' times, with fewer staff in front line roles".

Your response did not directly address this recommendation. Instead, it explained why payment timeliness will always fall short of 100%, noting that timeliness is in part, dependent on the claimant supplying the correct information.

1. Please could you provide us with a response that more directly addresses our recommendation?

We also recommended that the Department urgently take steps to return to their pre-existing benefits, or the equivalent financial position, anyone who has inadvertently left themselves worse off by making a claim for Universal Credit during the coronavirus outbreak. Our report described the experiences of people who had mistakenly applied for UC and been left with no support from the benefits system at all.

On 4 May, answering the Right Honourable Member for North Shropshire, you told the House that you were "very aware" that "people, not realising some of the eligibility rules, have then made the application and are no longer effectively going to receive tax credits" and that you were looking "very carefully into what changes we could make to address that situation". Your response to our report, however, says that "it is a long-standing aspect of the policy deployment that an individual making a Universal Credit claim will legally cease any entitlement to legacy benefits and they cannot move back to legacy benefits."

- 2. Should we understand from your response that you do not plan to take any action on this issue? If so, why has the careful look at possible changes concluded that there should be none?**

Benefit cap

The Committee recommended that the Government should:

- publish the details of how it arrived at the conclusion that only a small number of households would be newly affected by the benefit cap;
- carry out a full analysis of the numbers and characteristics of the households newly affected;
- assess the impact of the cap on the financial resilience of those households;
- take steps to ensure that no one was left worse off by the interaction between the increase in some benefits and the benefit cap. We gave in our report the example of a capped household whose income from Universal Credit decreased, because the increase in the standard allowance increased the level at which the cap on deductions is set.

Your response to our report addressed none of these points. Instead, it referred us to statistics published on 6 August 2020.

- 3. Please will you provide us with a response which addresses directly the Committee's recommendations on this subject?**
- 4. The statistics published on 6 August show that, between February and May 2020, 84,000 households were newly capped. Is it your view that this is a small number of claimants? If not, might you explain why the numbers capped are so much larger than the Department anticipated?**
- 5. What is the Department doing to respond to this substantial increase in the number of households subject to the benefit cap? Will you, for example, increase the funding given to local authorities for Discretionary Housing Payments?**

Health assessments for benefits

Our report recommended that the Department investigate reports of significant delays faced by people whose claims began before the coronavirus outbreak, and publish its findings. Your response explains that quarterly data for ESA and PIP claims will be published in September, but does not address the reports we heard—from a range of respected support organisations working directly with claimants—of people facing delays of many months.

We also recommended that, while waiting for the outcome of an appeal, PIP claimants should be paid an assessment rate, as ESA claimants are.

- 6. Please will you provide us with a response which addresses directly the Committee's recommendations on these subjects? In particular, do you have any comment to make about the reports of individual claimants facing delays of many months?**
- 7. Why is the assessment rate paid to ESA claimants who are appealing, but not to PIP claimants?**

Number of applicants for PIP

We were grateful for your response to our recommendation that the Department investigate why the number of claims for PIP has fallen so dramatically, and take steps to identify and address any barriers to claiming. Your response explains that initial feedback suggests that the disruption of support services may be one factor, because "fewer people may have been signposted to PIP and those who might have applied may have been deterred by the lack of support in completing the application process from those organisations."

- 8. Was the Department aware before the pandemic that so many people who are eligible for PIP need the help of support organisations in order to be made aware of PIP and successfully make a claim?**
- 9. In your view, should DWP itself be doing more to promote PIP and to support people to make claims for it—as it does for Universal Credit?**

Special Rules for Terminal Illness

We made recommendations on improving the guidance available to claimants and the people that support them about the requirements for claiming under SRTI, and on publishing processing time data for benefits claimed under the SRTI.

Your response said that the Department's "wide-ranging evaluation into how people nearing the end of their life are treated by the benefit system", started in June 2019, is a "priority" for the Department. The response also said that the Department cannot provide robust data on processing times for all of the benefits covered by the SRTI.

- 10. Can you give us any indication of when the Department's evaluation of the SRTI will be complete?**
- 11. Given the importance of prompt payments for people who are nearing the end of their life, how do you plan to evaluate how they are treated by the benefit system without having robust data about payment processing times?**

Analysis and evaluation

We recommended that:

the Government commission an independent analysis and assessment of the impact of the coronavirus outbreak on levels of poverty and household debt. This should include an assessment of the impact on:

- groups with protected characteristics under the Equality Act 2010;
- different regions of the UK;
- different employment statuses, including people on zero hours contracts and the self-employed.

This work should include an analysis of the impact of the measures that DWP has taken so far, and of the likely impact of its future plans. It should address not only the impact on individuals and households, but also on local authorities and the voluntary sector.

Your response refers us to HM Treasury's distributional analysis of the impact of COVID-19 on working household incomes, which does not look at the different factors listed above.

12. Is it your view that the analysis we have recommended is not needed? If so, it would be helpful to have a clear explanation of how you reached that view.

13. As the Government Department responsible for "understanding and dealing with the causes of poverty", what steps is the Department taking to understand the impact of COVID-19 on levels of poverty?

Self-employment

We recommended that *that, before the Minimum Income Floor is reintroduced, DWP should publish a review of the operation of the MIF and the impact it has had on self-employed Universal Credit claimants.*

Your response says that "the Department will look to publish evidence on the self-employed, including on those affected by the Minimum Income Floor." In response to a report from our predecessor Committee, the Department explained that it would not be possible to undertake an evaluation "until there are sufficient numbers of self-employed people claiming UC, who are subject to the MIF". It said that a commissioned research report would be available in autumn 2019 at the earliest.

14. Will you review the evidence about the operation of the Minimum Income Floor before it is reintroduced in November?

15. When do you expect to publish analysis of the impact of the Minimum Income Floor on self-employed people claiming Universal Credit?

16. Are there now sufficient numbers of self-employed claimants subject to the MIF to allow the Department to carry out the necessary analysis?

The Health and Safety Executive

The Committee recommended that HSE consider how it could improve the transparency and frequency of its reporting, to reassure the public that reporting concerns to HSE results in action. In particular, it recommended frequent publication of data on reports made to HSE, spot checks undertaken, and the outcome of those checks.

The response offers some data on the number of reports and resulting spot checks in August 2020. It offers some information on how HSE has been communicating with employers and the public during the pandemic. Neither of these responses addresses fully the Committee's recommendation.

We also recommended that HSE's budget be reassessed to ensure that it is sufficient to cover this new approach. Your response told us about additional funding up to 2021. It did not comment on funding beyond this, or on how much funding a more proactive and transparent approach, as per our recommendation, might cost.

17. Please could you provide a response that addresses specifically the Committee's recommendation of more consistent, frequent reporting on coronavirus related enforcement by HSE? If it is not possible to publish frequent data about HSE activity during the pandemic, it would be helpful to understand why this is the case, including details of any cost implications.

18. Might you please comment on our recommendation about the funding of HSE?

Employment Support

The Committee recommended that the Department share its economic downturn plan and pandemic flu plan with us. We also recommended that the Department publish a short-term strategy statement on how it will deal with businesses, the third sector and local government to ensure a co-ordinated response. Your response lists organisations and sectors the Department is meeting, but does not clarify whether or not the Department has a strategy for a coordinated employment response to an economic downturn.

19. Does the Department have a strategy for coordinating the employment response to an economic downturn? Will any plans be shared with the Committee for public scrutiny?

We would be grateful for a response by **Wednesday 23 September**.

Yours sincerely,

A handwritten signature in black ink that reads "Stephen Timms". The signature is written in a cursive style with a horizontal line above the name.

Rt Hon Stephen Timms MP
Chair, Work and Pensions Committee