



Work and Pensions Committee

Oral evidence: The Department for Work and Pensions HC 997-i

Wednesday 11 May 2016

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Members present: Frank Field (Chair), Heidi Allen, Ms Karen Buck, Neil Coyle, John Glen, Richard Graham, Craig Mackinlay, Steve McCabe, Jeremy Quin, Craig Williams

Questions 1 -54

Examination of Witnesses

Witnesses: **Rt Hon. Stephen Crabb MP**, Secretary of State for Work and Pensions, and **Sir Robert Devereux**, Permanent Secretary, Department for Work and Pensions, gave evidence.

Chair: Secretary of State, welcome to the Committee. Congratulations on your appointment. For the sake of the record, please introduce yourself and then we will ask Robert to do so.

Stephen Crabb: Stephen Crabb, Secretary of State for Work and Pensions.

Sir Robert Devereux: Robert Devereux, permanent secretary at the Department for Work and Pensions.

Q1 Craig Williams: Welcome, Secretary of State, and congratulations. At the outset, how would you describe your inheritance at the DWP?

Stephen Crabb: The inheritance, if you want to call it that, is a very strong one. What struck me on coming into the Department the Sunday following the change that happened on the Saturday morning that weekend, and then more fully on Monday, when I got to meet a much wider set of officials within the Department, is just how diligent and motivated the teams are within Caxton House. As I have been discovering on visiting jobcentres and benefit processing centres in the regions as well, that sense of diligence and motivation is shared among the entire workforce, from what I can tell—all 76,000 of them. Within my own immediate team, particularly in the private office, I have a very strong mix of skills and experience—some seriously bright and talented people working around me—so that gives me confidence.

In terms of the policy landscape, which I think is what you are pointing to, we are six years into a Government led by David Cameron and in that time we have achieved some remarkable things in terms of improvements in the labour market and in encouraging and supporting people back into work, but there are some major challenges out there. I can give you three that occupy my time and energy at the moment. One is roll-out and governance of universal credit. Another is what we do about this enormous challenge in the section of work and health—all the millions of people who get parked on either disability or sickness-related benefits, who frankly are not getting any really meaningful intervention either from our people in jobcentres or from people in GP surgeries. We are saying as a Government that it is not acceptable that we just park millions of people on benefits for decades, out of reach of any really serious support and intervention. I signalled in the first statement I made to the Commons on that Monday afternoon that I want to use the opportunity of coming to the Department to basically push the reset button in our discussions with interested third-sector organisations—the lobby, if you want to call it that—and how we rethink that whole challenge. That would be long-term reform that we are talking about there.

The third big priority for me is the life chances strategy, which the Prime Minister has signalled. There is a key role for the Department for Work and Pensions and particularly for myself as Secretary of State chairing the Cabinet Committee, the Social Justice Committee, which is tasked with driving this cross-Government effort to provide a meaningful strategy that meets the Prime Minister's ambitions of an all-out assault on entrenched and stubborn poverty in this country.

Those are three big challenges. There is a number of other, more immediate issues that have been occupying quite a significant amount of my time in the last six or seven weeks. Tata Steel issues—I have been probably spending between five and 10 hours a week for the last month or so on Tata alone, which is actually a very small subsection of the entire range of DWP-related issues. You have these longer-term challenges and more immediate things to focus on as well.

Q2 Craig Williams: When the Prime Minister called you and you thought, “Right, yes, I want to do this,” did you have three priorities in mind? Do they follow those three challenges? What are the three top priorities for you?

Stephen Crabb: Those fit neatly with where I come from personally. I did not expect to be made Secretary of State for Work and Pensions at this stage of the Parliament—or any stage of the Parliament. It was a job I had in my mind as somewhere in the future—nice to do if ever that opportunity came around—but as you know very well, Craig, I was quite enjoying being Secretary of State for Wales. These are issues that I have spent some time already thinking about, and I now have the opportunity to do that in the context of a really talented team—a team of Ministers, a team of officials—and to do that with the support of the Prime Minister and the Chancellor in taking these things forward.

Q3 Craig Williams: But you very much see your coming into the Department as that opportunity to reset and put your priorities in there.

Stephen Crabb: I would not be doing the job if I did not think there was opportunity there for bringing my own values to bear, and my own judgments and decisions. We are already—take the universal credit priority, for example—well into a very clear roll-out plan. Is my coming into the Department an opportunity for me to suddenly say, “Let’s tear up the book on this and start again”? Actually, I have spent six weeks kicking the tyres very hard and looking under the bonnet very closely, as best I can. From people around me whose judgment I trust, and from what I can see, we have a clear policy, so it would be wrong to change just for change’s sake.

Where I can make a difference is in some areas around the governance of the universal credit roll-out that I think can be improved. There are elements of transparency that can perhaps be improved, but really we have to ensure that as we roll out universal credit—it is now nationwide for single new claimants, but the challenge this month is beginning the full nationwide roll-out of the full universal credit digital service—we do that in a careful way. We have to make sure that we get the experience and learning of the people who are delivering this on the frontline—the work coaches and the people in the jobcentres—coming back to Caxton House every bit as much as we are getting the issues and problems highlighted by the technical team in London who are building the system. I want to make sure that we are learning from the people end of the business as well as from the technical side.

Q4 Chair: Secretary of State, you have been very clear on what you thought the three priorities were as you came into the Department. Can you describe where you will be on those three priorities if we invite you back at the end of this Parliament? How will you judge success?

Stephen Crabb: That is a very good question. I will take them in turn, beginning with universal credit. By the end of this Parliament, on the plan that I am leading at the moment, we will have rolled out universal credit—the full digital service—fully nationwide. All new claimants, whatever the family background, will be going straight on to universal credit. We will be well advanced in terms of migrating people from the legacy benefits to the universal credit system, but I don’t think we will have fully completed the whole universal credit roll-out programme by the end of this Parliament. I think it is right to take a careful and considered approach, but what I would like to be able to show you by the end of the Parliament is that universal credit really does work in terms of meeting all the ambitions we have had for it. The early data, which you will be familiar with, is certainly very encouraging, as far as I can tell, but what we will be able to show by the end of the Parliament is that the experience of those who are on universal credit and of the work coaches delivering it meets the expectations and ambitions set out.

The second area is work and health. As I said earlier, I see it as a longer term reform challenge, but what I would hope is that by the end of the Parliament we will be pretty well advanced in terms of new policy thinking and what can be done in a meaningful way to tackle the challenge that I outlined in broad terms earlier. Far better working with health at a UK level is crucial, through the Departments, but also, much more importantly, on the ground, in localities and through GP practices. A set of policies is taking shape that will have a meaningful long-term impact on better supporting people into work, on preventing sick people from falling out of work and then going on to be parked on benefits, and on closing the disability employment gap, where we have set ourselves a pretty tough, ambitious target. I hope that by the end of the Parliament we will have shown that there are things that we know how to do as a Government that can meaningfully close that gap.

The third area is the life chances strategy. You are going to be hearing a lot more about this in the weeks and months ahead, but my ambition is to have a clear strategy in place that the whole of Whitehall is working to. It might well be that the strategy itself drives some internal change in the way that Whitehall works on some of these cross-cutting issues that affect entrenched poverty levels in this country, but beyond that I would want the life chances strategy to be having an impact in local communities. You all know very well that across the country we have a mixed and varied picture of what poverty looks like. There are certain communities in certain regions where not just worklessness but family instability and drug and alcohol addiction—a whole range of indicators—are highly correlated. A life chances strategy will only be worth the paper it is written on if it can start to move the dial on some of these things. No one pretends this is easy, and other Governments have tried before, but it reflects the scale of the ambition that the Prime Minister and we as a Government team have in this area.

Q5 Neil Coyle: Thanks for coming and congratulations on your appointment. We should not lose sight of the fact that you are in post because your predecessor chose to leave office, having felt that he, his ministerial team and Sir Robert's team had not won what he expected from the negotiations with the Treasury and he felt that disabled people were being unduly required to take on more of a burden. You have expressed significant confidence in your team. Do you think that you can get more out of the team, or do you feel you are more in line with the Treasury's belief on disabled people?

Stephen Crabb: Iain said a number of things at the point of his resignation, and it is for Iain to explain fully what he meant. Tension between a very large spending Department like DWP and the part of Government that controls spending—the Treasury—is part and parcel of every Government. That tension is built into the system. My approach is that, with a quarter of all taxpayers' money being spent through DWP, it is pretty important to be working as closely with the Treasury as possible. That does not mean avoiding the tension and the arguments; there will be plenty of those along the way.

In terms of the specific decisions that led up to the events of that weekend, I think we made the right decision in reversing the proposed PIP changes. I think we also made the right decision—this is the substance of what I announced in my first statement to the Commons—not to look for equivalent offsetting savings from within the welfare budget to meet the gap in the OBR scorings that resulted from not going ahead with the PIP changes. You might well come on to this in further questions, but when we get to the autumn statement there is a gap of £4 billion in our funding, and as a Government we will have to think about what that means. However, the agreement I secured with the Prime Minister and the Chancellor is that, in terms of the PIP money we had planned to save, we will not now be looking at other parts of my welfare spending to offset that specific decision.

Q6 Ms Buck: This question flows a bit from that. You will be aware that this Committee is conducting an inquiry on the issue of intergenerational fairness. We all absolutely support the thrust of successive Governments' actions to reduce pensioner poverty; that still has some way to go, but it has been broadly successful. However, if you look at the spending projections of your Department broken down by age, expenditure as a percentage of GDP on the working-age population remains static while pensioner expenditure continues to go up, and in fact there is a large real-terms fall in support projected for working-age people. Do you think

that that is deliverable given the objectives you have set out? How will it be possible to make inroads into the disability employment gap and into poverty with those kinds of projection? Have we reached the end of the strategy that continues to support pensioners but drives down expenditure on working-age people?

Stephen Crabb: There is a number of interconnected questions in all of that. One thing that is driving up expenditure on the pensioner element of our budget is the fact that the enormously large post-war baby boom generation is now reaching retirement age, and there is still some way to run on that. That is one of the big demographic changes that is creating big fiscal challenges for this country. I think it is right that we as a society commit to supporting that generation in their retirement, and doing so in a way that is affordable and sustainable. The other factor helping to drive up that expenditure is the very clear commitments we have made through what we call the triple lock to continue to increase the state pension by whatever is the highest—2.5%, CPI or—

Q7 Ms Buck: I think people will ask you some more questions about the pensions element. I am particularly interested in the working-age population.

Stephen Crabb: On the working age side, I do not think it is a poor or bad ambition of any Government to want to see welfare spending on working-age people decline over the long term, because that says you are ambitious to see more people move into work and move from a position of dependency, relying on state support and intervention, to economic independence. The question—this goes to the heart of what you are asking—is how you do that.

The changes that we have been making over the past six years have helped to deliver record levels of employment in this country. We have seen some remarkable falls in the JSA caseload. Half a million fewer children are now growing up in a household where there isn't a parent working. Those are not small changes that have happened at the same time as we have been pursuing a very strong set of measures—you will call it austerity—to get this country back living within its means.

Q8 Ms Buck: Does it concern you that, for the first time in modern times, there are more children living in poverty in working households than in workless households?

Stephen Crabb: Poverty exercises us as a Government. We have had debates on how you define poverty and we have taken a very clear position as a Government that what we are really committing ourselves to is tackling the underlying causes of poverty. We do not need to revisit the debate around the merits of relative poverty measures right now. We as a Government have decided to focus on underlying root causes that trap families, individuals and whole communities in entrenched and stubborn poverty. That is the correct challenge that we should be seizing as a Government, so that is what are intending to do.

Coming back to your broader point about long-term falls in spending on working age benefits, as I said, I do not think it is a bad or unhealthy ambition for any Government to want that to come down. It is a question of how you get there.

Q9 Ms Buck: If the projected spending is falling by 11% between 2015 and 2020, are you saying that is fine? Are you saying that you would be happy to see it fall further? Do you have a target?

Stephen Crabb: Of the reforms that we are making to the welfare system, universal credit is the big centrepiece, but there are other changes happening as well. Within all of that working age spending there are important commitments that we are making as a Government—for example, supporting people with disabilities and providing better support for those who have mental health conditions. The correct, compassionate approach by a Government is to be ambitious to support more people in work, to always be reviewing work incentives and how you best encourage and support people into work, but to provide protections for those who need it the most. I think the balance that we are striking as a Government is broadly the correct one.

Q10 Ms Buck: There are some more detailed questions on universal credit coming up, but while we are on the issue of poverty, the original estimate was that universal credit would lift 950,000 people out of poverty, including 350,000 children. That has now been downgraded by about half—150,000 children being lifted because of the changes. Will you put on the record your current estimate of the number of children who will be lifted out of poverty by universal credit by 2020?

Stephen Crabb: I do not have those figures to hand. We can certainly write back to the Committee.

Q11 Ms Buck: Is it not a little surprising that the Government have made projections but you cannot give us a figure today?

Stephen Crabb: We will write to the Committee on that level of detail.

Q12 Ms Buck: My last question is also on the issue of intergenerational poverty. This is not particularly about spending, although spending is part of it. The Joseph Rowntree Trust produced a major report a few weeks ago on destitution. It found that an estimated 1.2 million people experienced destitution during the course of the year and the group most at risk of destitution were young single men, with sanctions and debt being a part but by no means the only part of that. Is the Department able to develop within a strategy an approach to dealing with destitution where this arises from factors such as benefits administration and the application of sanctions?

Stephen Crabb: I think there are two strands to what you are asking: how we support single men who are at risk of falling into poverty and supporting them into work. We all run constituency surgeries and we have all seen cases like this. A young man will come in and on the face of it it might not be very obvious why he has had a chaotic work history or has perhaps never worked before, but it becomes obvious that there are some quite serious underlying issues there, maybe to do with addiction or mental health and other factors as well. The challenge for my Department and our network of 700 jobcentres is how we get better at supporting people exactly like that.

Let's face it, the sorted, very able single people are in work. We have a pretty hot labour market and people who want to work are finding work, but there are people with serious barriers. A lot of those people are the ones who have been parked on ESA and other forms of benefit. I think we have got to get much better, as a Government and as a network of work coaches in our jobcentres, at how we support people like that to overcome their barriers.

Q13 Richard Graham: Secretary of State, welcome. To come from a slightly different angle, the Conservative party won the general election, of course, on a manifesto that committed itself to £12 billion of welfare savings, which, alongside the economic growth to deliver more tax revenue, was part of a strategy to eliminate the budget deficit. Given that the Opposition party has opposed every welfare reform so far, and the Conservatives have a small majority in the House of Commons, how do you think that welfare reform can be explained most convincingly, in order to make sure that it and the savings that the Conservatives committed themselves to will actually take place?

Stephen Crabb: On the specific £12 billion figure, you are absolutely right—during the general election campaign of a year ago, I feel it was only the Conservative party that was up front about the need for further welfare savings, if we were to have any meaningful strategy for continuing to close the budget deficit. The measures that have already been either legislated for or announced get us to the £12 billion. There might be risks around some of that forecasting, but we have taken some pretty challenging decisions already to meet that £12 billion figure.

Does that mean that welfare reform comes to an end? I would say no. In my introductory remarks, I already pointed to what I see as one of the next big challenges in terms of welfare reform, which is around work and health. In terms of how you make progress with welfare reform there, when you are talking about people who are very vulnerable, people with multiple barriers and challenges to getting into work, people with sicknesses and disabilities, I am pretty clear in my mind that you can't just set targets for cutting welfare expenditure when you are talking about those cohorts of people. You have got to come up with some pretty smart strategies for doing that, which carry the support and the permission of those people and the organisations who represent those people we are talking about.

That is why—and there will be further information coming out in due course about this—I want to produce a Green Paper later this year to start to reframe discussion around this set of issues and point towards some short-term, medium-term and longer-term questions that I think we as the present Government, and whoever forms the Government after 2020, need to be taking on board if we are going to have a serious, meaningful welfare reform agenda that makes inroads into the challenge that I have been describing. There are millions of people parked on benefits, out of meaningful reach of health interventions and of our work coaches; they have just been parked. I think as a country we should be aiming to do far better than that.

Q14 Richard Graham: Given that many of us—not necessarily everybody around this table—believe that getting into work is the most life-changing experience for people of a working age, do you think that more can be done on incentives for employers to look at the weakest and most vulnerable, particularly those with disabilities, to incentivise them to help you achieve some of your targets in that area specifically?

Stephen Crabb: That is an interesting question and it would be interesting to see whether you as a Committee do any thinking around that. There is no question but that there are employers out there who are choosing to do the right thing and get on board through the Disability Confident initiatives that we have already launched, and are being proactive in thinking about how they can employ people with disabilities. Similarly, ex-offenders are another priority of mine. We want more employers to come forward and say, “Yes, we do want to employ more ex-offenders.” How you incentivise, encourage and recognise that is an important issue.

I can give you one example. There is a family-owned sports shop in my constituency, which has existed for decades. They have employed somebody the same age as me, who has worked there for 22 years. He has Down syndrome. His job is to stand there and welcome customers, and when people have been rifling through the football shirts or whatever, he will go and tidy the rack. It is a small business, and it is being hammered at the moment because a Sports Direct has set up up the road. They have no track record, as far as I am aware, of doing the right thing when it comes to employing people with disabilities. For us, as people who care about these things, we should be saying, “Well, that small business has chosen to do the right thing and pay a decent wage to someone with a disability who’s doing meaningful work for them. How do we support and incentivise more of that kind of good behaviour among business?”

Chair: Neil, do you want to come in on this, because that’s your area as well?

Q15 Neil Coyle: Yes. I was going to ask about the very welcome and ambitious manifesto commitment to halving the disability employment gap. Obviously, in the last six years the percentage of working-age disabled people in work fell, so there was an even greater percentage of working-age disabled people out of work. How do you intend to deliver that ambitious and very welcome commitment, and what milestones will you use to judge its success? For example, when will we see the White Paper?

Stephen Crabb: Let me just pick up on that last point, because I thought I had touched on it in an earlier answer. For me, coming in fresh to this Department, rather than rushing towards a White Paper, I think there is a need to take a step back and I think that’s consistent with what I told the House on that first Monday after I was appointed, about wanting to restart the conversation with disability organisations and disabled people themselves about how best we—as a Government—can work with them to close the disability employment gap, and support people who have sicknesses and other conditions into employment. So I won’t be rushing towards a White Paper with firm legislative proposals; I want to take a step back and have a much more discursive Green Paper that starts to reframe the issue and points the way towards more meaningful, long-term reform.

Regarding the specific target, we have got record employment levels in the country, so this is where the maths kick in. If we are increasing the number of disabled people who are going into work, and we have been doing that: 150,000 more disabled people going into work in the last 12 months; almost 300,000 in the last two years. However, the rest of the working-age population is also increasing its employment level, so there is no closing of the gap, although for those 150,000 or 300,000 disabled people it is a really positive thing that they are now in work. The way we close the gap is by supporting disabled people into work at a faster rate than the overall population.

As for specific milestones, I am sure that the Committee would love it if I set out various interim targets—

Heidi Allen: Go on—we won't hold you to them.

Stephen Crabb: I don't know that that is actually the more helpful approach. I think the more helpful approach is testing what works and building the evidence base for how we do that. That is what I want to spend the next few years really focusing on.

We have a pot of money available to us to do some serious trials. There are always lots of initiatives going on at the DWP, but one of the things that I want to do is start to bring this work together in a more coherent way, so that we build a true evidence base of what works to support people with disabilities and health conditions into employment.

The permanent secretary might want to say something more about what's gone on before, but I don't know that whatever was done before has really built a solid evidence base to point the way to further and firmer Government action.

Q16 Chair: Stephen, when we had one of your junior Ministers here—Priti—she was talking of working parties with Health about how you could draw resources from the Health Department, so that you could activate those resources in jobcentres. Has that moved to your making a proper claim on the Health budget, for you to be able to spend part of that budget in jobcentres?

Stephen Crabb: Speaking frankly, Jeremy Hunt and I have had a meeting about this. We both recognise the problem that we are talking about and we have an agreement and a basis for some joint working on this, but it isn't going to be as simple as the Secretary of State for Work and Pensions and the Secretary of State for Health agreeing something at Caxton House or Richmond House, and then it suddenly happens. It is in local communities that the change needs to come about: how GP practices work far better with jobcentres; behaviours within GP practices, in terms of people turning up and presenting with a condition and whether that person is then signed off into a world of inactivity, or whether there is something else that GPs can point to, recommend or prescribe that keeps that person closer to the world of work. As I said, we are only at the very earliest stages of thinking about this, but it is clear to me that we have got to work with the health community and take them with us. Certainly, the discussions I have had so far with Health Ministers, including the Secretary of State, are encouraging.

Q17 Chair: Stephen, as a way of helping to answer Richard's question, if you could make major gains in helping people with disabilities to move into work, the worries about this £12 billion would be a lot less, wouldn't they? The one area of your budget, if you could make real progress in moving people with disabilities into work, would deliver the savings without pain. Hence the importance of more than a good chat with the Secretary of State for Health and getting part of his budget.

Stephen Crabb: You are right. You pointed towards the fiscal cost of people with disabilities and health conditions being economically inactive and parked on benefit—

Q18 Chair: There's the personal one, but there's also your fiscal one, yes.

Stephen Crabb: You are right. That is the way we will achieve serious, lasting, longer-term welfare savings now. We have got more than 1 million people who are claiming both ESA and either DLA or PIP, and another 1 million people just claiming ESA alone. There are about 2.2 million people on ESA, most of whom are out of reach of any meaningful engagement from ourselves through our work coaches, and are probably not presenting with a health condition that puts them at the front of an NHS waiting list any time soon. So, they are not getting any support or intervention and there is a big fiscal impact of that.

The approach that I am trying to take, which I am trying to outline to you, is that I want to think about this problem not from a position of setting ourselves a monetary figure of what we are trying to cut off the budget, but to understand what Government can do at all levels—in particular, the local level—that creates lasting change. That is a much harder proposition, but I think it can carry the support not only of Parliament when votes come on these things, but among the groups most affected.

Q19 Steve McCabe: I want to go back to the issue of people with disabilities and, in particular, the question of deaf people. At the moment, most of the organisations supporting the deaf are complaining about changes to access to work provision and, in particular, the provision of interpreters. They argue that not only is that preventing people from retaining their jobs, but the changes are making it much harder for deaf people to progress in work, so they are being held at lower-level jobs. I wondered, if you're considering a Green Paper, whether that is something that has come across your desk, Secretary of State. Is that something you want to make a substantial change to? There has been quite a lot of evidence about people losing managerial positions because of the lack of proper interpreter resources. Have you got any plans to do anything about that?

Stephen Crabb: It has come across my desk. One of our senior colleagues has written to me about a particular constituency case, which exactly highlights the point that you are making. In terms of this broad work and health agenda, issues affecting the deaf community would obviously be a part of that. I do not have enough information to be able to give you the full response on the specifics of interpreter provision but I am happy to write to you or the Committee, and you would thoroughly expect this kind of thing to be part of a broad work and health push.

Q20 John Glen: Secretary of State, in your opening remarks you rightly praised the hard work of the people in your Department, but you are also widely reported as being interested in a re-evaluation of private sector contracts—for example, delivering fitness for work assessments. Can you explain your thinking and your instincts on those as you came into the job? Is it about service level, reducing costs or expanding the way that they operate, perhaps with Health or others? It is obviously an issue we as constituency MPs hear a lot about in terms of the way that those systems sometimes operate.

Stephen Crabb: Payment by results models are here to stay—they will be a feature of Government from here on in—and contracting with the private sector is not anything new. I have come into a Department that has some pretty big contracts in place. In my experience as a

constituency MP—and everyone else’s I’m sure—there are concerns about how some of those contracts are being implemented on the ground. I think the comments that were reported, to which you are perhaps referring, John, reflect the fact that I want to take a good, strong hard look at some of those and determine which ones are succeeding and which ones are not.

The Channel 4 “Dispatches” programme highlighted a particularly localised set of failings a few weeks ago. We were very quick to intervene and to have words with the contractor, and that reflects the broad approach where there are failings. More than that, if contracts are failing, I don’t want to persist with them. I want to be taking decisions that improve them and get them to meet the stated policy objectives, or to start again.

Sir Robert Devereux: To pick up on that last one, the last time I was in the Public Accounts Committee I was with the chief executives of some of our providers. They were, perfectly reasonably, asked about the quality metrics of some of what they were doing, and each one in turn committed in front of the Committee that they would indeed hit the right targets. I know that the Maximus contract for doing ESA has made improvements in that, even since we last spoke. So the Secretary of State is entirely right: we are all over these contracts like a rash to make sure that we get what we want.

Coming back to the more general things, the Secretary of State referred to the conversations we had with Jeremy Hunt, but underneath that we established a while back a joint unit between us and the Department of Health to explore precisely and in detail what would have to be true about the way the health system works and the way the work system works to work well for the individuals the Secretary of State is describing. In the spending review, we put some money against that to try some innovative things. What would it take for us to give people access to particular therapies? Would that actually make a difference? That is \$64,000 dollar question. In principle, these could be people who would not be reaching that position if you just assessed by clinical need. That is a really hard judgment, but that is the sort of thing that we ought to be exploring properly.

Q21 Chair: On Steve’s point, Robert, if the work coaches are going to be as successful as this Committee wants them to be and you have a case of someone whose barrier to higher paid work is their hearing, you really want the work coaches to be able to access resources very quickly to free that person’s opportunities, don’t you?

Sir Robert Devereux: Yes. There is a question about the precise way that Access to Work is working, but locally we have given our coaches some discretion around a thing called the flexible support fund, so that they can access things without having to go through some palaver of central contracting if there is a sensible way for them to make judgments. The sorts of judgments our people make are generally very good, and we try to put some resource behind them.

Stephen Crabb: When I visit jobcentres, the thing that makes work coaches’ eyes light up the most is when they start talking about the opportunities they have with the flexible support fund. I know everyone likes to have a little pot of money that they can spend, but when you go down to, say, London Bridge jobcentre, you will see them making very effective use of a quite significant pot of money through the flexible support fund. It is not part of big, nationwide contractor provision; it is often contracting at a pretty small scale with very localised providers

who have the skills, experience and expertise to make a difference in the lives of people who come in with particular barriers.

In further answer to John's question, I spent part of last Friday afternoon with an organisation that has decades of experience in employing people primarily with learning disabilities and mental health issues, but also with physical disabilities, and we were talking about this contractor provision. They were saying to me, "The problem is that we are right at the end of any chain. If we get involved, it is as a subcontractor to a subcontractor to a subcontractor." What is the point when there is no value for them? The feeling on their part was that they were being asked to provide something really quite specialist, but for no particularly significant financial reward. What could be happening is that all the value is disappearing through the chain of subcontractors, when actually the people with the real skills and experience, whom we want to be able to get alongside people with disabilities, are the ones saying, "Well, I'm not sure it's worth the candle." I want to start thinking about how we do that far better.

Q22 John Glen: Isn't there a challenge in that? When the Committee visited such providers—we visited one in Cambridgeshire last autumn, although I can't remember the name of the group—we found that the issue was around verification of the data on outcomes. They told us that if they cannot point to the outcomes that they have intervened to secure, there is no reliable measure on which to build policy and further commissioning. That seems to be the key thing we found in our observations.

Sir Robert Devereux: I am not sure quite who you saw but there is a difference about whether we leave the prime contractor with the outcome payment. That is an entirely sensible way to run it, but it does not have to follow as night follows day that there is then that specificity all the way down the supply chain, in that the acute prime would take responsibility for money and for outcomes and then have to eyeball their local charity and say, "We can see you are doing good things but let's not wrap you up in all manner of outcome payments." That is done well in some places and less well in others. I do not want to say that outcome payment is wrong because I think it is a very good way for the Government to contract nationally, but the way the primes then deal with their subcontractors does not have to be on the same basis.

Q23 Heidi Allen: On that point, when we met some of the big contractors, I felt really uncomfortable with one of them. It felt like glorified pyramid selling to me: too big, everyone was a director, and it was death by PowerPoint. You need to be so careful when picking those contractors that they will pick the right subcontractors further down. It felt to me—it might not be shared by anyone else here—that it was an organisation making money out of government bureaucracy. You have to be so careful.

Sir Robert Devereux: This is the Work programme?

Heidi Allen: Yes.

Sir Robert Devereux: So it being payment by results, they will make money but they will only—

Q24 Heidi Allen: They are going for the low-hanging fruit, and it is not the low-hanging fruit that we need to be helping any more.

Sir Robert Devereux: Okay, but you cannot be in favour of payment by results and at the same time say, “I don’t like that particular result; I want a different one.”

Heidi Allen: No. It is picking the right prime contractor in the first place—one you can trust to push it down in the right way.

Chair: We have all had really entrepreneurial small suppliers crushed by the contract system of the Department. We have seen that in my constituency, and certainly when were in Cambridgeshire and Heidi’s constituency.

Q25 Neil Coyle: It is great to speak positively about the London Bridge Jobcentre Plus in my constituency, but I want to come back to Access to Work. There may some concerns about more recent changes, but in the main the sector is very positive about it. You mentioned you wanted to see more trials and you have brought budgets forward to do some of that, but in 2013 the Government announced that Access to Work will provide support for disabled people going on placements. How has that rolled out, how many people have benefited from it, and where do you see that going forward to help you to meet the target to halve the employment gap?

Stephen Crabb: I am going to pull the permanent secretary in on this.

Sir Robert Devereux: Sorry, I don’t have that level of detail or access to it with me, but I can certainly write and tell you.

Q26 Neil Coyle: You will give us the numbers?

Sir Robert Devereux: Yes. Access to Work is increasing and is, as the Secretary said, an obvious way in which to put some force behind trying to make sure that overcomable barriers are overcome, but I don’t have the number with me. I am sorry.

Stephen Crabb: It is very popular. People like it.

Q27 Craig Mackinlay: Secretary of State, the Committee has conducted a lot of work on auto-enrolment, particularly revolving around this year and next year when smaller employers will be meeting their staging dates and deciding which provider to go for. Obviously NEST exists, but master trusts are proliferating out there. Ros Altmann has been here and I certainly share her concerns that regulation on some of these master trusts is too light-touch. They are registered by HMRC and are outside FCA control; they are under some control by the Pensions Regulator, but really it is just through some non-binding guidance. I have distinct concerns that in 20 years we will have people coming here with the clarion call we often hear that “The Government must do something” because their master trust has failed. In these early days, particularly for the smaller employer, very small amounts will be dribbling in to these master trusts. I think now is the time to grasp more robust pension regulation for some of these master trusts. The quality mark exists and some have taken it up, but I think now is the time to consider

inclusion within a pensions Bill to stiffen up the regulation of these master trusts. What are your thoughts on that, which is supported by Baroness Altmann?

Stephen Crabb: Ros and I have talked at great length about these issues and she is an excellent person to be leading the thinking on the specific challenges that the master trusts could be throwing up. You say that some have signed up to the quality mark; actually, more than 90% of master trusts have signed up to the master trust assurance framework, which is a positive thing. We should not fall into the trap of allowing master trusts to become a byword for poor practice. There are very good reasons why master trusts might be a good approach to auto-enrolment—the scale that they can provide; value for money for a small employer—but you are right to highlight that there could be some problems around the edges here, and these are things we are talking to the regulator about. Ros Altmann is leading on this. There will be announcements in due course about legislation, but this is right at the top of our thinking on this.

Q28 Craig Mackinlay: I am glad to hear that it is on your radar as a potential risk area to be addressed.

Stephen Crabb: Yes, it is. Do you want to add any more to that, Robert?

Sir Robert Devereux: Not particularly. You have had colleagues here talking to you for your report. It is clearly something that we need to make sure is right, because the rest of the automatic enrolment story is going very well. We are past 6 million people now and we are enrolling 1,000 employees a day at the moment, so all those concerns about whether you could put volume through the system do seem to be allayed. The regulator and NEST have worked really well and their comms have worked really well. We need to make sure that the master trusts work too, but this is—

Stephen Crabb: But we do feel the onus is on us to think about what could go wrong and what might only surface decades from now and what that looks like, so you are asking exactly the right questions and I have my best people on it, I hope.

Sir Robert Devereux: You have.

Q29 Chair: No one doubts Ros Altmann's ability. You say she leads on this subject, and she was very clear to us that she needed a Bill. It may be that another inquiry we are doing, on BHS, reveals that we might need legal changes to protect occupational pension schemes in future. I merely wish to underscore that I know you have to compete for legislative time. The Committee has written to Oliver Letwin to actually make that point. I gather the Cabinet Office gets some sort of order into Departments' demands. Is that right?

Stephen Crabb: Well, we have moved beyond that stage because we have a Queen's Speech next week. Perhaps I will just encourage Members to follow what Her Majesty says.

Q30 Jeremy Quin: Secretary of State, auto-enrolment has to date been a great success in terms of roll-out. Are there areas of concern for you, given the nature of the employers we are

now reaching out to with auto-enrolment? Are there areas in which you see risk in terms of the delivery of the scheme?

Stephen Crabb: To be absolutely honest with you, I have gone in and been asking what I hope are the right questions about auto-enrolment and the roll-out of that. As I say, Ros Altmann and I have talked about this at length, both one-to-one and with officials. The feedback that I am getting, which the permanent secretary has just alluded to, is broadly very encouraging, but we need to think about potential risks to that. I think it is fair to say there are questions about how lifetime ISAs could affect that. We want auto-enrolment to be something that is well supported, not for people to be falling out of that. On the whole, I am encouraged.

Sir Robert Devereux: We are pleased that the level of opt-out is low at the moment, but we are still at a relatively low contribution level on the part of the individual. That is set to rise over time, so we do need to keep an eye out every time we get round to re-enrolment to make sure that things are not changing. There are further steps to take, but the problem that people were anxious about this time last year was whether it was physically possible to get small companies to do this, and it would appear that it is possible.

The next problem is how we can continue to persuade people that this is in their best long-term interests when their contribution rates go up. For sure, a pension with Government money and employer money in behind all this stuff is going to be better than your private savings, so we can welcome lifetime ISAs and the rest of it, but we need to make sure that people realise quite how profound a pension is for them. A lot of the work that we are doing on communications is trying to ensure that that message gets across to people.

Q31 Jeremy Quin: I am delighted to hear the Secretary of State and the permanent secretary referring to the lifetime ISA as a potential issue. They are separate products. They are distinct, and we have to make certain that that message gets across. I hope you have a communications strategy in mind as to how to ensure that employers in particular do not shirk their responsibilities by pushing employees in the direction of the lifetime ISA. They are positive, but they are different. Is that being looked at?

Sir Robert Devereux: They complement support; they do not substitute for it.

Q32 Jeremy Quin: And that is something that you will be making clear through communications, I trust.

Stephen Crabb: I think it is probably true that we have to get better at explaining complicated issues to the public. I know that this Committee has had things to say about how changes to state pensions have been communicated in the past. You are talking about some complicated issues that a great many parliamentarians do not fully understand, if we are honest. How we communicate that from Government to people to help them make informed decisions and to point them to the correct place, whether that is independent financial advisers or others, to help them make those decisions—there is a challenge for us in thinking about that.

Sir Robert Devereux: That, of course, is fundamentally why it is an automatic enrolment programme. It is the power of opt-out precisely for those reasons of comprehension.

Q33 Richard Graham: On the issue of pensions and savings, there is a philosophical difference. There are those of us who see pensions fundamentally as an obligation of Government to work with employers and individuals to provide a pension so that a pension becomes a form of right, and there are those who see a pension as a benefit under a different name. For people who are in that camp—there are those who are writing papers for the Treasury, suggesting that it is time that pensions were formally described as a benefit—the concept of auto-enrolment and the idea of lifetime provision of income after retirement could be at risk of being dismantled. Will you, Secretary of State, confirm your own approach and philosophy towards the provision of pensions, most particularly through auto-enrolment?

Stephen Crabb: We face a huge societal challenge in how we support those in retirement and how all of us who are heading towards that destination make provision during our lifetime. There is a heavy obligation on Government to ensure that as far as possible provision is made and we support people to make their own provision.

In terms of the point you make about pensions being called benefits, I occasionally get people writing to me at the Department saying, “I heard state pension being described as a benefit when it is not a benefit, as people have saved for it.” In a very true and narrow technical and legal sense, state pension is a benefit. In our body of welfare legislation, the state pension is in a technical sense a benefit and is described as such. Beyond that, in terms of my approach, I fall into the camp of seeing pensions as an obligation that Government need to take very seriously and to work with individuals, consumers and the industry to provide.

Sir Robert Devereux: It does sit behind the big philosophy that we have made three big changes. The three things that came out of the pensions commission were: raising the state pension age progressively; putting something in place to ensure that people are saving in a workplace pension, which is automatic enrolment; and, simplifying and sorting out the state pension. All three work together and were driven by a view that if you do not do all three, you will find yourself in a difficult place further down the track, not least on public spending, when people come back and say, “Hang on a minute, I do not have any provision for retirement, but it’s too late now so I’m back at the state’s door.” I think that there is a recognition, including in the Treasury, of the potential importance of automatic enrolment as part of that overall position on pensions.

Q34 Richard Graham: How well do you think that works for the self-employed?

Sir Robert Devereux: It is a different perspective when we come to the self-employed because of some of the drivers that you are able to put into play. There is a more complicated set of issues for them.

Q35 Richard Graham: Do you think there is work still to be done on trying to analyse what actually is the best offering for the self-employed?

Sir Robert Devereux: I think that is a fair observation, yes.

Stephen Crabb: It will be increasingly important. We have more than 4 million people now self-employed, so this is a challenge that we need to focus on.

Q36 Heidi Allen: I feel we are ping-ponging you about all over the place, but this is our hit list. You are here today to meet the Rottweilers and review all the conclusions of the various pieces of work we have been looking at. I was pleased to hear you say a moment ago that you see a pension as an obligation of Government, because I think I have one of the toughest questions on the list today—the WASPI ladies. Talk us through your feelings about that. I sense that you are the sort of Secretary of State who is interested in doing the right thing. I am not leading you here, but the past is the past. This isn't about politics because, clearly, what the WASPI ladies are experiencing is as a consequence of previous legislation from various Governments of the past, and that is history.

What is your sense and view and is there anything we can hope for? In our recommendation, we felt there was an opportunity for the Government to look at the cost-neutral option to allow the ladies who are most significantly affected to take their pension earlier, but at a reduced rate. Share with us your thoughts on the WASPI issue.

Stephen Crabb: We need to be talking about these issues. My approach is that you do not run away from difficult discussions. I am sure we have all had constituents coming to see us in our surgeries wanting to talk about these issues, and the approach that I take with them as individuals is the same one that hopefully I will take sitting here as the Secretary of State. When you talk to them about what they feel aggrieved about, you get a range of different responses from them. One of the most common ones is a sense that they are now being asked to wait six more years from when they had expected to retire. That takes us all the way back to the 1995 legislation. If a fundamental objective of this campaign is to somehow unwind those changes that go back more than 20-odd years, it is impossible. I think people recognise that.

A number of the women who have been to see me participate in the Facebook discussions and are part of the group. That kind of engagement with policy decisions is right, but they are under the impression that somehow there was an injustice done very immediately that affects them now. What I am saying is that they are not fully taking into account the fact that there have been changes going back to 1995, and it is fiscally impossible. It is irresponsible of anyone in the House of Commons to try to pretend and lead these women on into thinking that somehow there is an easy decision to be made.

You mentioned, Heidi, that there is a fiscally neutral thing we can do to enable the women affected to draw down their state pension earlier. When I have discussed that with some of the women, they have said that that is not what they want.

Q37 Heidi Allen: It won't be the right solution for all of them, I agree.

Stephen Crabb: So my trouble on this is that as far as I can see there is no policy solution emerging from all of these intense discussions that people are coalescing around and that is not going to have a massive fiscal impact. The decisions that were taken in the last Parliament and taken in 1995 are sets of decisions that Governments all around the world are having to get to grips with as we have rapidly ageing populations, and taking account of

increasing life expectancy. On any decision to row back now, who would pay for that? We would be back to asking people of working age—younger people—to shoulder more of a fiscal burden.

The phrase “intergenerational fairness” was raised. I completely understand women who feel that they were taken a bit by surprise and did not get the full information about this. I expect most people breeze through life not thinking in any great depth about their pension. Unless they get a very specific letter going to them saying, “Dear Mrs Jones, this is how your state pension is going to be affected”, they might not be cognisant of other changes that have been happening around them over the last 20 years. I am giving a slightly long-winded answer, here, but the thinking that I have done on this issue, and the discussions I have had—I am happy to meet the new all-party group on this, and continue talking to them—is I don’t see that there is a doable policy solution that we could take as a Parliament, that undoes whatever grievance the women affected currently feel.

Q38 Chair: That is very clear, Secretary of State; so you wouldn’t be expecting to make an announcement of significance on this issue.

Stephen Crabb: I am not looking to reopen decisions that were taken in the last Parliament. You will remember, Frank, there was a lot of vigorous debate on the decisions that were taken. In response to that, a concession package was brought forward, which sought to guarantee that through the 2011 changes no one would have to wait more than an additional 18 months from the original timetable for equalisation. That package cost more than £1 billion, which gives you an idea of the kind of numbers we are talking about. We are not talking about millions; we are talking about billions of pounds here.

We were talking earlier about the PIP changes that were not going ahead, and the additional £4 billion hole that there is now in the OBR scoring, so there is no easy way out of this. Those people who are outriders for the campaign in this place need to be very careful that they are not leading these women on, pretending that it is something they would do if they were in Government, when they would have no intention of doing so.

Q39 Chair: Secretary of State, I am really worried that you might dry up under our questioning; we had a signal that your table needed more water—so here it comes.

Can I take you on to the life chances sets of indicators, and welcome the whole Government approach on this, in that while, at some periods of time, let’s call it the Rowntree approach might have been beneficial, I think that is at the end of its rope—the end of the road; and therefore looking at the drivers of poverty rather than a total emphasis on amelioration, important as that is, is the right balance to strike.

All the evidence shows that life chances for poorer children are determined before they are five. Yet the very important Bill that we put through in the last Session, on life chances, does not have any sets of indicators on measuring progress before birth and through those key stages, up to moving into reception class. Is part of your work in heading this co-ordinating effort in Government concerned with the absence of indicators for those very early years? Given the very significant increases in resources the Government is now putting into the under-fives, do you think we need some measurement to see how effective that is in changing the status quo—that

poor children arrive at school well behind others and remain, during their school years, behind other groups?

Stephen Crabb: You are absolutely right, Chairman, that school readiness, if you want to call it that, is an absolutely crucial thing that we need to be tracking as a Government; it is one of those things that drives, to a very significant extent, outcomes later in school life and in training and work, alongside a range of other issues. Where we have got to in terms of the internal Government discussion is around what is the correct suite of indicators that should underpin a life chances strategy that has got any serious chance of success in terms of tackling the root drivers of poverty, as you describe them.

When you open up this discussion, as I found with Cabinet colleagues and officials from other Departments, you are in a world where people track lots of different things across Government. You can imagine a pilot sat in a cockpit with dozens and dozens of dials around him. We could spend forever working up new things to measure, which kind of feel like they might affect outcomes in terms of poverty; but if you had to restrict it to a finite set of dials, what are the really crucial things as a Government that we should be focused on? That is where the discussion has got. There will be further announcements coming out of Government on this in due course, but we want to be sure that, when we work up this suite of indicators, they are the correct ones and that they can be measured with a significant sense of accuracy, that they cannot be gamed to any significant level and that they will make a difference. School readiness is a hard thing to track, so we might have to look at other proxy indicators. This is where we have got to in the discussion, but the Committee has probably seen some of the data that I have seen on the very high correlation in certain communities between high levels of worklessness, high rates of NEETs, poor performance at key stage 4 and family instability. It isn't rocket science. There is a whole range of interwoven factors here that can keep whole families and communities in entrenched poverty across generations. Where we have got to is working up a set of indicators that measure that, which should then drive sensible policy choices to try to move those indicators in the right direction.

Sir Robert Devereux: Some of the things that the Secretary of State has talked about are almost precursors to the chances of whether the child will be ready for school. The sorts of things that you have already talked about will have a bearing on some of this so, yes, we are trying to make sure which are the right dials to look at as part of this, and we will publish them.

Q40 Steve McCabe: I want to talk about universal credit. You said earlier that the roll-out is one of your top priorities. It has changed a lot since the early days. You are now having to operate with a considerably reduced budget. The taper is now closer to 76% than the 55% that the Centre for Social Justice recommended. Of course, a lot of concern has been expressed about the 1 million people who will be brought into the sanctions regime under work conditionality. Secretary of State, is the principal aim of universal credit still that benefit recipients are always better off in work?

Stephen Crabb: Ensuring that work pays is absolutely at the core of the vision that lies behind universal credit. If you look at the report that the Resolution Foundation published last week, they raise a number of concerns on which we would confront and challenge them, but they did recognise that universal credit is a big step forward and ensures that work does pay.

Q41 Steve McCabe: You also said that 2.5 million families would be worse off.

Stephen Crabb: You said that universal credit has changed over the years. What I would say is that the wider policy landscape in which universal credit is being delivered has also changed very dramatically in recent years. When universal credit was first conceived and brought to life as a policy objective, we didn't have a national living wage, the current level of the personal allowance threshold, which takes people on low incomes out of paying income tax, or the much greater childcare provision that we have now. A whole range of other things have happened meanwhile that help to strengthen those people who are, or will be, receiving universal credit. That gives me optimism that universal credit is going to do what it said on the tin originally, which is support people into work. The early results, which I mentioned earlier, show that people on universal credit, compared with similar people on JSA, are more likely to be in work and are more likely to be spending more hours looking for work. And when they are in work, they are more likely to be earning more for the work that they are doing. The early results from the roll-out—we have around 250,000 people currently claiming universal credit—is very encouraging, but as we roll it out now, we need to make sure that the results are similarly positive for other groups of claimants.

Q42 Steve McCabe: Are you confident that the aggregate taper is at the right level?

Stephen Crabb: That is something that we can always look at but, as I have said, the results so far are encouraging. They are driving better outcomes than we saw under JSA. That isn't a small statement in itself because, over the years, JSA has become a pretty efficient and effective vehicle for supporting people's movements in the labour market. As we roll out universal credit, I encourage Committee members—I said this at Question Time on Monday to those people who are looking to be critics of universal credit and I said it to the chairman of the Resolution Foundation and the guy who wrote the report—to get out there and actually visit a jobcentre. Go and sit with some of the work coaches who are dealing with this; talk to the work coaches about the kind of personalised support that we never saw before under JSA. This is one of the big transformations that is happening at the moment, on the ground, in our jobcentres from the far north of Scotland to the far south-west of England. Big changes are happening in the culture of support and the levels of support that we are giving claimants.

Q43 Steve McCabe: I should say that I am a fan. I just wonder whether the Treasury has left you with a diminished policy. Could I just ask you about the work conditionality? As far as I know, it is an entirely new idea and it is pretty untested. We can go and look at what is happening in the jobcentres—I am happy to do that and I am very interested in what work coaches are able to achieve—but that is quite a hefty sanctions regime. Why are you confident that that will encourage people to find extra work, when we know that many of the people we are talking about are struggling to achieve the hours they are already getting?

Stephen Crabb: The challenge that you are throwing out is perfectly fair, Steve. Let's take a step back for a moment and talk about conditionality generally. It is something that I do support; I think that, when you look, we are spending tens of billions of pounds on working-age benefits. I think it is right that we have a set of obligations and responsibilities around that on the part of the claimants, and that has been a feature going back to Tony Blair's welfare reforms. Conditionality has been growing as a feature; in all successful welfare systems and labour market

support systems around the world you see conditionality being used. What is different—as you exactly say, Steve—is that as part of universal credit we are introducing elements of conditionality to help encourage in-work progression, like people earning more hours. I think it does have a role to play. I think it has to be applied really carefully, in a really smart way, and there is a challenge for us in terms of how work coaches and people out there in the jobcentres do that.

At London Bridge jobcentre, I sat in on a work coach interview with a young man who had been doing some work, but the work coach felt that she should be seeing a bit more work coming out of him, a young single man. Now, at that point, as far as I understood from the information about the case, she could technically have applied a sanction there and then, but she didn't. She takes a sensitive approach to these things, and by and large that is what you are seeing more of. The overall levels of sanctions are far fewer than they have been in recent years. I think our teams of work coaches are getting better at how they apply sanctions, but in this new field of in-work conditionality and in-work support, there is a lot of learning we will have to do.

Sir Robert Devereux: I think that we are going to find that we will learn a lot about how this works. We have never had a system like this before. You said earlier that this was all about making sure that work pays. The other thing that universal credit does is remove that entirely artificial break between being in work and being out of work. Those two things together mean that the conversations that work coaches can now have are quite different from the ones we previously used to have. Previously it was, “You're out of work; you need to go to work; goodbye.” Now they are working with them continually. So my expectations, like the Secretary of State's, are that as people get to understand that the marginal hour is doable and they are better off for it, they will find that a more attractive proposition than the current system. As you know, people can cap at all kinds of hours in the current system, and their marginal deduction rates go strongly up as soon as you try to move up a bit. I think sanctions are worth having in the system. Quite how it is all going to play out is exactly what we are experimenting with. Your own recent report talked about this stuff and you were pleased that we were trying to do some proper trials on how this would work. This is new territory; nobody else is doing it. I am sure it is the right thing to do.

Q44 Chair: You can be a real fan of the work coaches and remain sceptical about universal credit. It just so happens that you are running them both together, but the value of the coaches could be totally separate from whether universal credit works or not.

Sir Robert Devereux: I don't think the coaches would agree with you on that.

Stephen Crabb: Can I jump in there? I have come into this fresh, and what gives me a lot of encouragement, both about universal credit and about the role of the work coaches, is the enthusiasm and the motivation that comes across very clearly from work coaches. I have been to a fair spread of jobcentres. When you start hearing consistent messages whether you are in west Wales, north London, south-east London or Bristol, that gives you a lot of confidence that something quite profound and encouraging is happening at the front end of our jobcentres. As I said in a recent speech to the Early Intervention Foundation, the kinds of changes that work coaches are helping to make in the lives of claimants are every bit as meaningful as the kinds of interventions that other great public servants like nurses and firefighters make.

Chair: I think that is the point I was trying to make.

Stephen Crabb: Yes. I met a work coach in Enfield, north London, who introduced me to one of her claimants, a former gang member. Many of the peer group that he hung around with are in prison now. He said himself, “She has changed my life.” That is a massive change from what we saw in years gone by, when someone would rock up at a jobcentre basically to process a benefit entitlement. They are actually being linked up with people who are ambitious for change in that claimant’s life. I think there is something quite powerful about that, and I think universal credit as the vehicle for that is pretty exciting too.

Chair: I won’t pursue that now. Heidi, I’m sorry; I have been trespassing on your ground.

Q45 Heidi Allen: That’s all right. You have been trespassing fully into my question, but you are allowed as the Chair. To explore a little more this idea of the work coaches, going back to what Steve said about the taper rate, I think that honestly, there is a debate to be had about that. I would argue that the reason why universal credit is working so well in successfully getting people into work is that it has only been rolled out for the single, uncomplicated Joe at the moment. We don’t have complicated cases on there, and the taper rates—

Stephen Crabb: Well—

Heidi Allen: Slowly, it is coming, but only in the ones where it has been rolled out in the pilot system.

Stephen Crabb: Single, uncomplicated Joe might be presenting with addiction problems or emotional problems. He might have been a care leaver—

Q46 Heidi Allen: But he isn’t so affected by the taper rate. It is that second earner, for example, who will be more affected by the taper rate. What I am getting at is that, looking at universal credit alone—it is not right to; the work coach is a powerful part of the cultural change, which is broadly what I want to explore—we cannot say that universal credit, as a stand-alone system, is definitely working for all the types of claimant yet, and that the taper rates will not have a role to play in that, because we have not got that yet. We are still only putting single people through.

Stephen Crabb: That is a fair observation.

Q47 Heidi Allen: Hence, more so than ever, the role of the work coach is everything. That is where welfare reform will make or break. It is brilliant that you are meeting some inspired and enthusiastic work coaches out there. My biggest worry is for you and your Department to really get into the detail to ensure that those guys are skilled, empowered and able to use that little bit of extra funding that you described. That will be the reason this succeeds or fails.

This is a detail business; it is about people and how they interact with other people. How will you get into that detail to make sure that that ethos is replicated? Given that we have seen so many people with mental health issues and disabilities, if the work coaches become the front window of the jobcentre, are they going to become disability experts too? Will they be health

care professionals too? How will they effectively triage people who come in front of them? That becomes a monstrous skill set.

Stephen Crabb: There is a huge challenge in this. If you are asking whether, in all our jobcentres, we have the right skill sets for tackling the kind of challenges that we talked about earlier and the kind of conditions that people have, particularly the ESA caseload, the answer is probably no, but we have some pretty damn good people out there who are the first to admit when they do not have the skills. That is exactly when the flexible support fund gets deployed. You said there is a little bit of extra money, but actually, in a large jobcentre such as London Bridge, the pot of money that they have got is not insignificant. They can actually do quite meaningful things with it.

So there is a challenge for us, as we continue to reshape the purpose of jobcentres, to think about how we bring in the right skills, whether by using the flexible support fund or contracted provision at local level or partnering with other charities and organisations to bring in people with the right skills. We were talking on Monday at oral questions about the learning from having some of my work coaches partnered with the food bank in Manchester. One of the things that we have observed is that it is good for the food bank, because there are people with expertise on hand who can provide help navigating the benefits system for somebody using the food bank, but actually, our work coaches have also been learning a tremendous amount about the lives of these people as well.

There are all kinds of good things that can come from sensible partnering, but I don't think the answer is me, as Secretary of State, saying, "This is what the local learnings and provision should be." We have to find a way to drive that locally and to respond to local needs. Perhaps you want to say a little more, Robert.

Sir Robert Devereux: I have a couple of things to add. The fact that the Secretary of State can find the same sort of spirit in four near-random jobcentres is partly because we have worked hard to make that the case. The way we have tried to get people to recognise themselves that what they do really matters in society has made a big difference to motivation.

On skills, we have always had numbers of people in jobcentres who are skilled in working with people who have some sickness or disability; it is just that we have not had many of them because historically we have not done a lot of face-to-face time with ESA claimants, because that has not been the regime. It is perfectly possible to take some of those skills and ensure that our colleagues can build their skills in that way. I am quite optimistic that it is possible.

Stephen Crabb: We are increasing the number of disability specialists at the front end, aren't we?

Sir Robert Devereux: Yes, we are. I don't think we should see it as an impossible task to do with the entire population of people who may have various sicknesses. As the Chair has said, it is in part to do with signposting, but it is partly just to do with confidence. Much like we trying to get employers to be confident in employing disabled people, it is the same thing for the work coaches. Once you have had some experience of interacting with people, you realise that the beauty of universal credit is that it is capable of coping with your variations—if you have the sort of condition that means you can do some work one week and not another week, that works

very well under universal credit. There is more work to do, but I am pretty confident that the people can get up and do it.

Q48 Neil Coyle: Secretary of State, you just said that the number of disability specialists is increasing, but it fell by a fifth in the last Parliament. Where is this increase coming from and where is it going? How many do you expect to appoint as work coaches?

Stephen Crabb: I might get the detail wrong, in which case the permanent secretary can step in, but I think we are putting another 500 disability specialists into our network of jobcentres. That might not sound a huge number, given that we have more than 700 jobcentres, but it is a significant step forward. Whatever decisions happened in the previous Parliament, that was then; I am pretty clear in my mind that, whether it is by employing more of our own people as disability specialists or partnering with expert organisations, we need to get more expertise under the roof of Jobcentre Pluses in terms of how we support people with sicknesses and disabilities, and people with addictions as well—although, again, when I went to London Bridge jobcentre I found that there was somebody there with huge experience of working with people with addictions, so let's not underestimate the skill set and experience we already have.

Chair: You clearly want to turn London Bridge into a sort of pilgrimage route.

Stephen Crabb: I'm afraid it is. It is the most visited jobcentre in the whole country.

Q49 Neil Coyle: Was the figure right?

Sir Robert Devereux: I was just going to answer that. The number you cited was the people that go by the label of disability employment advisers, so they are specified in that role. One of the things that comes with universal credit is that I do not have people marked as being JSA people or ESA people; they are just on universal credit, so we are making sure that our coaches are capable of being case managers. Say I am your claimant; I may have a period where I am sick and I may have a period when I'm not. I need the general workforce to be getting better at recognising how to do that. I don't want all our effort to be measured in terms of the precisely titled people with a particular set of skills. I am trying to raise the bar for everybody.

Q50 Neil Coyle: On the taper and making sure that work pays, the Resolution Foundation's concerns have been mentioned, but on top of that Citizens Advice, the Children's Society and Disability Rights UK have highlighted the fact that, with the disappearance of the severe disability premium, almost a quarter of million disabled people lose up to £60 a week, and with the disappearance of the disability element of working tax credit, another 116,000 disabled people in work lose around £40 a week. As the people with more complex lives and health conditions move on to universal credit, how will you monitor the roll-out to ensure that it doesn't prevent you from, for example, tackling the disability employment gap?

Sir Robert Devereux: We have a very extensive evaluation programme in place, which is why you already know some of the results that the Secretary of State has quoted about the relative improvement in labour market outcomes. That programme is going to continue. It is peer-reviewed and it has people looking at how we do it, so for all aspects of the way universal

credit works, all the way up to the labour market outcomes and how people are behaving and feeling about the service, we have a very extensive monitoring programme, as you would imagine for something of this size.

Jeremy Quin: I think the Secretary of State has tackled this, but you are very welcome to come and visit us in Horsham if you want to get beyond London Bridge—carry on down on Southern rail, if it is working—as they have one of the best records on assisting disabled people. One point they have raised, which you have referred to, is the spread of best practice and ensuring that that is communicated more widely. There are hotspots where people are doing incredible, extraordinary things, and the permanent secretary has referred to making certain you have expertise more broadly spread in the system.

Chair: I am always proved wrong when I say that the last question is going to John, so I will say that a last question goes to John.

Q51 John Glen: Can I focus on bereavement benefits to cohabiting couples and their children? They are denied those at the moment. Your colleague Baroness Altmann said that someone in a cohabiting couple cannot inherit their deceased partner's pension. In other words, there is a pattern of treatment of cohabiting people. Let's step back from the precedents and justifications in other ways of treating cohabiting couples and think instead about the situation of the children. Their parents' marital status surely should not affect their entitlement to bereavement benefits, particularly given that the projected budget for bereavement benefits over the next four years is likely to go down by between 15% and 20%. Surely the Government should be compassionate to those children, who, through no fault of their own, are denied something that children of married parents receive.

Stephen Crabb: Forgive me, John, but this is one area of the benefit landscape where I have not really drilled down and got on top of all the detail. I am aware of some of the discussions that have taken place.

Q52 Chair: Can we leave that with you, Stephen? Maybe you could come back.

Stephen Crabb: I am happy to do that.

Q53 Chair: It was very clear when the Government set out on this task that it was not to save money, and yet the Department will save money and therefore would have room to meet the point that John is making, which is one the Committee has made to the House.

Sir Robert Devereux: We have seen a report on this.

Q54 John Glen: It is about saying that yes, there are precedents, but we have to look at the basic principle. The children are not to blame for the marital status of their parents, yet they are to be denied access to bereavement benefits. That seems to me a natural justice issue, and there is not a massive cost implication.

Stephen Crabb: Let me go back and spend a bit of time thinking and reading up on it, and then we can have a more meaningful interaction.

John Glen: Thank you.

Chair: Thank you very much, Stephen and Robert. We will end on that.