



Department
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Rt Hon Frank Field MP
Chair, Work and Pensions Committee
14 Tothill Street
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2nd August 2016

Dear Frank,

Thank you for your letter dated 18 July, and your good wishes in welcoming me to my new post. In your letter, you raise a number of points which I will answer in turn.

Welfare Cap

- 1. Will the Government revise the level of the welfare cap, take additional measures to stay within the existing levels of the cap, or abandon the policy?*

The Office for Budget Responsibility (OBR) will make its next assessment of the welfare cap at the autumn statement, as set out in its Charter. The Government will then decide an appropriate course of action based on that assessment. My predecessor made a commitment that no further policy changes will be made during this Parliament, other than those already announced. That said, any future changes in policy or the level of the cap in this Parliament would be subject to a vote in the House of Commons.

- 2. What purpose is the welfare cap currently serving?*

The Welfare Cap provides an important discipline for ensuring that governments pay attention to movements in the underlying welfare forecast, and where appropriate take necessary action. Additional scrutiny is provided by the OBR.

PIP and ESA

- 3. Is the expectation that these additional officers will reduce the number of successful PIP and ESA appeals?*

As my predecessor set out at Budget 2016, the Department expects the role of presenting officers to result in a total saving in the region of £110m between 2015-16 and 2019-20. The primary benefit of presenting officers attending tribunals will be the high quality feedback they will give to the Department's

decision makers about why decisions may be upheld or overturned. This will improve our decision making capability, allowing the right decision to be made at the first opportunity, improving the claimant's experience following their application.

4. What is the current success rate for PIP appeals and how does this compare with initial expectations?

61% of PIP appeals were successful in 2015-16. We expect to publish appeal success rates for the 1st quarter of 2016-17 (April to June 2016) on 8 September 2016. Appeal statistics can be found at <https://www.gov.uk/government/collections/tribunals-statistics>.

The forecasts of successful PIP applications are not broken down into those successful on appeal and those successful following an initial application.

Universal Credit

5. What assumptions underlie the forecast figures for spending on Universal Credit included in the Main Estimate (estimates lines N and AA)?

As recommended by your Committee during the last Parliament, the Department is proceeding with the rollout of Universal Credit in a safe and secure way. The Department has also taken on board the Public Accounts Committee's recommendation about incorporating contingency in the rollout schedule. This allows us to consolidate what has been learnt so far, and ensures the system and processes are as robust as they can be. The assumptions that underlie spending forecasts for Universal Credit are based on the rollout schedule. As you will no doubt be aware, I made an announcement on 20 July setting out the Department's revised rollout schedule for Universal Credit. After the autumn statement, a supplementary estimate will follow setting out our new forecast in line with the revised rollout schedule.

<http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Lords/2016-07-20/HLWS98/>

6. By the end of March 2017, what proportion of claimants will be on UC compared to the proportion still on the benefits it replaces?

We do not publish forecasts or comparisons with legacy benefits. Claimant levels are influenced by a number of variables and uncertainties, for example, the prevailing economic conditions and the behavioural change of claimants. We estimate that, by the end of rollout, we will be spending £60bn on Universal Credit. Expenditure at March 2017, as set out in this estimate, is £274m.

Employment Programmes

7. Spending on employment programmes (Estimates line E) is falling from £770 million in 2015-16 to £581 million in 2016-17. What is driving that fall in spending and how will that impact upon those receiving support from those programmes?

There are a number of factors which contribute to the estimated fall in employment programme expenditure. Primarily, referrals to the programmes have generally been reducing over time. This correlates with the significant improvements we have seen within the labour market as a whole. Unemployment is currently much lower than when the Department's main employment programmes were introduced, meaning fewer people require support.

Although absolute numbers are reducing, it is pleasing to note that later joiners to the Work Programme continue to perform much better than early cohorts in terms of the proportions achieving a job outcome. All providers are exceeding contractual performance expectations.

8. How will the new Health and Work programme, due to be introduced from 2017-18, differ from the existing programmes?

In designing the new provision we are taking on board important lessons from Work Programme and Work Choice. The expectation is that the new programme will deliver improved performance for claimants, particularly for those with health conditions and disabilities. Key planned areas of improvements can be found at Annex A to this letter.

9. How does the reduction in spending on employment programmes tie in with the new Youth Obligation?

The proportion of 16-24 year olds in full-time education or paid employment is currently 86% - the highest level on record. That said, there is still more to do to ensure all young people have the opportunity to succeed.

To achieve this, the Department is introducing the new Youth Obligation from April 2017 for young people aged 18-21 years claiming Universal Credit full service. Jobcentre Plus work coaches will provide intensive support from Day 1 of a claim, which will intensify the longer a claimant remains on Universal Credit. Detailed policy development is underway, and will be announced in due course.



The Rt Hon Damian Green MP

SECRETARY OF STATE FOR WORK AND PENSIONS

Annex

Key planned areas of improvement for the Health and Work Programme include:

- Voluntary, targeted, referrals of claimants with a health condition or disability, and mandatory, targeted, referrals of long-term unemployed claimants by Jobcentre Plus work coaches. Work coaches will be looking to identify claimants who both need extra support to move into work (beyond the Jobcentre Plus offer), and can reasonably be expected to move into work within a year.
- A continued strong focus on payment by results, with sustained employment outcomes at the heart of the system. Providers will be given the freedom to decide what support and interventions to offer to deliver these results.
- Unprecedented levels of local involvement in the design and commissioning of the new programme. The Department is working with eight 'Devolution Deal' areas across the country to jointly design the programme to meet local needs and priorities. We are also working with London and Greater Manchester to jointly commission the new programme. We are keen to test a number of different approaches with local areas to understand what works best.
- Higher expectations of providers to integrate complementary support with the Programme, such as health related support, skills support, and other non-employability support a claimant might need to overcome their barriers to work. Whilst the focus of the programme will be sustained employment, there will be an expectation for providers to knit together the right mix of support in their delivery models to deliver improved performance for claimants including a wide use of health related support.
- More robust evaluation of the Programme to test the effectiveness of the national Programme and local involvement to best inform what works, and build an evidence base for future reforms. Unlike the Work Programme and Work Choice there will likely be a randomly assigned group to compare the Work and Health Programme outcomes against.