IN THE MATTER OF THE INQUIRIES ACT 2005 AND IN THE MATTER OF THE INQUIRY RULES 2006

THE UK COVID-19 INQUIRY

MODULE 9 (ECONOMIC RESPONSE)

OPENING STATEMENT ON BEHALF OF THE DEPARTMENT FOR WORK AND PENSIONS

INTRODUCTION

1. The Department for Work and Pensions ('the Department') applied to become a Core Participant in Module 9. It did so because it recognised the key role it had played in the economic response to the Covid-19 pandemic through its uninterrupted and successful delivery of its core services to millions of citizens and various economic interventions and wished to assist the Inquiry. The Department remains committed to assisting the Inquiry.

2. At the outset, the Department wishes to express its deepest sympathy to everyone affected by the Covid-19 pandemic – those who lost loved ones, people who suffered or continue to suffer serious illness, and everyone who faced significant challenges and upheaval during this difficult and challenging time. The Department also recognises, and sympathises, with members of the wider community who still continue to deal with the consequences of the pandemic. It is important to reflect on this period, both out of respect for people who were affected and to ensure that the Government is prepared for the future.

3. The Department received eight Rule 9 requests for Module 9. In response it has provided a written corporate statement and seven individual witness statements to the Inquiry. The Inquiry is due to hear from two of the witnesses, the former Secretary of State Baroness Coffey and the former Minister for Welfare Delivery, Will Quince during the Module 9 hearings.

4. In this opening statement, the Department has outlined the key aspects of the Department's interventions during the pandemic. However, before turning to its work during the pandemic, it may be helpful to explain the overall responsibility the Department carries in its day-to-day functions.

5. The Department for Work and Pensions is the largest public service department in the UK with a wide portfolio that is specifically aimed at assisting the more vulnerable and economically disadvantaged members of our society. It is a role that the Department takes extremely seriously and keeps at the forefront of its policy developments. At the operational level, its responsibilities include the administration of the various benefits and State Pension, supporting those out of work to find employment, encouraging disabled people and those with ill health to work and be independent, supporting 12 million pensioners and understanding and addressing the causes of poverty. In short, it provides essential and vital services to around 20 million citizens. It was no different during the pandemic. The interests and welfare of those adversely affected were at the heart of its economic interventions but so was the even bigger responsibility to maintain services to existing claimants. If one objective had to be identified, it was this: services must be delivered to everyone affected with speed, care and dedication, without disrupting delivery to those already supported by DWP.

6. The Department and the individual witnesses all wish to recognise, acknowledge and praise the unwavering dedication and commitment demonstrated by members of staff during what proved to be a highly demanding and challenging time for the Department and the country.

7. It might be helpful to explain how the Department approached the pandemic, the Department set up its Gold/Silver/Bronze Command structure to manage the Department's response to the incident. It used its existing business continuity plans to develop and implement the three-phase plan, 'Respond', 'Run' and 'Recover', to identify, develop and respond to the Department's main priorities in 2020 to 2021. These priorities were:
    a. Keeping the Department's staff and citizens safe by adhering to Public Health England guidance.
    b. Providing financial support by ensuring benefits were processed quickly and paid on time.
    c. Minimising the effect on unemployment.

d. Minimising fraud and error whilst delivering its services.

8. The Department recognised that the pandemic and the accompanying lockdown measures would lead to a sharp rise in the number of people who would need to rely on financial support and assistance from the Department. That indeed did occur. To illustrate the urgency and extent of the situation, before the pandemic began, there were 2.8 million people claiming Universal Credit. In the four weeks following the first lockdown, the number of people claiming increased by about 40%, or 1.2 million more claims. By 9 July 2020, there were 5.6 million people on Universal Credit, an additional 2.8 million, equating to an 100% increase in claims. These needs had to be met in a timely manner; any delay would have been catastrophic for the individual or household affected.

9. His Majesty's Treasury (HMT) engaged with the Department to determine what measures could be introduced to provide additional financial support to those affected. Together with HMT and other government departments, the Department set about identifying measures that could be delivered economically, effectively and efficiently. It is important that the Inquiry understands and truly appreciates the rapid pace of events that were unfolding in 2020. This pace meant decisions and actions had to be taken with equal measure of speed if the impact of the pandemic was to be managed and mitigated for everyone who relied on the services of the Department.

10. In practice, this meant policy was being developed at considerable pace and with a real sense of urgency given the emerging public health situation not just in the UK but globally. Normal policy making procedures (through submissions, readouts, decision logs) had to be truncated or replaced by conversations, emails and instant message exchanges across government and with Private Offices. It is probably now, some 5 years later, difficult to visualise and fully appreciate the stressful and challenging environment the pandemic had created. It is this backdrop that developed and shaped the initial response of the Department and one that the Chair is invited to have in mind. And why DWP looks back with pride on what was achieved.

THE DEPARTMENT'S ECONOMIC INTERVENTIONS

11. The Department introduced and/or had responsibility for a number of initiatives during the pandemic. Of these the key economic interventions that were designed to provide

economic support for vulnerable people, those on benefits, business, employment and self-employed were:

a. An increase of £20 to the Universal Credit standard allowance rate (generally referred to as the Universal Credit Uplift)
b. Statutory Sick Pay, including the Statutory Sick Pay Rebate Scheme
c. Employment schemes: Kickstart, Restart and Job Entry Targeted Support.

12. In designing, developing and implementing the interventions for which it had direct responsibility, the Department paid heed to the following considerations:

    a. Each of the interventions was developed in close collaboration with HMT and other government departments. There was also regular engagement with devolved administrations. This close working relationship, in particular with HMT, was maintained throughout the pandemic. In line with usual practice, the Department relied on HMT to approve the spending for the interventions whilst it provided the expertise on the benefits frameworks, delivery mechanisms and system capabilities. The Department must obtain approval from HMT as it does not have delegated authority for Annually Managed Expenditure other than where the statutory responsibility sits with the Department, such as annual benefit uprating.

    b. The Department carried out Equality Impact Assessments for each of the economic interventions and schemes in line with its obligations under Section 149 of the Equality Act 2010 to have due regard to the Public Sector Equality Duty when discharging its functions. The Public Sector Equality Duty is key in the development and implementation of all the Department's policies, programmes, projects, services or changes that affect its customers and staff. The need to consider equality and vulnerability is, therefore, embedded in any policy design. As the corporate witness statement and individual witness statements emphasise, it is a duty that the Department takes very seriously.

    c. The policy design for each of the interventions and any accompanying easements were carefully considered before implementing them. The risk of fraud and error was recognised and one that the Department did not take lightly. It was faced with two equally strong but compelling concerns. On the one hand it had to provide financial support in line with public health guidance and, on the other, it had to safeguard against fraud. By way of illustration, at the very start of the pandemic there was a rapid and sharp rise in claims for Universal Credit. The public health guidance required non-contact between people. This meant the Department had to swiftly arrange for IT equipment to allow its staff to work remotely and at the same time remove the need for face-to-face contact with claimants, which is central to the identify verification process. These two competing considerations had to be carefully balanced. The Department fully recognised its fiduciary duties and the need to manage public funds. However, the prevailing circumstances left it with little choice but to accept the risk at the time with a view to removing the easements at the earliest opportunity, which it did. This is addressed in detail within the corporate witness statement.

13. In relation to the interventions themselves, the corporate statement provided by the Department sets out in detail the policy design, implementation and delivery, monitoring and evaluation for each of the interventions. It also sets out the various legislative, operational and technical changes that were put in place, including the easements and the purposes for which those changes were introduced and managed. These interventions are briefly set out below to provide context given the complex nature of the benefits framework.

Universal Credit Uplift

14. Universal Credit is a benefit that can be claimed if an individual or household is on a low income or needs help with living costs. They could be out of work, working (including self-employed or part time) or unable to work, for example, due to a health condition.

15. Universal Credit awards are made up of a standard allowance, paid according to age and household unit, which can then be supplemented with additional elements for those recognised as needing extra support, such as disabled people, parents and carers. There are four rates of standard allowance: a rate for single people under 25, a couple under 25, single people over 25 and a couple where at least one person is over 25.

16. Universal Credit was chosen as the mechanism through which financial support could be delivered efficiently and quickly to all claimants, whether new or existing. This was simply because the underlying technical infrastructure and processes for uprating Universal Credit allowed the uplift to be implemented without delay.

17. This was in direct contrast to other benefit lines, in particular, those referred to as 'legacy benefits' where the annual benefit uprating process begins in late November and would take several months to change the underlying code. The IT infrastructure was unfortunately outdated and could not deliver any changes to legacy benefits within the time period. Moreover, it was considered that any changes made out-of-cycle would pose a risk to the entire system and paralyse the overall delivery services of the Department. The corporate statement explains the detailed design and workings of the Universal Credit process and why an uplift to Universal Credit was the better option, from an administrative perspective.

18. The decision to introduce the changes to Universal Credit and Working Tax Credit were made in March 2020 and were announced by the Chancellor on 20 March 2020. The main objective was to provide targeted financial support to individuals most economically affected by the pandemic, specifically those who experienced, or were at risk of experiencing, a loss of employment or substantial income as well as those who were making a claim for benefits for the first time.

19. The £20 uplift was paid to all recipients, new and existing, of Universal Credit and Working Tax Credit automatically. Claimants did not have to apply for the uplift separately. The uplift amount was set at £20 in order to align it with the Statutory Sick Pay.

20. Whilst the delivery of the Universal Credit and uplift were automated, it nevertheless required a claimant to apply for Universal Credit in the first place. Outside the pandemic, this would involve a face-to-face meeting with a member of staff to allow for proper verification of the claimant's identity. However, during the pandemic, the public health guidance meant that the Department had to introduce a number of easements, such as 'Trust and Protect' which allowed Department staff to accept information from claimants over the phone with a view to verifying the identity later through the usual individual case review. This approach allowed for quicker payments while ensuring that necessary checks were conducted later so that claims could be processed and paid promptly. As mentioned above, the Department recognised the heightened fraud risk that the easements would create, but this had to be balanced with the need to provide financial support. The easements were agreed with HMT and were removed as soon as it was practicable to do so. The Department's corporate witness statement and the individual witness statement of the former Minister for Welfare Delivery, Will Quince

discuss the easements, their concerns regarding fraud and the reason for the need to take the risk. We believe that we made the correct judgment call speed of payment to the many was of more social value than delay to eliminate the fraud risk.

21. In March 2021, the Universal Credit uplift was extended for a further 6 months, and Working Tax Credits recipients received an equivalent one-off payment of £500. On 6 October 2021, the Universal Credit uplift was removed.

22. Although the Universal Credit uplift was one of the main economic interventions, it was nevertheless just one of the ways that the Department provided additional support to people during the pandemic. Several other measures such as, the suspension of work search and availability requirements on Universal Credit claimants, additional support for the self-employed and increasing the Local Housing Allowance rate, were developed and put into place to support individuals and families during the pandemic.

Statutory Sick Pay and Statutory Sick Pay Rebate Scheme

23. Statutory Sick Pay is a basic minimum statutory payment paid by an employer if a qualifying employee is sick or incapable for work because of a specific disease or bodily or mental disablement. It is, therefore, paid entirely by the employer.

24. By way of a very brief background, Statutory Sick Pay was introduced in 1983. An employee would be entitled to Statutory Sick Pay for up to 8 weeks per year and the rate of payment was in line with the employees' level of income. Once the employer had paid the employee, the employer received a 100% reimbursement from the Government. Between 1991 and 2014 various changes were made to the rules for reimbursing employers for payment of Statutory Sick Pay such that by 2020 it was a single rate paid by employers to their eligible employees. An employer was no longer reimbursed by the Government. The scheme is GB-wide, but devolved in Northern Ireland, although Northern Ireland legislative scheme mirrors the GB scheme on the principle of parity.

25. The legislative framework sets out a number of criteria for receipt of Statutory Sick Pay and at the start of the pandemic it became clear that legislative changes would need to be made to the Statutory Sick Pay regime. The Department's Module 9 corporate witness statement sets out the chronological timetable of changes and amendments

to the Statutory Sick Pay framework between 1 January 2020 and 28 June 2022. It is not proposed to rehearse each of the amendments save to say that the Department, in collaboration with HMT, identified two key economic policy objectives.

26. First, legislative changes were introduced to ensure that eligible employees had financial support when they could not work either because they were ill with Covid-19 or they were self-isolating in line with public health guidance. It was vital that an employee was supported and there was compliance with the public health guidance to help reduce the spread of Covid-19 and to protect the health of individuals. As Statutory Sick Pay is paid by employers through their existing payment systems it was identified as the most immediate means for getting financial support to employees quickly.

27. Secondly, there was a recognition that measures would need to be put in place to support employers due to the significantly increased costs of Statutory Sick Pay as a greater number of employees were likely not to be able to work due to contracting Covid or isolating or shielding to comply with the public health advice.

28. This led to three main legislative amendments:
    a. Removal of Waiting Days for Covid-19 related illness/sickness absence
    b. Amended the definition of ‘incapacity’ to include people who were isolating
    c. Addition of a new category of persons: those who were required to shield because they were extremely vulnerable and at very high risk of severe illness from Covid because of an underlying health condition.

29. Another major change was to the Statutory Sick Pay Rebate Scheme. The widening of the category of people who would be eligible for Statutory Sick Pay criteria along with an increased incidence of sickness due to the pandemic were likely to have a significant financial impact on businesses, in particular, small and medium-sized businesses. To mitigate the financial impact on this group of businesses a rebate scheme was proposed that would enable the government to refund businesses for the cost of Statutory Sick Pay. Although Statutory Sick Pay policy was owned by the Department, key decisions regarding the eligibility criteria for the Statutory Sick Pay Rebate Scheme were led by HMT and HM Revenue and Customs. The Rebate Scheme allowed businesses to reclaim the costs of Statutory Sick Pay for up to 2 weeks per employee. The period of 2 weeks reflected the 14-day maximum period of self-isolation.

30. The Department and His Majesty's Revenue & Customs (HMRC) met the costs of setting up the Rebate Scheme, but payments to employers under the scheme were the responsibility of HMRC.

Kickstart Scheme

31. Shortly before the announcement of the first lockdown on 23 March 2020 a number of economic interventions such as the Universal Credit uplift and the extension of the Statutory Sick Pay were introduced by legislation to provide financial support. In addition, interventions such as the Coronavirus Job Retention Scheme were designed and implemented to help people to remain in touch with the labour market.

32. However, as the pandemic continued it became clear that the Department's support would have to increase, particularly in the light of the winding down and closure of initiatives such as the Coronavirus Job Retention Scheme.

33. On 8 July 2020, the then Chancellor announced the Plan for Jobs which was led by HMT and the Department. The 'Plan for Jobs' brought into play three main schemes; Kickstart; Restart and the Job Entry Targeted Support scheme.

34. The then Chancellor specifically initiated the concept of Kickstart to create employment opportunities for young people as there was a cross-department concern about the potential impact of the pandemic on young people aged 16 to 24 who were at risk of long-term unemployment.

35. Once the idea had been conceived, the Department worked on the concept to develop it into a practical scheme. This led to the creation of the Kickstart Scheme which was modelled on an earlier grant-funded scheme, the Future Jobs Fund the Department had established during the 2008-2010 recession.

36. The design of the Kickstart scheme took into account the valuable features of the Future Jobs Fund as well as the lessons learned from it to build a scheme that would go wider than the voluntary sector and include participating employers from both the public and private sectors. The Department had wide consultation and engagement with the private sector to bring on board a wide range of potential employers as well collaboration with the Youth Employment Group, which has a dedicated Disability Subgroup chaired by the British Association for Supported Employment.

37. The scheme had four main objectives:
    a. Improve employability and chances of sustained employment of those at risk of long-term unemployment in the 16- to 24-year-old age group.
    b. Support the creation of jobs that might not otherwise exist.
    c. Each placement should provide a quality experience.
    d. To incentivise positive behaviours from placement holders, making them more attractive to future employers to reduce the scarring effect of unemployment.

38. Criticism has been levelled at the scheme that it was not suitable for disabled people or those with more complex needs. However, the design of the scheme was not expected to adversely affect accessibility for disabled participants. The Kickstart scheme had a number of features to assist employers and participants once they had completed their period of employment under the scheme. These included:
    a. Imposition of a minimum of 25 hours a week on employers: as this would help the participant when they had to apply for future employment to demonstrate a consistent working pattern. For the employer, it helped them to provide any reasonable adjustment necessary.
    b. Imposition of the minimum wage requirement in line with both employment law and the tax system.
    c. An initial imposition of a minimum threshold of 30 jobs on employers
    d. Requirement on employers to demonstrate that Kickstart jobs were additional and did not displace existing jobs or positions that would have been created anyway.

39. The corporate and individual witness statements help to give a better understanding of the detailed features of the scheme, the options that were considered and why the final first version of the scheme adopted those features.

40. As with all the other economic interventions, the Department was mindful of the fraud risks and identified a number of fraud threats: participant identity verification, employer compliance and oversight as the funding mechanism was through grants, risk of collusion, employer identity fraud and ensuring the job was truly additional. The Department put in safeguards to meet the fraud risks identified, the Department's corporate witness statement and the individual witness statements of the former Secretary of State, Baroness Coffey, the former Minister for Employment, Mims Davies

and the former Senior Responsible Officer for Kickstart, Katie Farrington explain these safeguards in more detail.

41. Kickstart opened applications from employers and organisations wishing to participate as intermediary gateways on 2 September 2020. The first funded Kickstart jobs began in November 2020. The scheme was planned to run until December 2021. The Department kept the scheme under review and towards the end of 2020 measures were being considered to improve Kickstart. Changes were then introduced in December 2020 and by January 2021 features such as the minimum threshold of 30 jobs were removed.

42. The Department fully acknowledges that lessons were learnt and will continue to be learnt from the Kickstart scheme. Both the corporate witness statement and individual witness statements are very candid about its challenges, potential shortcomings and the need to learn.

43. However, like all the interventions during the pandemic, speed was of the essence and Kickstart was no exception. The programme needed to be implemented very quickly which meant its features should be readily understood by participants and participating employers. It is worth bearing in mind that a national scheme such as Kickstart would in normal circumstances take 11 – 15 months for design, procurement and implementation. The Department did not have that luxury of time as the scheme needed to be up and running within a much shorter period. This is a real credit to the efforts of all those involved within the Department.

Restart

44. Like the Kickstart scheme, Restart was also part of the Plan for Jobs as a large-scale employment offer for the long-term unemployed, and it continues to be available today for those in need of additional support. It was founded on the Work and Health Programme which Department had previously run from about 2011 to 2017.

45. Restart was designed to be a three-year long programme and a large project in monetary terms with a value of around £2.9 billion. The project was assessed by the Cabinet Office and the Infrastructure and Projects Authority who were highly complementary of the work undertaken by the Department by deploying an experienced programme team, identifying all risks along with the mitigation measures.

46. Like Kickstart, there were issues that had to be considered in the design of Restart along with the eligibility criteria. It was decided that the focus would be on supporting those who had been in receipt of receiving Universal Credit in the Intensive Work Search Regime for 12 - 24 months. Priority would be given to those who had been in the Intensive Work Search Regime for more than 12 months.

47. The main objective was to provide intensive employment support that specifically met the need of the individual Universal Credit claimant who had been unemployed and on Universal Credit benefit for 12 months or more. For example, interventions offered through Restart ranged from help with literacy and numeracy skills through to support relating to addiction or homelessness.

48. The Department recognised there was a need to accommodate disabled people within scheme and held consultation meetings with groups that represented disabled people. The Department had other schemes under the wider Work and Health Programme and Intensive Personalised Employment Support that were aimed at disabled people. The Department also offered a range of support programmes including Disability Confident and Access to Work, which was immediately available for anyone on Kickstart; to advise and support employers looking to take on disabled participants.

49. Like all schemes set up under time constraints, there will inevitably be challenges and shortcomings in the design or implementation. Restart was launched some 15 months after the pandemic began. Again, a programme of this nature would typically take two years to build but had to be expedited to meet the wider economic need.

Job Entry Targeted Support

50. During routine operations the majority of claimants interact with a Work Coach who assists them in their search for a job. However, the restrictions put in place during the Covid-19 pandemic meant that this interaction was initially suspended and then limited. This created a gap in support for those who were newly unemployed due to the pandemic but could potentially lead to long-term unemployment.

51. In May 2020, the Department agreed that a cost-effective interim solution was needed to help those who fell within this group. In other words, those who were unemployed for a period of 3 months to a year. They needed support to help them back into work

so that it would reduce the time they spent on benefits and prevent them from long-term unemployment.

52. This led to the establishment of the Job Entry Targeted Support. The scheme offered 6 months of employment support services to help individuals at the very early stage to help them return to work in order to prevent spells of unemployment which could lead to increased risk of labour market detachment. The scheme was intended to last for a period of 12 months with the potential to extend for a further one year. It was extended in June 2021 for a further 12 months in England & Wales and 8 months and 6 days in Scotland. It finally closed on 30 September 2022.

53. For the sake of simplicity and speed, the Job Entry Targeted Support programme was created within the existing Work and Health Programme which permitted the programme to use established suppliers in England and Wales. For Scotland, the programme was introduced at a later date as Work and Health Programmes usually focus on the long-term unemployed (longer than 12 months) and are devolved to the Scottish government. No provision existed in Scotland which would have allowed the Department to run the Job Entry Targeted Support there.

54. The key objectives for the Job Entry Targeted Support were two-fold. First, it should be complementary to the rest of the Plan for Jobs employment interventions, including, for example the Job Finding Scheme which focused on support to those unemployed for less than 13 weeks and any existing DWP national employment support programmes. Secondly, it should provide support whilst longer-term programmes were designed and other schemes such as Restart were put in place.

55. At the close of the programme, the Department commissioned an impact evaluation which was published on 6 February 2025. The assessment documented the experiences of those participating in Job Entry Targeted Support. Based on the 67 interviews which included participants, members of staff, programme providers and staff at Local Government Partnerships across 4 different areas of the country, the programme proved to be a positive experience for participants with encouraging outcomes for individuals in securing employment, improving confidence and a better understanding of their transferable skills.

56. The Department considers that the Job Entry Targeted Support was a good programme overall and one that represented good value for money. The experience

of the Department is helpfully set out in the corporate witness statement and the individual recollections of the former Secretary of State, Baroness Coffey and the former Minister for Employment, Mims Davies.

CONCLUDING REMARKS

57. The scale of the challenge that faced the Department at the start and during the pandemic was unprecedented. The Department rose to meet the challenges notwithstanding members of its own staff were taken ill with Covid and resources were thin on the ground. The Department redeployed 10,000 members of staff to ensure claims were processed in a timely manner and the Department was delivering the services that were expected of it so that it did not cause undue hardship to those that relied on its services at such a critical time. It processed and paid claims promptly.

58. The Department took every step to maximise the processing capacity of its jobcentres and service centres. It quickly secured 30,000 additional laptops to allow its staff to operate from home so that the system would continue uninterrupted. By May 2020 approximately 10,000 computers had been distributed across the Department's network to enable home working. By July 2020 all 30,000 staff could return to work albeit working virtually. Given it is the largest public department in the country, this is a tremendous achievement and one that has been subject of positive comment and feedback at the time.

59. The Department actively recruited and doubled the number of Work Coaches to help new claimants, created new job centres, reconfigured and expanded some existing programmes including Sector Work-Based Academy Programmes and Work and Health job programmes.

60. Throughout the pandemic the Department responded at pace to meet the constantly changing economic and health landscape. It designed, implemented and delivered new initiatives and schemes in very tight time constraints and conditions. The Department acted at pace but not with haste. It kept firm on its delivery to those who were adversely affected.

61. The Department worked in close collaboration with other government departments, including HMT and Cabinet Office to support the efficacy of the Department's

response. There was regular engagement with the devolved administrations. The collaboration enabled the swift development and implementation of policies that aimed to support those most affected by the economic disruptions caused by the Covid-19 pandemic.

62. The Department's efforts were guided by comprehensive business continuity plans, which had been refined over 20 years and tested across Whitehall and through internal Department exercises.

63. The Department conducted a range of internal and external reviews and lessons learned exercises in relation to its response to the pandemic and examined the Department's processes and procedures so that it is even better prepared to handle future crises and ensure that financial support is available when needed.

64. The Department welcomes the opportunity to contribute to the evidence to Module 9 and will welcome any recommendations the Chair may make to strengthen and enhance its response efforts to any future emergency.

Department for Work and Pensions
7 November 2025