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UK COVID-19 INQUIRY
MODULE 9

CORPORATE WITNESS STATEMENT OF THE DEPARTMENT FOR WORK AND PENSIONS

SIXTH WITNESS STATEMENT OF NEIL COULING CB, CBE

CONTENTS

SECTION 1: INTRODUCTION

1.1. I, NEIL COULING, Director General (DG) for DWP Services & Fraud, Disability and Health at the Department for Work and Pensions (DWP), Caxton House, 6-12, Tothill Street, London, SW1H 9NA, WILL SAY as follows:

1.2. I make this statement on behalf of the Department for Work and Pensions ('DWP' or "the Department"). My address and date of birth are known to the Inquiry.

1.3. I am providing this statement in response to the Inquiry's draft Rule 9 request dated 23 December 2024 (the 'Rule 9 request') on behalf of the Department. The Inquiry has requested information on the economic interventions taken by DWP in response to the COVID-19 pandemic insofar as such information is held by the Department.

1.4. I was appointed the Director General for DWP Services & Fraud, Disability and Health on 17 March 2025 with responsibility for the Fraud, Error and Debt (FED) Programme, FED delivery and policy, as well as leading the delivery of Disability Services with responsibility for the Health Transformation Programme, the delivery of Child Maintenance and Pensions. In addition, until 31 March 2025, I was the Senior Responsible Owner (SRO) for Universal Credit, a role I held since October 2014 with accountability to Parliament for implementing the Government's main welfare reform programme. Prior to this I was the Director General of DWP's Change and Resilience Group. In April 2020 I was appointed as SRO for DWP's COVID-19 response.

1.5. While I have a good personal recollection of some of the events or processes described in this witness statement, I have also co-ordinated and liaised with colleagues that have the relevant knowledge and experience across the Department. Their contributions have been used to respond to the questions in the Rule 9 request. My statement therefore relies upon those contributions to form the responses in this statement. I am also reliant on document archive searches conducted by colleagues.

1.6. My statement should be read subject to the caveats above. I have done my best to assist the Inquiry on behalf of the Department against these limitations. If further material is made available to me, I would be happy to add to or clarify this statement to take it into account.

Section 2: Overview

Introduction to the Department for Work & Pensions (DWP)

2.1. DWP is responsible for welfare, pensions and child maintenance policy. As the UK's biggest public service department, it administers the State Pension and a range of working age, disability and ill health benefits, and these vital services are provided to around 20 million citizens. It is a large volume business, one of the biggest in the UK. For example, between April 2024 and March 2025, the Department processed an intake of c4.9 million new claims and answered c39million customer calls across all DWP service lines.

2.2. DWP is responsible for:

- The development of policy and delivery of services on work, welfare, pensions, and child maintenance to millions of customers.
- Understanding and dealing with the causes of poverty rather than its symptoms.
- The payment of benefits and pensions.
- Supporting those out of work to find employment and those in work and on benefits to find higher-paid employment.
- Encouraging disabled people and those with ill health to work and be independent.
- Providing a decent income for people of pension age and promoting saving for retirement.
- Providing value for money and reducing levels of fraud and error.
- Reducing work-related death and serious injury in workplaces through the Health and Safety Executive.
- The rules for some statutory payments which are made by employers.

2.3. DWP provides its services in a number of ways, including through:

- Jobcentre Plus.
- The Pension Service.
- The Child Maintenance Service.

2.4. Jobcentre Plus helps people move from benefits into work and helps employers advertise jobs. It also administers benefits for people who are unemployed or unable to work because of a health condition or disability.

2.5. The Pension Service provides pensions, benefits, and retirement information for current and future pensioners in the UK and abroad.

2.6. Child maintenance is financial support that helps towards a child's everyday living costs when the parents have separated. For people who cannot make their own family-based arrangements, the Child Maintenance Service calculates how much maintenance the paying parent should pay to the receiving parent and collects the maintenance payments, if necessary. Parents access the CMS via 'Get Help Arranging Child Maintenance' on gov.uk which provides information on different types of child maintenance arrangements. This is so parents can decide which type of arrangement is best for them and their circumstances.

2.7. The main benefits provided by DWP include:

- Universal Credit (UC): benefit for people who are on a low income, out of work or unable to work.
- Employment and Support Allowance (ESA): benefit for those who have a disability or health condition that affects how much they can work.
- Personal Independence Payment (PIP): benefit to help with extra living costs if a person has a long-term physical or mental health condition or disability and difficulty doing certain everyday tasks or getting around because of their condition.
- Industrial Injuries Disablement Benefit (IIDB): benefit to support those who have become ill or disabled because of an accident or disease either at work or on an approved employment training scheme or course.
- Carer's Allowance (CA): benefit for those who are providing unpaid care for 35 hours a week or more to someone in receipt of a disability benefit.
- State Pension: State Pension is a regular payment most people can claim when they reach State Pension age. A person's State Pension age depends on when they were born.

2.8. DWP is also responsible for Statutory Sick Pay (SSP) policy, although HMRC handles disputes between an employer and employee in relation to statutory payments like Maternity Pay, Paternity Pay and SSP through its Statutory Payment Dispute team.

2.9. SSP was introduced in 1983, as the basic minimum statutory payment to which qualifying employees are entitled for periods where they were incapable for work because of an illness. It is not a social security benefit funded by the State. It is a mandatory provision under Social Security law, paid by employers to their eligible employees.

2.10. To qualify for Statutory Sick Pay an individual must:

- Be classed as an employee and have done some work for their employer.
- Earn an average of at least £118 per week (known as the Lower Earnings Limit (LEL)).
- Have been ill for more than 3 days in a row.

Section 3: Overview of DWP Role in the Economic Response to COVID-19

3.1. In response to the COVID-19 pandemic DWP immediately stood up a Gold/Silver/Bronze Command structure to manage the Department's response to the incident. Gold/silver/bronze command is a command hierarchy used for emergency and business continuity operations, with the three layers corresponding to strategic/tactical/operational, respectively. DWP then utilised our existing business continuity plans to develop and implement a three-phase plan ('Respond', 'Run' and 'Recover') as the pandemic, and the overall Government response to it, developed and DWP priorities were adjusted.

- In the 'Respond' phase the focus was on responding to the immediate challenges, such as ensuring the Department was able to continue to pay benefits on time, safeguard vulnerable people, and manage the rapid rise in new benefits claims. The Department ensured that people who were suddenly out of work (for example, because lockdowns meant their employer closed down) received crucial financial support as quickly as possible. DWP was at the forefront of the Government's immediate financial response to the pandemic, providing timely support to millions of people until the launch of the Coronavirus Job Retention Scheme (CJRS) in April 2020 and the Self-Employed Income Support Scheme (SEISS) in May 2020.
- The 'Run' phase focused on meeting the challenges of running DWP's services during the pandemic, including the payment of benefits and the delivery of Plan for Jobs.
- The 'Recover' phase focused on restoring DWP services to pre-pandemic state, with a return to business as usual (BAU) processes across the Department. Further detail on the Department's actions during each of these phases is outlined below.

3.2. This approach enabled the Department to deliver on our priorities at this time which were:

- keeping our people and citizens safe by adhering to public health guidance
- providing society's financial safety net by ensuring benefits are processed quickly and paid on time
- minimising the effect on unemployment

- minimising fraud and error, whilst transforming services and reducing costs

Respond

3.3. In early April 2020, DWP's Executive Team judged that because the incident required longer term handling, the response needed to take the form of a programme response during which the delivery mechanisms of the organisation could be re-evaluated and decisions made

3.4. Following the Department's initial response to the onset of the Pandemic, the Implementation Planning and Delivery Executive (IPDE) was set up to manage the Respond Phase, as the Department's Gold/Silver/Bronze Command approach was being overwhelmed by the volume of demands it was receiving. See 'Section 5: Decision Making' for more detail and also 'Annex A: Chronology' for further details of the measures introduced during the 'Run' phase.

3.5. It was vital that any new measures introduced in response to the pandemic were carefully considered alongside practical delivery and time constraints, and the critical need not to overload the benefit system and disrupt existing DWP services/payments to the millions of people who relied on them. As such, the Department developed responses which utilised existing resources and delivery mechanisms rather than trying to develop wholly new approaches within the extremely tight time constraints in which DWP were working. This was judged to be a lower risk approach, ensuring we could meet the challenge of continuing delivery of our services to existing customers and responding to the new demands for financial support Covid generated.

3.6. The volume of new claims to Universal Credit alone peaked in March 2020 at nearly 1,400,000 declarations that month, compared to 270,000 in March 2021 and 260,000 in March 2022. Responding to the unprecedented scale of this challenge required DWP to innovate in the way our services were delivered. The Department acted swiftly to re-prioritise and align the whole Department to keep the benefit system fully functioning and maintain services to over 20 million existing customers, whilst ensuring it was positioned to process the huge surge in claims.

3.7. This included moving thousands of DWP staff, and staff from other government departments, into service delivery roles - maximising the processing capacity of our jobcentres and service centres - and quickly getting 30,000 additional laptops to people who were at home and unable to work. For those who did have the kit to work from home we established a Virtual Service Centre. Additionally, by May 2020, approximately 10,000 computers had been distributed across the DWP network to enable home working, numbers grew across June and July so all 30,000 staff could return to work albeit working virtually.

3.8. While there were inevitable backlogs on the legacy contributory system for Jobseeker's Allowance (JSA), the Universal Credit system responded well and was an effective and fast way to get money to people who were suddenly in need, and in advance of other HMT support schemes which were coming online later (Coronavirus Job Retention Scheme and Self-Employment Income Support Scheme). 91% of new claimants received their payments on time and in full between March 2020 and October 2020.

3.9. Within the initial 'Respond' phase a number of policy and operational changes (also known as easements) were adopted across a range of areas within Universal Credit and health assessments, including:

- The 'Trust and Protect' regime, which meant accepting information from claimants over the phone, to comply with social distancing/lockdown guidelines, and verifying evidence later via case reviews. This approach allowed for quicker payments while ensuring that necessary checks were conducted later.
- On 19 March 2020, when it was determined that people receiving benefits, such as Universal Credit and ESA, did not need to attend Jobcentre appointments; and on 24 March 2020, Jobcentres closed for face-to-face appointments unless necessary.

- In April 2020, when the ‘Don't Call Us, we'll call you’ campaign began. A bolstered front-line team proactively called customers if they needed to check any of the information provided as part of the Universal Credit claim, as well as messaging them on their online journal.
- DWP suspended all face-to-face assessments for most award review / reassessments for health and disability benefits.

3.10. DWP also introduced a number of measures and regulations as an immediate response to the pandemic to streamline or enhance the financial support available, and/or enable people to comply with public health guidelines, including:

- A temporary increase in the standard rate of Universal Credit by £20 per week, known as the ‘UC uplift’. See section 6: Economic interventions for more details.
- The suspension of work search and availability requirements, ensuring no work search or work availability requirements were imposed on Universal Credit claimants.
- Additional support for the self-employed, such as removal of the Minimum Income Floor (MIF), suspension of the Gainful Self-Employment (GSE) process, and an extension to the start-up period.
- Statutory Sick Pay changes: For workers with COVID-19 it was no longer necessary to serve the normal 'waiting days' before payment could be made. See section 6: Economic interventions for more details.
- Employment Support Allowance (ESA) changes: Individuals would automatically be assessed as having 'limited capability for work' if they were affected by COVID-19, whereas in normal circumstances an assessment would have been required.
- Job Seekers Allowance (JSA) changes: Existing customers could continue to claim if their job search was affected by illness, isolation or caring responsibilities because of the virus.
- DWP increasing the Local Housing Allowance (LHA) rates for Universal Credit and Housing Benefit customers so that it covered the cheapest third of local rents.

3.11. It is important to note that during the initial part of the 'Respond' phase, decisions and plans were being developed at a rapid pace, they were challenging in scale and set against a backdrop of the Department quickly adjusting to the challenging new circumstances and significantly adapting our established ways of working and decision-making practices. This is explained in more detail in Section 5: Decision Making structures.

Run

3.12. The 'Run' phase followed immediately after the initial response as the claims peak subsided as furlough and SEISS came on-line.

3.13. During the 'Run' phase the then Chancellor of the Exchequer, Rishi Sunak, announced the government's Plan for Jobs, designed to support economic recovery and protect jobs. Additional funding was provided by HM Treasury, increasing DWP's budget to nearly £7.6 billion for 2020-21 (an additional £1.4 billion) to support the delivery of the Plan for Jobs – which included a number of new employment initiatives - 'Job Entry Targeted Support (JETS)', 'Job Finding Support (JFS), and Kickstart – alongside funding for additional service delivery staffing, the Flexible Support Fund and fraud and error transformation Full details of the Governments Plan of Jobs was published on Gov.uk in July 2020.

3.14. As part of the 'Run' phase the Department built sustainable capacity across all DWP service lines through recruiting and deploying of thousands of new staff to essential cover roles. Alongside this the labour market offer was reintroduced from July 2020, extending conditionality requirements (the requirement for claimants to provide evidence of work-search and attend face-to-face appointments) to increasing numbers of claimants as work coach numbers increased.

3.15. The 'Run' phase saw the commencement of the expansion of Labour Market Programme support (Sector Based Academies, Youth Offer), and the Department began developing and finalising plans for introducing new labour market support provisions such as Kickstart, Job Entry Targeted Support

(JETS), Job Finding Support (JFS) and Restart. See section 6 for further details on Kickstart and JETS and 'Section 5: Decision Making' and 'Annex A: Chronology' for further details of the measures introduced during the 'Run' phase.

Recover

3.16. Phase 3, 'Recover', marked the start of restoring DWP services and a return to business as usual (BAU) processes across the Department. For example, the Department gradually returned to offering increased help to find work through recruiting 13,500 work coaches to help support claimants back into work. Kickstart and Job Entry: Targeted Support (JETS) both launched, and the design and procurement of the Restart programme began.

3.17. The Restart Scheme started in July 2021 in England and Wales to provide intensive and tailored employment support to claimants for 12 months. The initial focus was to support claimants who had been receiving Universal Credit in the Intensive Work Search Regime for between 12 and 18 months. This was expanded from January 2022 to include Universal Credit claimants after nine months and with no upper limit, and again in April 2022, when the eligibility criteria were expanded further so that claimants in receipt of Income Based Jobseeker's Allowance (JSA IB) were also included.

3.18. When the pandemic hit, as per our long-standing priorities, DWP focused on swiftly and safely providing people who needed our help with the financial support to best enable them to follow the public health advice in place at the time. The Department had to ease some of our more stringent checks to process claims efficiently and safely while complying with public health guidance. The Department were aware, however, that there was a high risk of Fraud and Error increasing because of its emergency response to the pandemic.

3.19. DWP made assessments of the Fraud risk, communicated that widely within Government, and kept full records of all our modifications so that the Department had the option to revert or adapt COVID-19 measures when the emergency had passed. The Department also tagged every case that was awarded benefits under the easements so it could go back and review entitlement after the crisis had passed. While fraud did indeed rise as predicted, through the deployment of the capabilities developed pre-pandemic the Department was able to thwart significant attacks on the system. On page 112 of the DWP Annual Report and Accounts 2020-21, the Department calculated that its interventions reduced losses to fraud and error in Universal Credit by approximately £3 billion. Although fraud, error and overpayments accounted for 3.9% of expenditure in 2020/21, DWP estimate that it would have been 5.4% without our interventions. (**Exhibit NC/M9-1/001 [INQ000114224]**).

3.20. In addition to address the increased risk of fraud and error, DWP introduced several measures retrospectively. These included rescinding or adjusting many of the easements at the earliest opportunity, building in new steps like the Enhanced Checking Service, and ensuring that the Integrated Risk and Intelligence Service (IRIS) had an increased role in coordinating the monitoring of and response to fraud risks from individuals and organised crime groups. These actions made a significant difference to the potential losses the government might otherwise have incurred. See section 6: Economic Interventions for further details of the steps taken by the Department to prevent fraud and error.

3.21. Throughout the pandemic DWP responded at a rapid pace to support the Government's strategy and the changing landscape. The three phased approach provided a structured framework to support the Department operating effectively through the initial response to the pandemic, where our priorities were to ensure people could gain access to vital financial support, through to a return to BAU practices and a focus on supporting the economic recovery through delivery of the Plan for Jobs measures.

3.22. I want to stress the significant challenges that rapidly changing economic circumstances caused the Department with planning and delivery of its programmes. An example of this would be the Kickstart Scheme which was to be launched to support young people at a time where unemployment was expected to rise following the cessation of CJRS. The UK entered a further lockdown and CJRS was extended shortly after the launch of Kickstart. This reduced demand for the Kickstart scheme as more people remained on furlough, and there was a need to rapidly review guidance for employers and Kickstart participants and determine whether Kickstart jobs were still able to deliver their intended outcomes under these circumstances. This topic is explored further in Section 6.

Section 4: Business Continuity and Pandemic Preparedness

4.1 To be able to fulfil its responsibilities and commitments during the pandemic, the Department used its business continuity and resilience plans, adapting them and the supporting infrastructure to ensure the continuity of DWP services.

4.2 For the whole period covered by the Rule 9 Request between 1 January 2020 and 28 June 2022, DWP had extensive Business Continuity plans in place, underpinned by a Departmental Business Continuity Framework to ensure continuity of service. **NC/M9-1/002 [INQ0000114213], NC/M9-1/003 [INQ0000114214], and NC/M9-1/004 – [INQ000114215].**

4.3 DWP had spent 20 years preparing extensively for a pandemic, developing and refining plans over this period. This included testing and honing strategies during and after the 2009 swine flu pandemic, as well as conducting regular internal exercises and coordinating with Whitehall to ensure the plans' effectiveness.

4.4 Throughout the period under review, the plans were revised to reflect lessons learned and the changing nature and shape of the Department. In addition, given the vagaries of the economic cycle, which can lead to surges in demand for benefits in an economic slowdown, the Department has well-tested plans to cope with that eventuality.

4.5 DWP Business Continuity Plans (BCP) included a range of measures that would come into effect during a crisis. These included easements, contingencies and a crisis command structure. When COVID-19 hit in early 2020, the BCPs became the bedrock of our response and these measures, with necessary adaptation, were fundamental to the overall DWP response. Each of the measures were adapted to take into account the full impact of social distancing, rapidly increasing unemployment and stay at home orders.

Section 5: Decision Making Structures

Key Decision Makers

See Annex B: DWP Decision Makers

Decision Making Framework

5.1. In response to the COVID-19 pandemic, the Department drew on its business continuity planning to develop, implement and adapt a plan with three phases - Respond, Run, and Recover - which ran to the end of 2020-21. The Department used this 3-stage plan to deliver on the following priorities, which it had identified across all its policy areas:

- Keeping our people and citizens safe by adhering to Public Health England guidance.
- Providing society's financial safety net by ensuring benefits are processed quickly and paid on time.
- Minimising the effect on unemployment.
- Minimising fraud and error, whilst transforming services and reducing costs.

5.2. In the early stages of the Department's pandemic response, the pace of the policy development and decision-making process was necessarily extremely accelerated and truncated to deliver support as quickly and efficiently as possible. A problem could be identified, a potential policy change could emerge from discussion at official level, be discussed with the Permanent Secretary, be cleared with the Secretary of State and the Cabinet and set in motion very quickly.

Respond

5.3. In the early part of the pandemic, DWP adopted a 'Gold/Silver/Bronze' Command" approach to respond, in line with DWP's normal approach for managing serious incidents.

5.4. The Gold Commander (Nick Hamer) invoked the DWP Business Continuity Plan. DWP's Gold command, which comprised senior leaders drawn from across

DWP's service delivery areas, oversaw the management of the initial response, with delegated authority to implement and instigate any or all the contingency measures agreed in the plan or take alternative action within the scope of the Incident Management Framework.

5.5. Gold Command reported to the DWP Executive Team (ET) and Ministers, informally through verbal and written updates and by daily Situation Reports ('SitReps'). **[See Exhibit NC/M9-1/005 INQ000103144, DWP SITREP 23 March 2020]**

5.6. It became apparent that the Gold Command Structure was becoming overwhelmed with the volume of demands of such a large-scale crisis. As such DWP ET appointed me as SRO and I set up the Implementation Planning and Delivery Executive (IPDE) to oversee delivery of the Respond phase. Ian Wright was appointed as the Programme Director. The group initially met daily, 7 days per week. **[NC/M9-1/006– [INQ000103114], NC/M9-1/007- INQ000103115 and NC/M9-1/008– [INQ000103116].**

5.7. Many of DWP's policy easements and changes were introduced during the Respond Phase to ensure that claimants were able to access financial support whilst adhering to Public Health England guidance. These formed a basis for later policy regulations.

Run

5.8. The 'Run Phase' followed immediately after the initial respond phase as the Furlough scheme began, the initial surge in Universal Credit claims started to subside, and the Department moved to focus on the labour market response. DWP's ET judged that because the incident required longer term handling, the response needed to take the form of a programme response during which the delivery mechanisms of the organisation could be re-evaluated and decisions made.

5.9. IPDE retained delegated responsibility from DWP ET to plan and make decisions on the interim delivery model for DWP. As IPDE's Senior Responsible Officer (SRO) I regularly reported to DWP ET on IPDE activities, obtaining sign-off by DWP ET where appropriate. The Permanent Secretary consulted Ministers as necessary securing their agreement to decisions which raised matters of public policy.

Recover

5.10. As the Department came out of the 'Run' Phase and started to gradually return to business as usual (BAU) processes and/or adapt or adopt new COVID-19 ways of working, into normal business practices. This was not an event or point in time, in effect some parts of the Department were still in "run" and some had moved into "recover". To reflect that challenge, the IPDE was replaced by the Portfolio Management Executive (PME), which was also chaired by Iain Wright with Adrian Scott as the Director **NC/M9-1/009–[INQ000103120].** This again had some delegated authority and saw me as the ongoing SRO, reporting to DWP ET.

5.11. The COVID-19 approach was specific to the nature, length and impact of the pandemic and while lessons have been learned, the implementation of forums such as IPDE and PME were designed to enhance DWP's standard Gold Command arrangements, specifically for the pandemic.

Decision making example

5.12. The Inquiry has asked for a high-level outline of the decision-making structures and design, implementation and delivery with regard to economic interventions.

5.13. In parallel to the business continuity decision making structures, DWP's policy and strategy teams worked on developing specific measures to support the Government's and the Department's objectives. An example of the decision-making process to deliver an economic intervention can be seen in the extension of SSP eligibility to include people advised to self-isolate via the contact tracing service, as illustrated below.

5.14. SSP Policy was part of the portfolio for the Minister for Disabled People, Health and Work, and responsibility for the Policy sat with the Employers, Health and Inclusive Employment Directorate (EHIE). Jonathan Mills was the Director General responsible, and Tabitha Jay was the Director with responsibility for SSP policy.

5.15. At the outset of the pandemic, HMT officials and Ministers had asked DWP what measures could be introduced to provide additional financial support to people affected by the pandemic.

5.16. From March 2020, DWP Ministers and officials had worked on the design of a number of measures, including extension of SSP rules to extend eligibility for SSP to those isolating due to experiencing symptoms of Coronavirus, deeming them incapable of work. These policy and regulatory changes reflected the Public Health Guidance at the time.

5.17. On 7 May 2020, a draft policy paper on self-isolation options for contact tracing was shared by the Department of Health and Social Care (DHSC) with other departments, including DWP. The 'test and trace' system was a new DHSC measure which aimed to play a major role in containing the coronavirus, preventing onward transmission. **NC/M9-1/010–[INQ000575849] - Options for Voluntary and Mandatory Approaches to Self-Isolation, DHSC paper, 8 May 2020 .**

5.18. DWP senior leaders and policy leads worked with DHSC officials to understand their respective guidance and objectives, and this work informed the options for delivery of this measure. **[see NC/M9-1/011– [INQ000575851], which is an email chain between DWP officials discussing issues to be addressed regarding the SSP framework]**

5.19. Consequently, DWP laid a further amendment to The Statutory Sick Pay (General) Regulations 2020 on 28 May, adding a new category of person to the Schedule; a person who has been notified that they have had contact with a person with coronavirus, and who is self-isolating for 14 days from the latest date on which that contact occurred, or a date specified in the latest notification. This ensured that if the person was notified through the 'test and trace' system and was unable to work from home they would be eligible for SSP for the period.

Ministerial Directions

5.20. On 7 April 2020, the Permanent Secretary of DWP, Peter Schofield CB wrote to the then Secretary of State for Work and Pensions, the Rt Hon Thérèse Coffey, with a formal request for a Ministerial Direction that the Department should "continue to act at pace and continue to approve expenditure as needed to respond to COVID-19 even if this means a breach of Parliamentary Finance Control Totals." **[see NC/M9-1/012 [INQ000592907], correspondence from the Permanent Secretary of DWP, Peter Schofield CB to the then Secretary of State for Work and Pensions, the Rt Hon Thérèse Coffey]**

5.21. On 8 April 2020, the then Secretary of State for Work and Pensions, the Rt Hon Thérèse Coffey wrote back to the Permanent Secretary, directing him to "authorise spend to ensure that the Department effectively responds to COVID-19, irrespective of the formalities of Departmental Expenditure Limits." **[see NC/M9-1/013– [INQ000592908], correspondence from the then Secretary of State for Work and Pensions, the Rt Hon Thérèse Coffey to Permanent Secretary of DWP, Peter Schofield CBE]**

Non-official methods of communication

5.22. During the COVID-19 pandemic, particularly in the early stages, informal communications (for example impromptu meetings or conversations) were crucial in enabling swift decision-making, which was needed to adapt rapidly to the constantly evolving crisis.

5.23. In March 2020, DWP amended its Acceptable Use Policy (AUP) to allow the use of personal phones for official business, though this was limited to voice calls, the use of SMS texting or personal email for work purposes remained prohibited. This policy change was necessitated by the sudden switch to home working at the beginning of the pandemic. **[see NC/M9-1/014 – [INQ000592909], Acceptable Use Policy (AUP) 23 March 2020]**

5.24. Despite the urgent nature of decision-making during the pandemic, neither I nor my colleagues in the DWP Executive Team are aware of any key decision-making being made on platforms such as WhatsApp or other social media messaging services. We made a conscious decision, very early on in the emergency to make sure a clear audit trail of decisions was kept, given the large amounts of public money DWP is responsible for.

5.25. Messaging services such as WhatsApp could be used on personal phones to keep in touch and provide support to colleagues, for example for wellbeing purposes, but not used to conduct DWP business. **[see NC/M9-1/015 –[INQ000592910], SCS matters 24 April 2020]**

5.26. The pace of events during the pandemic meant that some decisions were made informally, often because of informal meetings or conversations. An example of this is the decision to stop face-to-face appointments in Jobcentres to minimise the risk of COVID-19 transmission (face-to-face appointments remained available in exceptional circumstances when claimants would otherwise not be able to receive support). Before 24 March we had wanted to keep the Jobcentres open, knowing that the experience in previous economic downturns was that switching off labour market services led to longer durations of unemployment for citizens. By the morning of 24 March, I became convinced, by the fast-moving events of this stage of the pandemic, that the health risks to keeping Jobcentres open now outweighed the wider benefits of maintaining their face-to-face support to jobseekers. I discussed this with the Director General for Work and Health Services, who has overall responsibility for the Jobcentres, and the DWP Permanent Secretary. They agreed with my assessment that recent developments in the emergency necessitated a change in our position. This led to the Permanent Secretary approaching the DWP Secretary of State with that advice. Within a few hours the decision had been made and most face-to-face appointments in Jobcentres stopped on 24 March 2020.

5.27. This example highlights the necessity of informal decision-making in the rapidly changing situation of the early stages of the COVID-19 pandemic, where formal processes would often not have been appropriate, considering the speed of decision-making required.

5.28. Despite the informal nature of some communications in decision-making, maintaining records of these decisions was recognised as being important to ensure clear audit trails and transparency.

Section 6: Economic Interventions

Statutory Sick Pay

Economic policy objectives

6.1. To understand the economic policy objectives of Statutory Sick Pay (SSP) before and during the pandemic, it is important to first understand what SSP is and how it came about.

Before the pandemic

6.2. SSP is the basic minimum statutory payment to which qualifying employees are entitled for periods when they are sick or incapable for work because of a specific disease or bodily or mental disablement. SSP is paid entirely by the employer.

6.3. The current system is designed to balance support for the individual with the costs to the employer. Employers can choose to go further than their statutory requirements and provide more financial support to their employees when they are sick. Around 60% of all employees are eligible to receive such contractual sick pay.

6.4. SSP was introduced in 1983 as a system of 3 different payment rates, depending on employees' level of income, paid for up to 8 weeks per year, where 100% of the cost to employers was reimbursed by the Government.

6.5. Between 1991 and 2014 various changes were made to the rules for reimbursing employers for payment of SSP, so that by 2020 it was a single rate, paid by employers to their eligible employees, and not reimbursed to employers by the Government.

6.6. SSP is GB-wide, but in Northern Ireland SSP is devolved, although legislation is mirrored because of the parity principle.

6.7. Both eligible full and part-time workers receive the same rate of SSP per week, regardless of number of hours usually worked. They are paid SSP only for their 'qualifying days', which are the days they would usually work but they are absent due to illness.

6.8. SSP is paid from the 4th consecutive day of absence for up to 28 weeks from a particular employer in any one period of entitlement.

6.9. SSP is not paid for the first three 'qualifying days' (e.g. days an employee usually works) in a period of sickness absence. To support those with fluctuating conditions, a second absence for the same reason can be linked if it occurs within eight weeks of the first. If linked, there is no waiting period for subsequent absences.

Eligibility and entitlement

6.10. To be eligible for SSP employees must meet the following qualifying criteria:

- have done some work under their contract of service
- be incapable of work for at least four or more days in a row (known as the 'period of incapacity for work' rule (PIW)).
- have average weekly earnings at least equivalent to the Lower Earnings Limit (LEL), which was £118 per week in March 2020. The LEL is mandated by primary legislation (Social Security Contributions and Benefits Act 1992), which sets its rate at the level at which National Insurance Contributions (NICs) begin.

6.11. If an employee has been off work for more than seven days, the employer may seek 'reasonable evidence of the employee's incapacity for work'. This is frequently in the form of a Statement of Fitness for Work (commonly known as a fit note), but employers are permitted to accept other medical evidence (or choose not to require any evidence at all).

6.12. SSP is governed by the following legislation.

- The Statutory Sick Pay (General) Regulations 1982 [The Statutory Sick Pay (General) Regulations 1982 (legislation.gov.uk)]

- The Statutory Sick Pay (Medical Evidence) Regulations 1985
- Part XI, Social Security Contributions and Benefits Act 1992 (SSCBA 1992) [Social Security Contributions and Benefits Act 1992 (legislation.gov.uk)
- Section 14 of the Social Security Administration Act 1992
- Statutory Sick Pay Act 1994 [Statutory Sick Pay Act 1994 (legislation.gov.uk)

6.13. SSP and LEL rates

- For the period 6 April 2019 to 5 April 2020, the SSP weekly rate was £94.25, and the Lower Earnings Limit (LEL) was £118 per week.
- For the period 6 April 2020 to 5 April 2021, the SSP weekly rate increased to £95.85 and the LEL increased to £120 per week
- For the period 5 April 2021 to 5 April 2022, the SSP weekly rate increased to £96.35 and the LEL stayed at £120 per week
- For the period 5 April 2022 to 5 April 2023, the SSP weekly rate increased to £99.35 and the LEL increased to £123 per week

Policy objectives of changes to SSP in response to the pandemic

6.14. The Government's Coronavirus Action Plan (Coronavirus (COVID-19) action plan, GOV.UK), published on 3rd March 2020, set out the initial response to the COVID-19 outbreak, including DWP's measures for SSP, Universal Credit and ESA.

6.15. DWP made a number of amendments to the SSP framework between 1 January 2020 and 28 June 2022, using a combination of powers under the Social Security Contributions and Benefits Act 1992 (SSCBA92) and the Coronavirus Act 2020 (CVA 2020). **[see Annex A, a table setting out the date on which DWP easements were implemented, extended, varied or ceased]**

6.16. These changes were made with the dual objectives of supporting public compliance with evolving Public Health England advice and protecting SMEs from increased costs of paying Statutory Sick Pay due to higher rates of sickness absence.

6.17. DWP and HMT identified two groups for targeted interventions to provide economic support to individuals and employers, so people didn't feel pressure to go to work due to financial concerns, when they had COVID:

- employees who could not go to work due to Coronavirus and
- employers who would otherwise incur additional cost of employee sickness absence.

6.18. Consequently, HMT and DWP developed two key economic policy objectives to support these groups:

- Ensuring that eligible employees had financial support when they could not work because they were ill with COVID-19; or because they were self-isolating in line with Public Health Guidance. This was to support compliance with the public health guidance to reduce the spread of COVID-19 and to protect the health of individuals. As SSP is paid by employers to employees through their existing payment systems, it was identified as the most immediate means for getting financial support to employees quickly.
- Ensuring measures were put in place to support employers with the increased costs of paying SSP to significantly higher-than-usual volumes of employees who were off work due to the Coronavirus pandemic, whether they were ill with the virus or isolating in accordance with public health advice.

Design

6.19. In March 2020, DWP Ministers and officials worked across Government - with HMT, the Department for Health and Social Care , the Ministry of Housing, Communities and Local Government and the Devolved Governments - on the design of a number of measures to ensure that, where appropriate, eligible individuals could access financial support to comply with Public Health England guidance, for example on self-isolation and shielding. **[See NC/M9-1/016 [INQ000592911] – email chain about briefing note for Secretary of State for Work and Pensions, and NC/M9-1/017 – [INQ000592912] – which is a submission to Ministers dated 06/03/2020, COVID-19 and Statutory Sick Pay].**

6.20. Three main policy interventions were implemented to achieve these objectives:

- Removal of Waiting Days for COVID-19 related illness/sickness absence
- Changing SSP rules about 'deeming incapable of work' to include people who were isolating
- Adding a new category of persons – those who are extremely vulnerable and at very high risk of severe illness from coronavirus because of an underlying health condition who have been advised to shield.

6.21. Steps were taken across Government (with input from DWP) to ensure that the public were made aware of the eligibility changes to SSP. These included:

- Prime Minister's announcement at Prime Minister's Questions 4 March 2020
- The Chancellor's Budget Speech on 11 March 2020
- Updated guidance on Gov UK for employers and employees
- HMRC Bulletin(s) for employers.
- Inclusion of information about the availability of financial support in letters issued by the department of Health and Social Care to the clinically extremely vulnerable to shield.

6.22. When developing and designing these interventions, DWP worked closely across Government (with HMT, the Department for Health and Social Care, the Ministry of Housing, Communities and Local Government and the Devolved Governments) but it is very important to understand the environment in which this work took pace. At the beginning of the pandemic, due to the rapidly emerging public health situation, policy was being developed at considerable pace and urgency. Normal policy making procedures (through submissions, readouts, decision logs) were often replaced by conversations, emails and instant message exchanges across government and with Private Offices. Ministerial decisions and steers received, and actions taken and progressed, were often the results of discussions, email exchanges and political-level conversations, rather than the usual policy processes. For example, while the Statutory Sick Pay Rebate scheme was a DWP policy, the idea emerged from discussions in late February 2020 between the Chancellor of the Exchequer and the Prime Minister, and the decision to introduce it was the Chancellor of the Exchequer's, with the agreement of the Secretary of State for Work and Pensions. Consequently, the pace at which the design and implementation of changes to SSP were required meant that it was not possible for the Department to fully engage with external stakeholders ahead of the development and implementation of these measures. The SSP policy team liaised with stakeholder representative groups retrospectively through a number of channels, including Ministry of Housing and Local Communities forums.

6.23. DWP policy and legal teams realised that the Social Security Contributions and Benefits Act 1992 did not provide the powers necessary to deliver the Government's SSP economic policy objectives to remove waiting days and to introduce a rebate for employers for coronavirus-related sickness absences. DWP policy therefore worked rapidly with the Department for Health and Social Care Bill Team to secure agreement to include SSP related provisions in the Coronavirus Act 2020.

6.24. DWP led on all the policy and Bill products for the SSP specific clauses. This included, in collaboration with HMRC, instructing OPC to draft the clauses and working closely with the Department for Communities in Northern Ireland to include mirroring provisions in the Coronavirus Act 2020. DWP also led on briefing the Department for Health and Social Care Ministers about the SSP clauses to support the passage of the Coronavirus Bill.

6.25. Following Royal Assent DWP made regulations to give effect to the announcements made by the Prime Minister regarding the removal of waiting days and updated guidance and communications for employers and employees. The DWP SSP team also worked with the HMRC to design the rebate process, introduce relevant regulations and informed guidance and communications to employers which were led by HMRC.

6.26. DWP continued to make changes to SSP (and its other measures) in response to the evolving situation and public health advice. For example:

- A further amendment to The Statutory Sick Pay (General) Regulations 2020 on 28 May 2020 was specifically designed to support the new 'Test, Trace and Isolate System' (TTI). It added a new category of person to the Schedule; a person who has been notified that they have had contact with a person with coronavirus, and who is self-isolating for 14 days from the latest date on which that contact occurred, or a date specified in the latest notification. In July 2020, an amendment to the Statutory Sick Pay (Coronavirus) (Suspension of Waiting Days and General Amendment) (No. 2) Regulations 2020 ensured that people who were shielding would continue to be deemed to be incapable of work for the purpose of entitlement to statutory sick pay.
- In August 2020, an amendment to the Statutory Sick Pay (General) Regulations 1982 provided that a person is entitled to statutory sick pay if they:
  - Have been notified that they are to undergo a surgical or other hospital procedure
  - Have been advised to stay at home for a period of up to 14 days prior to being admitted to hospital for that procedure; and
  - Stay at home pursuant to that advice.

6.27. On 24 February 2022, the Government ended the legal requirement to self-isolate following a positive COVID-19 test, and so DWP ended self-isolation support payments through SSP. COVID provisions for Statutory Sick Pay were allowed to run on for a further month (expiring on 25 March 2022, in line with the sunsetting of the Coronavirus Act 2020).

6.28. In the run up to, and following, the Prime Minister's announcement of the revocation of the regulations, there were several exchanges and discussions with Cabinet Office and Department for Health and Social Care. The Secretary of State for Work and Pensions was concerned that the Department for Health and Social Care's public health guidance would continue to advise people to self-isolate, but employees would no longer be entitled to Statutory Sick Pay.

[see NC/M9-1/018 [INQ000653788], - 040322 SoS DWP to PM on SSP and NC/M9-1/019 [INQ000653787] , - Urgent: SSP Guidance Update]. I understand that the Secretary of State for Work and Pensions also raised this with the Prime Minister and in COVID O meetings. However, ultimately the Secretary of State for Work and Pensions agreed to the revocation of the relevant SSP regulations on 24 March 2022.

6.29. The Social Security Advisory Committee also raised concerns about the revocation of the regulations and a government response to the committee's report was published at the same time. **[see NC/M9-1/020 [INQ000653843],, The Draft Statutory Sick Pay (General) (Coronavirus Amendment) Regulations 2022 (SI 2022/****) - GOV.UK].**

6.30. The decision to revoke the changes to SSP in Northern Ireland was ultimately taken by then Minister for Communities in Northern Ireland, Deirdre Hargey MLA. The savings provision laid in Parliament following the ending of Section 43 of the Coronavirus Act was signed by Secretary of State for Work and Pensions and Section 43 of the Coronavirus Act 2020 expired at midnight on 24 September 2022.

Suspension of Waiting Days

6.31. With a large proportion of the working population expected to be affected by Coronavirus, and being required to self-isolate for between 7 and 14 days, it was important that there was financial support from day one for individuals so they could comply with the public health advice and reduce the risk of spreading infection.

6.32. Section 155(1) of the Social Security Contributions and Benefits Act 1992 sets out limitations that SSP shall not be payable for the first three qualifying days, in any period of entitlement, known as "waiting days". Therefore, SSP is usually payable from the fourth qualifying day of sickness absence. DWP officials were concerned that these waiting days could mean some individuals would not isolate. DWP officials reasoned that ensuring that people receive SSP from the first day that they are off work due to coronavirus, would help to ensure that those who are unwell or who are self-isolating as a precaution can do so without the fear of losing income. DWP suggested removing Waiting Days for people affected by coronavirus, and on 4 March 2020 the Prime Minister announced that SSP Waiting Days would be temporarily suspended for employees who are incapable of work, or deemed to be incapable of work, because of coronavirus. This decision was the responsibility of the Secretary of State for Work and Pensions, with agreement across Government. **[this rationale for removing the waiting days is outlined in NC/M9-1/017 [INQ000592912] – which is a submission to Ministers dated 6 March 2020].**

6.33. The suspension of waiting days was planned (and agreed with HMT) to be a temporary measure, only for the period it was necessary to support the Government's response to the pandemic.

- The Statutory Sick Pay (Coronavirus) (Suspension of Waiting Days and General Amendment) Regulations 2020 (No.374) were laid before Parliament on 27 March 2020 and came into force on 28 March 2020. These regulations suspended the limitation that SSP is not payable for the first three qualifying days.
- The Statutory Sick Pay (Coronavirus) (Suspension of Waiting Days and General Amendment) Regulations (Northern Ireland) 2020 were the equivalent regulations for Northern Ireland. They were also laid before Parliament on 27 March 2020 and came into operation on 28 March 2020.

6.34. A full list of legislative changes relating to SSP is given at Annex A (chronology)

6.35. The provisions that addressed SSP waiting days in the Coronavirus Act 2020 expired on 25 March 2022, except in Northern Ireland. The Statutory Sick Pay (Coronavirus) (Suspension of Waiting Days) (Saving Provision) (Northern Ireland) Regulations 2022 came into operation 25 September 2022. These introduced a saving provision to regulation 2 of the 2020 Regulations to allow the suspension to continue where a period of incapacity for work relating to coronavirus commenced on or before 24th September 2022.

Wider Definition of 'Incapacity'

6.36. From March 2020, DWP Ministers and officials worked on the design and delivery of changes to SSP rules to extend 'deeming' incapable of work to include those isolating due to experiencing symptoms of Coronavirus, deeming them incapable of work.

6.37. The Statutory Sick Pay (Coronavirus) (Suspension of Waiting Days and General Amendment) Regulations 2020 (No.374) were laid before Parliament on 27 March 2020 and came into force on 28 March 2020. These regulations specified that a person isolating by reason of coronavirus is deemed incapable of work.

6.38. SSP eligibility was widened for those self-isolating, including in March 2020, May 2020 and July 2020 and these decisions are recorded in emails and submissions. **[For March 2020 see NC/M9-1/021 [INQ000653746] and NC/M9-1/022 [INQ000653738]. - For May 2020 seeNC/M9-1/023 [INQ000575852], NC/M9-1/024 [INQ000653743], NC/M9-1/025 [INQ000653772] , NC/M9-1/026 [INQ000653773], NC/M9-1/027 [INQ000575856], NC/M9-1/028 [INQ000653775], and NC/M9-1/023 [INQ000575852] - For July 2020 see NC/M9-1/038 [INQ000653753], NC/M9-1/029 [INQ000653754], NC/M9-1/030 [INQ000653755] , NC/M9-1/031 [INQ000653757], NC/M9-1/031A [INQ000653756] , NC/M9-1/033 [INQ000653758, and NC/M9-1/034 [INQ000653759].** In each case, the decision to implement the measure was taken by the Secretary of State for Work and Pensions, in consultation across Government. All decisions were made to allow SSP to reflect changes to public health advice at the time, ensuring that those self-isolating in-line with this advice remained eligible to receive SSP. **[see NC/M9-1/022– [INQ000653738], which is an email between DWP and HMT confirming the outcomes from a meeting between the Chancellor and the Secretary of State for Work and Pensions on 8 March 2020]**.

Shielding

6.39. Where individuals who were shielding could not work at home, we extended Statutory Sick Pay to this group, in the same way it had done for people who were isolating either because they or someone in their household has symptoms.

6.40. The decisions to widen SSP eligibility to those shielding was made by the Secretary of State for Work and Pensions in April 2020 and July 2020. **[See NC/M9-1/035– INQ000653769,), which is a submission dated 7 April 2020 seeking a Ministerial decision on making the shielding cohort eligible for SSP support - NC/M9-1/036 [INQ000653742], an email chain which includes an email dated 7 April 2020 with the Secretary of State for Work and Pension's decision to make the shielding cohort eligible for SSP support, - NC/M9-1/037 [INQ000653752] which is an email enclosing a submission seeking the Secretary of State's agreement for DWP to make regulations to clarify SSP eligibility for those who were shielding and ensure that SSP continues to be available as a financial safety net for such individuals - NC/M9-1/038 [INQ000653753], which is the submission - NC/M9-1/030 [INQ000653755], which is an Amendment of the Statutory Sick Pay (General) Regulations 1982 - NC/M9-1/032 [INQ000653756] which is an explanatory memorandum - NC/M9-1/031– [INQ000653757], which is an Amendment of the Statutory Sick Pay (General) Regulations (Northern Ireland) 1982 - NC/M9-1/033 [INQ000653758], which is an Equality Analysis for the amendment to the Statutory Sick Pay (General) Regulations (Northern Ireland) 1982, and NC/M9-1/034 [INQ000653759],which is an Equality Analysis for the amendment to the Statutory Sick Pay (General) Regulations 1982]**

6.41. These decisions ensured that those shielding in line with public health advice at the time remained eligible to receive SSP for this reason.

6.42. On 16 April The Statutory Sick Pay (General) (Coronavirus Amendment) (No. 3) Regulations 2020 added a new category of persons – those defined in guidance issued by Public Health England, the Scottish Ministers or Public Heath Wales as being extremely vulnerable and at very high risk of severe illness from coronavirus because of an underlying health condition, and who have been advised, in accordance with that guidance, to follow rigorously shielding measures.

6.43. Schedule 1 and Schedule 2 of the Statutory Sick Pay (General) (Coronavirus Amendment) Regulations 2020 list the criteria for people to 'isolate' and 'shield'.

6.44. No regulatory impact assessment was produced for these regulations in view of the urgency required to extend Statutory Sick Pay to the new category of employees, to encourage self-isolation and to minimise the risks to public health arising from coronavirus disease.

6.45. This measure was publicised through:

- Updated guidance on Gov UK for employers and employees
- HMRC Bulletins for employers
- BEIS guidance for employers
- ACAS Guidance
- Shielding letters issued by NHS to individuals
- DWP communications to vulnerable individuals

6.46. The Statutory Sick Pay (General) (Coronavirus Amendment) Regulations 2022 were laid before Parliament on 24 March 2022 and came into operation on 25 March 2022 (E & W and Scotland). The 2022 Regulations revoked each of the provisions in the Statutory Sick Pay (General) Regulations 1982 that related to the extended definition of incapacity where a person was unable to work either because they were isolating or shielding themselves in such a manner as to prevent infection or contamination with coronavirus.

6.47. A full impact assessment was not produced for this instrument due to the need to make and lay the instrument urgently to align with the expiry of the Coronavirus Act.

The SSP Rebate Scheme (SSPR)

6.48. Another major change to SSP was the development and delivery of the SSP Rebate Scheme (SSPR) for SMEs, which support small and medium-sized enterprises by allowing them to reclaim SSP costs incurred due to COVID-19 for up to 2 weeks per employee, to reflect the 14-day maximum period of self-isolation both in guidance and in the legal duty to self-isolate, meaning that the rebate would cover the maximum duration for which an individual was likely to be required to self-isolate.

6.49. HMT agreed to fund payments made to employers through the rebate scheme and to lead on communications activity to promote the scheme to employers.

6.50. HMRC was responsible for the setting up and operation of the scheme, including ensuring that payments were made in a timely manner to employers who qualified to receive the payment. The cost of this creation was the responsibility of DWP - DWP funded HMRC to set up and run the SSPR, but payments made to employers who claimed from the SSPR were the responsibility of HMRC. **[See NC/M9-1/039– [INQ000653842]– 'COVID 19 - 200511 Tier 0&1 Statutory Sick Pay Rebate Walk Through V1.0', which is a set of slides produced in May 2020 by HMRC to illustrate how the SSPR would operate, how employers would engage with it, and how it would be publicised]**

6.51. This measure was designed in collaboration between DWP, HMT and HMRC. At the outset of the pandemic HMT officials and Ministers had asked DWP what measures could be introduced to support businesses and an SSP rebate scheme was proposed. Ownership of the regulations that would allow for a rebate to be set up and made operational are held by DWP. DWP Ministers agreed for a time-limited rebate to be set up and to be able to be accessed by employers from May 2020.

6.52. HMRC developed a stand-alone IT system with an online portal for employers to submit claims. The scheme went live on 26 May 2020, with retrospective claims allowed from 13 March 2020.

6.53. DWP deployed data modelling to consider the cost burden on employers when drafting expanded SSP eligibility regulations, based on data shared by DHSC on estimates of how many people would be required to isolate.

6.54. However, there was significant uncertainty with regards to how many people would be required to isolate, as such this modelling was provided to give the Secretary of State for Work and Pensions further context of low, medium and high estimated costs on employers rather than to inform policy design.

6.55. The original estimates suggested that the SSPR could cost the Government up to £2 billion, based on a worst-case scenario whereby all employees of SME businesses were off for two weeks due to COVID-19, with firms then claiming the maximum entitlement. In practice, many employees of SMEs were covered by the Coronavirus Job Retention Scheme (CJRS – also known as furlough) and far fewer claims than expected were made. In 2020 to 2021 the scheme paid out £62.5 million and by the time it closed in March 2022 it had paid out over £126 million in total.

6.56. Policy design was informed by the current Public Health England (now known as UKHSA) guidance available at the time on who would be required to isolate at any given time. **[see NC/M9-1/023– INQ000575852, which is a submission to the Secretary of State for Work and Pensions and includes modelling on the initial estimate SSP costs in Annex B]**

6.57. Prior to implementation of SSPR, DWP officials worked closely with HMT colleagues on the development and design of the scheme, with HMRC being the delivery mechanism for the intervention. Conversations also took place with officials in DHSC to understand 'worst case scenario' implications for costing estimates as well as using data from the 'Business population estimates for the UK and regions: 2019 statistical release', (which can be found on GOV.UK) to identify the percentage of businesses likely to benefit from being eligible to claim back Statutory Sick Pay costs through SSPR.

The development of the SSP Rebate Scheme (SSPR)

6.58. The idea of an SSP rebate for small and medium-sized enterprises already had a degree of currency in 2019 and 2020. For example:

- In 2019, the Government consulted on reforming SSP in its consultation document, 'Health is everyone's business'. The Government proposed reforming SSP in several ways, including by introducing an SSP rebate for small and medium-sized enterprises.

- On 29 January 2020, Scope launched its "Stuck" campaign calling for substantial reforms to Statutory Sick Pay, including an SSP rebate for small and medium-sized enterprises.

6.59. On Friday 28 February, officials at His Majesty's Treasury contacted officials at DWP regarding the government response to a coronavirus outbreak with a specific interest in SSP. The Chancellor of Exchequer had expressed interest in how the associated cost burden could be shifted from employers to the government and whether it would be possible to use a model similar to Statutory Maternity Pay (SMP) to reimburse businesses, particularly small and medium sized enterprises, for the costs. Statutory Maternity Pay is paid by employers who can subsequently claim it back from HMRC. SSP Policy officials advised that primary legislation would be required to introduce an SSP rebate scheme, and DWP would work with Department of Health and Social Care and the Office of the Parliamentary Counsel to draft instructions to ensure this was covered in the Coronavirus Act. **[see NC/M9-1/040 [INQ000653835], an email chain titled 'FW: [off-sen] SMP/SSP and Coronavirus' from the period 28 February 2020 to 3 March 2020 which begins with an email sent at 16:19 on 28 February 2020 from an official at His Majesty's Treasury to an official in DWP that states that the Chancellor of the Exchequer "...has expressed an interest in how we**

could shift the cost to the government rather than the employer with SMP (Statutory Maternity Pay) being the comparison"] and **NC/M9-1/041 [INQ000653834], which is a briefing note titled COVID-19 briefing for Secretary of State', dated 28 February 2020, and is attached to NC/M9-1/042 [INQ000653833], which is an email titled 'FW: Urgent - Coronavirus Briefing for Secretary of State', sent from Angus Gray (Deputy Director, Employers and Fuller Working Lives) at 16:38 on 1 March 2020 to an official below SCS.]**

6.60. My understanding is that it was the Chancellor who decided that limiting the SSPR scheme to small and medium sized enterprises struck the correct balance between HMT's stated objective (support for employers) and managing public funds.

6.61. There followed discussions between Treasury, HMRC and DWP about the scale of support which should be offered to employers and the potential financial costs of the scheme to the public purse. The decisions related to SSPR were primarily driven by Treasury and HMRC (in consultation with DWP as policy owners) and the design and delivery options were led by HMRC as they were responsible for operationalising the scheme. **[see NC/M9-1/043 [INQ000653839], which is a draft options paper titled 'SSP Rebate – operational options – FOR HMRC COMMENTS.docx', prepared by Treasury officials for the Chancellor, and NC/M9-1/044 [INQ000653838], which is the covering email titled 'Grid for CX [for comment by 18.45]', that was copied to DWP officials for information.]**

6.62. When SSP was introduced, in 1983, Employers were entitled to full reimbursement of SSP costs, including National Insurance Contributions (NICs). This entitlement was reduced between 1983 and 1995 and finally removed altogether in 2014 with the abolition of the Percentage Threshold Scheme (PTS).

6.63. When HMT approached DWP with the idea to reimburse small and medium-sized businesses for COVID-related SSP costs, DWP officials reviewed the Percentage Threshold Scheme, and the current Statutory Maternity Pay scheme to explore how each was administered. **[See** NC/M9-1/045INQ000653837 **, which is a document titled 'Research into rebate schemes.docx' and NC/M9-1/046 [INQ000653836], its covering email, sent at 28 February 2020 12:39 and titled 'RE: SSP rebates stuff iro HMT craziness']**

6.64. HMT approached DWP for advice on the potential cost of operating the scheme. On 6 March 2020 a submission was provided to Ministers considering what changes should be made to Statutory Sick Pay (SSP) in order to ensure individuals and employers get the support they need during the Coronavirus outbreak. The Submission outlined four proposals, which the Chancellor wanted to announce as a package at the March 2020 Budget, this included provision to refund the costs of SSP for SMEs. DWP's initial estimate outlined in the submission was that targeting firms with no more than 250 employees would cost over £3bn to cover a 2-week absence for all employees. **[see NC/M9-1/017 INQ000592912 – which is a submission to Ministers dated 06/03/2020, COVID-19 and Statutory Sick Pay] and NC/M9-1/047 INQ000653747- – email dated 06 March 2020 sent at 19:23 from Jane Cunliffe, Finance group Strategic Finance Director to Nicholas Hamer, Director for COVID-19 Response]**

6.65. Although SSP policy is owned by DWP, the key decision makers on SSPR scheme eligibility, and the 2 week restriction were led by HMT and HMRC. DWP Policy officials provided information and feedback to HMT and HMRC on SSP policy to help inform decisions but primarily the DWP Secretary of State was asked her views and to confirm whether or not she agreed with the approach proposed by the Chancellor of Exchequer.

6.66. The Secretary of State for Work and Pensions agreed to all of the recommendations in the submission dated 6 March 2020 referenced above, including "Refunding the costs of SSP for SMEs given the likely increase in absence caused by covid-19 and the economic implications of that burden falling on business." **[See NC/M9-1/021INQ000653746 –), which is a readout of a meeting with the Secretary of State at which she confirmed her agreement]**

6.67. DWP took primary powers in the Coronavirus Act 2020 to allow Government to provide the SSPR. DWP led on the relevant Coronavirus Act 2020 clauses, working very closely with HMRC plicy team and lawyers.

6.68. SSP regulations relating to SSPR (The Statutory Sick Pay (Coronavirus) Funding of Employers' Liabilities) Regulation 2020) were primarily drafted by HMRC with concurrence of DWP.

6.69. The first round of this scheme ran up until September 2021. In response to the emergence of the omicron variant, the Government revived SSPR in December 2021, and continued it until March 2022. HMRC signed and returned the first period's MOU In March 2021. [**see NC/M9-1/048 INQ000653791,) which is an email to Angus Gray titled 'SSPR MoU', dated 2 February 2021, outlining delays in finalising the signing of the MoU]** and the second period's MOU in March 2022. **[see NC/M9-1/049 – [INQ000653792]** and **– [– NC/M9-1/050 INQ000583743,, which are the Memoranda of Understanding for each period of the SSPR's operation]**

6.70. The Inquiry has asked whether DWP provided funding to HMRC to carry out post payment compliance checks to identify fraud and error in the SSP Rebate Scheme.

6.71. DWP reimbursed HMRC for administration and running of the SSP Rebate Scheme. IT development and running forecast costs for the SSP Rebate Scheme, including a cost category for "Compliance/Risking", are laid out in Schedule 2 of the DWP HMRC memorandum of understanding. The Department has not been able to identify a further breakdown of costings therefore cannot confirm whether this included the post payment compliance checks to identify fraud and error in the SSP Rebate scheme. **[see NC/M9-1/49– INQ000653792,] and – NC/M9-1/050– INQ000583743, which**

are the Memoranda of Understanding for each period of the SSPR's operation]

Closure of the SSP Rebate scheme

6.72. SSPR was closed with effect from 30th September 2021, with claims relating to periods prior to that date to be made by 31st December 2021.

6.73. The decision to close the SSPR scheme was taken by the Chancellor of the Exchequer with agreement from the Secretary of State for Work and Pensions. **[See NC/M9-1/051– INQ000653764,, which is an email chain containing the Secretary of State for Work and Pensions' decision to end the SSPR in September 2021 and NC/M9-1/052 INQ000653763, which is a submission dated 02 August 2021 advising that that the Chancellor was minded to not extend funding of the business support schemes, including the SSPR, beyond September 2021.]**

6.74. The legislation to close the SSPR scheme was laid before Parliament on 9 September 2021. The rationale for closing the rebate scheme was that from 14 December 2021 vaccinated close contacts of confirmed positive cases were required to take daily lateral flow tests instead of the 10-day self-isolation period meaning that the cost to employers of sick pay for contacts of positive cases was expected to be much lower.

6.75. However, on 21 December 2021, as part of the support package to help businesses impacted by Omicron, the SSPR was reintroduced. Eligible employers were once again able to claim up to two weeks of SSP per employee for COVID-related absences.

6.76. The decision to re-introduce the SSPR scheme was taken by the Chancellor of the Exchequer with agreement to from the Secretary of State for Work and Pensions. **[See NC/M9-1/053– INQ000626345- , which is an email dated 20 December 2021 to the Secretary of State for Work and Pensions, enclosing a submission about the SSPR, NC/M9-1/054 INQ000592913,**

which is the submission, and NC/M9-1/055 INQ000626346, which is an email dated 20 December 2021 confirming the Secretary of State's decision to reopen SSPR.]

6.77. The legislation to re-introduce the rebate scheme was laid before Parliament on 5 January 2022. This was a temporary re-introduction to support employers facing heightened levels of sickness absence due to the new variant.

6.78. The HMRC claims system opened on 19 January 2020, and employers had until 24 March 2020 to make claims for absences occurring between 21 December 2021 and 17 March 2022. At this time the two-week period was reset for every employee eligible to have their SSP payment rebated regardless of whether their employer had previously claimed the rebate for that individual's self-isolation.

6.79. In February 2022, the Government set out its next steps as part of the plan for *Living with Covid* strategy. Most adults in the UK most were fully vaccinated at the time and no longer needed to self-isolate due to COVID-19. This meant that the financial cost to employers of paying SSP was significantly reduced.

6.80. The SSPR Scheme was finally closed on 24 March 2022. The decision to close the scheme was taken by the Chancellor of the Exchequer with the agreement to do so by the Secretary of State for Work and Pensions. The legislation to close the rebate scheme was laid before Parliament on 24 February 2022. **[See NC/M9-1/056– INQ000653782, which is an email dated 18 February 2022 to the Secretary of State for Work and Pensions; NC/M9-1/057 INQ000653783 - which is a submission seeking the Secretary of State's steer on the future of the SSPR, NC/M9-1/058 INQ000653784 - which is an Equality Analysis; NC/M9-1/059 INQ000653785 - which is a submission about the end of COVID restrictions and NC/M9-1/060 INQ000653786 -, which is an email advising the Secretary of State's steer.]**

Extension of the self-certification period from 7 days to 28 days

6.81. The period where an employee may self-certify illness was temporarily extended from 7 days to 28 days from 17 December 2021 to 26 January 2022. This coincided with the peak of the Omicron outbreak and was intended to reduce pressure on GPs to provide 'fit notes' and focus their efforts on the vaccine booster programme.

6.82. Statutory Sick Pay (Medical Evidence) Regulations 1985 provide that an employee shall not be required to provide medical information for the first 7 days in any spell of incapacity for work.

6.83. Following the Prime Minister's announcement of the vaccine booster programme in December 2021, DHSC and No. 10 were looking for ways to release capacity in General Practice. The fit note was identified as a key area that could alleviate pressure on GPs and extending the self-certification period to 4 weeks could reduce demand for fit notes by 41-50% (based on data from April 2020 – March 2021).

6.84. The Statutory Sick Pay (Medical Evidence) Regulations 2021 were laid before Parliament on 16 December 2021 and applied from 17 December 2021 to 26 January 2022. These extended the period that an employee shall not be required to provide medical information from 7 days to 28 days.

Other measures

SSP for the self-employed

6.85. The Inquiry asked whether any consideration was given to extending SSP to the self-employed who were self-isolating in line with public health advice regarding COVID-19.

6.86. SSP is structured so that it operates on payments made to employees by employers, based on 'qualifying days' worked. To be eligible, employees must earn above the LEL for Class 1 National Insurance Contributions (NICs).

6.87. In the case of self-employed individuals, who do not pay Class 1 National Insurance Contributions (NICs) and so are not eligible for SSP, the Government responded by putting in place a number of measures to provide economic support such as, the Self-Employment Income Support Scheme (SEISS), Government loan schemes, various business grants, and more general tax and NICs rules.

6.88. In addition, changes were made to Universal Credit to support self-employed people:

- the Universal Credit standard allowance was increased for the 2020/21 tax year. Consequently, the amount for a single person over the age of 25 was £409.89 per month (£94.59 per week), roughly equivalent to the rate of SSP at the time (£95.85 per week). If a self-employed person suffered a loss of earnings due to the impact of coronavirus (or because they were required to self-isolate, or to 'shield'), they may also have been able to obtain protection via UC.
- The Minimum Income Floor (MIF) was effectively disapplied for self-employed claimants during the coronavirus outbreak. The result of not applying the MIF was that Universal Credit for the self-employed was based on their actual earnings. Self-employed individuals are eligible for Universal Credit but, to promote self-sufficiency among the self-employed and prevent the long-term subsidy of unprofitable businesses, a 'minimum income floor' is applied to certain self-employed claimants, which represents the amount the self-employed claimant could be expected to earn in employment for the required number of hours paid at the national minimum wage. The work allowance and the taper are applied to the higher of the actual claimant's earnings or their minimum income floor and the resulting amount is deducted from the maximum Universal Credit amount.

Period of incapacity for work', or "PIW"

6.89. The Inquiry asked about the policy rationale for the retention of the 'period of incapacity for work' rule (PIW).

6.90. Part XI of the Social Security, Contributions and Benefits Act 1992 (SSCBA) sets out the qualifying conditions that must be met for an individual to be eligible for SSP. These include the provision that incapacity has existed for at least four calendar days in a row (the 'period of incapacity for work', or "PIW") and falls within a period of entitlement. A period of entitlement begins with the commencement of the PIW and concludes when either the PIW ends, the employee reaches their maximum entitlement to SSP (which is currently 28 weeks) or the other statutory criteria are met.

6.91. Government guidance on 13 March 2020 stated, 'if you have symptoms of coronavirus infection (COVID-19), however mild, do not leave your home for 7 days from when your symptoms started.'

6.92. DWP officials determined that amending the PIW rules set out in SSP legislation would not have made any tangible difference in encouraging self-isolation, as an individual, if eligible, would have qualified for SSP should they have self-isolated for the minimum period as set out in guidance.

Lower earnings limit (LEL)

6.93. The Inquiry asked whether DWP considered removing or decreasing the Lower Earnings Limit in response to the pandemic.

6.94. The original rationale for the Lower Earnings Limit can be found in the origin of SSP as a state benefit. The setting of the threshold at the level of NICs payments reflected the 'contributory principle', that people should only benefit if they were 'paying in' to the system. Now that SSP is paid by employers, and not reimbursed by the state, the contributory principle is only indirectly engaged (in the sense that individuals must contribute to state social security before they are eligible for SSP support mandated by the state from employers).

6.95. However, the equation between the Lower Earnings Limit and the level of NICs remains set out in the SSCBA. The Lower Earnings Limit moreover remains important for other reasons; in particular, the avoidance of perverse incentives. If an individual earned £118 per week or less, then the payment of SSP, as of 13 March 2020 at £94.25 per week, pays most of that individual's income (and potentially over 100% of that income). DWP's view was that such sums (relative to income) could constitute a significant incentive for such individuals to claim SSP, and to remain off work for longer than necessary.

6.96. In response to the pandemic Ministers were interested in understanding the situations of low-paid people, and those on zero-hours contracts. Various options, including removing the Lower Earnings Limit were considered.

6.97. DWP officials advised Ministers that that the Lower Earnings Limit could be removed, but that it would be necessary to introduce primary legislation and give employers a 'lead in time' measured in months to make the necessary adjustments to payroll systems. Removing the Lower Earnings Limit would not have addressed the short-term needs of below-LEL workers (which were more practicably addressed by amending the ambit of existing welfare benefits), and it would have created a business burden and substantial costs to Government. In circumstances in which employers were facing pressing financial concerns; had very little lead-in time to a change of policy; and were dealing with employees who were not core parts of their business, it was felt that there was a real risk that businesses would respond to such a change by making employees redundant, or that they would simply fail or refuse to implement the changes. [**See NC/M9-1/061– INQ000653739 , which is an email chain between officials at HMT and DWP. The email titled 'RE: For comment by close Saturday: SSP Advice,', sent at 21:08 on 07 March 2020 from Jane Cunliffe, DWP Strategic Finance Director to David Silk and Tom Carter at HMT, sets out this advice].**

6.98. Consequently, DWP officials' recommendation to Ministers was that the removal of Lower Earnings Limit should not be pursued, given the impact and immediate burden that removing the threshold would place on businesses (costs, payroll changes, etc.). In accordance with DWP officials' advice the Chancellor of the Exchequer gave a steer to HMT that he was not attracted to pursuing the option of removing the Lower Earnings Limit.

6.99. In July 2019, the then Government had consulted on reforming SSP as part of 'Health is everyone's business', which comprised 13 proposals aimed at reducing ill health-related job loss. In the consultation document, SSP was described as "not reflecting modern working practices" and the consultation proposed amending it in several ways, including by extending eligibility to everyone, no matter how much they earned.

6.100. In July 2021, the then Government published 'Government response: Health is everyone's business' which can be found on GOV.UK. By that time, several temporary reforms to SSP had been implemented in response to the COVID-19 pandemic. In its response, the Government said the pandemic was not the right time to introduce permanent changes to SSP, as they would have placed an immediate and direct cost on employers at a time when most were struggling.

Increasing the rate of SSP

6.101. During its liaison with other government departments on possible amendments to the various schemes because of the pandemic, DWP responded to questions about the desirability of increasing the rate of SSP. During that analysis, the Department assessed (on an indicative and estimated basis) the implications of increasing the rate in terms of the burden on employers and the interaction with the wider benefits system. DWP identified a number of uncertainties about the implications of such changes for the different incentives, the overlap with the Universal Credit benefit, and the estimated financial and wider policy implications of increasing the rate of SSP.

6.102. The following illustrative costs, were included in our analysis:

- An increase in SSP to £116 per week would (assuming a 2-week absence for 100% of employees) represent an additional £383m burden, with a £230m increase in costs for SMEs; and
- An increase in SSP to £124.60 per week would (on the same assumptions) involve an additional £547m burden, with a £328m burden on SMEs.

6.103. The rate of SSP is a direct financial and administrative cost to business. Were the rate increased by (say) £20 per week, that would, as noted at para graph 6.79, involve an immediate additional burden of around £383m on business if 100% of employees were absent for 2 weeks. In normal circumstances, DWP gives around three months' notice of any uprating of SSP, which allows businesses to plan for the additional financial burden and take appropriate administrative steps.

6.104. DWP officials advised Ministers that SSPR (Statutory Sick Pay Rebate) scheme would not have extinguished this burden. SSPR was (i) targeted only at SMEs (ii) applies only to the first 2 weeks of SSP payments and (iii) applies only to those incapables of work by reason of COVID-19-related matters.

6.105. DWP officials also advised that an increase in the flat rate could risk the creation of perverse incentives. The rate of SSP has been set to provide a minimum level of income while an individual is off sick and unable to work. Increasing that rate could (particularly for the low-paid) increase the incentive to stay off sick beyond any required isolation period.

6.106. As a result of these and other factors, DWP decided not to increase the rate of SSP above its usual annual uprating.

6.107. It worth noting that early in the pandemic Parliament had considered the merits of changing the SSP rate. During the enactment of the Coronavirus Act 2020, the Liberal Democrats at one point proposed an amendment to raise the rate of SSP to £220, but ultimately this amendment was not put to a vote. There was also a debate on 18 March 2020 called 'Statutory Sick Pay and Protection for Workers' during which increasing the SSP rate was discussed. Ministers responded to the proposed amendment and the debate by explaining that DWP had already considered raising the rate of SSP, but had decided not to pursue this, on the basis that:

- people on low incomes may already be on UC, and their award would increase as their incomes reduced
- the actual time spent sick or isolating because of COVID-19-related matters was likely to be short (7-14 days) in the majority of cases; and
- it was more important to focus on the job retention measures.

Judicial review

6.108. As a result of these and other factors, DWP decided not to increase the rate of SSP above its usual annual uprating.

6.109. A Judicial Review, brought by the Independent Workers' Union of Great Britain in June 2020, challenged the UK Government on the COVID-19 response to the Job Retention Scheme and SSP. The outcome of the case can be found on www.judiciary.uk: 'Approved Judgment on the hearing between Ahmed Adiatu and Independent Workers Union of Great Britain and His Majesty's Treasury'.

6.110. The claimants alleged that it was unlawful to amend SSP in response to the pandemic without:

- The inclusion of 'limb b' workers (workers in the 'limb b' category are less likely to be working in permanent, full-time employment with a single employing organisation. They are more likely to have more casual and flexible working relationships often involving multiple and sometimes rival employers). The challenge was brought on the basis of Article 14 ECHR with Article 8 ECHR and/or Article 1 of Protocol 1 ECHR (A1P1), based on 'worker status' only.

- Increasing the rate of SSP, to an unspecified amount. This challenge was brought based on Article 14 ECHR only on the basis of race discrimination, plus EU law on the basis of race and sex discrimination as negatively impacting women and ethnic minority background workers.
- Removing the lower earnings limit. This challenge was brought on the basis of race and sex discrimination in EU law only.

6.111. The Court dismissed the application on the following grounds:

- The practical challenge of including limb b workers within SSP were sufficient to mean that the exclusion of non-PAYE workers from SSP was justified.
- The claimants were wrong to argue that the rate of SSP was a provision, criterion or practice which disadvantaged women and ethnic minority background workers for the purpose of EU discrimination law. The rate of SSP treats all people alike and does not limit access to SSP.
- The exclusion of limb b workers and the maintenance of the lower earnings limit both pursued legitimate aims and were proportionate means of achieving those aims.
- Appropriate consideration had been given to the Public Sector Equality Duty (PSED) given the extreme urgency with which the government had to respond to the pandemic.
- A public authority need not have regard to the equalities implications of steps it is not taking and not even considering.

Implementation and delivery

Waiting days and deeming

6.112. Changes were initially made to SSP rules and eligibility under powers through the Coronavirus Act in March 2020, as well as through existing powers under SSP legislation (The Social Security Contributions and Benefits Act 1992) from March 2020 onwards, to reflect the evolving public health advice. The purpose of these regulations was to ensure that, where appropriate, SSP rules and eligibility supported individuals to comply with public health guidance, for example on self-isolation and shielding.

6.113. However, unlike other financial support for which DWP is responsible, SSP is a mandatory provision under Social Security law, paid by employers to their eligible employees. Once DWP had laid the legislation for the removal of Waiting Days for COVID-19 related illness/sickness absence and the extension of eligibility for SSP to those who were isolating or shielding, the day-to-day delivery of SSP payments was the responsibility of employers.

Ending the SSP measures
Deeming rules and suspension of waiting days

6.114. However, unlike other financial support for which DWP is responsible, SSP is a mandatory provision under Social Security law, paid by employers to their eligible employees. Once DWP had laid the legislation for the removal of Waiting Days for COVID-19 related illness/sickness absence and the extension of eligibility for SSP to those who were isolating or shielding, the day-to-day delivery of SSP payments was the responsibility of employers.

6.115. Section 40 of the Coronavirus Act 2020 (which was passed on 25 March 2020 having been fast-tracked through parliament in just four sitting days) gave the Secretary of State for Work and Pensions power to make regulations to amend the Statutory Sick Pay (General).

6.116. Section 89 of the Act included a 'sunset clause' which specified that the Act would expire at the end of the period of 2 years beginning with the day on which it is passed (with two exceptions (section 89(2) and section 90)).

Sections 39 – 44 of the Act addressed SSP and in line with s.89 the provisions in these sections expired on 25 March 2022 in Great Britain and 25 Sept 2022 in Northern Ireland.

6.117. The Living with COVID-19 Plan announced the decision to end the legal duty to self-isolate from 24 February 2022. From 25 March 2022 the Statutory Sick Pay (General) Regulations 1982 were amended to remove COVID-19 provisions which deemed people to be incapable of work where they were isolating or shielding, returning to pre-pandemic rules. Section 40 of the Coronavirus Act expired at midnight on 24 March 2022, meaning that Regulation 2 of the Statutory Sick Pay (Coronavirus) (Suspension of Waiting Days and General Amendment) Regulations 2020, which suspended waiting days for Coronavirus periods of incapacity, also expired.

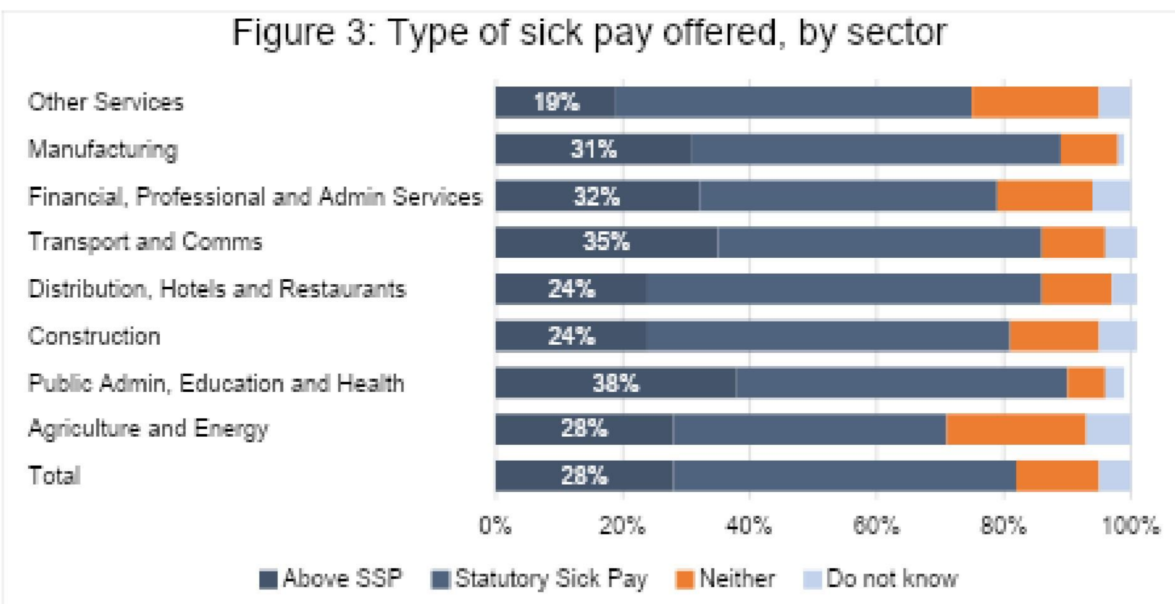
6.118. SSP reverted to pre-pandemic rules, including the reinstatement of waiting days and removal of the SSP deeming provisions from 24 March 2022. **[See NC/M9-1/059 INQ000653785 - which is a submission about the end of COVID restrictions and NC/M9-1/60 INQ000653786, which is an email advising Secretary of State's steer on the expiry of the pandemic-related changes to SSP in England, Scotland and Wales, and NC/M9-10/62 INQ000653765 -, which is an email dated 6 September 2022 enclosing a submission about a request from the Department for Communities in Northern Ireland (NI) for a second six-month extension to the changes to the rules on Statutory Sick Pay (SSP), NC/M9-1/063 INQ000653766 - DWP00308343, which is the submission, NC/M9-1/064 INQ000653767 -, which is a letter from Deirdre Hargey MLA, Minister for Communities in Northern Ireland and NC/M9-1/065 INQ000653768-, which is a draft letter to the Chancellor].**

Monitoring and Evaluation

6.119. The Inquiry has asked for information about how and by whom changes to SSP were monitored and evaluated, to what extent inequalities or differential impacts across different demographic groups were considered during any such evaluation, and how the effectiveness of these interventions was measured.

6.120. There was no formal monitoring of the delivery and impact of the various changes to SSP, because SSP is paid by employers to employees. Employers are not required to record when they pay SSP to their employees, and there is no collection of data as to employees that apply to receive SSP. The Department cannot therefore provide breakdowns of demographics of recipients of SSP by region, protected characteristics or by occupation/sector.

6.121. However, there are some survey data regarding availability of sick pay during a sickness absence. The 2021 survey report ‘Sickness absence and health in the workplace: understanding employer behaviour and practice’ can be found on GOV.UK. It was based on a 2021 survey of 2,564 employers (with at least 2 employees) across Great Britain). Figure 3 from that publication, displayed below, shows the distribution of sick pay offered by sector, and that public admin, education and health had the largest proportion paying above SSP (38%).



Base: All employers (unweighted)

6.122. The Inquiry has asked for information about how and by whom changes to SSP were monitored and evaluated, to what extent inequalities or differential impacts across different demographic groups were considered during any such evaluation, and how the effectiveness of these interventions was measured.

6.123. The SSP policy team proactively engaged across government and was sighted on evolving public health advice and developing health interventions; feedback from stakeholders and parliamentarians both through OGDs and departmental correspondence; and central Government decisions through official and Ministerial channels. This informed policy development and evolution and changes to the interventions as required (e.g. self-isolation changes, shielding advice, elective surgery advice). For example, DWP engaged with the Ministry of Housing, Communities and Local Government to ensured that SSP changes mirrored the advice given to those asked to shield in 2020. Similar engagement with DHSC, Public Health England, National Institute for Health and Care Excellence and NHWS England ensured SSP regulations reflected changes to self-isolation and elective surgery advice.

6.124. Due to the pace of policy development and the evolving public health guidance, opportunities for external stakeholder engagement were limited, but DWP did try to engage proactively with stakeholders whenever possible. For example, when DWP officials attended Ministry of Housing, Communities and Local Government -led stakeholder meetings on shielding to explain SSP policy and answer questions, it was identified that in some cases furlough was a better solution for those required to shield due to the length of time for which they needed to isolate, and DWP subsequently engaged with HMT to explore this as a solution with SSP as a "back up". However, DWP was generally constrained with how much external engagement stakeholder it could do during policy development before Ministerial decisions had been made and announced.

6.125. DWP was the recipient but not the provider of information about the nature of the disease and the measures being taken to contain it. Information from

DHSC, helped inform the development of policy and our understanding of the impact on particular groups. Understanding the Public Health England advice was important to how the SSP regulations were framed.

6.126. DWP deployed data modelling to consider the cost burden on employers when drafting expanded SSP eligibility regulations based on data shared by DHSC on estimates of how many people would be required to isolate. There was significant uncertainty with regards to how many people would be required to isolate, as such this modelling was provided to give the Secretary of State for Work and Pensions further context of low, medium and high estimated costs on employers, rather than to inform policy design. Policy design was informed by the current Public Health England (now known as UKHSA) guidance available at the time on who would be required to isolate at a given time. **[see NC/M9-1/23– INQ000575852 (DWP00327812), which is a submission to the Secretary of State for Work and Pensions and includes in Annex B modelling on the initial estimate of SSP costs**]

SSPR

6.127. DWP was the recipient but not the provider of information about the nature of the disease and the measures being taken to contain it. Information from DHSC, helped inform the development of policy and our understanding of the impact on particular groups. Understanding the Public Health England advice was important to how the SSP regulations were framed.

6.128. There was some HMRC Management Information for the SSPR scheme provided in submissions regarding the extension and closure of the scheme. **[see NC/M9/07 – INQ000592913 which is a submission dated 02 August 2021 to the Minister for Disabled People, Health and Work and the Secretary of State for Work and Pensions, outlining options for the future of the SSPR and recommending it be extended to the end of March 2022, instead of closing in September 2021].**

Funding, Fraud and Error

Funding

6.129. The Inquiry asked whether there were interventions which DWP wished to implement but which was not possible due to funding constraints, or whether expenditure on economic interventions in response to the pandemic required cuts to be made elsewhere in its departmental spending.

6.130. Since 2014 the payment of Statutory Sick Pay has been the sole responsibility of employers, so DWP does not hold information on the cost of the measures introduced to suspend waiting days and extend eligibility.

6.131. However, funding for the SSPR scheme was announced at Spring Budget 11 March 2020. DWP funded HMRC's set up and delivery costs for the scheme, while HMT funded the SSPR payments. The total cost to HMT of SSPR was £58m in the financial year 20/21 and £77m for the financial year 21/22.

6.132. Original estimates had put spending on SSPR at around the £2bn mark, based on a worst-case scenario whereby all employees of SME businesses were off for two weeks due to COVID-19, with firms then claiming for this maximum entitlement. In practice, many employees of SMEs were covered by the Coronavirus Job Retention Scheme (CJRS or Furlough) and as such firms did not pay out SSP.

6.133. As funding for SSPR was provided by HMT, rather than from DWP's budget, the Department cannot say whether there were any internal funding constraints, nor whether there was any requirement for cuts in other areas of HMT's departmental spending.

Fraud and error

6.134. DWP does not hold any data on fraud and error in the SSPR. Provisions were made in the Coronavirus Act for HMRC to recoup/penalise any fraud in the SSPR under their usual investigation and rules.

Lessons learned

6.135. DWP did not conduct any Lessons Learned exercises in respect of the changes to SSP. However, one of the key lessons the SSP Policy team has articulated is that SSP is probably not the most appropriate economic financial support mechanism during a pandemic, having limited effect as a lever to provide financial security and encourage individuals to isolate. This is because the cost is borne by employers and the low rate of SSP does not provide sufficient financial security or incentive for individuals and families to comply with public health advice. This learning has helped to inform subsequent pandemic planning discussions, including UKHSA Monkey Pox planning.

6.136. It is important to note that, despite the issues outlined above, changes made to SSP achieved their limited policy objectives (providing a basic minimum safety net to enable employees to comply with public health advice and reimbursing employers for some of the cost. However, it is also important to acknowledge that SSP could not cover all groups who needed financial support (e.g. those earning below the LEL and the self-employed). This is not a deficiency in the design of the policy, but merely an observation of the limitations of SSP as a response in such a rapidly evolving situation.

6.137. Although some changes that will be made through the Employment Rights Bill will address some of these criticisms and challenges, it does not address all the policy issues. For example, if there is a future similar pandemic, primary legislation would be required to make similar provisions such as a rebate due to the constraints of the SSP Primary legislation.

<u>Uplift to the Universal Credit Standard Allowance</u>

Introduction

6.138. The Inquiry has asked for information on the uplift to Universal Credit between 1 January 2020 to 28 June 2022.

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

6.140. Universal Credit awards are formed of a standard allowance, paid according to age and household unit, plus help with eligible housing costs, which can then be supplemented with additional elements for groups recognised as needing extra support, such as parents, disabled people, and carers.

6.141. There are separate rates of standard allowance for single people and couples and lower rates for young people.

6.142. 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.

6.143. From April 2020 the Social Security (Coronavirus) (Further Measures) Regulation 2020 and the Social Security (Coronavirus (Further Measures) Amendment Regulations 2020 were introduced to temporarily increase Universal Credit and Working Tax Credits for 1 year.

6.144. The Universal Credit uplift was a £20 per week increase to the Universal Credit standard allowance and Working Tax Credit basic element. This meant that for a single Universal Credit claimant (aged 25 or over), the standard allowance increased from £317.82 to £409.89 per month.

6.145. The rationale behind the introduction of the Universal Credit uplift was to strengthen the safety net during the economic shock caused by the COVID-19 pandemic for those people suffering that shock and needing additional support. As such, the Government aimed to financially assist those who faced significant disruption, particularly those who lost, or were at risk of losing, employment or significant earnings and were making a new benefit claim for the first time.

6.146. All recipients of Universal Credit and Working Tax Credits received the increase and did not have to apply as the Universal Credit and Tax Credit systems automatically generated the payments.

6.147. In March 2021 the Universal Credit uplift was extended for a further 6 months, and Working Tax Credits received an equivalent one-off payment of £500. Working Tax Credits received a one-off payment because it is calculated on an annual basis, so a six-month extension wasn't feasible. On 6 October 2021, the Universal Credit uplift was removed as planned.

6.148. The Universal Credit uplift was just one way that DWP provided economic support during the pandemic. In response to the unprecedented surge in demand for Universal Credit at the beginning of the pandemic, the Department implemented a number of policy and operational changes, including:

- The redeployment of nearly 11,000 staff from corporate or lower priority roles to critical services allowing an unprecedented surge in claims to be managed effectively.
- The rollout of IT equipment to enable staff to have greater home working capabilities.
- The "Trust and Protect" regime, which meant accepting information from claimants over the phone and verifying evidence later via case reviews. This approach allowed for quicker payments while ensuring that necessary checks were conducted later.
- On 17 March 2020, DWP suspended all face-to-face assessments and most award review / reassessments for health and disability benefits, including for the additional health-related amount of UC.
- On 19 March 2020, it was determined that people receiving benefits, such as Universal Credit did not need to attend Jobcentre appointments, as had previously been the case, and on 24 March 2020, Jobcentres closed for face-to-face appointments unless necessary. In April 2020, the 'Don't call us, we'll call you' campaign began. A bolstered front-line team proactively

called customers if they needed to check any of the information provided as part of the Universal Credit claim, as well as messaging them on their online journal (a tool which belongs to the claimant; it is used by both claimants and staff to communicate).

- For gainfully self-employed Universal Credit claimants, the Minimum Income Floor (an assumed level of income) was suspended. For DWP purposes, being 'gainfully self-employed means that an individual's self-employed work is:
  - their main job or main source of income
  - organised, for example they keep records of their business activities
  - developed, for example they have a business plan or are advertising the work they do
  - regular, for example they have steady work now and in future
  - expected to make a profit
- This change made Universal Credit payments for these claimants more responsive to a drop in self-employed income as a result of the pandemic.
- DWP increased the Local Housing Allowance rates for Universal Credit and Housing Benefit claimants so that it covered the cheapest third of local rents.
- The additional earnings disregard (the level of other income which can be earned without affecting entitlement to housing benefit) in Housing Benefit was increased to ensure increases in the maximum rate of the basic element of Working Tax Credit did not have an impact on a claimant's Housing Benefit award.

6.149. Many of these changes were introduced in the Social Security (Coronavirus) (Further Measures) Regulation 2020 and the Social Security (Coronavirus (Further Measures) Amendment Regulations 2020. The Secretary of State for Work and Pensions, Thérèse Coffey, made the decision, approving a submission to lay the regulations on 25 March 2020 in response to changing public health guidance, the resulting surge in demand for Universal Credit and the need to provide financial assistance to those who were at risk of losing employment or significant earnings due to the pandemic. **[Please see**

NC/M9-1/66- INQ000592915 , which is a submission for the Social Security (Coronavirus) (Further Measures) Regulation 2020]. and see NC/M9-1/67- INQ000653750, which is an email confirming approval of The Social Security (Coronavirus) (Further Measures) Regulations 2020]

Policy Objectives

6.150. The Inquiry has asked for an explanation of the policy objectives of the Universal Credit uplift.

6.151. The purpose of the uplift to Universal Credit and Working Tax Credits was not to cover all the lost income that claimants would likely face because of the pandemic. When the Chancellor of the Exchequer announced the uplift, alongside various other policy decisions on 20 March 2020, he recognised that there would nonetheless be "hardship in the weeks ahead" for some people and that it would not be possible to address everyone's financial difficulties.

6.152. The decision to uplift Universal Credit aimed to achieve three fiscal and social policy objectives:

- Financially assist those likely to face the most significant financial disruption due to the pandemic, for example, those who had lost or were at risk of losing employment or significant income and who as a result were making new claims for social security benefits for the first time having previously been financially self-sufficient.
- Provide this financial assistance rapidly without risking the stability of the social security system or delays. As the Universal Credit system was designed to be able to adapt rapidly to changes, unlike legacy benefit systems, the Universal Credit uplift supported this objective.
- Provide a clear and easy to understand policy that would send a reassuring message to the public that the Government would invest significantly to protect the stability of the economy.

6.153. As the uplift could be implemented quickly, it helped to provide financial assistance to those who needed it, whilst other schemes such as Coronavirus Job Retention Scheme (CJRS) and the Self-Employment Income Support Scheme (SEISS) were put in place.

6.154. The rationale for uplifting Universal Credit and Working Tax Credits as opposed to other benefits was that the people most significantly experiencing financial disruption caused by the pandemic were those newly unemployed or experiencing reduced incomes and therefore new to the benefits system. In the early months of the pandemic, new benefit claimants were mostly claiming Universal Credit (which is now the only option for new working age claimants seeking means-tested social security assistance).

6.155. The Government announced a comprehensive package of measures to protect jobs and incomes during the pandemic. The Universal Credit uplift was part of this package to support those who most needed it.

Design

6.156. The Inquiry has asked for details of how the uplift was designed.

6.157. On 3 March 2020, an email from the then Deputy Director for Employers, Health, and Inclusive Employment (EHIE) at the DWP commissioned officials to establish how quickly rates of benefits could be temporarily changed. At this stage, this included consideration of changing the rates of both Universal Credit and legacy benefits (such as Income Based Jobseeker's Allowance (JSA IB), and Income Based Employment and Support Allowance (ESA IB). **[Please see NC/M9-1/68 - INQ000653745, which is an email from the then Deputy Director for Employers, Health, and Inclusive Employment (EHIE)].**

6.158. As the pandemic hit, there was an urgent need to provide financial support to assist those who had lost or were at risk of losing employment or significant income due to the newly introduced COVID-19 restrictions. Therefore, the design and decision-making process for the uplift was streamlined to enable the Department to quickly respond with the urgency required. Throughout the pandemic, we were working at pace to deliver a range of wide-reaching measures in extremely short timescales. This meant we frequently did not have time for detailed consultation with stakeholders during the policy development stage, which was often compressed into days rather than the usual weeks or months.

6.159. It was essential that financial support was put in place quickly at the beginning of the pandemic, therefore a flat rate of £20 for Universal Credit and Working Tax Credit claimants was identified as the most appropriate policy to achieve this.

6.160. Speed and simplicity was required for the implementation of the uplift to provide additional support to those who needed it, while ensuring the Department could continue to manage the unprecedented surge in demand for Universal Credit at the beginning of the pandemic. It was acknowledged that some groups such as families with children may benefit to a lesser extent from the uplift than other groups, but the Department considered any differential impact to be justified due to the aims of the uplift and its importance.

6.161. The benefit cap is a limit on the total amount of certain benefits that working-aged people can receive and affects a small percentage of Universal Credit claimants. While the Department acknowledges that not adjusting the benefit cap may have limited the effectiveness of the uplift for certain households, the cap was not amended due to the urgency of the uplift's implementation. The uplift was designed as a flat rate to provide rapid support to those newly unemployed or experiencing reduced incomes and therefore, new to the benefits system. A 9-month grace period (temporary exemption) to the benefit cap applies to new claims where there is a history of sustained work, this meant that the benefit cap did not significantly impact those the uplift was primarily intended to support. While the Department realises that the benefit cap limited the effectiveness of the uplift for a small proportion of claimants, changes to the cap would not have been aligned with the uplift's primary objectives.

6.162. An increase in legacy benefits would not have achieved the policy objective of providing financial support to those claiming social security benefits for the first time nor was it operationally practicable to deliver an increase in legacy benefits within a meaningful timescale through the existing legacy IT systems. The legacy systems did not have the capability to uplift benefits mid-year without a significant risk of system failure that DWP deemed too high to proceed with. While it was not possible to implement an uplift in the legacy systems outside of the annual cycles of uprating those benefits, legacy benefit claimants were able to make a claim for Universal Credit if they believed that they would be better off. **[Please see NC/M9-1/69- INQ000653741, which is a submission which includes the rationale for not increasing legacy benefits]**

6.163. Whilst disabled people on legacy benefits did not receive an uplift, the government introduced alternative measures to provide targeted support. These included increases to Local Housing Allowance (LHA) rates, which particularly benefited disabled claimants facing housing shortfalls and changes made to Employment and Support Allowance (ESA) meant claimants were automatically assessed as having 'limited capability for work'. Additionally, claimants with disabilities could still claim Universal Credit and access enhanced support through the suspension of the Minimum Income Floor, relaxed work search requirements as well as the uplift. These changes aimed to offer meaningful assistance to disabled individuals during the pandemic.

6.164. In R. (on the application of T) v Secretary of State for Work and Pensions [2022] EWHC 351 (Admin) the Government was challenged by way of judicial review (heard in November 2021) on its decision not to extend the uplift to legacy benefit claimants. The claimants, who were in receipt of legacy benefits, raised two discrimination claims: (1) the difference in treatment amounted to unlawful direct discrimination and (2) it was unlawful indirect discrimination on grounds of disability. The claimants said the difference in treatment amounted to a breach of Article 14 of the European Convention on Human Rights (ECHR).

6.165. In February 2022, the High Court dismissed the applications. The direct discrimination claim failed as it did not bring it within the 'other status' required for the purposes of an Article 14 claim. In respect of the unlawful indirect discrimination the Court held that although disability was a relevant 'other status' the differential treatment between Universal Credit claimants and those in receipt of legacy benefits was justified. The court accepted that the circumstances in which the 2020 and 2021 Regulations were passed were exceptional and the distinction was justified, it was reasonable and 'was designed to achieve macroeconomic objectives at a time of major national disruption'. The Regulations sought to provide additional support to those who had lost employment or income because of the pandemic and claiming means-tested benefits for the first time.

6.166. In 2023, the Court of Appeal dismissed the appeal ([2023] EWCA Civ 24). It found that the High Court judge had understood that the challenge was to the 2021 Regulations but was right in considering the position both in 2020 and 2021. The judge recognised that the measures were not to alleviate poverty or financial hardship faced in consequence of the pandemic but rather a temporary measure designed to address a national emergency. The measures pursued a legitimate aim and the difference in treatment was proportionate.

6.167. An Equality Analysis for The Social Security (Coronavirus) (Further Measures) Regulations 2020 and The Social Security (Coronavirus (Further Measures) Amendment Regulations 2020 was completed on 2 April 2020. **[Please see NC/M9-1/71- INQ000592914, which is an Equality Analysis for The Social Security (Coronavirus) (Further Measures) Amendment Regulations 2020, NC/M9-1/66- INQ000592915, which is a submission for the Social Security (Coronavirus) (Further Measures) Regulation 2020, NC/M9-1/70- INQ000592916, which is an Equality Analysis for The Social Security (Coronavirus) (Further Measures) Regulations 2020].**

6.168. This documented the analysis undertaken by the Department to enable Ministers to fulfil the requirements placed on them by the Public Sector Equality Duty. The aim of these further regulations was to provide additional temporary support to people affected by the COVID-19 public health emergency, which included increasing the Universal Credit Standard Allowances by £20 per week. This analysis concluded that:

- The £20 flat rate increase across all Universal Credit standard allowance rates means that those over 25, whether single or part of a couple, will benefit proportionately less than a single person under 25.
- The £20 flat rate increase in the Universal Credit Standard Allowance would benefit couples proportionally less than single claimants, as the rate applied to awards, rather than individual claimants.
- The increase is not a targeted increase delivered only where it is needed but is a flat rate amount that intends to help support the economy (as well as households), considering what can be delivered in urgent timescales.
- The Family Test was also considered in the Equality Impact Assessment for the Social Security (Coronavirus) (Further Measures) Regulations 2020 and it was the Department's assessment that the measures provided through the regulations were intended to support over and above that which would normally have been available to help all working age households during the COVID-19 emergency and that the extra support would only have a positive impact on families.
- The Department concluded that no benefit recipient with a protected characteristic would be adversely affected by any of the proposed legislative changes, including the £20 uplift, because there were no adverse or disproportionate negative impacts; all the changes were positive.
- Insofar as some groups with protected characteristics may benefit to a lesser extent from these changes than other groups, the Department considered any differential impact to be justified due to the aims of the measures and their importance.

6.169. In 2023, the Court of Appeal dismissed the appeal ([2023] EWCA Civ 24). It found that the High Court judge had understood that the challenge was to the 2021 Regulations but was right in considering the position both in 2020 and 2021. The judge recognised that the measures were not to alleviate poverty or financial hardship faced in consequence of the pandemic but rather a temporary measure designed to address a national emergency. The measures pursued a legitimate aim and the difference in treatment was proportionate.

6.170. As events were moving at pace during the early stages of the pandemic, a decision on the level of the Universal Credit uplift had to be made rapidly. It was not possible to undertake detailed research or modelling, as the situation demanded an immediate response to support those facing significant financial disruption. A £20 per week uplift to the Universal Credit standard allowance was selected as it represented a balanced approach between fiscal cost, operational feasibility, and the need to deliver meaningful support. This amount also aligned the Universal Credit standard allowance more closely with the weekly rate of Statutory Sick Pay (SSP), which helped ensure consistency across different benefits. **[see** NC/M9-1/72 - INQ000653740, **which is an email chain outlining the considerations of aligning the UC uplift with SSP]**.

6.171. Designing the future of the uplift accelerated during autumn 2020. A letter from the then Secretary of State for Work and Pensions to the Prime Minister on 9 October 2020 confirmed that DWP officials had been asked to explore 'a range of Annually Managed Expenditure (AME) options, including maintaining the current £20 uplift, to allow us to understand which measures would be most effective at lifting people out of poverty'. The Secretary of State indicated her preferred option was to permanently uplift both the Universal Credit standard allowance and child element by £10 each. The Prime Minister commissioned officials to work up further detail on these options. **[see NC/M9/10B, INQ000653841 which is a letter from the Secretary of State to the Prime Minister]**

6.172. On 9 October 2020, the Work and Pensions Committee published a report 'Universal Credit: the wait for a first payment'. The report echoed calls by the Joseph Rowntree Foundation to maintain the uplift beyond the initial 12-month period.

6.173. A bilateral meeting between the Secretary of State and Prime Minister on 9 November 2020 included discussion of the recommendations in the Secretary of State's letter of 9 October. The Secretary of State stated that her preferred option was to instead permanently uplift both the Universal Credit standard allowance and child element by £10. A readout from this meeting confirmed that the Prime Minister expressed concern that this option would 'create too many losers and that, politically, the proposal was complex to explain.' **[see NC/M9-1/73- INQ000592917 which is a read out from the DWP Secretary of State and the Prime Minister bilateral meeting]**.

6.174. Following this bilateral meeting, trilateral evidence sharing session between the Prime Minister, Secretary of State for Work and Pensions, and Chancellor was scheduled for 15 January 2021. The Prime Minister commissioned a joint piece of work across HMT, DWP and the No.10 Policy Unit to develop several products to support this meeting. One of the products was 'A paper identifying the range of policy options available to the Government to support individuals in poverty, including but not limited to welfare options. This included for each option, costings, and the impact on the existing published poverty measures.' **[see NC/M9-1/74- INQ000653778, which is an options paper, commissioned by No. 10 for options to support individuals in poverty]**, **[see NC/M9-1/75- INQ000653780, which is a letter from the private office of the Secretary of State following the trilateral regarding delivering a one-off payment]** and **[see NC/M9-1/76 - INQ000653779 which is action points following the trilateral]**

6.175. The options for the future of the uplift specifically that were discussed in this paper were:

- Permanent £20 Universal Credit Standard Allowance Uplift

- Extension of the £20 Universal Credit Standard Allowance Uplift to 2021-22
- 3-month extension of the £20 Universal Credit Standard Allowance Uplift
- 6-month extension of the £20 Universal Credit Standard Allowance Uplift
- Phased withdrawal of the £20 Universal Credit Standard Allowance Uplift over 12 months.

6.176. The paper contained modelling on the projected costs and poverty impacts for each of these options, as well as more general advice on their deliverability.

6.177. These options were discussed at the trilateral meeting on 15 January 2021, which resulted in a commission being made on 18 January 2021 for HMT and DWP officials to collaborate and develop 'fully worked options' covering:

- A one-off payment to those affected by the removal of the uplift
- 3-6 months extension of the uplift
- 1 year extension of the uplift
- Making the uplift permanent
- Expanded and scaled up targeted local welfare support.

6.178. A one-off payment to Universal Credit claimants was considered, but it would have been administratively complex to deliver with a long lead time to issue (12-14 weeks). With payments made on the basis of a cut-off date for Tax Credits and a cut-off window for Universal Credit, this would have required a combination of modification to the Universal Credit system and the use of a relatively untried new system which was not designed for this purpose. Furthermore, there were concerns that a delay in a one-off payment would discourage claimants from starting work and moving off Universal Credit before the payment was received. The wider operating environment the one-off payment would be delivered in had to be considered too. It was anticipated that the ending of the £20 uplift would generate a large number of enquiries from a significant proportion of the 6 million Universal Credit claimants. It was thought that this was likely to peak from mid-April to mid-May as monthly awards were received. The ending of schemes such as furlough was also likely to generate a renewed surge in Universal Credit claims and DWP was already using what spare capacity it had to support the delivery of

Kickstart. If anything went wrong with the development or delivery of the one-off payment scheme, the Department would have had limited scope to shift resources to deal with those issues.

6.179. On 9 February 2021, the Work and Pensions Committee published its report on the temporary increase in Universal Credit and Working Tax Credit'. In creating the report, the committee heard from several external stakeholders at oral evidence sessions, including representatives from Citizens Advice, Rethink Mental Illness, StepChange, Centre for Policy Studies, and the Joseph Rowntree Foundation.

6.180. The report recommended that the uplift should be maintained and recommended at the very least that it be extended by 12 months. This mirrored the conclusion of a Joseph Rowntree Foundation report published on 2 February 2021, which argued: "Extending the uplift for the next financial year would provide certainty for families and policymakers now and support the economy through another very difficult year. It will allow decisions about the future of support beyond that to be made at a more appropriate time, such as the autumn fiscal events where the Government can set out tax and benefit rates for the following April with reasonable notice."

6.181. On 11 March 2021, the submission to make and lay the relevant legislation to extend the Universal Credit uplift by 6 months was approved by the Minister for Welfare Delivery on behalf of the Secretary of State. **(See [NC/M9-2/23 INQ000657888 - email).**

6.182. The uplift was brought in alongside other temporary measures to support people during the pandemic; therefore, it was phased out in line with these other measures from late September/October, following a 'collective decision made in government' both to extend the uplift by 6 months and then shifting the focus onto getting people into work and jobs once the economy began to open.

6.183. In July 2021, in preparation for the end of the uplift, claimants' Universal Credit statements were updated to indicate within their award calculation that they had been receiving the additional uplift. A Journal message was also sent to all claimants, alongside lines to take being provided to front-line staff.

6.184. When the uplift ended, the Department focused on supporting people back into work. The Plan for Jobs schemes helped claimants learn new skills and increase their hours or find new work. In addition, the taper rate of Universal Credit was cut from 63p to 55p, and the Universal Credit work allowances were increased by £500 p.a. to support low income working households. For practically everyone on Universal Credit in work, these changes had the effect of restoring the £20 uplift and incentivised work further for those on Universal Credit not in work.

6.185. We have not been able to identify a record of any formal consultation with stakeholders representing socially or economically vulnerable groups on the cessation of the Universal Credit uplift. However, The Secretary of State was aware of claimants' concerns about the end of the uplift, and shared her knowledge of this with the Prime Minister and the Chancellor. **[see NC/M9/10B -(DWP00515378), which is a letter dated 9 October 2020 from the Secretary of State to the Prime Minister, copied to the Chancellor of the Exchequer, which includes the line "it is clear from my discussions that people across the country are genuinely concerned about the prospect of removing this and the impact that doing so could have on their lives. Furthermore, removing this support entirely would lead to hundreds of thousands of people falling back into absolute poverty."]**

<u>6.186.</u> The Secretary of State was also aware of stakeholders' preference for the uplift to be made permanent [see **NC/M9/12C - (DWP00368768], an email between her private office staff which sets out her acknowledgement of stakeholders' views and outlines her suggestion for an option to permanently increase both the Universal Credit Standard Allowance and the child element in the benefit by £10 each]**

6.187. There had been a significant amount of public lobbying from stakeholders on the uplift's removal. For example:

- In September 2020, The Joseph Rowntree Foundation (JRF) coordinated an open letter signed by a number of charities, campaigning organisations, and religious figures. calling on the Chancellor to "keep the lifeline", The JRF argued that if the uplift were to be removed in April 2021, "around half a million more people, including 200,000 children, will be pulled into poverty".
- On 20 July 2021, chairs of the Work and Pensions Committee in the House of Commons, the Scottish Parliament's Social Security and Social Justice Committee, the Northern Ireland Assembly's Communities Committee, and the Welsh Parliament/Senedd's Equality and Social Justice Committee wrote to the Chancellor and the Secretary of State for Work and Pensions, asking them to "consider making this uplift permanent and extending it to legacy benefits".
- Throughout the summer of 2021, various welfare rights organisations and think tanks campaigned to keep the uplift beyond October 2021. For example, the Joseph Rowntree Foundation resumed its 'keep the lifeline' campaign, in collaboration with a number of other organisations, advocating for making the uplift permanent, and arguing that withdrawing it would cause serious financial hardship
- The Joseph Rowntree Foundation also wrote to the Prime Minister on 2 September with 100 organisations – such as welfare, disability, and mental health charities, as well as housing bodies, think tanks and campaign groups – to urge the Government not to go ahead with the planned withdrawal of the uplift at the beginning of October 2021.

Implementation and Delivery

6.188. The Inquiry has asked for details of how the uplift was implemented and delivered.

6.189. As already noted, claimants did not have to apply for the £20 uplift, Universal Credit/HMRC systems generated automatic payments to claimants with no direct frontline process impact.

6.190. DWP's Annual Report and Accounts states that payment timeliness for new claims remained high during the 2020–21 period, at around 87% being paid in full and on time.

6.191. A Universal Credit assessment period starts on the day a claim is made and runs for one full calendar month. At the end of an assessment period a claimant's entitlement is calculated based on their circumstances during that month and payment is made 7 days later. The regulations for the uplift were intended to apply to assessment periods <u>beginning</u> on or after 6 April 2020. When implemented, the way the uplift was coded into the Universal Credit system meant the uplift was instead applied to assessment periods <u>ending</u> on or after 6 April 2020. This meant that all claimants received the uplift up to a month earlier than planned. A submission was sent on 2 April 2020 to approve urgent amendments to the regulations to ensure they matched the implementation date of the uplift. The amendments essentially meant the uplift would start and end a month earlier than originally intended and were laid in Parliament on 3 April ahead of coming into force on 6 April.

6.192. As a result of this modification to the implementation dates of the uplift, it started a month before the usual uprating cycle for benefits. This meant that should the uplift not have been extended and expired as originally scheduled, for one month the standard allowance rate would return to the 2019-20 rates, then change to the 2020-21 rates for the following month. A submission sent on 20 November 2020 highlighted this issue to the Secretary of State, flagging the risk of increased claimant confusion and communication. Furthermore, should the decision have been made not extending the uplift, at least 6 weeks would have been needed for the Universal Credit Programme to safely test the reduction of the standard allowance (since a Universal Credit element had never been reduced in this manner before). **[see NC/M9/13 - INQ000592919**

which is a submission highlighting the modification of the implementation date]

6.193. Ultimately, as the decision was made to extend the uplift by 6 months, these potential issues were avoided.

6.194. A surge in new Universal Credit claims around the time that the uplift was implemented, in April 2020, meant that claimants who were claiming Universal Credit for the first time may not have been aware that their standard allowance calculation contained the uplift. This concern was raised and considered within a 22 June 2021 submission that outlined the proposed communications strategy to claimants for the end of the uplift. **[NC/M9-1/77- INQ000592920 which is a submission with a plan to communicate the end of the Universal Credit Uplift]**.

6.195. To minimise the anticipated increase in claimant, contact that was likely to arise, the communications strategy consisted of a three-layered plan to inform claimants of the end of the uplift. This consisted of changes to the Universal Credit statement, journal message and lines to take for frontline staff. This strategy aimed to clearly communicate the change to claimants in a timely manner and reduce claimant contact regarding the change in payment amount.

6.196. There was a significant risk that the administration of Universal Credit would buckle under the strain of a surge in claimant contact following the end of the uplift, therefore mitigating actions were explored to avoid this. Including a review of the use of two-factor authentication and the outsourcing of telephony handling. **[NC/M9-1/78- INQ000592921 which is a letter to No. 10 regarding the administrative risks of ending the Universal Credit Uplift].**

Monitoring and Evaluation

6.197. The Inquiry has asked for detail of how the uplift was monitored and evaluated.

6.198. DWP publishes quarterly statistics on households affected by the benefit cap. In August 2020 these statistics showed that 3.1% of the UC caseload were capped in August, comparable to 3.0% in May. An increase since the start of the COVID-19 pandemic when 1.8% of the caseload was capped (in February 2020). It is acknowledged that the £20 uplift did cause some households to exceed the benefit cap threshold, even though they would not have otherwise, but this number was small and was not believed to impact the effectiveness of the uplift in achieving its objectives due to the 9 month grace period to the benefit cap for new claims where there is a history of sustained work. **See [NC/M9/15A - (DWP00525286) - FW: OFFICIAL SENSITIVE Benefit Cap Statistics Release and Briefing Submission (data to August 2020) - 25/11/2020 - which is the covering e-mail for exhibits NC/M9/15B, NC/M9/15C, NC/M9/15D and NC/M9/15E], [NC/M9/15B - (DWP00525286) - HTML Summary Nov20.docx which is a copy of the quarterly statistics published to Gov.uk on 26 November 2020], [NC/M9/15C - (DWP00525286) - Benefit Cap Submission Nov20.docx which is the accompanying submission to the Secretary of State, Minister for Employment and Minister for Welfare Delivery highlighting the key information], [NC/M9/15D - (DWP00525286) - Benefit Cap Summary Tables Nov20.xlsm - which is the data in tabular format] and [NC/M9/15E - (DWP00525286) - Box note-Release of Benefit Cap Stats up to Aug 2020.docx which is the box note for the release of benefit cap statistics up to August 2020].**

6.199. According to the Resolution Foundation's August 2021 report, *The changing incidence of social security benefits by age*, new UC claims during the COVID-19 pandemic were primarily made by single people and younger individuals. This represented a notable shift from the pre-pandemic demographic, which primarily consisted of families with children and elderly individuals. The flat-rate uplift provided essential support to this group, who were most likely to have encountered considerable financial disruption as a result of the pandemic.

6.200. The Income, Families, and Disadvantage Analysis team within the Department had responsibility for monitoring and evaluation of the uplift during its implementation.

6.201. Analysis was conducted on the impact of the uplift in conjunction with the other welfare changes introduced in response to the pandemic, namely increasing Local Housing Allowances (LHA) to the 30th percentile, suspending the Minimum Income Floor and removing the deductions for debt repayments. This included the distributional and poverty impacts of the policies.

6.202. In November 2020, Income, Families, and Disadvantage Analysis' monitoring included using July 2020 Universal Credit data to model a distributional analysis of removing the £20 uplift. This analysis included assessing those most likely to move into very low income if the uplift was removed based on family type, region, housing type, employment status, and disability status. **[see NC/M9-1/79 [INQ000592922] which is analysis of the impact of welfare policies in response to COVID-19]**

6.203. In January 2021, the Income Families and Disadvantage Analysis (IFDA) llooked at short-term indicators of poverty. This was done in part to monitor the impact of the uplift's removal. It showed that the percentage of UC claims with very low income declined during the uplift, but rose following the uplift being removed, before showing signs of stabilising. **NC/M9-1/80- [INQ000592923], 3 which is the poverty monitoring dashboard].**

Adjustments and Cessation

6.204. The Inquiry has asked for details of how decisions on adjustments and the ending of the uplift were taken.

6.205. At the House of Commons debate on the 2020 Spending Review and Office for Budget Responsibility Forecast on 25 November 2020, the then Chancellor confirmed that the future of the £20 uplift would be assessed in the following spring: "The temporary uplift in Universal Credit runs all the way through to next spring, providing security for those families. Of course, we will look, when we come to next spring, at the best way to support people and their families when we have a better sense of where the economy is and where we are with the virus."

6.206. In autumn 2020 the pandemic situation was rapidly evolving, and Ministers were not sure at that time what the public health or economic situation would be in March 2021. During the pandemic, the longer term financial and public health situation was difficult to predict and therefore, how the welfare system could best respond was also hard to predict. Instead of making that decision in advance, the Government decided that it would need to consider the situation closer to the time of the end of the uplift. The advantage of this was that in March 2021, the conditions of the pandemic could be better considered than would have been possible in November 2020.

6.207. The process of inputting legacy benefit rates into the IT system for the following year needed to be completed several months in advance: the rate to be paid up to March 2022 would have had to be programmed from November 2020. That would not have enabled the Government to respond to the rapidly evolving demands of the pandemic with the latest and most accurate understandings of the situation. This was not the case for the modern Universal Credit system which can make such changes with around 6 weeks' notice.

6.208. Detailed impacting on the options for the future of the uplift was provided for trilateral evidence sharing session between the Prime Minister, Secretary of State, and the Chancellor in January 2021. This evidence informed the next stage of decision-making, which ultimately resulted in the extension of the uplift by 6 months until 6 October 2021.

6.209. The submission sent on 11 March 2021 seeking approval to lay the regulations for the extension of the uplift contained an Equality Analysis of the measure. The submission confirmed that the analysis found that 'no benefit recipient with a protected characteristic will be adversely affected by any of the proposed legislative changes because there are no adverse or disproportionate negative impact; all of the changes are positive.' **[see NC/M9-1/81- INQ000592924,) which is a submission for The Universal Credit (Extension of Coronavirus Measures) Regulations 2021] and** NC/M9-1/82 - **INQ000474825, which is an Equality Analysis for The Universal Credit (Extension of Coronavirus Measures) Regulations 2021]**.

6.210. The uplift was brought in alongside other temporary measures to support people during the pandemic and thus it was phased out in line with these other measures from late September/October 2021. A 'collective decision was made in government' both on extending the uplift by 6 months and then shifting the focus to getting people into work and jobs once the economy began to re-open.

6.211. As the uplift was designed to be a temporary measure, no formal impact assessment was conducted ahead of its withdrawal. However, the poverty impacts of the uplift ending had been modelled prior to the decision to extend the uplift. **[see NC/M9/19 - INQ000592925 which is modelling of the distributional impacts of removing the uplift]**

Funding, Fraud and Error

6.212. The Inquiry has requested information regarding DWP's approach to the management of financial risk including the risk of fraudulent and erroneous claims, details of this are covered in the below sections.

6.213. The uplift to Universal Credit and the equivalent to Working Tax Credit cost a total of £6 billion in the initial 12 months. The Universal Credit uplift was extended at Spring Budget 2021 for a further six months (to 6 October 2021), bringing the total cost to £8.2 billion, benefiting around 4 million households.

6.214. HM Treasury provided additional funding to DWP for the £20 uplift. No cuts were required elsewhere in the Department to cover expenditure for the uplift.

6.215. All recipients of Universal Credit and Working Tax Credits received the uplift within their standard allowance and basic element. Please see Annex C for more information.

Lessons Learned

6.216. The Inquiry have asked for Information on the lessons learned by the Department in respect to the Universal Credit uplift.

6.217. The rapid implementation of the uplift was crucial in providing immediate financial assistance to those most likely to face significant financial disruption due to the pandemic, for example, those who had lost, or were at risk of losing, employment or significant income affected by the pandemic.

6.218. The uplift was implemented within days of the first national lockdown on 26 March 2020. Furthermore, due to the Universal Credit system being updated for assessment periods on or before 6 April 2020 instead of on or after, the uplift was implemented up to a month sooner than anticipated for some claimants, helping with the economic shock caused by the pandemic. The continued migration of legacy benefit claimants to the Universal Credit system will support the timely delivery of benefit increases in any future crisis, which would not have been practical with the legacy benefit system.

6.219. The simplicity of a flat-rate uplift that did not require targeting was beneficial. It made the uplift easy to understand and accessible to claimants, ensuring that those in need received support quickly without a complex application process. It also meant that the uplift could be added to the Universal Credit system quickly, providing support when it was needed, as the economic disruption caused by the pandemic resulted in an unprecedented surge in new Universal Credit claims.

6.220. The implementation of several operational changes, such as suspending face-to-face Jobcentre appointments and the redeployment of DWP staff, effectively managed the surge in Universal Credit claims. These measures helped maintain high payment timeliness and ensured claimants received support when they needed it most.

6.221. The decision to apply a flat rate (instead of targeting specific groups of claimants) was justified as the non-targeted approach avoided the complications and costs associated with assessing individual needs for tailored support. The "agile nature of Universal Credit" meant that the uplift could be introduced very quickly, whereas this was not possible for legacy benefits demonstrating the value of public investment in modern IT systems.

6.222. The Institute for Fiscal Studies (IFS) estimated that the Universal Credit uplift reduced absolute poverty rates by 0.3 percentage points during the six months it was in place in 2021/22, or by 0.6 percentage points in annualised terms, affecting 379,000 people. While the uplift had a significant impact on poverty, it was costly at £6 billion per year. Additionally, the flat-rate payment did not proportionally benefit households of different sizes.

6.223. It was identified that the communication of the temporary nature of the uplift could have been managed better, particularly at the beginning of the pandemic. The need to urgently implement the uplift to provide support when people most needed it led to the decision that communications should be completed after the uplift was put in place. Universal Credit statements were later updated and messages issued via Journals to highlight the uplift, but the urgency of implementation meant that claimants did not initially receive communications regarding details of the uplift.

6.224. The lessons learned from the uplift highlight the effectiveness of providing emergency economic support through smaller, regular payments compared to larger lump sums. The uplift also demonstrated the importance of rapid response in times of crisis, the benefits of simplicity in policy design and the need for clear communication to ensure claimants understand their entitlements. The insights gained from this experience could be used to inform future policymaking.

Kickstart Scheme

Policy Objectives of Kickstart Scheme

6.225. The Inquiry has requested the Department explain the policy objectives and outcomes of the Kickstart Scheme; how particular groups were identified for support and the economic risks and values associated.

6.226. A number of interventions were designed to keep people in touch with the labour market, such as the Coronavirus Job Retention Scheme (CJRS), which supported over 11 million jobs, and kept people connected to the labour market. Despite this, 3.2m people started a claim for Universal Credit between March 2020 and August 2020. The number of people on Universal Credit and searching for work more than doubled during this period, rising from 1.1m to 2.3m.

6.227. The lessons from previous economic downturns, particularly the 1980s was that if volume pressures cause the labour market interactions to cease, or take a back seat, recovery takes longer and the risks of economic scarring increases. This was why DWP were reluctant to stop Jobcentre activity suddenly as COVID-19 hit and why Ministers and officials were keen to restart labour market activity as soon as it was deemed safe to do so.

6.228. During the spring of 2020, it was evident that DWP support would need to increase further, as the CJRS wound down and labour market safety nets were removed as originally planned for in the coming Autumn. In addition, the Organisation for Economic Cooperation and Development (OECD) scenarios estimated that unemployment could reach 12% under a 'single hit' scenario where multiple waves of COVID-19 were avoided, and 14% under a 'double hit' of the virus scenario where multiple waves were not avoided. Meanwhile, the Office for Budget Responsibility (OBR) predicted that unemployment would peak at 10% in Q2 2020 and would remain above pre pandemic levels beyond 2021.

6.229. On 6 April 2020, the Thérèse Coffey, the then Secretary of State for Work and Pensions, commissioned a paper on the current economic position and the Department's plans for economic recovery, to include options for contracted employment provision and developing options for new interventions **see [NC/M9/19A (INQ000653770) which is an e-mail chain containing details of the commission]**. The response submitted on 7 April 2020 stated that the evidence suggested the UK was in an economic downturn and recommended immediate action to drive recovery in the labour market and be ready for when circumstances were more favourable. The note set out the main elements that could form the Departmental response to the economic crisis, which includes developing options for a new programme. The Future Jobs Fund, a grant-funded scheme for jobs in the voluntary sector run for DWP by local government, was provided as an example from the previous recession to help address widespread unemployment. It was estimated that if a similar programme were to be implemented, the timescales for design, procurement and implementation would be between 11 and 15 months. **[NC/M9-1/84 INQ000653771, which is the Department response to Secretary of State]**.

6.230. Empirical evidence shows that extended periods of unemployment early on in a person's career is likely to cause economic scarring effects and further unemployment spells later in their careers. Implementing a job creation scheme like Kickstart aimed to minimise the risk of scarring by providing real labour market experience, helping young people refresh and learn new skills, and stay closer to the labour market overall. Kickstart was also designed as a demand side intervention for the labour market to encourage employers to create new jobs for young people in economically unstable conditions. In particular, the positive impact of the Future Jobs Fund in the aftermath of the financial crisis of 2008-10 played an integral role in planning.

6.231. The Getting Britain Back into Work Taskforce was launched in June 2020 and was chaired by the Secretary of State for Work and Pensions and the Chancellor of Exchequer. The task force was to work with employers to draw on the experience of stakeholders when developing interventions. The taskforce focused on DWP-led government interventions to tackle unemployment, including long term unemployment, and provided advice on how those interventions, including any new programmes, can meet employer needs to maximise success in supporting people back to work. **See [NC/M9-1/85 INQ000653748, which is a submission providing details on the proposed Taskforce with comments from the Secretary of State for Work and Pensions].**

6.232. Annex C of the DWP 2020-21 Provisional Departmental Plan, published in June 2020, provides additional detail on the DWP labour market offer and plans for large scale intensive new provision **[see NC/M9-1/86 INQ000653776].** This demonstrates that the Department was exploring options to introduce a Future Jobs Fund-type provision, and support that could be delivered by alternative providers including the recruitment sector, housing associations and local areas, though this was in an early stage and estimated to commence in Spring 2021.

6.233. The Kickstart Scheme was formally announced by the Chancellor of Exchequer on 8 July 2020, included within the Government's targeted Plan for Jobs.

6.234. Kickstart had four key objectives:

- Improve employability and chances of sustained employment of those at risk of long-term unemployment in the 16- to 24-year-old age group

- Support the creation of jobs that might not otherwise exist
- Each placement should provide a quality experience
- To incentivise positive behaviours from placement holders, making them more attractive to future employers to reduce the scarring effect of unemployment

Design of Kickstart Scheme

6.235. The Inquiry has asked DWP to provide details on who was responsible for the design of the Kickstart Scheme and to outline the process by which it was designed.

6.236. Ministers for the Department of Work and Pensions and His Majesty's Treasury were responsible for making key decisions on the design of the Kickstart Scheme.

6.237. Rt Hon Thérèse Coffey was the Secretary of State for Work and Pensions from 8 September 2019 to 6 September 2022. Her portfolio included overall responsibility for the business of the Department, direct responsibility for departmental expenditure and departmental planning and performance management, including tracking progress of the Departmental Plan again manifesto commitments and other external reporting and governance requirements.

6.238. Mims Davies was the Parliamentary Under Secretary of State (Minister for Employment) from 26 July 2019 to 6 July 2022. Included within her portfolio was responsibility for departmental strategy on the labour market including Plan for Jobs programmes. **[See NC/M9-1/87 [INQ000592926] which is an organogram that outline DWP officials with responsibility for different strands of the Kickstart Scheme.]**

6.239. Initial decisions on the design of the scheme were agreed between the Chancellor and the Secretary of State for Work and Pensions and HMT officials sat on the Programme Delivery Executive, the key decision-making forum. Areas where HMT had a specific role were:

- In deciding to go ahead with a job creation programme based on the Future Jobs Fund
- Creating the "Kickstart" brand name
- Agreeing the unit cost
- Helping resolve VAT issues and agreeing to cover the cost of VAT on the gateway administration element
- Agreeing to pay compensation in a complex case where DWP made errors.

6.240. Throughout the life of the scheme a DWP Policy Deputy Director led weekly meetings with the HMT policy team. These meetings included DWP programme, delivery and analytical colleagues, as appropriate, to enable quick responses to be given to any concerns.

6.241. The expected rise in youth unemployment with the planned cessation of the furlough scheme in November 2020 meant that it was important to ensure proper support was available as early as possible. Kickstart was developed quickly to produce a minimum viable product (MVP) in time for the scheme to launch in November 2020. This MVP would then continue to be developed while in live running to ensure the scheme was successful in meeting its objectives. To achieve this, DWP set out a sequence of decisions to the Secretary of State for Work and Pensions on 20 July 2020, providing a roadmap and highlighting policy areas that would require rapid ministerial decisions to confirm detailed policy, design and delivery of the scheme. **(NC/M9-1/88 [INQ000592927], Kickstart Scheme Sequence of Decisions 20 July 2020)**.

6.242. The Inquiry has asked the Department to provide details of whether, during the design of the scheme, consideration was given to the particular groups which required economic support, balance of the need to deliver support quickly rather than in a targeted manner, factors likely to increase the uptake of the scheme, socially and economically vulnerable groups, those with protected characteristics and alternative policy options.

6.243. The following exhibits set out the considerations taken account of by the Department in designing key aspects of the scheme:

- **[NC/M9-1/89 [INQ000592928], Kickstart Scheme – Additionality and Classification – 24 July 2020]:** This submission set out how employers might demonstrate that jobs are additional. It also sought agreement from the Secretary of State for Work and Pensions that it should not specify the employment status of the Kickstart participants in the bidding specification documents.
- **[NC/M9-1/90 [INQ000592929]: Kickstart Scheme: eligibility summary – 24 July 2020]** This submission looked at eligibility for the Kickstart scheme, and proposed the initial focus should be young people aged 16-24 on benefits at a higher risk of long-term unemployment. Three approaches to eligibility were presented for Ministers' consideration.
    - open eligibility where employers have free choice over who is placed in a Kickstart role,
    - closed eligibility where the scheme would be targeted based on fixed referral points, and
    - tiered eligibility where work coaches could use their discretion within parameters set out in guidance. This was the option recommended by DWP officials.
- NC/M9-1/91 **[INQ000592930], Kickstart Scheme Delivery Timelines – 27 July 2020]:** This submission updates the Secretary of State for Work and Pensions and the Minister for Employment on plans for delivering the Kickstart Scheme, and highlights areas requiring Ministerial input.
- NC/M9-1/92**[INQ000592931], Kickstart Scheme - Employer Applications – 30 July 2020]**: This submission sets out the recommended application process for employers in the Kickstart Scheme.
- NC/M9-1/93**INQ000592932] Kickstart Scheme: Securing National Coverage** – 6 August 2020: This submission sets out a recommended approach to achieve national coverage of the Kickstart Scheme.

- **NC/M9-1/94 [INQ000592933] Kickstart Scheme: Employment offer for participants** – 6 August 2020 : The submission sets out the employment offer for Kickstart participants, including: the need to provide a decent job (defined in Annex A of the submission) and quality work experience for the participants, the expectations set for the support that participants should receive alongside their Kickstart job, how the Kickstart scheme links with other youth employment offers and whether sanctions should be applied to Kickstart jobs.
- **NC/M9-1/95 [INQ000592934] Kickstart Scheme Unit Costs: Employer Overheads: Pensions, National Insurance, National Minimum Wage, wraparound support** – 10 August 2020 **:** This submission sets out the estimated unit cost for a job within the Kickstart Scheme and considers the maximum cost per job DWP is prepared to subsidise and whether this will vary by individual or job or employer.
- **NC/M9-1/96 [INQ000592935] Kickstart Scheme: Contingency – 7 August 2020:** This submission proposes a contingency to ensure that placements are available to receive Kickstart participants from November 2020 in the event of any delays during the development of the Kickstart Scheme.
- **NC/M9-1/97 [INQ000592936] Kickstart Scheme: Protecting Value for Money:** This submission sets out the initial advice on the plan to protect value for money by guarding against risks to fraud and error, while ensuring these checks do not prevent participation from employers or umbrella organisations.
- **NC/M9-1/98 [INQ000592937] Plans for evaluation of the Kickstart Scheme** – 11 August 2020 **):** This submission outlines plans to evaluate the Kickstart Scheme and includes information of the evaluation objectives and identifies key decisions that the evidence will help inform.
- **NC/M9-1/99 [INQ000592938] Equality Analysis for the Kickstart Scheme** - 12 August 2020 : This document records the analysis undertaken by the Department to enable Ministers to fulfil the requirements place upon them by the PSED as set out in section 149 of the Equality Act 2010 with consideration given to: age, gender, ethnicity, disability, maternity/pregnancy, sexual orientation, gender reassignment, religion or belief, marriage and civil partnerships.

- **NC/M9-1/100 [INQ000592939] The Kickstart Scheme Family Test** – 12 August 2020: This document records the analysis undertaken by the Department of the impact of the Kickstart Scheme on families.
- **NC/M9-1/101 [INQ000592940] The Kickstart Scheme Devolved Administrations Impact Assessment** – 12 August 2020: This document records the analysis undertaken by the Department of the impact of the Kickstart Scheme on the Devolved Governments.
- **NC/M9-1/102 [INQ000592941] Working Communications Plan for Kickstart Scheme** – 13 August 2020 - This submission sets out DWP's approach to communications and public messaging for the Kickstart Scheme.
- **NC/M9-1/103 [INQ000592942] Kickstart Scheme Communications Plan** – 13 August 2020: This document provides details of the communications plan of activity across different medias and phases of the Kickstart Scheme development and launch.
- **NC/M9-1/104 [INQ000592943] Kickstart Scheme: Delivery Update – Readiness for go-live – 21 August 2020]** This submission confirms the decision to go live and provides an update to the Secretary of State for Work and Pensions, the Minister for Employment and the Minister for the Lords on the readiness criteria and how risks will be managed.
- **NC/M9-1/105 [INQ000592944] Kickstart Scheme: Delivery Update – Readiness for go-live** – 28 August 2020: This submission provides a further update on readiness to go live and confirms the launch date 2 September 2020.

6.244. The Inquiry has asked whether during the design of Kickstart, the Department engaged with stakeholders representing young disabled people groups.

6.245. The Department engaged with a wide range of stakeholders to inform the design and delivery of the Kickstart Scheme, including the Youth Employment Group which has a dedicated Disability Subgroup chaired by the British Association for Supported Employment. The Department has not identified engagement with other stakeholders representing disabled young people during the design phase of the Kickstart Scheme. On reflection, this is in part due to the pace of decision making required to open the Kickstart Scheme to employers by September 2020. Previous evaluation of the Future Jobs Fund had not identified accessibility concerns as an issue for people with disabilities, and the key difference between the Kickstart Scheme and the Future Jobs Fund, to bring in more private sector jobs, was not expected to make the scheme less accessible for disabled clients.

6.246. The Department did engage with stakeholders representing disabled young people to seek input on different areas of policy, which at times included discussion around the Kickstart scheme. Please see **NC/M9/38A INQ000653840 Stakeholder Engagement stocktake** which outlines the themes and recommendations arising from engagement between the DWP Youth Policy team and various stakeholders between April 2021 and June 2021. These stakeholders include the Youth Employment Group, Disability Rights UK, Youth Voice Forum and the Youth Group. Recommendations for the Kickstart scheme arising from this engagement included extending the scheme throughout 2022 and for targeting of the scheme to be reviewed. The outcome of this engagement was shared with the Kickstart team.

6.247. The Inquiry has asked the Department to explain any steps taken to ensure Kickstart would be accessible to young people with a disability or health condition when designing the scheme.

6.248. Many of the young people applying for Kickstart roles had additional needs and barriers. Additional needs included physical health conditions, mental health conditions, learning difficulties (for example, dyslexia) and neurodivergence (for example, autism or attention deficit hyperactivity disorder). Additional barriers to finding and securing employment included costs of attending interviews, transport, caring responsibilities and English language skills.

6.249. Advertising of the Kickstart Scheme included channels that young people use frequently, such as YouTube and gaming platforms such as Twitch, to increase awareness of the scheme. Kickstart jobs were advertised via “Find a Job” which is searchable for employers with Disability Confident status.

6.250. British Sign Language versions of key Kickstart case studies and explainer videos were available via the JobHelp website and hosted on the Department's British Sign Language YouTube channel, "DWPSign".

6.251. The Kickstart programme enabled work coaches to recognise and support young people with additional needs and barriers. Work coaches also appreciated the extended coaching appointment during the Kickstart programme. This gave work coaches more time to get to know the applicants, understand their needs and barriers, discuss job options, and support applications. Although the nature and extent of support may have varied nationally, in qualitative research, the ways in which work coaches supported young people included:

- Exercises in coaching meetings to boost confidence.
- Enrolling into intensive schemes such as the Youth Employment Programme before searching and applying for Kickstart jobs.
- Referring the young person to a disability employment advisor.
- Matching young people with more inclusive employers.
- Helping with the search for, and sharing, vacancies for suitable roles to meet the individual's needs or health condition.
- Reviewing CVs and applications
- Conducting mock interviews with work coach or other young people.
- Organising workplace visits or trial shifts.
- Providing travel costs and supporting applications for discounted travel.
- Offering smart interview clothes.

6.252. Young people also reported additional support from employers during recruitment. This included:

- Employers being flexible around interview timings.
- Conducting pre-interviews or informal interviews.
- Conducting video interviews.
- Offering flexibility in working hours.
- Providing work from home opportunities.

6.253. Despite these successes, there were still young people who needed further support during recruitment. Work coaches and employers reported that, in later waves of Kickstart, young people were more likely to be further from the labour market and require additional support from work coaches and employers.

6.254. There were also examples of young people not reporting health conditions, needs and barriers to their work coach or employer. As a result, they did not receive the necessary support to help them. The reasons for this non-disclosure were not clear. One young person suggested the disclosure could negatively affect their employment chances; others suggested they did not need additional support. Furthermore, some young people may not have understood the help on offer or felt they could not trust the work coach with this confidential information.

6.255. The Inquiry has asked whether there were any gaps in coverage for the Kickstart Scheme, the reasons for these gaps and what steps were taken to address these gaps.

6.256. In deciding how to focus on the young people most at need, DWP considered a fixed list of characteristics that would indicate a potential risk of long-term unemployment, including poor health, poor educational attainment and a previous history of long-term unemployment. Kickstart analysts raised that not every young person with these characteristics would be at risk; and young people without these characteristics could also be at risk. The Department decided therefore to allow work coach discretion, with guidance on those most likely to need a Kickstart job. This focused on those further away from the labour market, for example, those who had not recently left a job but did not require intensive support to enable them to benefit from the Scheme.

6.257. Many other departments, such as the Department for Education, and lobby groups sought to focus the Scheme to support particular groups - including students unable to access university places, those in supported accommodation, young people with special educational needs and disabilities

(SEND), and Afghan refugees. It was recognised that to ensure rapid implementation, there was a need to keep things simple with a single straightforward referral pathway. The target group of the Kickstart scheme was agreed to be young people aged 16-24 on UC. This cohort would include candidates from the particular groups listed above, and their work coach would be able to be able to use their discretion to determine if the candidate was a good fit for a Kickstart job or if they would have greater benefit from another DWP employment support programme.

6.258. **See** NC/M9-1/107 **[INQ000592945],** which is a submission to the Secretary of State for Work and Pensions and Minister for Employment providing advice about extending eligibility of the Kickstart Scheme to claimants on Employment Support Allowance, Jobseeker's Allowance and Personal Independence Payments. The submission estimates 11,000 young people claiming Employment Support Allowance and 5,000 young people claiming Job Seekers Allowance would potentially be eligible for referral to a Kickstart scheme job. As Personal Independence Payments claimants who would be eligible for Kickstart would also be claiming Universal Credit or a legacy benefit, opening Kickstart up to this group was not expected to bring in large volumes of additional young people.

6.259. The key challenges to be overcome to extend Kickstart eligibility were service design and technology and Jobcentre Plus capacity. Kickstart had been designed and built with Universal Credit work coaches at its heart. Any move away from Universal Credit claimants in the near or medium term would have required significant restructure to the supporting services. This would also have been highly resource intensive and there was a risk of impacting the wider Universal Credit backlog as a result. Jobcentres had minimal (if any) engagement with Employment Support Allowance claimants so processes/interventions to determine eligibility/matching to suitable jobs would have needed to be developed and consideration given based on Jobcentre plus capacity to deliver.

6.260. The Department was keen to encourage claimants on legacy benefits to consider the advantages of Universal Credit and to make the move voluntarily. The submission noted that a good proportion of legacy claimant would be financially better off on Universal Credit, and additional benefits, such as access to the Kickstart scheme, could encourage more claimants to make this transition.

6.261. The Secretary of State for Work and Pensions recognised the challenges presented in expanding Kickstart eligibility to Employment Support Allowance and Jobseeker's Allowance claimants and agreed that Kickstart should be an incentive to move to Universal Credit and that this feature should be kept. She recommended that while the Department should not expand eligibility to Employment Support Allowance and Jobseeker's Allowance, that there should be more signposting to the other support available through the Plan for Jobs for claimants with disabilities and health condition, which they might not have been aware of.

6.262. The Inquiry has asked how long DWP considered the Kickstart Scheme would be in place during the scheme's design.

6.263. 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.

6.264. The Inquiry has asked how the availability and quality of data shaped the design of the Kickstart scheme, what data was used in the design of the Kickstart scheme, whether any other sources of data could have been used and whether any modelling, forecasting or scenario analysis had been undertaken on the economic impact of the Kickstart scheme.

6.265. First it is important to understand that although Kickstart was designed and delivered at pace it was-set up as a programme, which provided a governance framework; Ministers in HMT and the Secretary of State for Work and Pensions took a close interest in the scheme.

6.266. Kickstart drew upon a previous job subsidy scheme aimed at young people, the Future Jobs Fund which was introduced in 2009 in response to the recession and focussed on building the skills and work experience of young job seekers who were at risk of long-term unemployment and resultant economic scarring.

6.267. An impact evaluation of the Future Jobs Fund, "Impacts and Costs and Benefits of the Future Jobs Fund", was published in November 2012 and reported that Future Jobs Fund participants spent fewer days receiving welfare benefits and more days in unsubsidised work. At a cost of approximated £3100 per participant, it delivered a net benefit to society of approximately £7750 per participant.

6.268. Whilst the Future Jobs Fund was reviewed positively overall, there were several recorded criticisms of the scheme during its evaluation, including limited private sector involvement and little central oversight of the scheme administration which was administered by local authorities and other public and voluntary sector bodies. The Department attempted to address these criticisms when setting up Kickstart by dropping the "community benefit" condition present in Future Jobs Fund jobs to promote the private sector to engage with the scheme, and by taking on much of the scheme administration centrally, with support from Gateway organisations, to improve oversight and increase efficiency.

6.269. The pace and scale of the Kickstart scheme was greater compared to the Future Jobs Fund. The Department's estimate of 250,000 Kickstart starts between November 2020 and December 2021 (13 months) which was more than double than the 105,000 starts achieved over 18 months via the Future Jobs Fund. The Department acknowledged that Kickstart was a demand-led scheme, and that the number of starts would be dependent on the prevailing economic circumstances at the time, namely the number of unemployed young people.

6.270. DWP's analytical and policy teams worked very closely together throughout the design and delivery of the scheme. Analytical colleagues remained regular members of the policy team daily stand ups which were a feature for the first 18 months of the scheme. This close working enabled a good grip to be kept on shared issues like the publication of data via Parliamentary Questions.

6.271. The eligibility criterion for the Kickstart Scheme was young people aged 16-24 on Universal Credit. This broad eligibility aimed to ensure that Kickstart placements would be available to all young people on Universal Credit interested in a Kickstart placement, regardless of their demographic background. No specific data needed to help inform design.

6.272. The Inquiry has asked to what extent DWP consulted or communicated with those responsible for implementing Kickstart during its design process, and whether any concerns were raised during the design of the Kickstart Scheme.

6.273. In August 2020, Kickstart operations and policy teams had an intensive round of engagement meetings and roundtables with a wide variety of potential delivery partners, including:

- A number of roundtables with local Chambers of Commerce drawn from across the UK.
- A number of roundtables with employers, convened by the Confederation of British Industry.
- Meetings between DWP officials and the Confederation of British Industry.
- A number of webinars with Federation of Small Business (FSB) members.
- Meetings with organisations who support business to develop their corporate and social responsibility activity, such as Movement to Work and Business in the Community.
- Meetings with a number of trade bodies.
- Roundtables with representatives from the voluntary sector.
- A series of 1-2-1s with large employers, including Amazon, Bauer Media, Capita, Engi, McDonalds, Skills for Care, Tesco and Whitbread, together with early conversations with other organisations including BT Openreach.

- Meetings with Local Authority representatives across England and Scotland, as well as a number of Mayoral Combined Authorities (MCAs); and
- Meetings with devolved administrations in Scotland and Wales.

6.274. This engagement helped build interest in the Scheme and identify some critical delivery issues. DWP's relationships with many of these delivery partners were sustained through the scheme. The National Employer and Partnership Team/New Business Team took over the lead for relationships with organisations involved in delivery, with the policy team maintaining others.

6.275. Stakeholder engagement during the scheme's design revealed a widespread enthusiasm for the scheme, an eagerness to quickly learn more, and a desire to make the scheme mutually beneficial, meaningful and a successful experience for both employers and participants. It was recognised that wrap-around support was needed for both employers and participants throughout the Kickstart journey, and that funding for this element of support had been missing from the Future Jobs Fund.

6.276. Concerns were raised about the ability of Small or Medium-sized Enterprises to engage with the scheme, primarily around onboarding costs, their ability to provide employment support and lacking the time and resources to engage. Funding and support, such as that provided by gateway organisations, were identified to support SMEs to engage with the Kickstart Scheme.

6.277. The Inquiry has asked how the mechanisms for delivery were identified and developed for the Kickstart Scheme, what alternative options were considered and why this mechanism of delivery was chosen. The Department has also been asked to identify what worked well and any practical challenges in identifying the mechanism for delivery, whether operational considerations informed the design of each intervention and what advice.

6.278. DWP officials worked rapidly to develop key details of the Kickstart Scheme, taking into consideration the objectives set out by the Chancellor and the Secretary of State for Work and Pensions. Engagement with stakeholders was crucial in shaping the advice DWP provided for Ministers.

6.279. Details of alternative policy options and operational considerations are laid out within the submissions to the Secretary of State for Work and Pensions at Paragraph 6.239.

6.280. Ministers had made clear that it was non-negotiable that there should be young people starting Kickstart jobs at the beginning of November 2020. The approach to delivery was designed to manage this risk. Kickstart was to be launched as a minimum viable product with all elements in place for jobs to start by November 2020. Further elements would be developed and launched while in live running. There was considerable uncertainty about whether DWP would hit issues that could not be designed around necessitating a decision to delay.

6.281. Flying Start was the contingency plan developed to give more confidence that jobs could be started in November 2020. It outlined a controlled start with a limited range of employments and partners that would enable the testing of systems and processes. Such testing would inform the development of the full Scheme. If a decision was made to delay Kickstart, Flying Start would use as much of the Kickstart approach that was ready by that point.

6.282. As the scheme opened for applications on 2 September 2020 and first Kickstart jobs had started by November 2020, the Flying Start contingency was not used.

6.283. Key details of the Kickstart scheme with regards to employers, gateway organisations, participants and DWP are laid out below.

6.284. Employers were expected to provide a job for at least 25 hours a week at the National Minimum Wage (or National Living Wage for those over 25), which must not be a zero-hours contract. Employers were to provide on-the-job training and work-search support for Kickstart participants. Large employers and umbrella organisations, bidding for jobs on behalf of a range of smaller employers, were able to bid with the minimum bid size being 30 jobs (this requirement was removed during running).

6.285. Employers were paid a grant based on the National Minimum Wage applicable to the participant based on their age at the end of the placement, and a flat rate of £1,500 for set-up costs, such as IT, equipment, administration and management time. Funding was conditional and paid in arrears. Once the organisation demonstrated that the jobs were additional, the role became eligible to be filled through the scheme. The set up costs payment of £1500 was paid when it was confirmed through HMRC data that the young person had started the role. Subsequent payments of wage portion of the grant were made monthly in arrears when it was confirmed through HMRC data that the young person had been paid for that month.

6.286. Kickstart gateways were organisations that acted as an intermediary to help an employer manage their Kickstart Scheme grant and had the optional responsibility of providing employability support to the Kickstart participant. A Gateway Plus was a specific type of Kickstart Gateway, which helped smaller organisations, such as sole traders and partnerships, with the Kickstart Scheme.

6.287. DWP operated a tiered approach to eligibility, at the discretion of Work Coaches, to ensure value for money and to match Kickstart participants with available Kickstart jobs. Kickstart participants received a handbook setting out details about the placements and DWP's expectations around the work-search offer.

6.288. DWP's application process was via a digital data gather service hosted on Gov.uk which offered a good journey for employers and helped to manage the administration associated with an application. DWP invited applications on a rolling basis and assessment of the bids was conducted centrally.

Implementation and delivery of Kickstart Scheme

6.289. The Inquiry has asked the Department to provide a chronological narrative of when Kickstart was implemented, extended, varied and stopped.

6.290. 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.

6.291. As previously explained, it was vital that Kickstart Scheme was developed at pace to ensure that support was available for young people in uncertain and unprecedented times. A number of problems arose following the rapid launch, leading to criticism from stakeholders about unclear rules, a lack of published data on progress and short notice about changes. The Department responded to this feedback by making changes to the scheme, such as removing the minimum threshold of 30 jobs for direct applications from employers on 3 February 2021 and automating management information and upgrading systems in Spring 2021.

6.292. By summer 2021, DWP was satisfied it had a working product that could be used through to the scheme's end.

6.293. The economic situation changed significantly following the launch of the Kickstart Scheme. The extension of the furlough scheme in October 2020 reduced the expected surge in youth unemployment. The second and third lockdowns in England prevented employers from operating business as usual and suppressed demand for Kickstart participants. In addition, lockdown measures created communication barriers between Jobcentre Plus Work Coaches and young people, making it harder to share opportunities available through the scheme and encourage claimants to participate in the scheme. Though these interventions could be announced at short notice and this could cause challenges for Departmental planning, it should be noted that this was a consequence of the uncertain and rapidly changing economic circumstances, and the Department maintained good communications with HM Treasury throughout.

6.294. During summer 2021, the Kickstart Policy team had weekly meetings with HMT Special Advisors to review progress and remedial action being taken to increase uptake of the scheme. Through these meetings, it was recognised that given the economic situation was better than originally predicted, the original forecast of 250,000 jobs was no longer relevant.

6.295. The Kickstart Scheme was initially planned to run between September 2020 and December 2021.

6.296. On 31 August 2021, DWP presented the Secretary of State for Work and Pensions with a strategic plan with three scenarios around job starts, with the objective of maximising total starts and therefore the effectiveness of the scheme, **see**NC/M9-1/108 **[**INQ000653749] **, .** The scenarios presented were:

- Scenario A: (baseline/maintain current performance) – an end date for employer applications on 31 October 2021 and an end date for filing Kickstart jobs on 31 December 2021
- Scenario B – an end date for employer applications on 31 October 2021 and a final date for filing Kickstart jobs by 31 December 2021 as planned, but with performance improvements
- Scenario C: extending the end date for employer applications to 17 December 2021 and the date for filing Kickstart jobs to 31 March 2022.

6.297. The submission concluded that an extension of job starts to 31 March 2022, or beyond, was the most viable means of maximising job starts. Consideration was given to these options throughout September 2021.

6.298. On 4 October 2021, it was announced that the scheme would be extended for a further three months, to March 2022, with the objective of maximising starts under the scheme. Employers could spread job start dates up until 31 March 2022. They received funding for six months once the young person had started their job.

6.299. The scheme supported over 163,000 young people throughout its duration

6.300. 163,000 Kickstart placements were commenced throughout the scheme's duration. In some cases, the young person did not complete the 6-month placement and was subsequently referred to another Kickstart job, as such 150,400 individual Universal Credit claimants were successful in securing a Kickstart placement.

6.301. DWP Work Coaches engaged with 16–24-year-olds on Universal Credit and referred them to relevant Kickstart jobs. Initially, information about Kickstart jobs was only available to the Work Coach, meaning that young people could only see information about jobs that Work Coaches offered to refer them to. Conversion of a referral to a job start was low with this approach, and subsequently it was agreed that Kickstart jobs could be advertised on "Find a Job" so that young people could browse what opportunities were available and ask their Work Coach for a referral. This new approach helped improve the rate of job starts.

6.302. It was recognised in summer 2020 that there would be a need for relationship management of employers (and subsequently gateways). A Kickstart District Account Manager (KDAM) Network was set up, consisting of senior KDAMs working with gateways and employers and Employment Advisors for Small and Medium-sized Enterprises (SMEs). The KDAM Network managed the expectations of gateway organisations and employers, keeping them informed of their application process, when adverts for jobs would go live, and when and how many referrals were being made by Work Coaches.

6.303. At a national level, a New Business Team was set up to work strategically with larger national employers, trade bodies and organisations that had no pre-existing DWP relationship.

6.304. A new Grant Assessment team was established to assess applications and make grant payments. The gateway organisation or employer would apply through GOV.UK, which then pushed the application (as a pdf) through to the central team for logging and initial checks. To start with, most applications were submitted to a Kickstart Grant Approval Board, which was designed to help with consistency and test the standards that were being applied by assessors. The first wave of applications took some time to process and had a high rejection rate. This situation improved as more resources were made available to the relevant teams. Where applicants had already been approved, any additional jobs applied for could be fast-tracked and advertised more speedily. The Kickstart Grant Approval Board was soon removed from the process and replaced with senior officer sign off. The highest value grants still required approval by the DWP Grant Approval Board.

6.305. A payment team was also set up for the Kickstart Scheme. This team was required to make the initial payment of the grant for start-up costs and employability support, once the job start was confirmed. Each employer and gateway organisation then received (once the payment of wages had been confirmed through RTI) six equal monthly payments (based on the expected age of the participant at the end of their Kickstart job), to cover National Minimum/Living Wage, employer's National Insurance contributions and automatic enrolment pension costs.

6.306. Inevitably some abuses of the Scheme surfaced. Initially these cases were investigated by the delivery and policy teams. It became clear that a dedicated team was required to examine these cases and determine the appropriate action. The Complex Cases Team was set up on 10 May 2021 and operated until the scheme's end. The team was based within Kickstart delivery and had two policy posts embedded in it to provide dedicated support on policy issues related to the cases. By March 2022, the Complex Case Resolution Team had reviewed over 1500 cases. Of these 1500 cases, the Complex Case Review Board has made decisions to reduce or terminate 656 Grant Agreements. These decisions were made for a variety of reasons including lack of employability support, health and safety concerns, employer behaviour, misrepresentation on application, and DWP error (this list is not exhaustive).

6.307. The Inquiry has asked the Department to outline and exhibit any "playbooks" in relation to the Kickstart Scheme.

6.308. The Department has not identified any "playbooks" issued in relation to the Kickstart Scheme. The Department did issue the following guides to employers and Gateway organisations, which set out the terms and conditions for different aspects of the Kickstart scheme.

6.309. **See [NC/M9-1/109 INQ000653794 Kickstart Scheme Grant Funding Agreement: Terms and Conditions for Employers]** which sets out the terms and conditions between DWP and an employer who has applied directly to the Kickstart Scheme.

6.310. **See [NC/M9-1/110 – DWP00455700 - Kickstart Scheme Grant Funding Agreement: Terms and Conditions for Gateways]** which sets out the terms and conditions between DWP and a Kickstart gateway taking part in the Kickstart Scheme.

6.311. **See [NC/M9-1/111 – DWP00455680 - Kickstart Scheme Grant Funding Agreement: Terms and Conditions for Gateways and Employers]** which sets out the terms and conditions which DWP requires to be in place between a Kickstart gateway and their employers.

6.312. The Inquiry has asked how successful implementation of the Kickstart scheme was defined, and whether this was achieved.

6.313. Successful implementation was defined by meeting the go-live readiness criteria for a minimum viable product to open applications for employers and gateways in September 2020 and for first Kickstart placements to begin in November 2020.

6.314. DWP was successful in meeting the ambition of producing a minimum viable product, (MVP) development (which is a version of a product with enough features to be usable by early customers who can then provide feedback for future product development) in time for first Kickstart job placements to begin November 2020.

6.315. The Inquiry has asked what steps were taken by the Department to ensure that support would be delivered to the intended recipients and whether there were any issues with access to the scheme and the speed at which it could be delivered.

6.316. The high-profile nature of the Kickstart scheme resulted in high volumes of Employer and Gateway applications. Early on management systems relied on clerical data and this caused a bottleneck in the application process. This was constantly reviewed and updates to the systems involved were made. There was also an increase in the number of DWP Staff made available to help with the decision making of applications as this was causing a bottle neck at the beginning of the process.

6.317. The Inquiry has asked the Department to provide a high-level overview of the use of campaigns, social media, press conferences and digital media to communicate the Kickstart scheme to the targets of support; to include details on how the communications strategy was monitored and what steps were taken to communicate information to the socially and economically vulnerable.

6.318. Communications formed a key part of the Scheme. It was promoted to young people and employers, and there were also statistical updates, through press releases and parliamentary questions (PQs), on its progress. Kickstart was a high-profile scheme, as such Ministers took an active role in promoting the Scheme through legacy and social media.

6.319. Press releases were utilised detailing key statistics to help build more positive engagement on the scheme. The Kickstart Policy Team also engaged regularly with Press Office to handle any emerging issues or concerns that were being raised with how the Scheme was operating.

6.320. Kickstart was promoted to Young People through Jobcentres by recommendations from Work Coaches and poster advertisements. The engagement of local authorities, third sector partners (e.g. Princes Trust) and employer organisations (e.g. Federation of Small Businesses and Chambers of Commerce) meant that the scheme was also promoted through their networks.

6.321. In addition, there were a series of campaigns in national and local press, Facebook, Twitter, Snapchat and YouTube.

Monitoring and Evaluation of Kickstart Scheme

6.322. The Inquiry has asked how the Department monitored and evaluated the effectiveness of the Kickstart Scheme, and who was responsible.

6.323. A key area of interest was data on delivery progress. Ministers were clear that data should be released through PQs rather than new regular statistical reports being set up. This had the advantage of being able to be responsive but required putting data drawn from internal Management Information (MI) systems (MI is information which is used internally to inform decision-making but not usually intended for public release) which also, for a long time, had clerical elements, into the public domain. The data which, due to its source, was not of the quality of National Statistics and the Policy team worked with the Analyst and MI teams to agree robust processes to QA the data as far as possible.

6.324. In the early days of the Scheme when there was most use of clerical data (derived from Excel spreadsheets logging the applications etc), errors in the data were discovered after publication on a couple of occasions. This meant that corrections to the information had to be issued via Hansard. These errors resulted in improvements to checking processes and revision of the caveats on the data.

6.325. The Department publicly committed to evaluating the impact of the scheme. The aims of evaluating the scheme were:

- Inform the design and delivery of the scheme
- Monitor progress in its implementation and performance
- Measure the outcomes for participants
- Quantify the impact of the scheme in terms of employment outcomes
- Quantify the costs, benefits and value for money in a way that can be compared with other labour market schemes
- Make an overall assessment of the effectiveness of the scheme in meeting its objectives

6.326. DWP commissioned IFF Research to conduct an evaluation of effectiveness of the Kickstart Scheme as a means of supporting young people during the pandemic and preventing them from becoming long-term unemployed. The study aimed to evaluate how Kickstart was experienced by participants; early outcomes for Kickstart participants; how the experience had contributed to longer-term employment or career aspirations, and how experiences and outcomes differed for different groups.

6.327. DWP published the findings as DWP research report no. 1032 'Kickstart Scheme - process evaluation' on 21 July 2023, **See [**NC/M9-1/112-INQ000650395**.** A summary of the key findings are as follows:

- This evaluation involved both qualitative (case study) and quantitative (survey) strands. Audiences for both strands included young people participating in Kickstart, gateways, and employers. Additionally, qualitative case studies explored the experience of Jobcentre Plus staff — local authority leads, Kickstart District Account Managers, and work coaches — involved in the set-up and delivery of the scheme. Quantitative interviews with young people took place approximately:
  i. one-to-three months after they started a Kickstart job ('Starters')

ii. seven months after they started a Kickstart job ('Leavers at seven months').
iii. a follow-up survey with those that took part in the Leavers at seven months survey, ten months after they started a Kickstart job which equates to around three months after completing ('Leavers at ten months').

- Most young people on Kickstart went on to employment, education, or training. Although many felt they would have achieved an employment, education, or training outcome in the absence of Kickstart, there are indications in the data and qualitative evidence that Kickstart provided young people with greater direction, experience, and confidence to take forward into future roles.

- The extent to which the programme reached young people who were the furthest from the labour market can be questioned. For example, nearly half (46%) of Starters had a Level 3 or above qualification and three in ten (31%) already had more than twelve months paid work experience.

- However, the Kickstart Scheme was created in the context of the Coronavirus (COVID-19) pandemic which had created new challenges for both young people and employers. Impacts on young people meant that even those who may not have previously struggled to find work found it challenging (due to limited pools of vacancies, at least through the initial months of the pandemic). While employers were less likely able to hire new staff, let alone staff that were new to the workforce and would require a lot of training and support. With this in mind, the scheme has worked well; it provided some innovative opportunities for both young people and employers that would not have been available otherwise. The scheme helped keep young people engaged in productive activity, mitigating against the negative impacts of prolonged unemployment in the challenging context of the Coronavirus (COVID-19) pandemic.

- The Kickstart Scheme seems to have opened access to a wider range of opportunities (job roles, sectors, and employers), which hitherto had been difficult for young people to access. As reported above, a majority of employers had not advertised vacancies through Jobcentre Plus or Universal Jobmatch or taken part in any other schemes run by Jobcentre Plus or the DWP to provide employment prior to Kickstart. The new reach and positive experiences of employers on Kickstart has opened the pool of employers willing to help and support young people through work experience (for example, 74% would engage with a DWP employability scheme in the future). Jobcentre Plus now has a stronger base to develop this potential.

- A requirement for Kickstart positions was that they offered additionality. This means, Kickstart employees should not have displaced another employee or taken the role away from a potential paid employee. Furthermore, the role should be adding economic value. Qualitative interviews with both employers and young people had varying — and often incorrect — understandings of additionality. Many viewed this as a requirement to create a job where the young person would be delivering completely new tasks for the business. There were varying degrees of additionality in the positions filled through Kickstart.

- An added success of engagement with employers was the encouragement and adoption of more 'flexible' approaches to recruiting and supporting young people into work. A key part of this was gateways and Jobcentre Plus working with employers to ensure they understood the ethos of the scheme. This allowed employers to feel reassured about the recruitment approach and, more generally, by recruiting a Kickstart employee. Gateways and Jobcentre Plus also worked to improve challenges around employer expectations of Kickstart candidates. Initially, some employers had too high expectations in terms of qualification levels and amount of experience desired from candidates. With these employers, gateways and Jobcentre Plus staff explored how job opportunities could be adapted.

6.328. DWP conducted an impact assessment of Kickstart, building on the findings of the process evaluation, and looked in more detail at the outcomes and performance of participants on the scheme, and how this reflected value for money overall. The impact assessment used Propensity Score Matching methodology to compare two similar groups of people, where the main difference is whether they participated in Kickstart. Propensity Score Matching has been used for various DWP labour market schemes, such as the Future Jobs Fund and the Work Programme. This approach matches participants with non-participants based on their likelihood of going on the Kickstart scheme, where the likelihood is calculated based on a rich dataset of characteristics. This quasi-experimental methodology allows for matching people with similar characteristics and comparing average labour market outcomes to measure the impact of the scheme in isolation.

6.329. On 7 October 2024, DWP published DWP research report no. 1053 'Kickstart Scheme - A Quantitative Impact Assessment' on GOV.UK. **[See NC/M9-1/112-INQ000650395]** This report provides evidence that taking part in Kickstart reduces the time 19- to 24-year-old Universal Credit claimants spend on benefit and increases the time they spend in employment. We estimate that for every 100 people who participated in Kickstart, an additional 11 of those are in unsubsidised employment at two years compared to a similar group of people who did not participate in Kickstart. We also estimate that an additional three people are not on Universal Credit at the two-year point compared to a similar group of non-participants. This impact is consistent from eight months after the intervention start and persists up to two years. There is no evidence to suggest that this impact diminishes beyond this point. Kickstart had a positive impact on all subgroups examined in this report. Moreover, Kickstart appears to have a greater impact for those who have less success in the wider labour market, creating a levelling up effect. For the Exchequer, Kickstart makes a return of £0.27 for every pound spent at two years, and £0.49 at five years. This is due to the high unit cost of Kickstart, and the relatively narrow scope of benefits included in this perspective. Kickstart makes a return of £1.18 for every pound spent when combining all perspectives at two years. At five years Kickstart makes a return of £3.15 for every pound spent.

Adjustments and Cessation of Kickstart Scheme

6.330. The Inquiry has asked how the Department's approach to the Kickstart scheme evolved as understanding of the economic impact of COVID-19 illness developed, and how decisions to end the scheme were taken.

6.331. Please see Paras 6.229 - 6.231, which sets out how the Department's approach to the Kickstart Scheme evolved during it's running in response to changing economic circumstances, such as the extension of furlough.

6.332. The Inquiry has requested information on any adjustments to the design, implementation or delivery of the Kickstart scheme, and to what extent changes were the result of DWP's monitoring and evaluation.

6.333. A number of issues arose following the rapid launch, leading to criticism from stakeholders about unclear rules, a lack of published data on progress and short notice about changes. The Department responded to this feedback by making changes to the scheme, such as removing the minimum threshold of 30 jobs for direct applications from employers on 3 February 2021 and automating management information and upgrading systems in Spring 2021.

6.334. By summer 2021, DWP was satisfied it had a working product that could be used through to the scheme's end.

6.335. The Inquiry has asked whether in deciding to amend, extend or end the intervention, whether any further equality impact assessments were carried out.

6.336. The Department cannot find any evidence that equality assessments were updated following changes to the schemes design. Although there were policy refinements as the scheme developed, these were not fundamental changes and would not be expected to change the equality impact assessment in any way.

Funding for Kickstart Scheme

6.337. The Inquiry has asked how the Kickstart Scheme was funded, and how much the scheme ultimately cost.

6.338. HM Treasury granted DWP £1.9billion additional funding for the set up and delivery of the Kickstart Scheme, sufficient to support 250,000 placement starts. No cuts were required elsewhere in the Department to cover expenditure on the Kickstart scheme

6.339. Kickstart was the most expensive employment support intervention offered by the DWP at the time, costing on average £7,000 per person. It was the only scheme of its type (job creation scheme) on offer, with the Future Jobs Fund (2009-2011) being the closest example. Kickstart had a lower unit cost than the Future Jobs Fund (£8,400 adjusted for inflation).

6.340. Funding covered 100% of the National Minimum Wage (or National Living Wage depending on age of the participant) for 25 hours per week for a total of 6 months, employer National Insurance Contribution (NIC) and minimum automatic enrolment pension contributions.

6.341. Each employer received £1,500 per job for setup costs, uniform/PPE, IT equipment and software, and training and employability support.

6.342. Kickstart gateways were organisations paid to help employers get Kickstart funding. These organisations received £360 per job to cover admin costs and the £1,500 which they were responsible for distributing to employers.

6.343. The break-even point for the Kickstart Scheme was when c50,000 job placement starts have been completed, not including the operational savings of Universal Credit placement saving.

6.344. Kickstart was a demand led scheme. Over 30,000 employers participated in the Kickstart scheme, and it had helped 168,000 young people enter a Kickstart job, at a total cost £1.26billion.

6.345. The Inquiry has asked to what extent Value for Money was considered in respect of the Kickstart scheme.

6.346. Peter Schofield, Permanent Secretary for the Department for Work and Pensions, was the Accounting Officer (AO) for the Kickstart Scheme throughout its duration.

6.347. A full Accounting Officer Assessment could not be completed during the initial stages of design of the Kickstart Scheme, as there was not yet a firm defined proposal to base the assessment upon. In recognising the profile and pace of the Scheme DWP officials considered key issues against the four Accounting Officer tests, how it was envisaged the Kickstart Scheme could pass these tests, what was in place or planned to achieve this, and our confidence on delivery. This was laid out in a briefing note to the Accounting Officer on 30 July 2020 **[**NC/M9-1/113- **INQ000592946],** and, taking into consideration key aspects of the scheme were still in development, at this time:

- Confidence for meeting regularity tests for either the fully Kickstart scheme, or contingency Flying Start scheme, was low
- Confidence in meeting propriety tests was medium
- Confidence in meeting value for money tests was low
- Confidence in meeting feasibility tests was medium.

6.348. DWP officials recommended the Accounting Officer to note the current position and actions to meet the Accounting Officer tests and to advise the Secretary of State for Work and Pensions of the rapid pace and high volume of work and signal that a Ministerial Direction may be required if a Value for Money case could not be proven in advance of the launch of the scheme. This was not ultimately required.

6.349. DWP officials provided further updates on progress to meet the four AO tests on 21 August 2020, 21 September 2020, 25 September 2020, 2 October 2020, 9 October 2020, 20 October 2020, 23 October 2020, 3 December 2020 and 12 December 2020. These updates covered a range of issues faced during the scheme's design including, but not limited to, resourcing, additionality of jobs, Gateway application processes and payment processes. The following exhibit [NC/M9-1/114- **INQ000592947]** is a Kickstart Scheme AO Issues Tracker and records a log of communication with the AO. By Spring 2021, confidence in the four AO tests had been met.

6.350. The Kickstart Scheme had various controls in place to reduce the risk of fraud and error in the Kickstart Scheme. Officials in the Counter Fraud and Compliance Directorate helped to identify instances of fraud via irregularities on the Spotlight system and worked very closely with Kickstart Operations to keep a very close watch on potential fraudulent attacks so they could be counteracted. Teams across DWP withdrew relevant vacancies from the Jobcentre Plus Provision Service; rescind the grant agreements for 27 companies; and to support the young people into other Kickstart jobs. In total, the Department withdrew 1171 vacancies from the Provision Service (worth £1.76m start-up payments); and stopped £96.5k (65 starts x £1500) by SSCL (Shared Services Connected Ltd) payments.

6.351. Young people eligible for Kickstart were also eligible for other forms of support including several contracted employment programmes – some of which had a payment model which had payments triggered by the participant moving into work. It was important to avoid the taxpayer paying twice for the same outcome (movement into work), if the young person took up a Kickstart job.

6.352. Following conversations with Contracted Employment Provision Directorate (CEPD) colleagues, it was agreed that participation in the Kickstart Scheme and other contracted provision should be *sequential* to avoid duplicate payments or potential frustration of contract (not paying contractors for movements into Kickstart jobs).

6.353. Operational colleagues and Ministers wanted more flexibility to allow all young people, who could benefit from it, to access Kickstart, even if they were on other contracted support.

6.354. But despite extensive work by CEPD, no alternative approach was found to protect Value for Money (VFM), so the 'sequential' instructions remained in place throughout the duration of the Scheme.

6.355. Section 4 of the Kickstart Scheme Impact Evaluation **see [NC/M9-1/112 - INQ000653827 - Kickstart Quantitative Impact Assessment]** presents the cost benefit analysis of the Kickstart Scheme. Using the estimated impacts, a cost benefit analysis was done to estimate the cost effectiveness of the scheme over time, both at two years, and over five years.

6.356. The scheme was examined from the participant, employer and Exchequer perspectives, as each would value costs and benefits differently. These perspectives were then summed together to get an overall society perspective that reflects all three. At the two-year mark, for every pound invested:

- Participants benefit by £2.75
- Employers benefit by £1.34
- The Exchequer benefits by £0.27
- Society benefits by £1.18, with a sensitivity range of £0.83 to £2.06

6.357. Sensitivity analysis on the Exchequer and society perspectives show that these results are consistent across various assumptions. The exchequer costs include all wages paid to participants, whereas society only includes these as a transfer payment. This is a large portion of the cost, so this discrepancy leads to a significant difference in results between these perspectives.

6.358. Performance up to two years is consistent and there is no evidence to suggest this would not continue. The results have been extrapolated up to 5 years, and for every pound invested:

- Participants benefit by £3.20
- Employers benefit by £1.23

- The Exchequer benefits by £0.49, with a sensitivity range of £0.44 to £0.51
- Society benefits by £3.15, with a sensitivity range of £2.23 - £4.02

6.359. It is important to reiterate that the accuracy of the cost and benefit estimates is very much dependent on the robustness of the impact estimates from which they are derived and the validity of the assumptions upon which they are based. It should also be borne in mind that a number of potentially significant costs and benefits have been excluded from this analysis due to a lack of robust evidence. These include non-pecuniary benefits from Kickstart participation such as improved motivation, or the costs of future training schemes.

Easements and Changes to Processes and Criteria in relation to Kickstart Scheme

6.360. The Inquiry has asked the Department to outline any policy and operational easements made by DWP to the Kickstart scheme as part of its economic response to the pandemic.

6.361. The Kickstart Scheme was a new scheme, announced as part of the Government's Plan for Jobs, a comprehensive and ambitious plan to help people back into work and develop the skills they need to thrive as the UK emerged from the pandemic.

6.362. No policy or operational easements were put in place during the Kickstart scheme. A number of policy refinements were made to Kickstart during live running; however, these were refinements in response to stakeholder feedback to resolve issues in the application process rather than part of the economic response to the pandemic.

Risk of Fraud and Error in relation to Kickstart Scheme

6.363. The Inquiry has asked what bodies, structures and processes DWP use to safeguard public monies and manage financial risk pre-pandemic and how they were adapted in response to the pandemic. The Inquiry has also asked the Department to identify features intended to reduce the risk of fraud and error in the Kickstart scheme.

6.364. The Kickstart Scheme had various controls in place to reduce the risk of fraud and error:

- Checking employers taking part in the scheme through the Cabinet Office's Spotlight database, which links information held by Government on companies and charities.
- Using Experian's Bank Wizard Absolute on all grant recipients to check that the bank details match the organisation named on the grant details.
- Checking Participant identity with DWP records and HMRC Real Time Information (RTI) to confirm that the participant was being paid.
- Ensuring employers offered the full Kickstart experience as set out in their bid instead of cutting corners and profiting from the scheme.
- Ensuring jobs being delivered were additional, meaning they did not replace existing or planned vacancies or cause existing employees, apprentices or contractors to lose work or reduce their working hours.
- Making payments to cover wage costs in arrears so that if suspicions were raised, payment could be paused and if needed, the grant rescinded, and no further payments made.
- Keeping Kickstart participants on the Universal Credit system during their Kickstart placement, providing a route to access their work coach and raise any concerns about their placement.

6.365. DWP set up a Complex Case Review Board (CCRB) to review evidence and make decisions to cap applications and rescind grant funding awards where there were concerns about Employers, Gateways and/or their linked employers.

6.366. The incidence and scale of misspent grants in the Scheme is low.

Lessons learned in relation to Kickstart Scheme

6.367. The Inquiry has asked the Department to explain any lessons learned by DWP in respect to the Kickstart Scheme, whether there were any deficiencies in the design of the scheme and how these lessons could inform policy making in the future.

6.368. The Kickstart Policy team undertook an internal exercise in December 2022, [**see** NC/M9-1/115 **[INQ000592948]** to provide a record of the policy decisions and rationale for the Kickstart Scheme. It looked at the journey taken for the Kickstart scheme, how DWP adapted our ways of working across the Department, the set-up and management of the Kickstart Policy team and how the Department developed products and established clear routes of communication to deliver the Scheme. The exercise was intended for internal DWP Policy Group use to support with future policy development and learning from the Kickstart scheme.

6.369. This exercise identified a range of learning points that could be helpful for future policy teams to consider for future employment programmes, though these should be viewed with an understanding for the unusual context of the Kickstart scheme, including:

- Speed of policy development and implementation.
- Economic, social and political pressures associated with COVID-19.
- Recurring changes in COVID-19 restrictions and reduced travel arrangements for work.
- Hesitancy to work and the social implications associated with the spread of COVID-19.

6.370. There was a lot of routine good practice applied to the design and delivery of the Kickstart scheme. The learning points below pick up on where the teams went outside normal approaches or hindsight revealed issues that were identified later than was ideal. Some could apply to any fast-paced policy development, whereas others are more specific to a subsidised job scheme.

- If a subsidised job scheme was to be introduced again, the impact on contracted provision should be factored in at an earlier stage.
- If a similar scheme were introduced again, the VAT treatment of payments should be explored and confirmed earlier.
- Even when time is very short for design, making time to engage with potential delivery partners is invaluable.

- Careful thought to the involvement of key departments, especially HM Treasury, should be considered from the outset.
- Active management of risk is vital in fast-paced projects and often the full development of contingency options is required to maintain pace, even though this will result in some nugatory effort.
- Internal engagement with service delivery teams to ensure process changes and refinements are well understood, needs to happen promptly and consistently before any process change is introduced.
- When making prioritisation decisions to keep up pace of delivery it is important to consider in the round (for all case types) the potential impacts of these decisions.
- The importance of being crystal clear with Ministers as early as possible, about potential significant limitations of the proposed delivery approach to manage expectations.
- Important to recognise that applying tools in contexts they have not been tested for is likely to raise many unexpected issues which will require time and attention to resolve.
- Team and governance structures which enable work across professions and team boundaries are critical to delivery at speed.
- Promoting a positive working environment, building team morale and encouraging and rewarding positive attitudes was as important as skills.
- The importance of focusing on building and maintaining team resilience in the face of constant challenges and huge pressure to sustain pace.
- Plan for problem cases and factor in the support delivery teams will need to resolve them.
- Good relationships with private offices, analysts and operational MI teams were vital to delivering a responsive service on the publication of data.
- Proactively agreeing an approach with Special Advisers on the frequency of updating published data can help avoid losing control of data release.
- Avoid wasting time and effort running strategic groups if they do not have the support of the key players.
- Using established internal channels for communication is effective, but these are sometimes not adequate when new organisational structures and roles have been created to deliver a specific Scheme

- Options to commission event organisation expertise should be explored, if possible.

6.371. The Inquiry has asked to what extent the Department considers that Kickstart met its aims and objectives, whether there could have been more effective and/or cost-effective approaches.

6.372. Section 5 of the Kickstart Scheme Quantitative Impact Assessment **see** [NC/M9-1/112 - **INQ000653827** - **Quantitative Impact Assessment]** concludes the findings of the impact evaluation, making an overall assessment of the impact of the scheme in meeting its objectives. A quantitative impact analysis used an ATE approach to compare outcomes between Kickstart participants and other 16-to-24-year Universal Credit Searching for Work claimants who did not start a placement. It showed that the Kickstart scheme had a consistently strong impact on different subgroups. Most groups have a similar propensity to move into employment overall, either through the benefit of Kickstart or from wider labour market impacts. Certain groups are less likely to move into work without the benefit of Kickstart, and in general these groups benefit more from Kickstart than other groups. As a result, Kickstart appears to have a levelling up effect, by having a greater impact on disadvantaged groups to bring overall outcomes in line with other subgroups.

6.373. The Inquiry has asked whether some groups were over-compensated or undercompensated by the approach to the Kickstart Scheme.

6.374. Just over half of Starters describes themselves as male (53%), 45% as female. Half of Starters were aged 18-to-21 (50%) with almost all other Starters aged 22-to-24 (46%).

6.375. Three-quarters of Starters described their ethnic group or background as "White" (or a "White" minority). 22% were of another ethnic group or background, most commonly "Asian or Asian British" (9% overall). Younger Starter aged 18-to-21 were more likely to be "White" (including "White" minorities) than those aged

22-to-24 (78% compared to 72%), while those aged 22-to-24 were more likely to be from an ethnic minority background than 18-to-21 (25% compared to 19%).

6.376. Kickstart participants on average were less likely to be white compared to 16–24-year-old Universal Credit claimants at risk of long-term unemployment who did not start a Kickstart placement. This may partly be due to the location of Kickstart placements, which were located mainly in larger employment hubs such as London. London has a higher ethnic minority population, so these dynamics may be driving ethnicity statistics.

6.377. Those not referred to Kickstart were more likely to vary in family type. The vast majority of those referred to Kickstart were single with no dependants, and usually only receiving the Universal Credit Standard Allowance, with no additional elements. Non-referrals were also much more likely to be claiming Universal Credit Health entitlements compared to those referred to Kickstart. Kickstart was not designed explicitly for this group.

6.378. Those with health-related employment barriers may not have been looking or ready for work to the same extent as other groups while Kickstart was live. The overall trend based on these results is that Kickstart participants usually had fewer barriers to employment than the comparison group. This was by design as Kickstart was intended to support those who were at risk of long-term unemployment if no intervention was made. Other support, such as Youth Hubs and Youth Employment Coaches, were available to young people with more barriers to employment.

6.379. Young people taking part in Kickstart had a wide range of qualification levels. 20% of starters (20%) held only lower, “other” or no qualifications. Almost a quarter of Starters (24%) held a Level 4 qualification or above. Starters from “Asian or Asian British” ethnic backgrounds and from “Black, African, Caribbean or Black British” ethnic backgrounds were more likely to hold a qualification at Level 4 or above (37% and 38% respectively, compared to 21% of “White” Starters), and were less likely to have only lower or no qualifications (12% each, compared to 22%).

Job Entry: Targeted Support

Policy Objectives of Job Entry: Targeted Support (JETS)

6.380. The Inquiry has requested information on the policy objectives and outcomes of the Job Entry: Targeted Support (JETS) programme.

6.381. DWP would normally focus external employment support programmes towards claimants that are harder to help or are longer term unemployed, but the restrictions put in place during the COVID-19 pandemic meant, the mainstream Jobcentre offer was suspended/limited. This created a gap in support for the newly unemployed which could potentially lead to more long-term unemployment.

6.382. It was agreed in May 2020, that a cost-effective interim solution was required to ensure customers who became unemployed following the COVID-19 restrictions, received support to help them back into work, reduce the time spent on benefits and prevent them becoming long-term unemployed.

6.383. JETS was part of a larger set of employment support measures aimed at mitigating the disruptive effect on the labour market brought about by the COVID-19 pandemic. The scheme offered 6 months of employment support services to help individuals early on their benefit claim return to work and prevent short spells of unemployment leading into increased risk of labour market detachment.

Design of JETS

6.384. The Inquiry has asked DWP to provide details on who was responsible for the design of JETS and to outline the process by which it was designed.

6.385. A change project management team was put in place to manage the design and implementation of the JETS programme. This project management team reported into the External Labour Market Provision Programme, Controls and Assurance, to External Labour Market Provision Programme Steering Group and then External Labour Market Provision Programme Board.

6.386. The Secretary of State for Work and Pensions, the Minister for Employment and the Minister for Disabled People agreed with the decision to introduce WHP JETS and JETS Scotland employment support as it would help people who have become unemployed as a result of COVID-19, and who are closer to the labour market, receive support to help them back into work.

6.387. See, **NC/M9-1/116 [INQ000653751] , 2020.06.19 Ministers WHP expansion design final.doc] and NC/M9-1/117 [INQ000653799] 2020 07 02 WHP Job Recovery Scheme Final. 2020 07 02 WHP Job Recovery Scheme Final.doc]** which are submissions to DWP Ministers seeking agreement for the high level design of support for people aged 3-6 months unemployed post-COVID, It should be noted that the name "Job Entry: Targeted Support" had not been finalised at this time, therefore all references to the "Job Recovery Scheme" or "Work and Health Programme Expansion" should be interpreted as "Job Entry Targeted Support". In the submission of 19 June 2020, it was recommended that support should be voluntary, and the programme should last for 1 year with the potential to extend a further year. The tailored support offer was recommended to last for up to 6 months, with job search, mental health support, reassurance about working in a post COVID-19 environment, support to change sectors and signposting to reskilling opportunities. The submission dated 1 July 2020 provides further information on capacity and costs and seeks agreement on policy issues prior to negotiations with Work and Health Programme providers.

6.388. Please see **NC/M9-1/118– [INQ000653777**] which is a document compiling feedback from the Minister for Employment, Minister for Disabled People, Minister for Welfare Delivery, Minister for Pensions and Minister for Lords on employment programme submissions, including expansion of the Work and Health Programme. This feedback was presented to the Secretary of State for Work and Pensions on 3 July 2020.

6.389. As JETS was only due to last 6 months, it did not fall under the devolved powers which cover “people at risk of long-term unemployment”, where “provision needs to last for at least a year”. **NC/M9-1/119- INQ000653822, 2020.07.01 Submission WHP expansion Scotland Final]** which is a submission to the Minister for Disabled People setting out four options to deliver equivalent support in Scotland and the recommended approach.

- Option 1 (Recommended): Devolve the support and associated funding to Scottish Ministers to deliver themselves under their Skills and Training powers.
- Option 2: Scottish Ministers agree to act as an agent for DWP and deliver this support through their existing Fair Start Scotland contracts.
- Option 3: Contract directly to deliver provision in Scotland
- Option 4: Provide the support via JCP Frontline

6.390. Option 1 was recommended as the Scottish Government could introduce similar support through their Skills and Training powers, via Fair Start Scotland contractors for example, and this could be put in place on a similar timeline to the provision in England and Wales. It was noted that there was no obligation for the Scottish Government to provide a service akin to the one proposed in England and Wales.

6.391. Minsters responded that the Work and Health Programme Job Recovery Scheme should be taken forward under functions reserved to the UK Government. Therefore, DWP was required to set up new contracts to stand up equivalent provision in Scotland. See **[NC/M9-1/120 INQ000653760 which is a submission to the Minister for Employment, Minister for Disabled People and the Secretary of Starte for Work and Pensions dated 3 July 2020 and confirms the Ministerial steer to the previous submissions and actions required to achieve these.**

6.392. See **NC/M9-1/121- [INQ000653820], WHP JETS EA v0.1 August 2020]** which is the Equality Impact Assessment for the introduction of both Job Entry Targeted Support and Job Entry Targeted Support Scotland.

6.393. There was extensive engagement between DWP and HM Treasury officials on the Plans for Jobs package. This included frequent questions on the design and plans for future evaluation of the JETS programme.

6.394. On JETs specifically, the JETs Business Case was sent to and signed off by HM Treasury in August 2020, a Business Case to include Scotland was completed in December 2020 and a Business Case to extend JETS by one year was agreed in August 2021.

6.395. One of the key objectives of JETS was that it should be complementary to the rest of the Plan for Jobs employment interventions package and existing DWP national employment support (including the Work and Health Programme and Intensive Personalised Employment Support). Another Key objective was that it should provide support whilst longer term programmes were designed, and other provisions put in place (Such as Restart which commenced delivery in July 2021).

6.396. JETS provided a cost-effective interim solution to ensure customers who were unemployed following the COVID-19 restrictions, including those who may be closer to the labour market, received support to help them back into work, reducing the time spent on benefits and preventing them becoming long term unemployed. This was achieved through a contract variation to commission new provision from Work and Health Programme suppliers in England and Wales. This included delivery by Local Government partners in the Greater Manchester and London areas.

6.397. One of the key benefits of utilising existing Work and Health Programme contracts was the reduced timescales for implementing change, which was shorter than undertaking a procurement exercise for new contracts.

6.398. Work and Health Programme was not delivered in Scotland as equivalent support was devolved under the Scotland 2016 Act. A new contract was procured to deliver JETS in Scotland which was introduced four months after the support in England and Wales.

6.399. JETS provided support for eligible and suitable individuals that were unemployed for more than three months. It was complementary to the support provided through the Job Finding Scheme, (also part of Plan for Jobs) which provided light touch support for people unemployed for less than 13 weeks.

6.400. The Inquiry has asked whether there were any gaps in coverage for JETS and the reasons for these gaps.

6.401. An Equalities Analysis was developed for the JETS programme, but circumstances made it hard to predict the demographics and protected characteristics of the participants that would use it. Expectation was that all protected characteristics would have access to the support and no specific disparities were identified. It was considered likely to impact men to a greater extent than women as males are likely to make up a proportionately larger percentage of some groups eligible for referral (reflecting the proportionate number of males in certain categories in receipt of benefits compared to women). The support was not specifically designed, for example, for people with a disability or health condition. Intensive employment support specifically provided for people with a disability or health condition continued to be available through the Work and Health Programme and Intensive Personalised Employment Support programmes.

6.402. Alongside JETS and the other support through Plan for Jobs, DWP continued to provide its other national employment support. This included the Work and Health Programme and Intensive Personalised Employment Support in England and Wales, both support that was specifically designed to provide intensive employment support for disabled people, people with health conditions and other disadvantages. The Scottish Government also continued to provide equivalent support through its Fair Start Scotland programme.

6.403. JETS support complemented the provision already available under the Work and Health Programme and Fair Start Scotland, managed in a way that avoided any dilution of the support available and protected the support for disabled people and priority disadvantaged groups to find sustained employment.

6.404. Some analysis of demographics was published in the impact evaluation (Job Entry: Targeted Support impact evaluation, published on 5 February 2025) as follows:

- Across all age groups (in England, Wales and Scotland) the percentage of starts was lowest for the 60+ age group and increases as the age group decreases to a high for the 25-29 age group before a small drop for the 18 to 24 age group. Kickstart, the large-scale programme for young people, ran alongside JETS until April 2022 and therefore it is likely that the proportion of people starting on JETS aged 18-24 is lower than it would have been in the absence of Kickstart.
- The percentage of participants who started on JETs and achieved a job outcome varied by region and was lowest for parts of London, Central England and North-East England at 36% and highest for Northwest England at 45%. It was 37% in Scotland. All areas exceeded the job outcome expectations set in the business case.

Implementation of JETS

6.405. The Inquiry has asked the Department to provide a chronological narrative of when JETS was implemented, extended, varied and stopped.

6.406. The programme began in October 2020 in England and Wales and was set to initially run for one year. However, it was later extended until September 2022 in anticipation of a spike in unemployment resulting from the end of the Coronavirus Job Retention Scheme (CJRS) on 30 September 2021. The scheme operated in Scotland from January 2021 to September 2022, where it was devolved under the Scotland Act 2016. JETS was devolved to Local Government Partnerships (LGPs) in London and Greater Manchester.

6.407. In April 2021, Ministers agreed that DWP officials could engage in discussions with HM Treasury and non-binding talks with providers to inform them of the agreement in principle to extend Job Entry Targeted Support. The following submission to the Minster for Employment and the Secretary of State for Work and Pensions dated 18 June 2021, **see [NC/M9-1/122 INQ000653761 - Job Entry Targeted Support – Extension] and [NC/M9-1/123 INQ000653762 - associated Equality Impact Assessment],** confirms the Chief Secretary to the Treasury was content with up to a year's extension on reduced volumes, subject to:

- DWP returning an updated Full Business Case to HM Treasury for formal spending approval.
- The final costs in the updated Full Business Case do not exceed the costs presented to Chief Secretary to the Treasury (£110m over two financial years).
- A narrative return to HMT setting out: an updated evaluation approach, how JETs extension aligns with the levelling up agenda and presenting a joined-up approach with DfE.

6.408. The Secretary of State for Work and Pensions responded on 21/06/2021 that she was content to proceed with the extension of Job Entry Targeted Support and expressed that a randomised control trial should not be used as part of the updated evaluation approach.

6.409. The Inquiry has requested information on who was responsible for implementing and delivering JETS and how this was achieved.

6.410. In England and Wales, JETS was delivered through the Work and Health Programme (WHP) contracted providers under a Cost-Plus payment model – with payments set at 5% above the cost per participant. Referrals to the programme were made by Work Coaches (WC) in Jobcentre Plus offices (JCP) based on suitability and interest – participation was entirely voluntary. After the referral, providers set up a first meeting with participants to discuss a tailored support plan to help them move back to employment. Elements included but were not limited to:

- personalised approach - including regular adviser contact to agree a tailored action plan that helped build the relationship and facilitate a collaborative approach to getting the participant back into employment
- diagnostic screening - including IT skills and Basic Skills capability assessments
- job search support - including CV writing, application process, interview skills
- transferable skills - support to consider different employment sectors/routes and ways of working
- re-building confidence and self-efficacy in Post COVID-19 environment – including support for anxieties about working in a Post COVID-19 environment with a peer support network and potential access to mental health and wellbeing support
- advice and guidance for those wishing to change sector – e.g., building on the sector based ‘Step Into’ guides
- signposting clients and supporting access to reskilling offers – (National Careers Service, Further Education colleges, Sector Based Work Academies and Fair Start Scotland), via their Jobcentre Plus work coach where required.

6.411. The Inquiry has asked the Department to outline and exhibit any “playbooks” created by DWP in relation to Job Entry Targeted Support.

6.412. The Department did not create any “playbooks” in relation to Job Entry Targeted Support but issued the following provider guidance documents.

6.413. Please see the following exhibits, which cover the different chapters in the Provider Guidance for Job Entry Targeted Support in England and Wales. This sets out in detail the policy for the programmes, support that providers were expected to deliver for customers and the performance framework including job outcome expectations and monitoring requirements.

6.413.1. See [NC/M9-1/124 - INQ000653814, – Chapter 1 COVID-19 WHP Provider Guidance inc JETS Introduction and Overview V3.0 Final

6.413.2. See **NC/M9-1/125- [INQ000653805], –** Chapter 2 COVID-19 WHP Provider Guidance inc JETS V3.0 Final

6.413.3. See **NC/M9-1/126- [INQ000653821], –** Chapter 3b JETS Acknowledging referrals, initial Participant engagement and registering a start v1.0 Final

6.413.4. See **NC/M9-1/127- INQ000653810, –** Chapter 4 COVID-19 WHP Provider Guidance inc JETS Action planning V3.0 Final 1911201

6.413.5. See **NC/M9-1/128- [INQ000653806],** – Chapter 5a Mandation to Activity Attracting a Lower-Level Sanction v2 FINAL TRACKED

6.413.6. See **NC/M9-1/129- [INQ000653795], –** Chapter 6 COVID-19 WHP Provider Guidance inc JETS Working with participants with complex needs V2.0 Final

6.413.7. See **NC/M9-1/130- [INQ000653823], –** Chapter 7 Entitlement Doubt v2 FINAL no tracking

6.413.8. See **NC/M9-1/131- [INQ000653818], –** Chapter 8 Compliance Doubt v2 FINAL no tracking

6.413.9. See **NC/M9-1/132- [INQ000653811], –** Chapter 9 Recompliance v2 FINAL no tracking

6.413.10. See **[NC/M9-1/133- [INQ000653809]**, **–** Chapter 10 COVID-19 JETS V2

6.413.11. See **[NC/M9-1/134- [INQ000653826],** – Chapter 11 COVID-19 V2

6.413.12. See **[NC/M9-1/135- [INQ000653812],** – Chapter 12 COVID-19 Complaints v2 Final

6.413.13. See **[NC/M9-1/136- [INQ000653796],** – Chapter 13 COVID-19 Funding Model v2 Final

6.413.14. See **[NC/M9-1/137- [INQ000653832],–** Chapter 14 COVID-19 Validation v2 Final

6.413.15. See **[NC/M9-1/138- [INQ000653830**], – Chapter 15 COVID-19 V2

6.413.16. See **[NC/M9-1/139- [INQ000653802**], – Chapter 16 COVID-19 v2

6.414. Please see the following exhibits, which cover the different chapters in the Provider Guidance for Job Entry Targeted Support in Scotland. This sets out in detail the policy for the programmes, support that providers were expected to deliver for customers and the performance framework including job outcome expectations and monitoring requirements.

6.414.1. See **[NC/M9-1/124- [INQ000653814**], **–** Chapter 1 JETS Scotland PG-Introduction and Overview V1.0

6.414.2. See **[NC/M9-1/140- [INQ000653824**], – Chapter 2 JETS Scotland PG-JETS Participant Identification, Eligibility & Suitability V1.0

6.414.3. See **[NC/M9-1/141- [INQ000653803**], **–** Chapter 3 JETS Scotland PG-Referrals Initial Participant engagement and Starts on programme V1.0

6.414.4. See **[NC/M9-1/142- [INQ000653801**], – Chapter 4 JETS Scotland PG-Action planning

6.414.5. See **[NC/M9-1/143- [INQ000653793**], **–** Chapter 5 JETS Scotland PG-Data Sharing between DWP and Providers v1.0

6.414.6. See **NC/M9-1/144- [INQ000653807],** – Chapter 6 JETS Scotland PG-Programme Completers & Early Exits V1.0

6.414.7. See **NC/M9-1/145- [INQ000653800], –** Chapter 7 JETS Scotland PG-Participants Complaints V1.0

6.414.8. Se**e NC/M9-1/146 - [INQ000653831]**, - Chapter 8 JETS Scotland PG-Payment Model and Outcomes V1.0

6.414.9. See **NC/M9-1/147- INQ000653828, –** Chapter 9 JETS in Scotland PG Validation. V1.0

6.414.10. See **[NC/M9-1/148- INQ000653798, –** Chapter 10 JETS Scotland PG-Change of circumstances & notifications V1.0

6.414.11. See **[NC/M9-1/149- INQ000653817,** – Chapter 11 JETS Scotland PG-Performance Management compliance monitoring and MI Requirements v1.0_Rev

6.414.12. See **[NC/M9-1/150- INQ000653825,** – Chapter 12 JETS Scotland WHP Provider Guidance Participants Complaints V1 DRAFT

6.414.13. See **[NC/M9-1/151- INQ000653815,** – Chapter 13 DRAFT JETS Scotland Provider Guidance Funding Model.

6.415. The Inquiry has asked how successful implementation of JETS was defined, and whether this was achieved.

6.416. England and Wales saw a total of 460,000 individuals referred to JETS and 320,000 starts on the programme.

6.417. In England and Wales, the programme's contractual performance – the level at which providers are expected to find employment for participants – was set at 22% of those starting JETS achieving a minimum of £1,000 on earnings from employment within 10 months of starting. This expectation was set by observing the employment entry rate of a similar population to the one JETS was targeting. By the end of the programme, a total of 120,000 participants achieved the minimum earnings threshold (38% of those starting). However, it is worth noting that expectations were set during the summer of 2020, when pessimism on the economy and the labour market were widespread, and the pace of recovery expected to be slower than what happened in practice. Moreover, many JETS participants would have not been unemployed in normal labour market conditions (with no COVID-19 related disruption) and therefore might have been easier to help.

Monitoring and Evaluation of JETS

6.418. The Inquiry has asked how the Department monitored and evaluated the effectiveness of JETS and who was responsible.

6.419. Qualitative research carried out in Spring 2022 by DWP documented the experiences of those participating in JETS and the views from those responsible for its delivery. The findings were generated from a total of 67 interviews: 40 with JETS participants, 12 with staff at DWP, 13 with JETS programme providers and 2 from staff at LGPs (Local Government Partnerships) across 4 different areas of the country.

6.420. The research identified three key areas of support:

- Employability support
    - CV writing
    - Job search and application support
    - Interview preparation
    - Careers advice
- Material support
    - Digital devices for work searching
    - Transport costs
    - Clothing and uniform for job interviews and work
    - Training and qualifications
    - Vouchers
- Referral to other support services
    - Mental health and wellbeing services

- Confidence building courses
- Money management courses

6.421. In general, participants had a positive experience from JETS; with provider staff promptly addressing negative feedback. Outcomes for individuals in the scheme included securing employment, improving confidence, and a better understanding of their transferable skills.

6.422. Jobcentre staff thought the programme was overall able to bring participants closer to the labour market (even when participation did not always result in a job offer). On the other hand, provider staff thought job seekers should have been given more information about the programme at the point of referral, and considered some individuals would have benefited more from other provisions (especially those with more complex needs).

6.423. Personal circumstances – mainly health conditions (mental/physical) – limited some participants' ability to find work, with local factors influencing the types of work available (i.e., industries hiring or seasonal work). The study also offered some insight relevant to the impact analysis around how people were referred and why people didn't start after being referred. Among the reasons listed as to why some individuals did not start the provision include the scheme being voluntary, finding a job before the support started, and perceived added pressure to find employment.

6.424. In addition, the study found that personal circumstances such as childcare, age, IT literacy, and learning difficulties, combined with local factors such as limited public transport, might have deterred some individuals from participating in JETS.

6.425. DWP published a JETS (Job Entry Targeted Support) Impact Evaluation Report on 6 February 2025, which estimates the impact and cost effectiveness of JETS. **see [NC/M9/42AL, DWP00455703 – JETS Impact Assessment]**.

6.426. Over the two years following referral to JETS, individuals that received support from the scheme spent on average 53 more days in payrolled employment (7.2

pp) and 11 fewer days on an out-of-work or low-income benefits (1.6 pp) than the comparison group. The reason additional payrolled employment does not automatically result in an equal benefit reduction is due to the design of the benefit system, as lower income levels from employment are compatible with the receipt of Universal Credit. In addition, JETS participation reduced the time spent on other out-of-work/low-income benefits (with no searching for work requirements) and leaving the labour market (not in employment nor on benefits) by 2.9 pp. By the end of the observation period JETS participants had accumulated, on average, £2,549 in additional earnings and were 10.2 pp less likely to remain jobless (unable to find a job for two years).

6.427. Assessing the employment outcomes of an early group of participants (referred to the programme between October and November 2020), estimates show, on average, 95 additional days spent in payrolled employment (8.7 pp), 26 fewer days spent on out-of-work or low-income benefits (2.4 pp), and £5,335 additional earnings over a period of 3 years.

6.428. At an estimated cost of £823 per participant, the Cost Benefit Analysis (CBA) assessing the value for money of the scheme shows that JETS generated a fiscal benefit of £1.28 – £1.41 after two years for each £1 spent on the scheme (mainly through benefit-related savings and taxes returned to the Exchequer). Extrapolating the impact estimates an additional three years we expect JETS to generate a fiscal benefit of £3.53 – £3.83. Overall and considering the wider effects to society, we estimate a return on investment of £5.93 – £6.35 over 5 years for each £1 spent on the programme.

Funding and the Risk of Fraud and Error in relation to JETS

6.429. The Inquiry has asked how much JETS cost and what processes DWP use to safeguard public monies and manage financial risk.

6.430. The total programme spend on JETS is £300.5 million.

6.431. Established Departmental checks and control processes were used for the identification and referral of participants to the programme. This included controls already in place for the management of delivery of the Work and Health Programme, whose providers also delivered JETS (in England and Wales).

Lessons learned in relation to JETS

6.432. The Inquiry has asked the Department to explain any lessons learned in respect to JETS.

6.433. On 24 November 2021, delivered a session to the Secretary of State covering Job Entry Targeted Support performance up to that period and by different areas, outcomes and lessons learned from the programme, **see NC/M9-1/153 [INQ000653781]**which contains the slide deck from this presentation. Slide 7 contains the emerging lessons learned for Job Entry Targeted Support:

- Initial assumptions on referral to start conversion were too optimistic, but job outcome assumptions were exceeded.
- It appeared to have worked well for relatively short term unemployed those up to 9 months, but also has been extensively used by people with longer duration of unemployment
- Job Entry Targeted Support offered a moderate intensity support off that fitted well between work coach time and more intensive programmes.
- Delivery benefitted from using the established Work and Health Programme providers who had infrastructure, tools and employer contacts already established.

- Access to wider support such as Debt Advice and Mental Health support (such as coping with anxiety/fear of return to commuting etc) contributed to a good experience for participants and strong outcome performance.

6.434. There were 343,000 total starts on the JETS scheme, 320,000 in England and Wales and 23,000 in Scotland between October 2020 and October 2022 (from

January 2021 in Scotland). Of these 128,500 achieved a job outcome, (120,000 in England and Wales and 8,500 in Scotland).

6.435. The budgeted programme volumes agreed in the respective Business Cases were 264,000 total starts in year 1 and 135,000 total starts in year 2.

6.436. The circumstances around COVID-19 made it very difficult to accurately predict demand for employment support. Contrary to projections, unemployment did not increase as much as expected during the pandemic. As a result, not as many claimants needed support and some provided support were more distant from the labour market than initially anticipated.

6.437. The Inquiry has asked whether some groups were over-compensated or undercompensated by the approach to JETS.

6.438. An Equalities Analysis was developed for the programme, but unprecedented circumstances made it hard to predict the demographics and protected characteristics of the participants that would use the programme. The expectation was that all protected characteristics would have access to the support and no specific disparities were identified. It was considered likely to impact men to a greater extent than women as males are likely to make up a proportionately larger percentage of some groups eligible for referral (reflecting the proportionate number of males in certain categories in receipt of benefits compared to women).

6.439. The support was not specifically designed, for example, for people with a disability or health condition. Intensive employment support specifically provided for people with a disability or health condition continued to be available through the Work and Health Programme and Intensive Personalised Employment Support.

6.440. Demographic analysis was published in the impact evaluation (Job Entry: Targeted Support impact evaluation, published on 5 February 2025) as follows:

6.441. Across all age groups (in England, Wales and Scotland) the percentage of starts was lowest for the 60+ age group and increased as the age group decreased to a high for the 25-29 age group before a small drop for the 18 to 24 age group. Kickstart, the large-scale programme for young people ran along Job Entry: Targeted Support until April 2022 and therefore likely that the proportion of people starting on Job Entry: Targeted Support aged 18-24 is lower than it would have been in the absence of Kickstart.

6.442. Percentage of participants who started on JETS and achieved a job outcome varied by region and was lowest for parts of London, Central England and North-East England at 36% and highest for North-West England at 45%. It was 37% in Scotland. All areas exceeded the job outcome expectations set in the Business case.

Fraud and Error

6.443. The Inquiry has asked for details of the bodies, structures and processes DWP used to safeguard public monies and manage financial risk, such as fraud, pre-pandemic; and how were those structures and/or processes adapted in response to the pandemic.

6.444. The preparation for and introduction of Universal Credit occupied much of DWP's focus from 2010 onwards. Woven into the creation of this new benefit was the Department's ability to combat fraud and error, which, as one of the Department's top priorities, influenced legislative changes and saw the creation of new systems and processes. From 2010-2015 DWP and HMRC worked together to develop and implement a strategy to tackle fraud and error in the benefits system. And prior to the pandemic, losses to fraud, error and overpayments across the social security system had fallen to close to their lowest ever level, 3%, as set out in the chart on page 59 of the DWP Annual Report and Accounts 2021-22 **NC/M9-1/154 [INQ000114223].** (Though, to note, that this figure was subsequently revised to 3.1 % based on final figures provided by HMRC.)

6.445. The introduction of Universal Credit, following enactment of the Welfare Reform Act 2012, enabled DWP to introduce the data analytics and anti-fraud measures which are summarised below in the years leading up to the COVID-19 pandemic.

6.446. This work had three principal positive effects on our readiness to minimise fraud and error whilst delivering Departmental and Governmental priorities during the COVID-19 pandemic. First, the automated nature of Universal Credit (and other non-legacy benefits) meant they were better equipped to withstand the loss of face-to-face contact with claimants and other easements. Second, the unification of fraud operations helped establish a sound base from which to work and to adopt an overarching and coordinated approach to fraud prevention. And third, those changes meant that the Department was far better able to detect and then stop fraud and error during the pandemic. Those factors meant that losses to fraud and error were lower than they otherwise would have been.

6.447. When the pandemic hit, as per our long-standing priorities, DWP focused on swiftly and safely providing people who needed our help with financial support. The Department understood that because of the strictures of lockdown the level of fraud would rise for example, because it would lose the ability to verify claimants in person in Jobcentres.

6.448. The Department made the decision to prioritise being able to process claims quickly given then surge in volumes. A number of changes were made to make this happen and it was understood that this approach would lead to an increase in fraud and error. This risk was accepted and balanced against the real need to provide urgent vital financial support to vulnerable individuals and families during at a time when other financial support, such as Furlough, was not yet available.

6.449. Trust and protect was introduced to allow claimants to provided evidence, such as identification, online and did not require them to attend a jobcentre, this was to ensure vulnerable claimants did not suffer financially during the pandemic. However, this increased the levels of fraud, debt, and error. An important control measure taken by DWP to mitigate and reduce fraud levels was by reviewing cases that may have misused the trust and protect policy. Enhanced review teams verified ID via video appointments. These appointments ensured that ID submitted at the time of making a Universal Credit claim matched with the person.

6.450. The susceptibility of temporary measures introduced during the pandemic to fraud and error impact were considered. The potential impacts were logged so that DWP could consider the actual outcomes against the potential outcomes. Easements were thought through carefully with a view to managing the risks associated with easing some security measures to keep benefits flowing. The work undertaken by the Cyber Resilience Centre (the CRC) and the Integrated Risk & Intelligence Service (IRIS) assisted with offsetting the contemplated risk of increased fraud and error.

6.451. Establishing the CRC and deploying its expertise during the pandemic, enabled the detection of significant organised criminal attempts to defraud Universal Credit, and preventative action to be taken. As is referred to on page 68 of the 2021/22 Annual Report and Accounts. DWP thwarted a significant attack by criminals on the benefit system in May 2020. The Department has continued to suspend suspect claims in relation to this attack, with 172,000 claims suspended by mid-2022. CRC continues to play a significant role in enabling the prevention of organised criminal attempts to defraud the welfare system **NC/M9-1/155 — [INQ000114226]** - page 68 of the 2021/22 DWP Annual Report and Accounts**].**

6.452. The existence of IRIS allowed DWP to monitor risks and use data matching and analytics to help identify emerging fraudulent activity. As soon as possible after the easements were lifted, DWP revisited cases where easements had applied, and lower levels of verification were in place. The verifications that would have been applied, but for the easements, were then applied to those revisited cases. This process was known as Retroaction. IRIS was used to identify the riskiest cases. Payments which were inconsistent with entitlement were found in approximately 12% of cases. The Annual Managed Expenditure savings were approximately £500 million.

6.453. Targeted Case Review was established in 2022 to reduce the levels of fraud and error that entered the Universal Credit system at the height of the coronavirus pandemic. By reviewing the entitlements of Universal Credit claims that are at risk of being incorrect, agents are proactively addressing incorrectness, to ensure customers receive the right payment and avoid falling into or accumulating further debt. Targeted Case Review has reached full scale with c6,000 full time equivalent reviewing agents in post. This includes c2,500 agents from external supplier TP (formally known as Teleperformance) who was awarded the contract in June 2024, to help meet the target of 5,930 agents by March 2025. In 2022-23, 25,000 claims were reviewed with 30% declarations found to be incorrect, saving £14 million in AME. In 2023-24, over 200,000 claims were reviewed with 24% declarations found to be incorrect, saving £89 million in AME. In 2024-25, over 900,000 claims were reviewed with 20% declarations found to be incorrect, saving £478 million in AME. At the end of 2024 to 2025, Targeted Case Review has reviewed over 1 million Universal Credit claims and saved a total of £581 million. In addition to the AME savings generated these reviews are protecting taxpayers' money and supporting customers by preventing future incorrectness, where customers aren't receiving the right amount. At Autumn Budget 2024, the department committed to the continuation of Targeted Case Review style activity for a further two years, with the aim of saving £13.6bn by March 2030. Learnings from claim reviews inform changes to policy, systems and service design to prevent error from entering the social security system in the first place. In May 2025, we published a management information document on Targeted Case Review performance on Gov.UK, providing information on performance and savings.

6.454. The Inquiry requested how much DWP will recover from fraud and error, the Office for Budget Responsibility forecast in their 'Economic and Fiscal Outlook' published in October 2024 that the prevalence of fraud and error in UC to fall to 9.3% of spending in 2029-30 (£8.7 billion), down 3.1 percentage points from its 2023-24 prevalence of 12.4%. Please see Annexe E for accredited statistics on fraud and error in the benefit system.

Section 7: Data, Modelling, Analysis and Advice

The Department's use of data

7.1. DWP used a combination of methods and data sources, as described in various sections throughout this Witness Statement. For example:

- Section 6: Statutory Sick Pay outlines how the Department deployed data modelling to consider the cost burden on employers when drafting expanded SSP eligibility regulations based on data shared by DHSC on estimates of how many people would be required to isolate.
- Section 6: Kickstart outlines how DWP analysts used Propensity Score Matching (PSM) methodology to compare two similar groups of people, where the main difference was whether they had participated in Kickstart.
- Section 10: Long COVID describes how the Department used ONS analysis based on the UK Coronavirus (COVID-19) Infection Survey (CIS) data to explore the relationship between self-reported long COVID and economic inactivity.

7.2. More broadly, sources of data in the early stages of the pandemic included SAGE forecasts, qualitative data from front line staff and management information to understand the scale of the issues being faced. Universal Credit data were used to understand the characteristics of claimants (e.g. age, location) and were matched to other information, such as HMRC and DfE data, to get a better understanding of labour market and education histories. The data was supplemented with information from the Labour Force Survey.

7.3. Administrative data sources such as from HMRC on PAYE, the Coronavirus Job Retention Scheme (CJRS) and The Self-Employment Income Support Scheme (SEISS) numbers, as well as online vacancy figures, were analysed. Data was drawn from new surveys, for example The Coronavirus (COVID-19) Infection Survey (CIS) and DHSC surveys of those shielding.

New sources of data

7.4. Existing data sources played a large role in this period due to a combination of their availability and the Department's understanding of them. As the environment moved from 'steady state' to one of rapid change, data timeliness became a more important issue. This meant a shift to daily monitoring of data where possible, tracking of staff availability, and collecting new internal Management Information data, such as data on whether new Employment and Support Allowance claims were due to COVID-19.

7.5. DWP made use of new sources produced by the Office for National Statistics, including the COVID-19 Infection Survey and COVID-related questions added to ONS's Opinions and Lifestyles Survey (OPN). DWP also made use of regular monitoring of Google search data, Citizens Advice Statistics, GP appointment statistics and NHS waiting lists.

7.6. To monitor risks and trends in private pensions, a number of new data sources were identified and developed. This was particularly important given central government does not hold all the information and private pensions span a number of departments. Key data developments included:

- **Quarterly data gather from pension providers** to understand, from the largest schemes in the pension market covering most memberships, the level of contributions and opt-out rates. This has continued post-pandemic to support ongoing monitoring, such as during Cost of Living.
- **Working with industry bodies** who gather information, such as the Association of British Insurers (ABI) who monitor the numbers accessing their pension.

Structures and processes

7.7. It became important to have standardised packs produced by key teams, so that everyone was looking at the same data and able to prioritise based on that information.

7.8. DWP's Operational Analysis and Performance Insight Division (OAPI) worked to standardise reporting through the production of weekly performance reports, which ensured Ministers, ET and others had timely, consistent strategic-level information. In addition, individual product lines (e.g. the Universal Credit programme) led on their own decision-making and data reporting.

7.9. The Inquiry has asked the Department to identify the main challenges that existed with regards to the availability, quality, suitability or use of data and statistics and whether there were any significant data gaps.

7.10. The pandemic presented a unique set of challenges which meant that decisions were needed to be made at pace with the best possible data available at any given time.

7.11. An example might help illustrate how the Department dealt with this question. A significant number of non-frontline staff had been deployed to support with processing the surge in Universal Credit claims. However, the Department did not have data available to assess whether this action was meeting the increased demand effectively. The data science team were able to produce data set showing how many members of staff had logged on to the Universal Credit system each day and how experienced they were (i.e. were they someone who had already used the system before the pandemic).

7.12. This gave us reassurance that the redeployment was happening as planned and that our overall capability was growing, helping us to avoid having to put further easements in place.

Challenges and gaps

7.13. Apart from the above example, DWP's focus was on standardisation and consistent reporting challenges. However, the scale of the challenge meant that data from previous economic events was not sufficient to inform decisions. The Universal Credit system was not yet able to track certain activities, so DWP relied on manual trackers of referrals, etc., during the initial response.

7.14. The majority of surveys for research and evaluation were suspended or stopped altogether (although the Department maintained fraud measurements given the anticipated increase in fraud explained in Section 6: Fraud and Error). For example, the Department's annual Customer Experience Survey was suspended for six months due to the impact of COVID-19. This resulted in the time series data being disrupted for 2019/2020. The survey was resumed late 2020 and the time series started again from this point.

7.15. Even the household surveys such as the Labour Force Survey (LFS) saw significant reductions in the size and composition of their sample, alongside necessary changes in data collection modes, which could introduce discontinuities in the data. The lack of precedents for the COVID-19 pandemic meant that the 'agents' of data collection, such as survey respondents and administrative systems, lacked the understanding and language to provide accurate and consistent data. For example, medical understanding of Long COVID – a syndrome defined by its symptoms, which are many and varied – started from a very low base, particularly how it interacts with other health conditions.

7.16. In 2020 to 2021, several factors impacted on Family Resource Survey (FRS) response rates and the distribution of characteristics among FRS survey respondents, including: (i) change in the mode of interviewing from face-to-face to telephone; (ii) changes in the methods used to encourage responses from survey participants as the year progressed; and (iii) changes in people's behaviours and circumstances during the coronavirus (COVID-19) pandemic which may have made them more or less likely to respond to a household survey.

7.17. While it was not possible to quantify the impact each of these factors had on the FRS statistics, summary conclusions based on our extensive quality assurance of the sample and estimates were detailed in a published Technical report: assessment of the impact of the coronavirus (COVID-19) pandemic on the FRS statistics, 2020 to 2021 - GOV.UK.

7.18. There continued to be several ways in which the effects of the pandemic might have affected the survey results in 2021 to 2022. Most of these stemmed from the data collection method and the distribution of characteristics among respondents. Government restrictions introduced in response to the pandemic were significantly eased over the course of the survey year, however the survey mode continued to be telephone-led in most cases, as opposed to the established face-to-face mode of interviews used in years prior to 2020 to 2021.

7.19. In 2022-23, the impact of COVID-19 on the survey was significantly reduced compared to the previous years, with a gradual return to pre-pandemic fieldwork practices, including a majority of face-to-face interviews, meaning the pandemic's influence on data collection was much less pronounced than in earlier survey periods; however, some adjustments were still made to accommodate potential challenges with in-person interviews depending on individual circumstance.

DWP's use of mathematical statistical and/or economic modelling

7.20. DWP made use of modelling and other statistical analysis methods across a number of its policy responses to the pandemic. For example, as described elsewhere in this statement:

- When the SSP team was drafting expanded SSP eligibility regulations, DWP analysts estimated the likely cost burden on employers with modelling that used DHSC estimates of how many people would be required to isolate.
- When the Universal Credit team was advising Ministers on whether the Universal Credit Uplift should be retained or withdrawn, analysts modelled the poverty impacts of the uplift ending.

Section 8: Cooperation and Joint Working

8.1. The Inquiry has requested information on the degree of joint working between DWP and UK Government Departments, Public Bodies and External Stakeholders.

HM Treasury

8.2. I attended COBR meetings on a number of occasions to brief attendees on how the Department was managing the surge in new claims.

8.3. Before the pandemic the DWP and HMT officials would talk regularly on issues of joint interest. For example, the then Deputy Director for Universal Credit would usually have a weekly catch up with colleagues in HMT and Number 10. During the height of the pandemic, she was speaking to counterparts in HMT and Number 10 almost daily to keep abreast of other relevant developments. These conversations also allowed DWP to update colleagues across Government.

8.4. DWP worked closely and at pace with HMT to develop the package of economic responses. DWP developed labour market scenarios and fed data and assessments into the wider government discussions on the overall economy ahead of OBR publishing their initial economic assessment **(See "Economic scenarios with OBR/BEIS/CO/HMT" NC/M9-1/156 INQ000653790 and "HMT/DWP scenarios for LM" NC/M9-1/157 INQ000653789 , and after that ("Cross HMG Covid-19 Scenarios:24 months") NC/M9-1/073 INQ000592917 .** DWP had access to daily (hourly) information on new claims to Universal Credit, and claims to other benefits, which gave us a good indication of the path of the labour market in the short term. We were provided with OBR economic scenarios in April, which included unemployment, and from that point used these alongside a range of additional planning scenarios to assess the medium-term path for the labour market for workload planning, and expenditure forecasting purposes **[see "200423 Economic scenarios development.pptx" NC/M9-1/156 INQ000653790].**

8.5. Our performance data packs were shared with HMT, Cabinet Office and others across government, and received feedback that they were useful in strategic decision- making questions.

8.6. The Department shared our labour market intel with HMT and received information on CJRS/SEISS. DWP also received and shared insight with BEIS on labour demand. The Department eventually got data shares in place to share information on CJRS and SEISS recipients which allowed DWP to forward plan for the end of those schemes.

8.7. An easement was agreed with HMT which allowed DWP to continue to make benefit payments to people temporarily absent abroad, including payments of Pension Credit, on an extra statutory basis, that is, in exercise of a discretion by the Secretary of State and is distinguished from payment based on statutory entitlement.

8.8. This was on the understanding that some customers were stranded abroad either because of COVID-19 restrictions/quarantine rules in those countries or because there were no practical means of returning to the UK.

8.9. The Department developed a poverty monitoring pack which used a combination of DWP data and external sources to understand the impact on people's financial circumstances. This was shared and discussed in a monthly meeting with officials from HMT and No.10.

8.10. To give an example of the close working between DWP and HMT, the then Chancellor of the Exchequer, Rishi Sunak, had a personal interest in the Kickstart scheme and initial decisions on the design of the scheme were agreed between the Chancellor and the Secretary of State for Work and Pensions. In addition, HMT officials sat on the Programme Delivery Executive, the key decision-making forum. Areas where HMT had a specific role were:

- In deciding to go ahead with a job creation programme based on the Future Jobs Fund
- Creating the 'Kickstart' brand name

- Agreeing the unit cost
- Helping resolve VAT issues and agreeing to cover the cost of VAT on the gateway administration element
- Agreeing to pay compensation in a complex case where DWP made errors.

8.11. DWP regularly shared data on Kickstart at cross-Government COVID M and COVID O meetings coordinated by the Cabinet Office, and during summer 2021, the Kickstart Policy team had weekly meetings with HMT Special Advisors to review progress and remedial action being taken to increase uptake of the scheme. Through these meetings, it was recognised that, given the economic situation was better than originally predicted, the original ambition of 250,000 jobs was no longer required.

Other Government departments and agencies

8.12. DWP was represented at the regular cross-Government COVID O and COVID M meetings coordinated by the Cabinet Office Civil Contingencies Secretariat (CCS) and worked closely with various other departments and agencies on both broad strategic measures and specific tasks. For example, the Department worked very closely with NHS England, DHSC and others to help them identify unpaid carers who would fall into a priority group to receive a COVID-19 vaccine. This culminated in 2 exchanges of data with NHS England in early 2021, which helped over 500,000 unpaid carers get an earlier vaccine than might otherwise have been the case.

8.13. DWP also liaised closely with HMRC and DfE on policies where there were shared interests. This generally worked well – but it worked best when it was done at Deputy Director level rather than more senior to ensure that the teams delivering the detail knew of key developments.

Devolved Governments

8.14. Most of DWP's policies operated across Great Britain during the pandemic. Policy and delivery responsibility is transferred for all DWP policies in Northern

Ireland, though by the parity principle the Northern Ireland assembly usually mirrors arrangements in Great Britain.

8.15. I maintained communication channels with my counterparts in Scotland and Northern Ireland, meeting weekly to compare notes and share intelligence.

8.16. Where DWP made regulations or other changes relating to devolved policy areas, discussions will have taken place with Devolved Administrations. For example, SSP is a reserved matter in Great Britain, with responsibility for policy residing with the Secretary of State for Work and Pensions. However, since health is a devolved matter, and the SSP regulations were designed to reflect Public Health England advice, DWP worked closely with the Department for Health and Social Care (DHSC)/Public Health England (PHE) and the Devolved Governments throughout the pandemic to understand and influence the evolving Public Health England guidance and to ensure that DWP considered SSP policy and regulations in response. DWP does not have a record of encountering any issues in sharing data with the devolved governments and public bodies in the devolved nations.

8.17. Engagement with Scotland, Wales and NI took place through meetings and email exchanges at official level. Meetings were not minuted, but there were actions and follow-ups on those actions to ensure the SSP changes were followed. There were some challenges where the Scottish and Welsh Governments' views did not reflect the English/UK Government's position. The Secretary of State for Work and Pensions gave DWP officials some specific steers which impacted these devolution discussions.

8.18. There is no requirement to complete a specific devolved administration impact assessment document, but teams consider devolution implications as part of policy development. There is a checklist available on the DWP Intranet that colleagues can use to record devolution considerations, an example is provided in **[NC/M9-1/101 INQ000592940].** However, teams will have been working through similar considerations even if no template was completed. See Section 6 for further information.

8.19. Devolved Administration impact assessments were not required for the changes to SSP and the implementation of the SSPR. However, all submissions are required to consider impacts on devolved administrations.

8.20. In Northern Ireland, social security is a transferred matter. However, in April 2020, DWP was already legislating for certain social security changes in Northern Ireland as part of an earlier agreement between the First Minister, Deputy First Minister and Secretary of State linked to welfare reform, and subsequently to the suspension of the Assembly between 2017 and January 2020. This arrangement continued until September 2020, when the relevant powers were returned to the Northern Ireland Assembly.

8.21. During this time, DWP was responsible for taking some regulations through the UK Parliament to ensure parity between the DWP and Northern Ireland social security systems.

8.22. In addition, during the pandemic, the UK Government legislated to introduce all DWP measures within the Coronavirus Act 2020 in Northern Ireland, since that Act did not confer legislative competence to make those changes on the Northern Ireland Assembly.

8.23. This means that most COVID-related legislative easements made by DWP before September 2020, and any after that which were based on the Coronavirus Act 2020, were given effect in Northern Ireland through regulations taken through the UK Parliament by DWP Ministers. In most cases, only the equality assessments differed as between the relevant Great Britain and Northern Ireland regulations, the substantive changes were identical.

8.24. In Scotland, the Scotland Act 2016 provided, amongst other things, that ten DWP benefits would be replaced in Scotland by Scottish Government provision. Subsequent decisions by UK and Scottish Ministers meant that most of these benefits would be devolved before being replaced.

8.25. By the end of April 2020, executive competence for these benefits — Attendance Allowance, Carer's Allowance, Disability Living Allowance, Industrial Injuries Disablement Benefit, Personal Independence Payments and Severe Disablement Allowance — had passed to the Scottish Government as planned.

8.26. During the pandemic DWP continued to deliver these benefits on behalf of the Scottish Ministers under temporary Agency Agreements while the Scottish Government built its capacity to replace them with new Scottish Government benefits.

8.27. During 2020, the Scottish Government decided to delay the introduction of its replacements for Disability Living Allowance and Personal Independence Payments due to the pandemic. This meant that DWP continued to take new claims to those benefits in Scotland under the relevant Agency Agreements for longer than had been anticipated.

8.28. Any COVID-related changes that were made in the relevant benefits in England and Wales were either mirrored in Scottish Government legislation or automatically reflected in GB-wide guidance under the terms of the Agency Agreements.

8.29. DWP Ministers made secondary legislation (the 'Breaks in Care' rules) to enable carers to retain their entitlement to Carer's Allowance if they had a temporary break in caring because of isolation due to either the carer or the person cared for being infected with COVID-19. This decision reflected the UK Government's appreciation of the vital support that unpaid carers provide to vulnerable severely disabled people. It recognised the exceptional impact of COVID-19 on the relationship between the carer and the vulnerable severely disabled person they provide care for and for that reason, the legislation was extended twice due to the length of the pandemic. The legislation reverted to the pre-pandemic position from 1 September 2021. Due to Government rules around mixing of households during the pandemic, a decision was made to amend the guidance to allow 'emotional support' to count towards the 35 hours of care required for a carer to retain their entitlement to Carer's Allowance when the pattern of care had to change — for example, the carer ordering the disabled persons shopping on-line, rather than physically taking them shopping. The guidance was changed back to its pre-pandemic form from 1 September 2021. During the pandemic, as DWP continued to deliver Carer's Allowance under an Agency Agreement, the same guidance applied in Scotland and in England and Wales.

8.30. Attendance Allowance is based on a form-based system providing information on care needs. Most of those in receipt of the benefit are clinically vulnerable and were required to shield. DWP Ministers agreed to introduce non-legislative easements to ensure that people continued to receive payments by extending awards and suspending renewal. Because Attendance Allowance was devolved to the Scottish Parliament but was temporarily being delivered by DWP on behalf of the Scottish Ministers under an Agency Agreement, the same easements applied in Scotland as in England and Wales.

8.31. As set out above, Legislative Consent Motions in the Scottish Parliament were required for uprating provisions in 2020/2021 and 2021/2022 because one of the earnings-linked benefits (survivors' benefits in Industrial Death Benefit) is devolved but is temporarily being delivered by DWP on behalf of the Scottish Ministers under an Agency Agreement.

8.32. In Wales, as social security is a reserved matter in Wales, all COVID-related legislative easements made by DWP applied equally to Wales as they did to England.

Local Authorities

8.33. At the strategic level, the Department's engagement with Local Authorities (LAs) was often through liaison with the Ministry of Housing, Communities & Local Government (MHCLG), which became the Department for. Levelling Up, Housing & Communities (DLUHC) on 19 September 2021. However, the Department did also engage directly and work directly with LAs

8.34. For example, while the Department deliberately did not assume that local government would play a role in Kickstart as they had so many other priorities to tackle, many LAs were able to volunteer in – not just as employers, but also as Gateway organisations who took on responsibility for engaging local employers in the scheme.

8.35. In August 2020, Kickstart operations and policy teams had an intensive round of engagement meetings and roundtables with a wide variety of potential delivery partners, including employers, national and local business organisations, trade bodies, and Local Authority representatives across England and Scotland, as well as representatives from devolved Governments in Scotland and Wales.

8.36. In addition, Kickstart was promoted to Young People through Jobcentres by recommendations from Work Coaches and poster advertisements as well as through engagement with local authorities, third sector partners (e.g. Princes Trust) and employer organisations (e.g. Federation of Small Businesses and Chambers of Commerce) who also promoted the scheme through their networks.

8.37. For Restart, DWP met Local Enterprise Partnership (LEP) Network, Local Government Associations (LGA), Local Government Partnerships and COVID-19 Local Government forum to discuss plans. The Department received positive feedback on our engagement and approach. The Department engaged local partners in each of the 12 Contract Package Areas to design questions and assess how well providers would tailor their offer to local areas. This proved to be a crucial differentiator in terms of awarding contracts.

8.38. Local government was among those the Department consulted on the Kickstart scheme design over the summer of 2020. They had a central role in the predecessor scheme (Future Jobs Fund), and it was information from that engagement which led to the decision not to give them a similar role for Kickstart.

Section 9: Inequalities, Impact Assessment and Vulnerable Groups

9.1 The Inquiry has asked for information about how the support delivered by DWP impacted on vulnerable groups.

9.2 DWP's primary purpose is to support the 20 million citizens who rely on our services. The Department does this through helping people into work and supporting those who are unable to work. Our services directly support some of the most vulnerable people in society and our approach is adapted to the needs of each individual service user. This is because the Department recognised that the factors that may make individuals vulnerable are not static. However, the Department also understand that it is critical to take equality and vulnerability issues into account when designing and implementing DWP policies and DWP's standard approach in doing so includes considering PSED assessments as a mandatory policy development requirement.

Public Sector Equality Duty (PSED)

9.3 DWP and its Ministers take the Public Sector Equality Duty (PSED) very seriously. Changes to DWP policy were under regular review during the pandemic and Equality Analyses were completed in respect of measures the Department developed and implemented.

9.4 For example, DWP's SSP teams prepared Equality Assessments for the changes made to regulations relating to SSP, such as:

- **NC/M9-1/158 - INQ000575855 - - Equality Analysis for Statutory Sick Pay (General) (Coronavirus Amendment) regulations dated 11 March 2020**
- **NC/M9-1/027 - INQ000575856 - - Equality Analysis for TTI isolation deeming rules dated 20 May 2020**

9.5 An Equality Assessment was also completed for the Kickstart scheme:

- **NC/M9-1/099- INQ000592938 –, Equality Analysis for the Kickstart Scheme**

9.6 Equality Assessments for other interventions, including the Uplift to Universal Credit and Working Tax Credits were completed, such as:

- **NC/M9-1/070 - INQ000592916 - , Equality Analysis for The Social Security (Coronavirus) (Further Measures) Regulations 2020**
- **NC/M9-1/071 - INQ000592914 -, Equality Analysis for The Social Security (Coronavirus (Further Measures) Amendment Regulations 2020**
- **NC/M9-1/082- INQ000653770, Equality Analysis for The Universal Credit (Extension of Coronavirus Measures) Regulations 2021**

Unpaid carers

9.7 DWP provides financial support for unpaid carers of disabled or elderly people through the benefits system, most notably via Carer's Allowance and Universal Credit. DWP worked very closely and effectively with NHS England, DHSC and others to help them identify unpaid carers who would fall into a priority group to receive a COVID-19 vaccine. This culminated in 2 exchanges of data with NHS England in early 2021, which helped over 500,000 unpaid carers get an earlier vaccine than might otherwise have been the case.

Vulnerable households

9.8 The COVID Winter Grant Scheme (1 December 2020 to 16 April 2021) and COVID Local Support Grant (21 June to 30 September 2021) were both introduced by the Government as cost-of-living payments during the pandemic to support vulnerable households. The grants' objective, as outlined in 'COVID Winter Grant Scheme guidance for local councils: 1 December 2020 to 16 April 2021', which can be found on GOV.UK, was to "support vulnerable households and families with children particularly affected by the pandemic throughout the winter period where alternative sources of assistance may be unavailable" and "at least 80% of the total funding will be ring-fenced to support households with children, with up to 20% of the total funding to other households experiencing, or at risk of experiencing, poverty during the pandemic. This may include households not currently in receipt of DWP welfare benefits."

9.9 The Household Support Fund (HSF) (originally funded to run from 6 October 2021 to 31 March 2022 but subsequently extended and currently due to run until March 2026) is funded by DWP and delivered by LAs. HSF allows LAs to offer crisis support to vulnerable households in most need with the cost of essentials. LAs are allowed to select the criteria they used to define vulnerable households in their areas, and the scheme is intended to cover a wide range of low-income households in need, including families with children of all ages, pensioners, unpaid carers, care leavers and disabled people, larger families, single-person households, and those struggling with one-off financial shocks or unforeseen events.

Prison leavers

9.10 During the pandemic, prison leavers were able to claim Universal Credit by phone, this will have made it slightly easier for them to make a claim. In addition to this prison leavers have access to Prison Work Coaches (PWC) who provide training, employment support, and benefits support before release.

9.11 Some changes were made to Universal Credit Policy through the Social Security (Coronavirus) (Prisoners) Regulations 2020 to allow those on temporary release from prison during the pandemic to claim benefits.

Parents

9.12 The Maternity Allowance, Statutory Maternity Pay, Statutory Paternity Pay, Statutory Adoption Pay, Statutory Shared Parental Pay and Statutory Parental Bereavement Pay (Normal Weekly Earnings etc.) (Coronavirus) (Amendment) Regulations 2020, which came into effect on 25 April 2020, allowed for the weekly earnings of employees furloughed under the Coronavirus Job Retention Scheme to be calculated as if the individual had not been furloughed during the relevant period for the purpose of determining entitlement to, or the amount of, Statutory parental payments and Maternity Allowance.

9.13 DWP is responsible for Maternity Allowance while Statutory parental pay, which encompasses Statutory Maternity Pay, Statutory Paternity Pay, Statutory Adoption Pay, Statutory Shared Parental Pay, and Statutory Parental Bereavement Pay, is the responsibility of the Department of Business and Trade (formerly the Department for Business, Energy & Industrial Strategy).

Section 10: Long COVID

10.1. The Inquiry has asked what financial support was offered by DWP to sufferers of long COVID and what advice was given to Ministers regarding long term sequalae of coronavirus.

10.2. DWP offers financial support through Universal Credit and New Style Employment and Support Allowance for people who are sick and unable to work due to long-Covid, subject to them satisfying the eligibility criteria and contribution conditions. Disability benefits do not include or exclude by condition, instead they look at the needs arising from a long-term health condition or disability. People living with a condition arising from exposure to the COVID-19 virus can access the financial support that is available through Statutory Sick Pay, Universal Credit, New Style Employment and Support Allowance or Pension Credit depending on individual circumstances. They are also able to access Personal Independence Payment in the same way as other people with long-term conditions or disabilities.

10.3. Long COVID was not a consideration in the design of the changes to Statutory Sick Pay, or when deciding whether to extend changes made to SSP. SSP is available to those suffering with Long COVID if this results in the individual being incapable of work, subject to meeting the usual eligibility criteria.

10.4. DWP is advised by the Industrial Injuries Advisory Council (IIAC), an independent scientific body, on changes to the list of occupational diseases for which Industrial Injuries Disablement Benefit (IIDB) can be paid. IIAC's advice is limited to entitlement to benefits under the Industrial Injuries Scheme and does not cover the classification of 'an industrial injury' more widely.

10.5. In November 2022, IIAC published 'COVID-19 and occupation: position paper 48', which is available on GOV.UK, a Command Paper which recommended five severe post-COVID-19 complications should bring entitlement to IIDB for certain health and social care workers In November 2024, IIAC published 'Occupational Impact of COVID-19 in the Transport and Education Sectors', which is available on GOV.UK, a further command paper which concluded that the 2022 recommendation should be extended to cover certain transport workers.

10.6. In its most recent command paper, IIAC concluded that there is currently insufficient evidence available to recommend prescription for further complications following COVID-19 infection, or for further occupations. IIAC will continue to keep the situation under review and monitor the evidence and available data.

10.7. The Inquiry has asked whether the Department carried out any assessments into the economic impact of long term sequalae of coronavirus.

10.8. During the pandemic, the DWP also undertook an employer pulse survey to assess the impact of the pandemic and long COVID on employers, workforce participation and sickness absence, as well as SSP.

10.9. During an assessment of the impact of the pandemic on SSP and the costs to Government, it was noted that eligible employees suffering long COVID who were unable to work would be entitled to SSP under normal eligibility rules.

10.10. The Coronavirus (COVID-19) Infection Survey (CIS) was also used to monitor the risks that long COVID presented to expenditure on Personal Independence Payments (PIP), particularly data on the number of people reporting long-term symptoms that significantly limited their daily activities, in comparison with the number of infections in different waves. Although the data did not offer definitive conclusions, and long COVID was just one of many factors interacting with each other to impact on demand for PIP at that time, it was used as part of a package of evidence to inform forecast assumptions for PIP expenditure.

10.11. DWP's Joint Work and Health Division (JWHD) also sought to explore the relationship between long COVID and benefits and earnings through an HMT funded Shared Outcomes Fund project to link the public health data asset to benefits and HMRC data. However, this was not possible as long COVID presents as a range of symptoms and was not necessarily diagnosed (in the health data) for us to look back retrospectively as to relationship with benefits and earnings.

10.12. The Inquiry has asked whether Long Covid was considered in the design and delivery of economic interventions detailed in Section 6.

10.13. Long COVID was not considered in decisions on the design of Kickstart.

10.14. Long COVID was not considered in decisions on the design of Job Entry Targeted Support.

10.15. People with disability or health condition that needed employment support continued to have access to our personalized and tailored employment support specifically targeted at people with a disability or health condition irrespective of whether Long Covid or any other health condition or disability.

SECTION 11: LESSONS LEARNED

Lessons learned from previous incidents

10.1. It is my observation that lessons have been learned from the approach implemented by DWP and its predecessors in response to the last 4 major economic downturns – in the 1980s, the early 1990s, the mid/late 2000s, and most recently the impact of the pandemic.

10.2. The downturn of the 1980s saw Labour Market interventions and employment programmes stopped to alleviate pressure on the benefits systems at a time of high unemployment. It is now understood that the longer an economic recovery takes, without labour market interventions in place, the greater the risk of hysteresis, with the long-term prospects of young people being negatively impacted. During the recession of the 1990s, Labour Market interventions and employment programmes were maintained despite the increased pressures on the system. This meant employment quickly fell in the subsequent recovery.

10.3. What was also observed was an effort amongst employers to reduce their work force. This impacted young people over the long term, reducing job opportunities and ultimately contributing to a skills gap in the labour market. In addition, employers often needed to invest in retraining new employees as the recovery started.

10.4. In the aftermath of the financial crisis of 2008, drawing from the lessons learned in the previous downturns, DWP committed to preserving labour market interventions. The Department increased the number and range of employment programmes available to address anticipated job cuts as witnessed in the early 1990s. However, in contrast to the 1990s, employers tended to retain people rather than reduce staffing levels. As a result, there was more labour market provision available than was needed as unemployment peaked at a much lower level than originally forecast.

10.5. These lessons helped to inform DWP's approach during the pandemic. When the pandemic first hit there was a reluctance to stop labour market interventions immediately due to the risk of hysteresis. However, as outlined in 'Section 3 - Overview of DWP Role in the Economic Response to COVID-19', it soon became clear that in order to protect both our staff and customers it was necessary to stop face to face appointments and suspend work search and availability requirements, ensuring no work search or work availability requirements were imposed on Universal Credit claimants. DWP Ministers and Senior Officials were keen to restart labour market activity as soon as it was deemed safe to do so and the labour market offer was reintroduced from July 2020, extending conditionality requirements (the requirement for claimants to provide evidence of work-search and attend face-to-face appointments) to increasing numbers of claimants as work coach numbers increased.

10.6. As previously explained in Section 6: Kickstart, it was anticipated that there would be a significant increase in the rate of unemployment when the furlough was originally due to end in May 2020. As part of the Governments Plan for Jobs a range of employment support programmes, such as Kickstart, were introduced to help reduce the impact and support people back to work. Ultimately, furlough was extended four times, finally closing in September 2021, and the expected increase in unemployment didn't materialise. Consequently, the estimate for the number of placements for Kickstart was revised in line with the new circumstances. Over 163,000 Kickstart placements were secured nationwide, JETS supported 343,000 people with 128,500 of these achieving a job outcome, (120,000 in England and Wales and 8,500 in Scotland). JFS helped more than 50,000 people and achieved high satisfaction rates from customers, and of the 610,000 people who started Restart so far and have had the opportunity for at least 12 months of support (those starting between July 2021 and April 2024), 43% (270,000 participants) moved into employment. It is my opinion that these programmes and the timely reintroduction of labour market interventions helped to limit some of the potential impact of the pandemic on the labour market and supported the foundations for recovery.

Lessons learned from the pandemic response

10.7. DWP conducted a range of internal and external reviews and lessons learned exercises related to its response to the pandemic. These reviews related to DWP processes and procedures and covered how the Department should respond to a similar event in future to ensure that financial support is available when needed.

10.8. For example, on 29 May 2020, the DWP Business Continuity, Resilience & Emergency Response teams shared 'COVID-19 Departmental Operations Centre (DOC) Lessons Learned' the DWP business continuity teams. BCRERT undertakes 'Lessons Learnt' activities as a matter of course following disruptions and exercises. The note highlighted the lessons learned in the standing up and running a fully operational COVID-19 DOC, to manage the Department's emergency response, including the eventual transfer of the DOC's activities to IPDE to be managed as business-as-usual. Some of the key lessons learned were:

- Communications – the need to ensure regular communications updates were issued to all members of the DOC and the wider team, so that everyone was aware of the latest information, including staffing and/or process changes, key activities throughout the week etc.

- Leadership – the need to have one point of contact with overall responsibility and accountability for the way in which the DOC operates.
- DOC resources – the need to establish a smaller core team of people to undertake the roles within the DOC. This would bring consistency and build knowledge, experience and skill.
- Training and support products – The need for more training of staff prior to taking up a DOC role, along with better support products containing instructions and specific processes.

10.9. These lessons were reflected in the arrangements made when the DOC was stood up again in November 2020. **[NC/M7/12 – INQ000065981 COVID-19 DOC Lessons Learned note]**

10.10. On 18 June 2020, BCRERT submitted to the IPDE a broader and more comprehensive report on lessons from the initial Respond **[NC/M9-1/159 INQ000187740].** This was developed by BCRERT based on Lessons Learnt engagement across the Department, with input from the Government Internal Audit Agency (GIAA). It included the findings from the 29 May 2020, COVID-19 DOC Lessons Learned note referenced above, and highlighted a number of BCRERT's achievements, as well as identifying improvements that were implemented in planning for future response phases.

10.11. Overall, this report found that DWP had a high degree of flexibility to adapt response and adjust resources to meet a rapid surge in demand. The emphasis on services for benefit payments, vulnerable customers, new claims and change activity with bearing on entitlement, as per Executive Team (ET) prioritisation, proved effective in focusing the Department's efforts.

10.12. The report also highlighted a range of recommendations and improvements, including a number identified by stakeholders:

- **Responsibilities** – the Incident Management Framework had been developed around the Executive Team providing oversight of the response with the Gold Commander retaining decision making authority. In practice, requests from Cabinet Office for individuals at Director General level to attend COBR meetings proved this to be an unrealistic assumption.
- **Accountability** – representatives attending Gold Command did not feel that they were always empowered to make decisions, with ET or accountable Director Generals (DGs) wanting to make final decisions. Clarity of ET role was required to strengthen response structures.
- **Roles & Expectations** - Colleagues nominated to attend Gold and Silver Command meetings were not always clear on their role or the role of others, the expectation, and deliverables. It was suggested developing and sharing Terms of Reference (ToR) for groups to clarify where areas should feed questions and issues would be helpful. This recommendation was incorporated into the Department's second surge plan.
- **Reporting** – Bronze command meetings proved effective in resolving operational issues. However, there needed to be clearer reporting of decisions to Gold Command for collective oversight. Due to the scale of the response and large areas of responsibility, colleagues often had difficulty tracking engagement and actions, all groups supporting a response need to be supported by a strong secretariat function. This recommendation was reflected in subsequent Bronze command structures.
- **Decision Making** – It took some time to agree clear and auditable decision-making logs, which meant an amount of rework for some secretariat functions. A template was subsequently agreed, added to the Gold Commander Incident Response toolkit, and incorporated into the Second Surge Business Continuity Plan.
- **People** – during the initial response phase in February – March the command structure was operational on a 7-day a week basis. Clear plans for deputies, shadowing and support for the Gold Commander were not put in place early enough in the response. The pressure and

pace of the initial response highlighted a risk to wellbeing of individuals. This was taken on board and cover and staff welfare were prioritised in subsequent Gold/Silver/Bronze command structures.

10.13. These findings substantiate ET's decision in early April to appoint me as SRO and reduce the overload on the Gold structures by implementing a programmatic approach under IPDE.

10.14. Please see Section 6: Economic Interventions for details of the specific actions undertaken to review the four Key Economic Interventions identified by the Inquiry in the Rule 9 Request of 23 December 2024.

ANNEX A:

Chronology of DWP Economic Interventions

Chronology	
Date	**Content**
11 March 2020	The Chancellor, Rishi Sunak, delivers the 2020 Budget to the House of Commons. The Budget includes several DWP measures to help those affected by COVID-19, including: • Temporary extension of SSP to cover individuals who are self-isolating, a temporary alternative to the fit note which can be used for the duration of the coronavirus outbreak. • Making new style Employment and Support Allowance (ESA) payable from the first day of sickness, rather than the eighth day, for people directly affected by coronavirus or self-isolating according to government advice. • Removal of the requirement to attend a Jobcentre to claim Universal Credit and access advance payments for those directly affected by coronavirus or self-isolating. • Temporary relaxation of the Minimum Income Floor (MIF) in Universal Credit for the duration of the outbreak, for those who are directly affected by coronavirus or are self-isolating.
13 March 2020	The Statutory Sick Pay (General) (Coronavirus Amendment) Regulations 2020. These Regulations amend regulation 2(1) (1982 Regulations) to provide that a person who is isolating himself from others in accordance with advice on coronavirus disease is deemed to be incapable of work.

13 March 2020	Employment and Support Allowance and Universal Credit (Coronavirus Disease) Regulations 2020 comes into force, regulation 4 legislates for the suspension of the minimum income floor (MIF) until 12 November 2020.
17 March 2020	The Statutory Sick Pay (General) (Coronavirus Amendment) (No. 2) Regulations 2020. The Statutory Sick Pay (General) (Coronavirus Amendment) Regulations 2020 amend regulation 2(1) to provide that a person who is isolating himself from others in accordance with advice on coronavirus disease effective on 12 March 2020 is deemed to be incapable of work. These Regulations amend that date to 17 March 2020.
20 March 2020	The Chancellor, Rishi Sunak, announces further measures to support people during the pandemic, including the introduction of the £20 per week Universal Credit uplift in April, followed within days by the first national lockdown on 23 March.
25 March 2020	Coronavirus Act 2020 The bill contains 6 regulations pertaining to SSP: Section 39: The funding of employer liabilities. This power enables the implementation of the Coronavirus SSP Rebate Scheme (SSPR) which allows employers with fewer than 250 employees to receive a rebate for absences related to coronavirus for up to two weeks per employee. Section 40: The power to disapply waiting period limitation. Before COVID-19, SSP was only payable from the fourth day of absence. This power enables Government to temporarily suspend waiting days where absences are related to coronavirus. The power aimed to support people to isolate in line with Government advice and reduce transmission of the virus by providing financial support, payable from day one, to eligible employees who are symptomatic and those who have

	been advised to self-isolate as a precautionary measure (including those who are asymptomatic but have tested positive). Section 41: The modification of regulation making powers. This section contains a power (s.41(1)) which permitted regulations to make reference to Public Health England guidance. This granted the power to refer to Public Health England guidance on shielding and symptoms as specified in guidance. This section also contains a power (s.41(2)) for the exercise of discretion in dealing with any matter under those regulations. This power was likely to be necessary to ensure that SSP eligibility can be dependent upon advice given, or notifications issued by, medical professionals or NHS Test and Trace. Having such a power ensured Government can make regulations which kept in step with the latest Government guidance by allowing entitlement to be linked to the issuing of a notification or advice to an individual by health authorities. Sections 42, 43 and 44 are mirrored regulations that have effect in Northern Ireland.
27 March 2020	The Statutory Sick Pay (Coronavirus) (Suspension of Waiting Days and General Amendment) Regulations (Northern Ireland) 2020 were the equivalent regulations for Northern Ireland. They were also laid before Parliament on 27 March 2020 and came into operation on 28 March 2020.
28 March 2020	The Statutory Sick Pay (Coronavirus) (Suspension of Waiting Days and General Amendment) Regulations 2020 Regulation 2 disapplies the waiting days where an employee is incapable of doing the work the employee can reasonably be expected to do under the employee's contract of service, or where the employee is deemed to be incapable, because

	of coronavirus. This applied retrospectively from 13th March 2020. Regulation 3 amends the 1982 Regulations. It inserts a Schedule into those Regulations which specifies when a person is deemed to be incapable of work because the person is staying at home. This includes persons with symptoms of coronavirus staying at home for 7 days and persons living in the household of a person with symptoms of coronavirus staying at home for 14 days. Regulations 4 and 5 omit the provision that previous Regulations amending the 1982 Regulations will expire after 8 months.
28 March 2020	The national Shielding Contact Centre (a contact centre commissioned through DWP to call Clinically Extremely Vulnerable (CEV) people who had not yet registered through the Government Digital Service website or the automated helpline) starts making calls.
30 March 2020	DWP suspends all non-essential projects in order to concentrate resources on processing new claims and adapting to national lockdown.
30 March 2020	The Social Security (Coronavirus) (Further Measures) Regulations 2020 Regulation 2 replaces regulation 4 of the 13 March regs. Confirms MIF suspension and suspends Gainful Self Employment (GSE) Decisions. Regulation 3 introduces the £20 standard allowance uplift introduced, planned to expire in April 2021.
April 2020	Between April 2020 and March 2021, the Universal Credit caseload doubled to around 6 million people. To cope with this, and other challenges, the Department moved quickly

	and proactively to adapt the way it operated - redeploying 10,000 staff into new claim handling roles, changing working practices, issuing equipment and urgently laying legislation. As a result, over 90% of new claimants received their payments on time and in full. DWP created a Virtual Service Centre (VSC) to process new claims to benefit and introduced a number of policy and operational changes (known as easements) to deal with the unprecedented surge of new claims and comply with face-to-face capacity restraints resulting from national restrictions. DWP announced that money put aside for the purpose of paying a tax bill for a business will be disregarded as capital for benefits claim purposes if it is in a business bank account or a customer can provide evidence to show why it is put aside. This was based on the rule that business assets can be disregarded as the claimant's personal capital.
1 April 2020	The Social Security (Coronavirus) (Further Measures) Regulation 2020 was introduced to temporarily increase Universal Credit and Working Tax Credits for 1 year
3 April 2020	In response to the COVID-19 outbreak, DWP temporarily paused the recovery of benefit overpayments, for three months. Deductions for the recovery of Universal Credit and legacy benefit overpayments, Social Fund loans and Tax Credit debts were paused. The majority of deductions were suspended automatically. Claimants who made repayments through a Bank Standing Order, Bank Giro Credit or through online banking were

	advised to contact their bank to cancel any such arrangement. The change meant many claimants saw an increase in the amount of money they received in benefits during the outbreak. It allowed the Department to move a significant number of staff to front line roles, to focus on getting money to those who need support, following a significant increase in claims over the previous two weeks.
9 April 2020	DWP launches ‘Don’t call us, we’ll call you’. People making new claims for Universal Credit no longer need to call the Department. Instead, they make their claim online and are contacted by Jobcentre staff.
16 April 2020	The Statutory Sick Pay (General) (Coronavirus Amendment) (No. 3) Regulations 2020. Regulation 2 adds a new category of persons. These are persons defined in guidance issued by Public Health England, the Scottish Ministers or Public Heath Wales as being extremely vulnerable and at very high risk of severe illness from coronavirus because of an underlying health condition, and who have been advised, in accordance with that guidance, to follow rigorously shielding measures.
22 April 2020	Following a partnership initiative between DWP and the Post Office, working through the National Shielding Service, the Post Office announces that home delivery of cash payments is now available “for the most vulnerable individuals. “ The National Shielding Service was set up by five government departments, including DWP. It worked to deliver

	care and food supplies to approximately 2.2m people in England who were classified as clinically extremely vulnerable (CEV) people. The project was delivered in partnership with central government, local authorities, food wholesalers and supermarkets
May 2020	In May 2020, HM Treasury provided DWP with an initial additional £0.2 billion DEL funding for additional service delivery staff. On 7 May, DWP announces that pensioners can apply for Pension Credit online.
26 May 2020 (HMRC in concurrence of DWP)	The Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) Regulations 2020. These Regulations provide for certain small and medium size employers (SMEs) to reclaim some or all of their Statutory Sick Pay (SSP) costs from His Majesty's Revenue and Customs (HMRC). An employer could make a claim in respect of an employee's period of incapacity for work related to coronavirus where the first day of incapacity for work in that period arose on or after 13 March 2020.
28 May 2020	The Statutory Sick Pay (General) (Coronavirus Amendment) (No. 4) Regulations 2020 Regulation 2 of these Regulations adds a new category of person to the Schedule. This is a person who has been notified that they have had contact with a person with coronavirus, and who is self-isolating for 14 days from the latest date on which that contact occurred, or a date specified in the latest notification.

30 June 2020	DWP launched 'a Rapid Recruitment' drive to increase staff resources to handle the increase in Universal Credit claim volumes.
1 July 2020	Jobcentres in England begin to fully reopen, and claimant conditionality returns. The Department tests 30-minute claimant commitment phone interviews as an alternative to face-to-face interviews.
6 July 2020	Statutory Sick Pay (Coronavirus) (Suspension of Waiting Days and General Amendment) (No. 2) Regulations 2020. The amendments in paragraphs (2), (3), (5), (7)(a) and (10) and the Schedule ensure that persons who are shielding themselves from other people in such a manner as to prevent infection or contamination with coronavirus will continue to be deemed to be incapable of work for the purpose of entitlement to Statutory Sick Pay. The amendments in paragraphs (6), (7)(b) and (9)(a) ensure that persons deemed to be incapable of work because they or another person have the symptoms of coronavirus will remain entitled to Statutory Sick Pay until the person with those symptoms receives notification that they have tested negative for coronavirus. The amendments in paragraphs (7)(a) and (9)(a) ensure that a person will be entitled to Statutory Sick Pay if a member of a linked household (in England) or of their extended household (in Wales and Scotland) has the symptoms of coronavirus. Regulation 3 of these Regulations amends the Statutory Sick Pay (Coronavirus) (Suspension of Waiting Days and General Amendment) Regulations 2020 to ensure that those deemed incapable of work by virtue of the amendments made by

	regulation 2 of these Regulations do not have to serve waiting days for entitlement for Statutory Sick Pay.
8 July 2020	In his Summer Economic Statement, the Chancellor allocates DWP up to a further £1,391 million of additional DEL funding. This includes additional service delivery staffing (£895 million), 'Work and Health Programme: Job Entry Targeted Support' (£95 million), Flexible Support Fund (£150 million), Job Finding Support (£25 million), fraud and error transformation (£11 million), and Kickstart (£215 million). The Government unveils its £30bn 'Plan for Jobs' to prevent mass unemployment, including giving businesses a £1000 bonus for every member of staff they keep on, cutting VAT of food, accommodation and attractions to 5% and providing 50% discounts for the public to eat out in August, plus DWP initiatives: Kickstart, doubling the number of work coaches in jobcentres, increasing the Flexible Support Fund, extending the Rapid Response Service, expanding the Youth Offer, expanding the Work and Health Programme, expanding and relaunching sector-based work academies as Sector-based Work Academy Programmes (SWAPs). DWP's sector-based work academies – developed by Jobcentres in partnership with employers and training providers to offer training, work experience and a guaranteed interview to fill jobs – have been part of the core Jobcentre Plus offer for claimants since 2011. As part of the Plan for Jobs, DWP expands the number of placements available and relaunches the offer under the name Sector-based Work Academy Programmes (SWAPs).
30 July 2020	DWP IPDE is stood down and a Lessons Learned exercise is undertaken.

	From August 2020 to 31 March 2021 the Portfolio Management Executive (PME) manages the delivery of a number of key work streams that had been agreed by DWP's Executive Team (ET).
5 August 2020	The Statutory Sick Pay (General) (Coronavirus Amendment) (No. 5) Regulations 2020. Regulation 2 of these Regulations amends Schedule 1 to the Statutory Sick Pay (General) Regulations 1982 to ensure that a person is entitled to Statutory Sick Pay for the full period for which they are required to self-isolate and for the period a person is required to stay at home after testing positive for coronavirus.
26 August 2020	The Statutory Sick Pay (General) (Coronavirus Amendment) (No. 6) Regulations 2020. Regulation 2(2), (4) and (5) of these Regulations amends Schedule 1 to the Statutory Sick Pay (General) Regulations 1982 to provide that a person is entitled to Statutory Sick Pay if they: -Have been notified that they are to undergo a surgical or other hospital procedure. -Have been advised to stay at home for a period of up to 14 days prior to being admitted to hospital for that procedure; and -Stay at home pursuant to that advice.
2 September 2020	DWP launches Kickstart. The scheme is designed to support young people on Universal Credit into jobs, using the evidence of what worked in the Future Jobs Fund – the key difference being the Kickstart Scheme would focus more on private sector employers. Participating employers offer youngsters aged 16-24 who are claiming Universal Credit a six-month work placement. The

	Government fully funds each "Kickstart" job - paying employers £1,500 to set up support and training for people on a Kickstart placement, as well as helping pay for uniforms and other set up costs and paying 100% of the age-relevant National Minimum Wage, National Insurance and pension contributions for 25 hours a week. Employers may voluntarily top up this wage.
10 September 2020	DWP begins the process of recruiting 13,5000 additional Work Coaches by the end of March 2021 (announced as part of the Plan for Jobs)
25 September 2020	DWP announces that its Youth Offer will for the first time be available to thousands of economically inactive claimants – those who are seen as further away from and who face more challenges finding long term work. Youth Offer had previously only been available to young people deemed closest to work.
5 October 2020	The Job Entry Targeted Support scheme (JETS) launches – a new programme to support those unemployed more than three months with specialist advice, and CV and interview coaching.
15 October 2020 (HMRC in concurrence of DWP)	The Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) (Amendment) Regulations and the Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) (Northern Ireland) (Amendment) Regulations 2020. These regulations amend the Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) Regulations 2020 and the Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) (Northern Ireland) Regulations 2020. These amendments ensure employers

	can continue to access support with the costs of paying eligible Statutory Sick Pay to their employees. Specifically, they reflect further changes made by the European Commission to the provision of State aid to small and medium-sized enterprises (SMEs) in difficulty (a SME is a business with fewer than 250 employees and either turnover below €50m or balance sheet total below €43m), ensure that SSP can be reclaimed by employers in line with the changes made by DWP to extend eligibility to receive coronavirus related SSP and change the notification mechanism for employers who realise they have mistakenly overstated the amount of a previous claim.
November 2020	The first Kickstart jobs start. The scheme ultimately sees over 163,000 young people start jobs, as well as over 30,000 employers providing opportunities. The last young people finished their roles at the end of September 2022, with Kickstart coming to a formal conclusion at the end of November 2022. The Kickstart process evaluation was published in July 2023. The Social Security Advisory Committee (SSAC) publishes, A review of the COVID-19 temporary measures, which covers six themes: 1. Conditionality and the unwinding of the easements 2. Communication with claimants and stakeholders 3. Determinations in an environment of social distancing 4. Clarifications to rules and easements 5. Housing exemptions 6. Other issues, including eligibility and award values
8 November 2020	DWP announces a significant package of extra targeted financial support for those in need over the winter period.

	This includes the £170 million COVID Winter Grant Scheme, which is made available from 1 December 2020 to 31 March 2021 across England.
12 November 2020	The Social Security (Coronavirus) (Further Measures) (Amendment) and Miscellaneous Amendment Regulations 2020 extended the following measures for a further 6 months: ● Removing the unpaid “waiting days” at the start of an Employment and Support Allowance claim if the claimant were suffering from COVID-19, were required to self-isolate in line with Public Health England advice or were caring for a child. This meant that claimants were paid from day 1 of their claim as opposed to day 8. ● Treating everyone infected with COVID-19, or who were required to self-isolate in line with Government guidelines, as having limited capability for work in Employment and Support Allowance without the requirement for a fit note. ● Removal of the Minimum Income Floor-postponement of the Gainful Self-Employment (GSE) test and a temporary period of Non-Gainful Self-Employment for Universal Credit claimants who are self-employed.

24 December 2020	The Statutory Sick Pay (General) (Coronavirus Amendment) (No. 7) Regulations 2020. Regulation 2(1) to (6) amends Schedule 1 to the 1982 Regulations to reflect changes to the self-isolation requirements where a person has symptoms of coronavirus, tests positive for coronavirus or is a household contact of a person who has coronavirus. These provisions ensure that people who must self-isolate for these reasons are deemed to be incapable of work for the full period for which they have to isolate. Regulation 2(7) allows relevant notifications to be given orally and expands the list of people who can issue relevant notifications to include the Scottish and Welsh Ministers.
On 4 January 2021	Following the PM's announcement on 4 January of the 3rd national lockdown, DWP issues guidance on how the new restrictions affect Jobcentre customers.
3 February 2021	DWP's Job Finding Support (JFS), which offers tailored one-to-one job-finding support via a digital service, goes live.
3 March 2021	In the March 2021 budget, the Government announced that the Universal Credit £20 uplift would be extended for a further six months, until 6 October 2021. It also said that it would make a one-off payment of £500 to eligible working tax credit recipients.
19 March 2021	DWP announces that normal jobcentre opening hours resume from 12 April 2021
25 March 2021	The Social Security (Claims and Payments, Employment and Support Allowance, Personal Independence Payment and Universal Credit) (Telephone and Video Assessment) (Amendment) Regulations 2021 comes into force.

31 March 2021	DWP announces it has hit its target to recruit an additional 13,500 Work Coaches.
6 April 2021 (HMRC in concurrence of DWP)	The Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) (Amendment) Regulations and the Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) (Northern Ireland) (Amendment) Regulations 2021. The Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) Regulations 2020 and the Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) (Northern Ireland) Regulations 2020 provide for certain small and medium size employers to reclaim some, or all, of their Statutory Sick Pay costs from His Majesty's Revenue and Customs. These Regulations amend those instruments to increase the maximum amounts which can be claimed in line with the increase of the rate of Statutory Sick Pay from 6 April 2021.
6 April 2021	The Universal Credit (Extension of Coronavirus Measures) Regulations 2021 comes into force, extending the MIF suspension until 31 July 2021 and extending the £20 uplift until any assessment period that ends before 6 October 2021.
12 April 2021	DWP announces that the repayment period for Universal Credit advances requested on or after 12 April 2021 has been extended from 12 to 24 months.
12 May 2021	The Social Security (Coronavirus) (Miscellaneous Amendments) Regulations 2021 comes into force, extended the following measures for a further 6 months: • Removing the unpaid "waiting days" at the start of an Employment and Support Allowance claim if the claimant were suffering from COVID-19, were

	required to self-isolate in line with Public Health England advice or were caring for a child. This meant that claimants were paid from day 1 of their claim as opposed to day 8. ● Treating everyone infected with COVID-19, or who were required to self-isolate in line with Government guidelines, as having limited capability for work in Employment and Support Allowance without the requirement for a fit note.
14 June 2021	DWP launched Restart, in response to the expected surge in long-term unemployment in the wake of the COVID-19 pandemic. Restart was designed to "provide intensive and tailored support to more than one million unemployed people [in England and Wales] and help them find work". The scheme was announced in July 2020 as part of the Plan for Jobs. The initial focus for referrals at the scheme's launch is those who had been on Universal Credit in the Intensive Work Search (IWS) regime continuously for between 12 and 18 months, and who had moved into this regime after March 2020. From January 2022, those in receipt of Universal Credit and in the IWS regime for at least 9 months are considered eligible; and this is expanded later in 2022 to include all claimants on Universal Credit and in the IWS regime with Universal Credit claims of at least 9 months, as well as those claimants in receipt of Income Based Jobseeker's Allowance (JSA IB).
31 July 2021	The Universal Credit (Coronavirus) (Restoration of the Minimum Income Floor) Regulations 2021 come into force, gradually reintroducing the MIF and GSE tests.

1 August 2021	The Minimum Income Floor (MIF) for self-employed people claiming UC, which had been suspended since March 2020, came back into for with effect from 1 August 2021. The MIF was gradually phased, although Work Coaches have the discretion not to apply the MIF if the claimant's earnings continue to be affected by coronavirus.
30 September 2021 (HMRC in concurrence of DWP)	The Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) (Closure) Regulations and the Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) (Northern Ireland) (Closure) Regulations 2021 No. 1013. The Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) Regulations 2020 and the Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) (Northern Ireland) Regulations 2020 provide for certain small and medium size employers to reclaim some, or all, of their Statutory Sick Pay costs from His Majesty's Revenue and Customs. These Regulations amend those instruments to end employers' ability to reclaim Statutory Sick Pay costs with effect from 30 September 2021, with claims relating to periods prior to that date to be made by 31 December 2021.
30 September 2021	The Government launched the £500m Household Support Fund for vulnerable households over winter. DWP provided funding to 151 County councils and unitary authorities in England. The Authorities administered the scheme to help vulnerable families with children and other vulnerable households during the final stages of economic recovery.

October 2021	The Chancellor announced that Kickstart would be extended, so that new job placements could start up to the end of March 2022, with the scheme finally closing in September 2022 The Chancellor also announced that DWP would invest £99 million over the next three years, enhancing its programme of support for working Universal Credit claimants through a new In-Work Progression offer. This offer is rolled-out from April 2022, with around 2.1 million low paid benefit claimants eligible for support from work coaches to progress into higher-paid work.
6 October 2021	As per The Universal Credit (Extension of Coronavirus Measures) Regulations 2021, the £20 uplift is withdrawn from assessment periods ending after 6 October 2021.
27 October 2021	**Autumn Budget and Spending Review 2021**. Including the announcement that the Universal Credit taper rate was to be reduced from 63% to 55%.
12 November 2021	The Social Security (Coronavirus) (Further Measures) (Amendment) and Miscellaneous Amendment Regulations 2020 come into force, extending the following measures for a further 6 months: • Removing the unpaid "waiting days" at the start of an Employment and Support Allowance claim if the claimant were suffering from COVID-19, were required to self-isolate in line with Public Health England advice or were caring for a child. This meant that claimants were paid from day 1 of their claim as opposed to day 8.

	• Treating everyone infected with COVID-19, or who were required to self-isolate in line with Government guidelines, as having limited capability for work in Employment and Support Allowance without the requirement for a fit note.
24 November 2021	The reduction to the Universal Credit taper rate and the increase to the work allowances were implemented.
December 2021	DWP extended eligibility for the Youth Offer to include 16- and 17-year-olds, in addition to 18- to 24-year-olds, who are claiming Universal Credit and in the Intensive Work Search group.
17 December 2021	The Statutory Sick Pay (Medical Evidence) Regulations 2021 were laid before parliament on 16 December 2021 and applied from 17 December 2021 to 26 January 2022. These extended the period that an employee shall not be required to provide medical information from 7 days to 28 days. These regulations applied to spells of incapacity for work which either started during the period 17 December 2021 to 26 January 2022 or which commenced prior to the Regulations coming into force but which had not lasted more than 7 days on that date.
January 2022	DWP launched Way to Work, a new target to move half a million people into jobs by the end of June 2022, described as an initiative to 'turbo-charge our national recovery from COVID-19'. The scheme predominantly focused on people in the intensive work search group on Universal Credit.

14 January 2022	The Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) Regulations 2022. These Regulations provide for certain small and medium-size employers to apply to HMRC for a refund of the cost of paying Statutory Sick Pay to their employees. The scheme refunds eligible employers the costs of SSP up to a certain threshold where an employee's incapacity for work is related to coronavirus. Refunds are payable in respect of days of incapacity for work occurring on or after 21 December 2021.
February 2022	Job Finding Support (JFS) ends
17 March 2022	The Statutory Sick Pay (Coronavirus) (Miscellaneous Amendments) Regulations 2022. This instrument amends the Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) Regulations 2022 (SI 2022/5) and the Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) (Northern Ireland) Regulations 2022 (SI 2022/9). The instrument closes the Statutory Sick Pay Rebate Scheme with effect from 17 March 2022 so that any absence related to coronavirus occurring after 17 March 2022 will not be eligible for the rebate.
24 March 2022	The Coronavirus Act 2020 (Delay in Expiry: Inquests, Courts and Tribunals, and Statutory Sick Pay) (England and Wales and Northern Ireland) Regulations 2022. These Regulations extend five temporary provisions of the Coronavirus Act 2020. Provision section 43 will enable the disapplication of waiting days for absences related to coronavirus to continue, meaning that Statutory Sick Pay will be payable from day one for coronavirus-related eligible absences in Northern Ireland. The extension of this provision has been made on the formal request of the Department for

	Communities in Northern Ireland. The Secretary of State of Work and Pensions has agreed to this request as Statutory Sick Pay is a transferred matter for Northern Ireland. The legislative competence for this provision lies with the Department for Work and Pensions, with the territorial extent of the application for Northern Ireland only. The instrument will be reviewed regularly in line with broader policy in Northern Ireland.
25 March 2022	The Statutory Sick Pay (General) (Coronavirus Amendment) Regulations 2022. This instrument revokes deeming provisions related to coronavirus. It amends the Statutory Sick Pay (General) Regulations 1982 (S.I.1982/894) ("the SSP General Regulations") to revoke provisions which deem individuals to be incapable of work and thereby allow for individuals to be eligible for Statutory Sick Pay, where they are self-isolating or shielding due to coronavirus but may only have very mild or no symptoms and would therefore otherwise be considered capable of work. This change came into effect on 25 March 2022, in line with the expiry of most of the remaining temporary provisions of the Coronavirus Act 2020 at midnight on 24 March 2022.
25 March 2022	The Statutory Sick Pay (Coronavirus) (Suspension of Waiting Days) (Saving Provision) Regulations 2022. This instrument makes a saving provision following the expiry of section 40 of the Coronavirus Act 2020 at midnight on 24 March 2022. It makes provision for the disapplying of waiting days to continue in relation to periods of incapacity for work due to sickness from coronavirus that commence on or before 24 March 2022.
25 March 2022	ESA Coronavirus Act 2020 expired.

31 March 2022	By the end of March 2022, DWP had increased its jobcentre footprint through the Rapid Estate Expansion Programme (REEP) by 167 new jobcentres (and in 22 of its existing sites), ensuring that high-quality intensive work-search support is available to claimants. The final young people start their Kickstart jobs on 31 March 2022 and will complete their postings at the end of September 2022. As of 31 March, around 160,000 young people have started a Kickstart job.
31 July 2022	As per The Universal Credit (Coronavirus) (Restoration of the Minimum Income Floor) Regulations 2021, the MIF and GSE are fully reintroduced and applied as normal.
25 September 2022	The Statutory Sick Pay (Coronavirus) (Suspension of Waiting Days) (Saving Provision) (Northern Ireland) Regulations 2022. This instrument makes a saving provision following the expiry of section 43 of the Coronavirus Act 2020 at midnight on 24 September 2022. It makes provision for the disapplying of waiting days to continue in relation to periods of incapacity for work due to sickness from coronavirus that commence on or before 24 September 2022.

Annex B:

DWP Decision-makers

Ministers

- At that time, the relevant DWP Ministers were:

  - Secretary of State - Therese Coffey (8 September 2019 - 6 September 2022)
  - Minister for Disabled People — Justin Tomlinson (4 April 2019 - 16 September 2021)
  - Minister for Disabled People — Chloe Smith (16 September 2021 - 6 September 2022)
  - Minister for Pensions and Financial Inclusion — Guy Opperman (14 June 2017 and 8 September 2022)
  - Minister for Employment — Mims Davies (26 July 2019 and 6 July 2022)
  - Minister for Welfare Delivery —Will Quince (26 July 2019 to 16 September 2021)
  - Minister for Welfare Delivery — David Rutley (17 September 2021 - 20 September 2022)
  - Minister for Lords — Baroness Deborah Stedman-Scott (29 July 2019 — 31 December 2022)

Key Individuals

- Key individuals included Nicholas Hamer (Director for COVID-19 Response) and those in the DWP Executive Team (ET). I am a member of the DWP ET, and the other current members of the ET are set out below:

  - Permanent Secretary: Peter Schofield.
  - Chief Digital and Information Officer: Helen Wylie (Simon McKinnon during the Pandemic)
  - DG Disability Health and Pensions: Katie Farrington (Jonathan Mills - 2020).
  - DG Finance: Catherine Vaughan (Nick Joicey during the pandemic).

- Labour Market and Poverty Policy: Katherine Green and Sophie Dean (Jonathan Mills during the pandemic - initially covering both policy roles).
- DG People Capability and Place: Julie Blomley (Debbie Alder during the pandemic).
- DG Service Excellence: Amanda Reynolds (Emma Haddad at the start of the pandemic).
- DG Work and Health Services: Barbara Bennett (John-Paul Marks during the pandemic); and
- Corporate Transformation: Debbie Alder

- DWP Executive Team as of February 2020 are detailed in **[NC/M9/43 - INQ000592949, for an example of DWP ET Organogram February 2020.]**

- The IPDE Strand Partners are detailed in **[NC/M7/13 —INQ000575863] Implementation, Planning & Delivery Executive, Departmental Operation Centre (DOC) Overview, 06/04/2020**

Annex C:

DWP's approach to fraud and error between 2009 and 2020

1. The Department started a staged introduction of Universal Credit in April 2013. The Welfare Reform Act 2012 also provided a new and simpler statutory basis for recovering overpayments of specified benefits including, Universal Credit. Payments in excess of entitlement can be recovered by the Department.

2. Again, working with HMRC, DWP's utilisation of the real-time information system from 2013, enabled DWP to check claimants' real time earnings which reduced opportunities for fraud and error. This helped transform the way DWP managed risk in Universal Credit and other benefits.

3. The Single Fraud Investigation Service ('SFIS'), which was launched in early 2013, was developed as part of the strategy to cut fraud and error. By 2016, SFIS had brought together the welfare benefit fraud services then provided by DWP, HMRC and Local Authorities, with investigators equipped to conduct investigations covering the totality of welfare benefit fraud.

4. The creation of DWP's Cyber Resilience Centre (the 'CRC') in 2015 helped to identify instances of web-enabled fraud, whilst the trialling of new external datasets meant DWP could start to pinpoint potential risk and better assess the accuracy of Universal Credit claims.

5. In 2017, the Counter Fraud and Compliance Directorate ('CFCD') which became Counter Fraud, Compliance and Debt, was set up, replacing the Fraud and Error Service. The CFCD was established to provide accountability for tackling all fraud and error and to make recommendations on how to optimise deployment of resources to better guard against fraud.

6. 2017 also saw DWP establish the Analysis and Intelligence Hub. This brought about the creation of new analytical tools to help identify, profile, monitor and escalate cases for investigation. This meant that DWP could increasingly build a knowledge

base of claimant behaviour, which supported ongoing risk profiling in line with the expansion of Universal Credit.

7. The CRC's significant role in protecting payment systems and customer data from cyber-attack enabled DWP, in 2018, to link the CRC services to the work of CFCD to deploy expertise to detect fraud that was more likely otherwise go undetected. This involved analysing data that CRC already received as part of its cyber security role relating to Universal Credit.

8. The work proved to be highly successful and prior to the pandemic CRC was providing the Serious Organised Crime team within CFCD with significant casework with a high true positive success rate. CRC also forms a virtual part of the Integrated Risk and Intelligence Service.

9. As data increasingly became part of DWP's approach to countering fraud and error the Risk and Intelligence Service (which became the Integrated Risk & Intelligence Service ('IRIS') in April 2020) was established in 2018. This brought all our data and analytical capability together under a single workplan to prevent and detect fraud and error. The trialling of new external datasets meant DWP could start to pinpoint potential risk and better assess the accuracy of claims.

Annex D:
Work undertaken by Integrated Risk & Intelligence Service

1. IRIS shuts down major attacks on the benefit system, including, for example, an attack by organised criminals in May 2020. DWP has continued to suspend suspect claims in relation to this attack, with 172,000 claims suspended to date. Additionally, cyber threats, scams and social media were monitored. DWP took action to shut down social media posts that promoted benefit fraud.

2. DWP conducted a sample of the 863,000 claims made early in the pandemic that were closed prior to retroaction commencing. This showed that 4% of these cases contained fraud or error, with an average value of £800.00. If this figure is assumed per case, it would give an average amount saved of £32.00 applied to all of the cases from which the sample was drawn. An overall saving of £28 million can be calculated from the exercise, compared with an estimated saving of around £2 billion from the planned targeted case review discussed with the Public Accounts Committee.

Annex E

Fraud and error in the benefit system, Financial Year Ending (FYE) 2019 - 2025

FYE	Total Over-payment Rate	Total Over-payment Value	Fraud Rate	Fraud Value	Claimant Error Rate	Claimant Error Value	Official Error Rate	Official Error Value	UC Over-payment Rate	Total Benefit Expenditure	Net Loss Rate	Net Loss Value
2025	3.3%	£9.5bn	2.2%	£6.5bn	0.7%	£1.9bn	0.4%	£1.0bn	9.7%	£292.2bn	2.9%	£8.4bn
2024	3.6%	£9.7bn	2.7%	£7.3bn	0.6%	£1.6bn	0.3%	£0.8bn	12.4%	£266.2bn	3.2%	£8.6bn
2023	3.6%	£8.3bn	2.7%	£6.3bn	0.6%	£1.4bn	0.3%	£0.7bn	12.7%	£233.8bn	3.1%	£7.3bn
2022	4.0%	£8.7bn	3.0%	£6.5bn	0.7%	£1.5bn	0.3%	£0.7bn	14.7%	£215.8bn	3.5%	£7.6bn
2021	3.9%	£8.2bn	2.9%	£6.2bn	0.6%	£1.3bn	0.4%	£0.8bn	14.5%	£211.7bn	3.6%	£7.6bn
2020	2.4%	£4.5bn	1.4%	£2.7bn	0.6%	£1.1bn	0.4%	£0.7bn	9.4%	£191.7bn	1.9%	£3.6bn
2019	2.1%	£3.9bn	1.1%	£2.1bn	0.6%	£1.0bn	0.4%	£0.7bn	8.7%	£183.7bn	1.5%	£2.8bn

Key Data Points from Fraud and error in the benefit system

Financial Year Ending (FYE) 2023

- The total rate of benefit expenditure overpaid in FYE 2023 was 3.6% (£8.3bn), compared with 4.0% (£8.7bn) in FYE 2022 which was the highest recorded level of overpayments.
- Overpayments due to Fraud were 2.7% (£6.4bn) in FYE 2023, compared with 3.0% (£6.5bn) in FYE 2022 which was the highest recorded level.

Financial Year Ending (FYE) 2022

- The total rate of overpayments was 4.0% in FYE 2022, an increase of 0.1 percentage points from 3.9% in FYE 2021.
- The total monetary value of overpayments increased to £8.6bn in FYE 2022, from £8.2bn in FYE 2021.
- The rate of Fraud overpayments was 3.0%, which is a slight increase from 2.9% in FYE 2021. The monetary value of Fraud overpayments increased from £6.2bn to £6.5bn.
- The rate of Claimant Error overpayments was 0.7%, a small increase from 0.6% in FYE 2021 and the monetary value of Claimant Error overpayments increased from £1.3bn to £1.5bn.
- The rate of Official Error overpayments was 0.3%, a small decrease from 0.4% in FYE 2021 and the monetary value of Official Error overpayments decreased from £0.8bn to £0.7bn.

Financial Year Ending (FYE) 2021

- The total overpayment rate in FYE 2021 was 3.9% and the total underpayment rate was 1.2%. There was also an increase in the Fraud overpayment rate, from 1.4% in FYE 2020 to 3.0% in FYE 2021
- The estimate of the monetary value of total overpayments increased to £8.4bn, from £4.6bn in FYE 2020.
- Just over half of the overall increase was due to the statistically significant increase in the UC overpayment rate, from 9.4% to 14.5%. Even if the overpayment rate for UC had remained at the same level as in FYE 2020, the overall overpayment rate across all benefits would still have risen to a level higher than ever reported (3.0%), due to the expenditure on UC more than doubling in the last year.
- Within total overpayments, the increase was driven by a statistically significant increase in Fraud overpayments, from 1.4% in FYE 2020 to 3.0% in FYE 2021
- The rate of Fraud overpayments was 3.0%, an increase from 1.4% in FYE 2020, and the monetary value of Fraud overpayments increased from £2.8bn to £6.3bn. The rise was primarily due to an increase in Fraud overpayments on UC.
- Total Official Error and Claimant Error overpayment rates were the same as in FYE 2020, at 0.4% and 0.6% respectively.

SECTION 12: CLOSING SUMMARY AND STATEMENT OF TRUTH

12.1 The DWP's response to the pandemic was structured around three phases: Respond, Run, and Recover. During the Response phase, the Department focused on ensuring the timely payment of benefits, safeguarding vulnerable groups and managing the rapid rise in new claims. This included the introduction of the uplift to Universal Credit and Working Tax Credits and changes to Statutory Sick Pay policies. The Run phase followed immediately after the initial response and saw the Department begin to develop and finalising plans for introducing new labour market support provisions such as Kickstart and Job Entry Targeted Support (JETS). The Recover phase marked the start of restoring DWP services and a return to business-as-usual processes across the Department, and to some extent the phase continues today.

12.2 DWP's close collaboration with other government departments, including HM Treasury, Cabinet Office and the devolved governments of the UK helped to promote cohesive communication and policy implementation, supporting the efficacy of the Department's response. 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

12.3 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 DWP exercises. DWP's examination of its response to the COVID-19 pandemic in lessons learned exercises has ensured that it is even better prepared to handle future crises.

12.4 Throughout the pandemic DWP responded at a rapid pace to support the Government's strategy and the changing landscape. The three phased approach provided a structured framework to support the Department operating effectively through the initial response to the pandemic, where our priorities were to ensure people could gain access to vital financial support, through to a return to BAU practices and a focus on supporting the economic recovery through delivery of the Plan for Jobs.

12.5 During times of disruption, Ministers and the ET set the direction and are ultimately responsible for decisions. However, they trust teams across DWP to operate in accordance with Business Continuity plans and command structures. During the Covid-19 pandemic, this approach was a key enabler of DWP's successful delivery of its main priority, payments to vulnerable people. This empowered approach allowed for local judgements to be made and issues to be escalated where local flexibilities were insufficient to tackle problems. The senior leadership focussed on policy decisions and maintaining public confidence and resisted the urge to seek to micro-manage delivery, despite the pressures and anxieties.

12.6 I believe that the facts stated in this witness statement are true.

Signed PD

Dated: 19 September 2025