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Lord McAvoy  
House of Lords  
London  
SW1A 0PW

11 August 2014

Dear Lord McAvoy,

### Oral Question 30 July 2014: Universal Credit

I am writing to provide details of this Government's comments on the Universal Credit Strategic Outline Business Case, in response to a question from Lord Grocott during the Oral Question debate on 30 July 2014.

As I mentioned during the course of our discussion, we have spent some time on this in Parliament. Most directly, this question was addressed in an Urgent Question in both Houses. In addition, the Minister for Employment recently answered written Parliamentary Questions on the subject. The relevant Hansard can be found at the following links and in the Annexes.

- Urgent Question, House of Commons, 9 July 2014:  
<http://www.publications.parliament.uk/pa/cm201415/cmhansrd/cm140709/debtext/140709-0001.htm#14070956000002> (Annex A)
- Urgent Question, House of Lords, 9 July 2014:  
<http://www.publications.parliament.uk/pa/ld201415/ldhansrd/text/140709-0001.htm#14070964000320> (Annex B)
- Written Answers to Parliamentary Questions, House of Commons, 15 July 2014:  
<http://www.publications.parliament.uk/pa/cm201415/cmhansrd/cm140715/text/140715w0002.htm#14071576000113> (Annex C)

I am copying this letter to all Peers who spoke in the debate and will place a copy in the House library.

**Lord Freud**  
**Minister for Welfare Reform**

## Annex A

House of Commons, 9 July 2014 : Column 293

### Universal Credit

**Chris Bryant (Rhondda) (Lab)** (*Urgent Question*): To ask the Employment Minister if she will make a statement on whether the Department for Work and Pensions' business case for the implementation of universal credit has been approved by the Chancellor of the Exchequer.

**The Secretary of State for Work and Pensions (Mr Iain Duncan Smith):** In answering, let me lay out a couple of quick facts about where we are and then deal with the hon. Gentleman's direct question.

Universal credit is a major reform that will transform the welfare state in Britain for the better, making 3 million people better off and bringing £35 billion of economic benefits to society. Rightly for a programme of this scale, the Government's priority has been, and continues to be, its safe and secure delivery. This is demonstrated through our approach to date, which started with the successful launch of the pathfinder in April 2013 and has continued with the controlled expansion of universal credit.

On 5 December last year, I announced that universal credit would be rolled out to the north-west and expanded to couples from the summer of 2014, and would then expand to families later that year. That is exactly what is happening. A fortnight ago, we began our north-west expansion. Universal credit is now in 24 jobcentres and will reach 90 across the country by the end of the year. A week ago, we started taking claims from couples. This careful roll-out is allowing us, as we said we would, to learn as we go along, continuously improving the process—unlike so many of the programmes the previous Government instigated which crashed and burned.

In answer to the question, my Department has always worked, and will continue to work, closely with the Treasury on these roll-out plans. As we have made clear in a number of recent debates and answers to parliamentary questions, the Treasury has approved funding for the universal credit programme in 2013-14 and 2014-15, in line with the plan that I announced in December last year. These approvals are given by the Chief Secretary to the Treasury—such matters are delegated to him by the Chancellor—and are subject to rigorous controls, in line with the recommendations made last year by the National Audit Office.

It has always been the plan, as I set out last year, to secure agreement for universal credit in carefully controlled stages: first for singles, where we have agreed funding with the Treasury and are already rolling out in line with that agreement; then for couples, where we have agreed funding with the Treasury and are already rolling out in line with that agreement; and then for families, where we have recently secured agreement from the Treasury and will begin roll-out later this year. All this was confirmed by the Financial Secretary to the Treasury in an answer to a parliamentary question yesterday. That set of agreements confirms the approval of the strategic outline business case plans for this Parliament.

The final stage in this process, for which the logical point is now, has always been to approve and sign off the full business case covering the full, long lifetime of this programme, beyond this Parliament. We are in discussions over that, and it will eventually bring £35 billion of economic benefits to society. My right honourable friend and I will, I am certain, approve that very soon.

**Chris Bryant:** That was a spectacular instance, as Sir Bob Kerslake might put it, of "beating about the bush". It is a very simple question, to which the answer can only be

yes or no: has the Department for Work and Pensions business case for the implementation of universal credit been approved by the Chancellor of the Exchequer? It is depressing that this Tory Minister and the Tory Prime Minister cannot tell the difference between an annual budget and a business case. It is pretty straightforward.

On 30 June, the employment Minister—who is disgracefully not answering for herself today—answered that question by saying:

“The Chief Secretary to the Treasury has approved the UC Strategic Outline Business Case plans for the remainder of this Parliament (2014-15) as per the ministerial announcement”.—[*Official Report*, 30 June 2014; Vol. 583, c. 434W.]

She was referring to the ministerial statement of 5 December, which explicitly runs up to 2017. On Monday, however, she had the carpet pulled from under her feet, as Sir Bob Kerslake answered exactly the same question with gratifying honesty, saying that

“it has not been signed off.”

It got worse yesterday when the Financial Secretary, answering the same question, said that all the Treasury has done is approve funding for the programme for another eight months, while a DWP spokesperson said that the Treasury has

“approved all funding to date”,

as if that was some grand vindication.

The same simple question has now been answered in eight contradictory ways. Not everybody can be telling the truth. There has been so much beating about the bush that it feels as if this House has been misled by a Government engaged in a deliberate act of deception. [*Interruption.*] The truth is that the Department is relying month by month on handouts from the national food bank. How ironic!

On 5 December 2013, the Secretary of State told the House that universal credit would bring

“a £38 billion economic benefit to society”.—[*Official Report*, 5 December 2013; Vol. 571, c. 65WS.]

I notice that he has just amended that figure to £35 billion. That figure is part of the business case. Has it been signed off by the Treasury, or is he just making things up?

The Secretary of State has told this House on 28 occasions that universal credit has always been on time and on budget; yet Sir Jeremy Heywood said on Monday that the Treasury and the Major Projects Authority had to tell the Secretary of State that his own project was “way off track”. When was he told that? Why did the Secretary of State not tell this House?

I will be honest: we would love to help the Secretary of State implement universal credit, but confession comes before redemption, and as long as he remains in denial he remains beyond help. I ask him once again to be straight with the House: has the business case—the business case, not the budget—for universal credit, which he says will come to fruition in 2017, been signed off—yes or no?

[*Interruption.*]

**Mr Speaker:** Order. Just before the Secretary of State replies, I listened very carefully to what the hon. Gentleman said. He made no personal attack on any one individual.

[*Interruption.*] Order. I will deal with this—the hon. Gentleman will have to accept my ruling, whether he likes it or not. The hon. Gentleman made no personal attack on any individual Minister, but my judgment, having heard him out, was that he went beyond the

line in making an accusation of deliberate deception against a group of Ministers. *[Interruption.]* Order. I know what I am doing and I certainly do not require any help from the Education Secretary—that would be completely unimaginable. I ask Members to have regard to the way in which they express themselves. The point has been made, the situation is clear and the Secretary of State can now reply.

**Mr Duncan Smith:** The hon. Member for Rhondda (Chris Bryant) made the most pompous, ludicrous statement I have ever heard. I know what he did: he wrote it down before he heard the answer. I have made it quite clear and I stand by what I said: the strategic outline business case plans for this Parliament have been approved. The Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Wirral West (Esther McVey) made that clear the other day, and that is the statement that we stand by.

The next phase, as I said in my statement—the hon. Gentleman might like to listen to them in future—is approved. On the strategic outline business case for the overall lifetime of the programme, that is being discussed right now and we expect approval of that plan shortly. I have said categorically that all the expenditures and the work in this Parliament are approved. The reality is that it is approved. The point he needs to get round his head is that, on the figures he gave earlier—the billions—the National Audit Office, the Public Accounts Committee and the Work and Pensions Committee agree that we need careful controls in place. It is therefore natural that we have sought that approval at each stage. My right hon. Friend the Chief Secretary has approved all of those elements.

I know what this is all about. The truth is that this is about Labour's failure to come to terms with welfare reform. We had a debate a week ago in which Labour crashed and burned, and we have an urgent question today. Labour Members want to avoid the reality that the Government's welfare reforms are working and getting more people back to work. We have capped benefits so that no household can receive more than people who are in work. There are more people in work than ever before. Under Labour, youth unemployment increased by nearly a half; under this Government, the youth claimant count has fallen for the past 30 months. The rate of workless households is at its lowest since records began.

I say to the hon. Gentleman and the Labour party that this is the best instance of a man in an ill-fitting anorak dancing on the head of a pin. It is quite pathetic. He needs to think again about welfare reform.

**Mr Philip Hollobone (Kettering) (Con):** Does my right hon. Friend agree that the very worst example of how to change any tax and benefits system was the introduction of tax credits by the previous Government, when more than £6 billion of overpayments were made within just the first three years?

**Mr Duncan Smith:** Absolutely. The Labour Government—the Labour party needs to own up to this—used to sign off business cases from day one, only to see the programme crash and burn. Tax credits left 400,000 people without money, and their reforms to the health service benefits system were an absolute disaster. We will take no lessons from Labour on how to manage a programme.

**Margaret Hodge (Barking) (Lab):** As Chair of the Public Accounts Committee, I support the intent of the policy, but I have repeatedly sought assurances on the status of universal credit. On Monday, I asked Sir Jeremy Heywood, Sir Nick Macpherson and Sir Bob Kerslake four times whether the business case had been signed off by the Treasury. There were a number of unscripted pauses, but Sir Jeremy told us:

"I cannot speak for the Treasury."

Sir Nick Macpherson told us:

“It is signed up, up to a point”,

before Bob Kerslake finally admitted:

“I think we should not beat about the bush. It has not been signed off.”

I plead with the Secretary of State that he should be open and honest with hon. Members rather than hide behind smoke and mirrors to create a false impression that universal credit is on time, in budget and delivering in full its intended objectives.

**Mr Duncan Smith:** I respect the right hon. Lady enormously for the job she does, but I say to her clearly that it was on the recommendations of her Committee and the NAO that we instigated—by the way, I think this is the way ahead for all future programmes—a programme in which, at every stage and in every separate part of development, we would have approvals from the Treasury and with the Cabinet Office, which is what is going on at the moment. My point is that the answer that Mr Kerslake, the head of the civil service, gave was correct in the sense, as I have said today, that the overall strategic business case for the full lifetime of the programme is in discussion right now for that completion. However, all the elements that are relevant—the strategic business plan for this Parliament, which includes all the roll-out, all the investments, of which the right hon. Lady will be aware, and the roll-out through to the north-west—have been approved. There will be no further need for approvals this Parliament, so the reality is quite clear: universal credit is on track and is rolling against the plan we set out last year. All those approvals are agreed, and we hope that the final element, which would logically come at the end of the process, will be agreed shortly with the Chief Secretary.

**Nigel Mills (Amber Valley) (Con):** The Secretary of State has me convinced about the benefits of universal credit, but will he consider publishing the business case so that the House and the public outside can see the full benefits?

**Mr Duncan Smith:** I am quite happy to deal with that. I have also said to the Chair of the Work and Pensions Committee that we are happy to talk through that. We have an invitation from the Committee to come in and discuss it.

**Dame Anne Begg (Aberdeen South) (Lab):** In April, the Work and Pensions Committee published a report on the progress of universal credit implementation, which said:

“DWP told us that it intended to clarify the impact of the changes to the implementation timetable on the overall costs and savings of the programme in the revised Business Case for Universal Credit, which it has now presented to the Treasury. We recommend that DWP makes its revised Business Case available to this Committee.”

Just two weeks ago, we got the Government response, which said that, no, they would not give us sight of the business case, but that some officials might talk us through it. For my Committee to be able to do our scrutiny role properly, that is not good enough. I join my colleague on the Select Committee, the hon. Member for Amber Valley (Nigel Mills) in making this plea: why will the Secretary of State not make the revised business case available to the Select Committee?

**Mr Duncan Smith:** I have said to the hon. Lady that we are happy to sit down to discuss this matter with her. I remind her that no other Government have ever published business cases, but I am happy to consider what she asks.

**Mr Mark Hoban (Fareham) (Con):** Does my right hon. Friend agree that Opposition Members today have focused on process because they do not want to confront the reality that the welfare reforms that we have implemented successfully have helped to tackle unemployment—they have got more people into work—and that universal credit is essential in making it clear to people that work pays?

**Mr Duncan Smith:** My hon. Friend is absolutely right. The reality is that our welfare reforms are working, and our pensions reforms are working. The truth is that the Opposition have absolutely nothing to say about any of this. Instead, they want to delve and delve into the detail, but that will not tell them anything. Universal credit—started by this Government—will be a great success: it will get more people into work, and it will secure more households with greater earnings.

**Mr Nicholas Brown (Newcastle upon Tyne East) (Lab):** The head of the home civil service clearly has reservations about the full business case for the roll-out of universal credit. Which of those reservations has he expressed to the right hon. Gentleman?

**Mr Duncan Smith:** The head of the home civil service has expressed no reservations, and I do not believe that he has any reservations about these plans. As agreed, the plans will be signed off with the Chief Secretary to the Treasury, and when they are signed off, I hope that the hon. Member for Rhondda will write me a letter to say, “Thank you very much, indeed.”

**John Hemming (Birmingham, Yardley) (LD):** Does the Secretary of State agree that the Opposition would do a better job if, rather than asking picky bureaucratic questions, they focused on whether universal credit will improve pay for low-paid people and ensure that work pays?

**Mr Duncan Smith:** My hon. Friend is absolutely right. The problem for the hon. Member for Rhondda is that his Government left behind a shambles in welfare—people unemployed, long-term unemployment rising, and youth unemployment rising dramatically—and there has never been an apology about that, or about crashing the economy.

**Sheila Gilmore (Edinburgh East) (Lab):** The Secretary of State’s problem is that on numerous occasions over the past three or four years he has given the House and the Select Committee on Work and Pensions different versions of events. He told us that the project was on track and on budget, and he stated to the Select Committee in February that the business case would be approved by April. What is actually going on with universal credit? In what sense is what people are claiming any different from jobseeker’s allowance? Does he know what happens to people whose circumstances change, and is this really universal credit at all?

**Mr Duncan Smith:** I do know, actually. As we go along, we are developing universal credit correctly and stably, so that it rolls out properly. To repeat, we are rolling it out for singles in the whole of the north-west; couples development is now rolling out; and family developments are to come. Towards the end of this year, we will have rolled out universal credit to the north-west. I must say that that is the right way to do it: to make sure that what we produce is safe and delivers what we say it will, unlike tax credits and other problems that we got from the previous Government. I would like to know what the hon. Lady really thinks about the failure of her Government to deliver any programme correctly or safely.

**Stephen Barclay (North East Cambridgeshire) (Con):** Does my right hon. Friend agree that there is a central contradiction in the figures from the Opposition? When the PAC last looked at this issue, the Labour Chair said:

“We believe strongly that meeting any specific timetable...is less important than delivering the programme successfully.”

Is it not right that we learn the lessons of the programmes that went wrong under the last Government, and that we get the programme right, rather than rush it?

**Mr Duncan Smith:** That is exactly correct. That is why, when the right hon. Member for Barking (Margaret Hodge) stood up, I explained to her that we are now doing what the

Committee asked for. We are rolling out universal credit carefully: at every check, we make sure with the Treasury and the Cabinet Office that what we are producing works, and the next phase is then approved. We have approved all the roll-out plans for this Parliament, as was said by the Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Wirral West. The strategic plan for this Parliament is exactly what the Chair of the PAC asked for, so we are giving her what she wants.

**Hywel Williams (Arfon) (PC):** Does the business plan include delivering universal credit in Wales through the medium of Welsh, and if so, is that on track and on budget?

**Mr Duncan Smith:** The plan does include that. As the hon. Gentleman may or may not know, we are working on that to make sure it is deliverable, but the key is that we absolutely plan to do that.

**Charlie Elphicke (Dover) (Con):** May I urge the Secretary of State to reject the representations of Labour Members? When it comes to universal credit, all they have done throughout is seek to promote welfare over work at every turn. What will be the savings to the Exchequer and the benefits to the UK when it has been fully rolled out?

**Mr Duncan Smith:** The NAO has come out with the figure of £35 billion, which I cited earlier, but the point is that I believe that universal credit is worth more than that. As well as the planning and implementation process, the work we are currently doing will also evaluate the net benefit to the Exchequer and taxpayers, which I believe will be even higher.

**Derek Twigg (Halton) (Lab):** The Secretary of State goes on about his record on benefits, but I remind him about the disaster of his PIP—the personal independent payment. Have Treasury Ministers or officials at any time expressed concerns about the financial viability of the business case to him, his Ministers or his civil servants?

**Mr Duncan Smith:** No.

**Henry Smith (Crawley) (Con):** Will my right hon. Friend confirm that the forecast savings to the taxpayer are about £100 million in this financial year, and will be about £200 million in the coming tax year?

**Mr Duncan Smith:** I can confirm that.

**Sammy Wilson (East Antrim) (DUP):** The confusion around the business case will give succour to those in Northern Ireland who have blocked welfare reform and cost the Northern Ireland economy millions of pounds. Will the Secretary of State give us some indication of whether discussions on the business case to date have shown any reasons why there might not be a further roll-out of universal credit as he has planned, so that we can argue back against those in Northern Ireland who say that we should wait to see the full picture in England and Wales before doing anything in Northern Ireland?

**Mr Duncan Smith:** There have not been any such discussions, and I hope that he will take that argument back to his counterparts in Northern Ireland and try again to persuade them that the full welfare reform package will benefit Northern Ireland dramatically, as will the universal credit part of that reform.

**Nadhim Zahawi (Stratford-on-Avon) (Con):** It is worth remembering that the tax credit disaster meant that £6 billion was overpaid in the first three years of its operation. Does my right hon. Friend agree that when implementing so crucial a change, it is right and proper to take time and to implement it stage by stage?

**Mr Duncan Smith:** What my hon. Friend says is exactly the point I have been making, but which Opposition Members just do not understand. There were too many disasters

under their watch; we do not intend to repeat them. We are doing the implementation exactly as the PAC and the NAO recommended.

**Debbie Abrahams (Oldham East and Saddleworth) (Lab):** Once again, I am absolutely staggered at the Secretary of State's hubris; there are more cover-ups, and everybody else is to blame apart from the Secretary of State. This has been an absolutely unmitigated disaster. UC is dead in the water, and he should go.

**Mr Duncan Smith:** That is pretty much what the hon. Lady says whenever she stands up on any question to do with welfare. The reality is that she is opposed to absolutely everything that we have done. If it was left to her and some of her colleagues on the Select Committee, they would repeal everything we have done, and welfare would be in the sort of chaos that Labour Members left us when they left Government.

**David Mowat (Warrington South) (Con):** The Secretary of State may have seen Labour's recent four-point plan for universal credit. Points 3 and 4 amount to significant uncosted scope increases, with no benefits applied to them. Given that, does he agree that it might be better for Labour to stay off the whole subject of business cases?

**Mr Duncan Smith:** I agree with my hon. Friend. The truth is that the Opposition do not want to talk about any of their welfare proposals because all of them would cost more money and deliver less. If we were to apply a business case to the Opposition, they would not exist any more.

**Ann Clwyd (Cynon Valley) (Lab):** Will the Secretary of State look at the interesting report by Sheffield Hallam university on the state of the coalfields? It shows that although the welfare reforms might be working in some parts of the country, they are certainly not working in Wales. In the south Wales area that I represent, the share of pensioners living in poverty is about double that in the south-east of England. Welfare reform is anticipated to have a more substantial impact on the average financial loss per adult of working age in south Wales than across Britain as a whole. It is important to look at the variations within the UK, and I would be grateful if he gave them some attention.

**Mr Duncan Smith:** The right hon. Lady knows that I respect her hugely. I am very happy to look at the points that she raises. In Wales, we inherited a peculiarly difficult problem. There were very high levels of unemployment and a very high number of people on incapacity benefit. I believe that our reforms are working. We have seen unemployment fall dramatically and employment levels rise in Wales. Is there more that we can do? Absolutely. My door is open and I would be very happy to discuss anything that she thinks we could do.

**Richard Graham (Gloucester) (Con):** The hon. Member for Rhondda (Chris Bryant) suggesting that he would like to help the Secretary of State implement universal credit is a bit like his friend, President Putin, offering to help the Ukrainians with their elections—and, I should think, almost as welcome. Does my right hon. Friend agree that when the business case has been signed off, we can get back to what really matters, which is discussing how we can allow my constituents who are offered jobs to work as many hours as they like without having to worry about whether they will lose more in benefits than they will gain in salary?

**Mr Duncan Smith:** My hon. Friend is exactly right. That is what universal credit will deliver, and that is why delivering universal credit safely and securely is the key to the plan. The approvals have been signed off. All the work that is being done in this Parliament is approved by the Treasury, and the long-term strategic business case should be approved very shortly as well.

**Yvonne Fovargue (Makerfield) (Lab):** Free school meals are an incredibly important part of the benefits system. A number of teachers have said that some children come back after the summer break noticeably thinner. The Secretary of State promised an



announcement on which universal credit recipients would be entitled to free school meals by summer 2011. What is the reason for the long delay, and when will that announcement be made?

**Mr Duncan Smith:** The Department for Education is making a decision about the best way to deliver free school meals. People who are eligible for free school meals will be eligible for them under the new arrangements. This is an opportunity to ensure that all those who really need free school meals actually get them. There are often problems in the existing system, so this is an opportunity to reform the system to improve the take-up and the accuracy.

**Mr Peter Bone (Wellingborough) (Con):** We have seen Parliament at its best over the past two days. There were a couple of points of order yesterday and there is an urgent question today. I say gently to the shadow Minister, who is one of the best shadow Ministers, that he went over the top. The Secretary of State has come to the House and answered the question. It is a shame that the shadow Minister did not listen to the answer before commenting. Does the Secretary of State not think that he has one of the best teams in Parliament, and that his Ministers are of the highest integrity? If one of them had made a mistake, they would have come to the Dispatch Box and apologised.

**Mr Duncan Smith:** The Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Wirral West, and others have not made mistakes. We have been crystal clear about this matter. I stand by the words that have been used and the statements that have been made, as I said earlier. The hon. Member for Rhondda (Chris Bryant) normally does not listen, but just says what he was going to say, regardless of the answer. I suspect that a conversation with him is a very one-way process.

**Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op):** I have been absolutely staggered to hear the Secretary of State defending a system that, as I have heard repeatedly at the Public Accounts Committee, has had very poor planning from day one and at subsequent stages. We are glad that there is a plan to get it back on track, but let us get back to the real question. The Minister of State, Department for Work and Pensions, the right hon. Member for Wirral West (Esther McVey), came to this House and said that the business case had been signed off. Either she is not on top of her brief or she was misleading this House, neither of which inspires confidence.

**Mr Duncan Smith:** I will give two answers. First, the Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Wirral West, stated what is factually correct: that the strategic business plans for this Parliament have all been approved. That is an absolute fact. Secondly, it was I who was not happy with the way the development was taking place nearly two years ago, and who instigated the first process through my red team report. That is correct and I stand by that. Working with the Cabinet Office, we changed the plan. The plan is now being delivered exactly as the Public Accounts Committee, on which the hon. Lady sits, wanted us to deliver it, with all the necessary checks and balances. I would have thought, therefore, that she would congratulate us.

**Guy Opperman (Hexham) (Con):** Companies in the north-east provide some of the computer and IT support for universal credit, providing welcome jobs there. I have met the staff at those institutions, and they are committed to the project, which is getting people back into work and training, and they are supportive of the slow, careful and measured way in which we are rolling out universal credit, which, after all, is something that the whole House supports.

**Mr Duncan Smith:** Again, we hear reason from the Government Benches. My hon. Friend is absolutely right. It is necessary to roll out the programme carefully so that it works, and so that we do not end up, as we did with tax credits, with 400,000 people not getting any money and going off to food banks and getting food parcels. That is the shambles that the Labour party created. We will not repeat it.

**Jonathan Ashworth (Leicester South) (Lab):** The Secretary of State said a moment ago from the Dispatch Box that we should be congratulating him. I remind him that only a few months ago his Cabinet colleague, the Paymaster General, was giving television interviews saying that the implementation of universal credit had been “lamentable” and that a lot of money had been “wasted”. We have also learned of friction between the Cabinet Office and the Department for Work and Pensions over the withdrawal of the Government Digital Service. Leaked documents at the time said that the DWP might not be

“able to obtain the skills required to replace GDS within the current market at affordable cost”.

Will the Secretary of State tell us how much additional taxpayers’ money has been spent on IT support systems since the GDS was withdrawn?

**Mr Duncan Smith:** There is no additional money. All the money has been budgeted for. The hon. Gentleman said that we would not be able to hire people; we have hired a dramatic number of digital experts. They are working in the Department right now to develop the digital option. He is more than welcome to come and see them and talk to them if he likes. The door is open; we have nothing to hide. If he does accept that invitation, perhaps he will also persuade his hon. Friends to visit the IT. They do not want to visit it because they are pretending that it does not work.

**Julian Smith (Skipton and Ripon) (Con):** When my hon. Friend the Member for Harrogate and Knaresborough (Andrew Jones) and I went to the Harrogate jobcentre recently, universal credit recipients were passionate about the confidence that the new scheme is giving them to get a job, and recruiters were persuasive about how it is making it easier to place people in jobs. Will the Secretary of State ignore the hue and cry from the Labour party and focus on the benefits that universal credit is bringing to the lives of real people?

**Mr Duncan Smith:** I always make it my priority to ignore the nonsense that comes from the other side. The Opposition live in la-la land when it comes to the welfare reforms. My hon. Friend is absolutely right that this is about real people who are trying to get back to work. We are delivering for them right now, and we will deliver even more when universal credit arrives safely and securely.

**Ian Lucas (Wrexham) (Lab):** On Monday, I received an e-mail from the Secretary of State’s office telling me that he would be visiting Wrexham on Monday afternoon. Every week, I meet constituents in Wrexham who are suffering from his incompetence. The only person who is running away from conversations about benefits is the Secretary of State. Will he meet me to hear what is happening in Wrexham in respect of personal independence payments, universal credit and all the other benefits that are falling apart?

**Mr Duncan Smith:** I accept that the hon. Gentleman needed to plan that statement. I did visit Wrexham the other day and the jobcentre there. It has a phenomenally dedicated group of people who are doing brilliantly. As a result, unemployment levels in his area are falling. They are falling as a direct result of the welfare reforms that we have brought in. I only wish that he had said the same thing to the last Government. My door is always open. If he wants to come and talk to me about any problem, I will be very happy to see him.

**Mr Christopher Chope (Christchurch) (Con):** May I thank my right hon. Friend for the open and frank way in which he has responded to questions about the business plan? Does he agree that the Opposition’s role in questioning business plans is important, and would he like to encourage them to be a bit more zealous in questioning the business plan for High Speed 2?

**Mr Duncan Smith:** My hon. Friend always tries to tempt me, but I will resist that temptation and say that he needs to raise that matter with other Ministers who will no doubt come to the Dispatch Box.

**Mr Speaker:** Plenty of people raise it with me, including people who live in Swanbourne.

**Clive Efford (Eltham) (Lab):** The Secretary of State needs to understand that when we ask questions in the House, we expect frank, honest and accurate answers from the Government, but that is not what we have had. He suggests that Sir Bob Kerslake did not know what he was talking about when he gave his answers to the Public Accounts Committee. Will Sir Bob Kerslake correct the record, or are we being misled again?

**Mr Duncan Smith:** I have been absolutely clear—I do not think I could have been clearer—that the strategic business plans for this Parliament have all been approved. *[Interruption.]* Would the hon. Gentleman like to let me finish? What Sir Bob Kerslake was referring to was the overarching full roll-out, including the years beyond this Parliament. I have already said that I and the Chief Secretary to the Treasury are about to finalise that, as approved.

**Mark Durkan (Foyle) (SDLP):** The Secretary of State has to accept that there have been valid concerns behind all the questions that have been asked about the feasible delivery of universal credit. There is also real confusion about the differing answers that have been given. Those concerns extend to Northern Ireland, where people are concerned about the implications for hard-pressed families and for local and regional economies. Given the question mark against the overall business case, is it right for the Assembly to be brow-beaten by the Treasury, through threats of cuts to other budgets, into passing the karaoke Bill that would legislate for universal credit?

**Mr Duncan Smith:** I believe that the welfare reforms that the Assembly is being asked to pass, which include universal credit, are right. They are already delivering for the rest of the UK, and I believe that there will be net value to Northern Ireland when it rolls them out. I hope that it gets on and does it, and universal credit will be part of that.

## Annex B

House of Lords, 9 July 2014 : Column 219

### Universal Credit

#### *Statement*

**The Parliamentary Under-Secretary of State, Department for Work and Pensions (Lord Freud) (Con):** My Lords, I should like to repeat as a Statement the Answer given by the Secretary of State to an Urgent Question in the House of Commons earlier today.

“Universal credit is a major reform that will transform the welfare state in Britain for the better, making 3 million people better off and bringing £35 billion of economic benefits to society. Rightly for a programme of this scale, the Government’s priority has been, and continues to be, its safe and secure delivery. This has been demonstrated throughout our approach to date, which started with the successful launch of the pathfinder in April 2013 and has continued with the controlled expansion of universal credit. On 5 December last year I announced that universal credit would be rolled out to the north-west and be expanded to couples from the summer of 2014, and would then expand to families later that year. That is exactly what is happening.

A fortnight ago we began our north-west expansion—universal credit is now in 24 jobcentres and will reach 90 across the country by the end of the year. A week ago we started taking claims from couples. This careful rollout is allowing us to test and learn as we go along, continuously improving the process. My department has always worked, and will continue to work, closely with the Treasury on these rollout plans. As we have made clear in a number of recent debates and answers to Parliamentary Questions, the Treasury has approved funding for the universal credit programme in 2013-14 and 2014-15, in line with the plan that I announced in December of last year.

These approvals are given by the Chief Secretary to the Treasury—such matters are delegated to him by the Chancellor—and these approvals are subject to rigorous controls, in line with recommendations made by the National Audit Office. It has always been our plan to secure agreement for universal credit in carefully controlled stages. First for singles, where we have agreed funding with the Treasury and are already rolling out in line with that agreement; then for couples, where we have agreed funding with the Treasury, and are already rolling out in line with that agreement; then for families, where we have recently secured agreement from the Treasury and will begin rollout later this year.

All of this was confirmed by the Financial Secretary to the Treasury in the answer to a Parliamentary Question yesterday, and that set of agreements confirms the approval of the strategic outline business case plans for this Parliament. The final stage in this process has always been sign-off of the full business case, which covers the full lifetime of this programme, and will eventually bring £35 billion of economic benefits to society. My right honourable friend and I expect to agree that shortly”.

**Baroness Sherlock (Lab):** My Lords, I thank the Minister for repeating that Answer. It was an interesting history lesson, but it did not shed as much light as I would have liked on the Question that was asked. We have been very supportive of the principle of universal credit, but the enormous problems that his department has been having in implementing it are sorely testing our support. If the Minister is to maintain cross-party backing for universal credit, a project to which I know he is personally committed, then we need rather more transparency than the Government have been able to offer during the process hitherto.

On 30 June, the Employment Minister, Esther McVey, said that the Chief Secretary had approved the strategic outline business case for universal credit. On Monday, the head of the Civil Service, Sir Bob Kerslake, said to the Public Accounts Committee:

“We shouldn’t beat about the bush. It hasn’t been signed off”.

I ask the Minister two simple questions. First, Esther McVey and Sir Bob Kerslake cannot both be right: which of them is? Secondly, can he assure the House that universal credit is, and always has been, on time and on budget?

**Lord Freud:** I acknowledge that in this House there is a supportive atmosphere towards universal credit. The contrast between the dialogues that we have in this House and another place is marked, and always has been marked, and I appreciate that.

On transparency, this programme is subject to an enormous amount of public challenge—whether from the NAO, the PAC or the Work and Pensions Select Committee. A lot of information is available. A couple of weeks ago, I committed to ensure that Peers got more precise information. I am getting a programme going for that, so I hear that and understand it.

On the apparent difference between my colleague, Esther McVey, and Bob Kerslake, they are both right, because they are answering slightly different questions. The first was about the strategic outline business case plans for 2013-14 and 2014-15. I went through in my Statement how they have been approved. Bob Kerslake was answering a question about the entire lifetime. As I said, that has not yet been approved, but we expect to have that cleared up and approved shortly.

**Baroness Jenkin of Kennington (Con):** My Lords, as my noble friend is aware, several noble Lords were able to visit the jobcentre in Hammersmith this morning to see for themselves how the programme is being rolled out. Perhaps I may take this opportunity to thank officials from DWP and those at the jobcentre who were able to brief us so fully and to say how impressed we all were by how it is working—in particular, we were impressed by the coaches, who were able to give so much care and attention to individuals. Can my noble friend confirm that other noble Lords across the Chamber will be able to visit the jobcentres where universal credit is being rolled out to see it for themselves in a similar way?

**Lord Freud:** One thing I want to ensure is that I can get as much information to noble Lords as I possibly can. I am pleased to say that I have extended an invitation, which has been accepted, to arrange for a group of opposition Peers—as many as the noble Baroness would like to bring; well, not quite as many as that; we could not fit them all into Hammersmith; but enough to fill the room with a little standing room—to go through what is happening on the ground and the process.

One thing that I am keen to show the noble Baroness, which we saw this morning with a small group, is access to the work coaches to see how they work with clients in an entirely different way—in particular, to try to help the most vulnerable, whether it is looking at how they budget or various other things that they will need to do under universal credit.

**Baroness Hollis of Heigham (Lab):** My Lords, Mr Duncan Smith insists that UC is on time, on track and on budget. I fear that it is not. None of the monitoring bodies—the Treasury, the Major Projects Authority, the NAO, the DWP Select Committee, the Public Accounts Committee, Sir Bob Kerslake—believes that. To paraphrase Sir Jeremy Heywood, the project remains well off-track. We want this to work. Will the Minister, whose integrity we entirely respect, give us the facts and the future plans rather than recycle the empty bluster of the Secretary of State?

**Lord Freud:** My Lords, this is a very large programme and the way we are doing it is quite responsive. What we have is a test and learn process. That is not just an empty phrase. It is a very large process, based on a live run-out of many tens of thousands of people, which feeds into how we build a fully digital interactive service that we are building at the same time. We will make changes to the process. That is what it is about. It would be silly to do all that work without being responsive. We learn lots of things. One of my jobs is to try to understand what we are finding out and then make those changes. There will be changes. Having said that, we announced a rollout process in December and we are, to my pleasure, managing to get it out to time with those plans. The next stages, which are towards the end of the year, are really important—moving on to families, bringing in childcare and going to that digital place. By the end of the year we will have a working test bed of how a fully interactive process will work. I am not saying it will not change after that, but I am saying that we are doing what we were planning to do.

**Lord Kirkwood of Kirkhope (LD):** My Lords, I encourage my noble friend to redouble his efforts, as he has undertaken to do, to maintain cross-party support for this transformational programme which is so important to the future of our country. I am as impatient for implementation as anyone, but I exhort him to do this carefully—as he is doing—even if it means that the programme slips a little. It is better that it works properly than it is rushed and done wrongly. Does my noble friend agree that there is an advantage to keeping some flexibility in the funding of the scheme? Passported benefits, childcare costs and the local support services framework are all massively beneficial, and the Treasury should be persuaded to invest more money so that the programme is even more effective in future.

**Lord Freud:** My Lords, we are indeed trying to get that flexibility. One can look at our very intensive dialogue with the Treasury—going through point by point and milestone by milestone—in two ways. One can look at it as pretty onerous, and it is. On the other hand, it gives one a chance to look at what we should be doing next and changing it. One example is on the support system delivered locally—in the jargon, the LSSF. We were able to go to the Treasury and get more money put into that process quite recently because it could see how valuable and important that was.

Not locking everything down early and having that dialogue works. Frankly, you do not know what you are going to find out or what you are going to need to do when you have a major programme. Having that understanding from the Treasury of what we are doing and keeping it well-informed so that we can make those changes as we go along does work.

**Lord Hylton (CB):** My Lords, most people are not yet eligible for universal credit. Can the noble Lord give the figures for how many people at the moment are subject to benefit sanctions and what is the current delay between agreeing that someone is eligible for a benefit and their actually receiving payment? Are these two factors not responsible for a good deal of destitution?

**Lord Freud:** In the universal credit build-out, we are fully aware that there is a gap between claim and payment. There is also a gap in the present legacy systems. We have set up a system of advances so that people can get the cash flow to match the differences. Alongside that, where there is, to use the word of the noble Lord, “destitution”, or immediate crisis, we are setting up the local support framework working with local authorities. They can get some of that support to people and are far more efficient at doing that than a bureaucratic central system would be.

## Annex C

15 July 2014: Column 649W

### Universal Credit

**Stephen Timms:** To ask the Secretary of State for Work and Pensions when his Department first submitted the Universal Credit Strategic Outline Business Case to HM Treasury. [203116]

**Esther McVey:** The initial Universal Credit Strategic Outline Business Case was shared with HM Treasury in March 2011. Further iterations have been shared since, as is usual practice, and an updated draft of the overall Strategic Outline Business Case, covering the full life-time of the Programme up to 2023-24, was sent to HM Treasury in December 2013.

The Chief Secretary to the Treasury has approved the UC Strategic Outline Business Case plans for the remainder of this Parliament (2014-15) as per the ministerial announcement (5 December 2013, *Official Report*, column 65WS)—link to WMS:

[http://www.publications.parliament.uk/pa/cm201314/cmhansrd/cm131205/wmstext/131205m0001.htm#column\\_65ws](http://www.publications.parliament.uk/pa/cm201314/cmhansrd/cm131205/wmstext/131205m0001.htm#column_65ws)

**Stephen Timms:** To ask the Secretary of State for Work and Pensions what forecast his Department made of total IT spending in (a) the full business case for universal credit currently being considered by HM Treasury and (b) the business case previously approved for universal credit. [204986]

**Esther McVey:** Universal credit is a major reform that will transform the Welfare State in Britain, bringing £35 billion in economic benefits. The programme is delivering within its allocated budgets.

Information on spending for the universal credit programme was included in the September 2013 NAO Report: (HC 621-Session 2013-14-Link)

<http://www.nao.org.uk/wp-content/uploads/2013/09/10132-001-Universal-credit.pdf>

Further spending information was provided in a written answer response, 7 July 2014, *Official Report*, column 114W-Link

[http://www.publications.parliament.uk/pa/cm201415/cmhansrd/cm140707/text/140707w0005.htm#column\\_114W](http://www.publications.parliament.uk/pa/cm201415/cmhansrd/cm140707/text/140707w0005.htm#column_114W)