

MINUTES OF MEETING HELD IN AT NEW COURT ON 1ST JULY 2009

Present: Chair: Sir Richard Tilt

Members: Mr K Akuffo
Mr L Allamby
Mr J Andrews
Mr S Bartley (to mid item 6)
Mrs B Campbell
Dr A Erskine
Ms A Garnham
Ms C George
Professor E Kempson (to item 6)
Ms M Reith
Professor J Walker (to mid item 7)
Professor R Walker

Apologies: Ms P Smail

Guests and Officials: Penny Higgins (item 3)
Nicola Patchett (item 3)
David Allan (item 4)
Katherine Courtney (item 4)
Fiona Nellthorp (item 4)
Isabel Burton (item 5)
Clare McNeil (item 5)
Lesley Strathie (item 6)
Tracy Gale (item 6)
Kathryn McKerrow (item 6)
Anne Donkin (item 7)
Rowan Foster (item 7)
Jacci Mccaw (item 7)
Gareth Thomas (item 7)
Mauricio Armellini (item 7)
David Skinner (item 8)
Phillip Dearne (item 8)

Secretariat: Ms G Saunders
Dr A Bee
Dr N Moss
Mr D Cross
Mr J Allen
Mrs E Harnett

Observers: Dan Butler
Janice Goode
Lucy Moore
Shahid Omer
Kevin O'Hanlon
Rekha Parmar
(Item 7 only)

Item 2 was taken before item 1.

2. Chair's Report

Private Session – Reserved item.

1. Minutes and Action List

1.1 The Chair welcomed the observers to the meeting and invited them to introduce themselves.

1.2 The minutes for the June 2009 meeting were approved after corrections. The corrections included a fuller summary of the discussion of the independent work programme from the June meeting in Cardiff.

1.3 The report on regulations cleared by post since the June 2009 meeting was circulated before the meeting as below.

No.	Title of paper
38/09 15/6/09	The Social Security (Students and Miscellaneous Amendments) Regulations 2009.
39/09 16/6/09	Provider Referrals And Payments (PRaP).

3. The Housing Benefit Amendment (No 2) Regulations 2009 (Paper 40/09)

3.1 **Ms Penny Higgins** (Housing Benefit Strategy Division) with **Ms Nicola Patchett** (analyst in Housing Research and Allowances Division) gave a brief introduction to the proposal. **Ms Higgins** stated that the amendment would remove the £15 excess that customers can currently receive if their rent falls at least that far below the applicable LHA (Local Housing Allowance) rate. The excess payment would be removed from April next year for new customers and for existing customers as they reach their housing benefit review date. It is a savings measure as LHA is costing more than anticipated. **Ms Higgins** went on to say that they did not have all the data they would have liked for the impact assessment but have done the best they could with the information available. They would like to lay the regulations in October/November giving as much time as possible to inform those affected and help local authorities with implementation. **Member's** questions followed.

3.2 A **Member** stated that LHA was often referred to as a type of benefit when in fact it is a way of calculating Housing Benefit entitlement. This had led to a misconception that people would be entitled to the extra £15, assuming their rent was that much less than the LHA rate, when actually the excess entitlement can be reduced based on their income. The **Member** then enquired as to how many people are currently receiving the full excess as compared to those receiving reduced amounts due to their income. **Ms Higgins** agreed that the terms LHA and Housing Benefit are sometimes used

interchangeably. In terms of the numbers of claimants receiving the full excess payment or less **Ms Patchett** replied that they did not have the data available, they could just say that the average customer receives between £10 and £15.

3.3 The **Chair** then asked how much money would be saved by making the amendment and how could this be calculated considering the lack of data available. **Ms Patchett** replied that the scheme would save £145 million but that this was an estimate based on the available data and some assumptions have been made. Some data were pre LHA roll-out and they were trying to infer from this what the numbers are now, and how they will have changed by the time the proposed regulation is introduced.

3.4 A **Member** asked that as the excess was designed to introduce choice for the claimant in selecting their housing, was this change entirely sacrificing that choice element. **Ms Higgins** accepted that the 'shopping incentive' element of the scheme would be removed.

3.5 A **Member** questioned if the amendment would introduce difficulty when a customer changed circumstances, if the removal of the £15 excess may reduce flexibility and make Housing Benefit assessments more finely tuned to the individual. **Ms Higgins** did not agree as the flexibility of housing benefit is inherent in the LHA rating system and this would not change, there would not be a return to the individual property assessments of old.

3.6 A **Member** asked if the change would introduce a customer incentive to upsize in order to take full advantage of the LHA rates or, to collude with their landlord in raising the rent to the maximum rate and 'splitting the difference.' A **Member** added that there was a risk that, if the changes were publicised, landlords would simply raise their rents up to the maximum LHA rate, eliminating any potential savings. **Ms Patchett** replied that these outcomes were possible but that it was very difficult to model or predict these kinds of effects. She acknowledged however that these were quite significant risks.

3.7 A **Member** asked about the impact on child poverty that would result and, given the vague and unspecific data provided, was there any way to be more precise about the numbers of children to be affected. **Ms Patchett** replied that the numbers provided were the best estimate that could be made with the information they had.

3.8 A **Member** stated that the lack of information was a serious problem. The **Member** then asked if the Local Authorities were going to have to identify the affected people anyway, in order to inform them of the changes, why not wait until this was done and do a proper impact assessment before going forward with the changes. **Ms Patchett** replied that they did hold more information but that it had not been properly 'quality assured' at this stage and therefore could not be included. As to why they did not wait until the information was ready before proceeding, **Ms Higgins** replied that Ministers had decided that they wanted to implement the proposals as soon as possible.

3.9 A **Member** asked if the savings predicted had taken account of the administrative cost of implementing the change and added that, if not, the costs could outweigh the savings being made. **Ms Higgins** replied that the figures had not taken into account the Local Authority implementation costs but added that they did not predict these costs to be very high.

3.10 A **Member** stated that they disagreed with the assertion that the change would not affect the claimant's ability to pay their rent and, for many claimants, this change represented a fairly substantial reduction in income which could lead to problems meeting financial commitments such as housing costs. A **Member** added that this may cause increased homelessness. **Ms Higgins** replied that the intention was that this would be less likely, as affected claimants would still have their rent fully covered. She accepted however that the excess could represent a large proportion of a claimant's income in some cases.

3.11 A **Member** asked how and when those affected would be informed, as early notification would be essential in helping them to manage the change. **Ms Higgins** agreed that timely and thorough notification was paramount, as people could sign up to housing contracts in the belief that they would be entitled to extra benefit when they would not be. The Department were striving to lay the regulations as early as possible in order to leave a 6 months period to inform people. They will strongly advise the Local Authorities to write to individual recipients advising them of the change, meanwhile they will be considering how best to advertise with various welfare rights organisations such as the Citizens Advice Bureau.

3.12 A **Member** asked if this amendment was a sensible idea given that it flows contrary to all the recent and costly government initiatives tackling child poverty and risks undermining progress in this area for the sake of a small saving. **Ms Higgins** answered that it was not certain that the amendment would impact child poverty. To which the **Member** replied that any impact should be ascertained as fully as possible before implementation.

3.13 A **Member** questioned the assertion that the amendment would not add any complexity. **Ms Patchett** replied that any complexity added would only be transitional, as it would not add anything to the actual claim process for Housing Benefit.

3.14 A **Member** stated that attention should be drawn to the fact that the figures show that lone parents and children may be disproportionately affected by the change. A **Member** further elaborated on this and pointed out that those people receiving the means-tested benefits are, as the rules currently stand, likely to be getting maximum benefit from the excess allowance. This is because their entitlement would be less likely to be tapered due to their income. The problem however is that these people are, more often, the most vulnerable and will be hit hardest by the change. **Ms Patchett** replied that, though she accepted the point that certain groups may be hit harder than others, they do not have the information as to who these people are and so any conclusion they could draw would be presumptuous.

3.15 The **Chair** thanked the officials for their presentation. **The Committee** decided that the proposals for changes to the regulations are to be formally referred.

4. Presentation - DWP Customer Charter **(Paper 41/09)**

4.1 **Katherine Courtney** and **David Allan** from Customer Insight were accompanied by **Fiona Nellthorp** from HM Revenue & Customs (HMRC).

4.2 **Ms Courtney** reminded members of her visit to the Committee last year. She explained that since then the Department for Work and Pensions (DWP) has worked and consulted jointly with HMRC. Customer feedback about different relationships has led to two Charters. The intention is that they will go live with a cross reference between the two Charters. The DWP Charter should be launched today (1st July) so that it can be embedded with staff before it is released to the public later in the month. *(Note – launch to staff was on 6th July and to the public will be later in the summer).*

4.3 **Mr Allan** updated members on progress in embedding a departmental wide Charter. Internally this includes building the Charter into the induction process; embedding it in training and leadership through the Making a Difference programme; by continuous improvement and through the Lean programme. Work is also underway to embed the Charter in policy to support effective delivery; work is also being done on a framework for customer service standards, measures and how to address shortfalls.

4.4 **Ms Nellthorp** told members how the HMRC Charter was ministerially driven. There have been nineteen thousand responses to the consultation. This includes a youth site. This early engagement is seen to be important as individuals will be customers for sixty or more years. The consultations have led to a Charter which is very different from the original proposal. **Ms Nellthorp** spoke about the recent externally moderated event to finalise the Charter. This included HMRC staff and others from SSAC, DWP, the Chartered Institute of Taxation (CIOT), the Adjudicator's and Ombudsman's offices. The issues which have been raised in Parliament mostly relate to the Charter as it was originally proposed. The HMRC board is looking at the Charter. It is proposed that there will be user testing and research to ensure that it is fit for purpose before the Charter is launched in the autumn. The intention is that it should be embedded in HMRC as is being done with the HMRC Vision.

4.5 A **Member** expressed the Committee's support for both Charters and the benefits they will bring to customers and staff. The **Member** was concerned that the four broad tick boxes in the DWP Charter might require clarification. He recommended that Easy Access should refer to ease of dealing or working with DWP. The **Member** advised that the use of the word 'complaints' might be confusing for those who need to appeal and drew attention to page 5 of the accompanying Jobcentre Plus leaflet 'Our service to you' and asked if 'you can choose' means that you can request email contact.

4.6 The **Chair** asked about formal complaints on page 14 of the leaflet and asked if 'get in touch' means written or by phone. Another **Member** drew attention to inconsistencies in the document about 'we will reply' or 'we aim to reply' as on page 14. The **Member** asked how page 10 about notifying changes fits with Tell us Once. He thought it was inappropriate to say on page 13 'if we know how you feel we can make things better' and asked why saying sorry was more important than putting things right as soon as possible. Another **Member** noted that an apology is important.

4.7 **Mr Allan** thanked members for their comments and said that the 'Our service standards' leaflet is a draft which pulls together three current leaflets. The points raised will be shared with those developing this work. **Mr Allan** will look into the points about keeping appeals and complaints separate and said he would seek to clarify the data issues over the use of email. There has been positive feedback about the use of the sections on 'get in touch' and 'make things better'. The form at the back came about because sometimes individuals do not want to complain but would like to share ways to improve when things had not gone as well as they would have liked.

4.8 The **Chair** emphasised the need to be clear about complaints and differentiate this from general feedback.

4.9 A **Member** raised concerns about the use of booked appointments only on page 3 of the leaflet; saying that the Committee understood that there would never be a time when you could not walk in to a Jobcentre. The **Member** recommended that 'how we contact you' should be 'how people contact the DWP' and advised that the ring back offer on page 7 should be included at page 18 on telephony. This was supported by other members.

4.10 Another **Member** liked the title 'Our Customer Charter'. Referring to the leaflet, the **Member** asked if there should be a need to differentiate on page 6 about helping straight away, adding 'particularly if urgent'. On pages 8 and 9, the **Member** asked if the commitment to one working day was realistic and noted the use of 'try' on page 9. On contact by email, it was suggested that this should be two way. Those who experience good service might send a quick email but are less likely to write. That source of feedback might be lost. On page 12, the **Member** said that there should be mention that there are time limits for an appeal and recommending that customers should seek advice from a local advice centre. Page 19 of the leaflet, about keeping the information up to date, might usefully give a commitment to keeping the online version up to date and showing online the dates of changes made.

4.11 A **Member** commented that right treatment on page 5 of the leaflet is a duty and not an aim. It was felt that the comment on page 12 about 'may find it easier to speak' was too vague. The **Member** also questioned whether paragraph 1 on page 13 might make people worry about complaining.

4.12 Another **Member** asked if disabilities had been fully considered in compiling the leaflet. The **Member** gave textphone numbers as an example shown in the leaflet but no textphone numbers were given for the Chief Executive or Independent Case Examiner. The **Member** advised that email is

a common alternative for those with hearing impairment. By way of comparison it was reported that HMRC ministers had agreed to an annual review of their Charter, that there will be comment in the HMRC annual report and that there would be stakeholder group review. The **Member** asked if anything similar were planned for the DWP Charter.

4.13 **Ms Courtney** replied that the DWP Charter is a high level pan-departmental document with feedback from customers and staff embedded into a satisfaction survey and research programme which will be refreshed at stakeholder groups. The Charter is a permanent piece of consultative architecture with existing groups. **Mr Allan** advised that it would be improved, based on experience.

4.14 A **Member** noted that the HMRC Charter includes a right to representation, commitments on time and on ease of access. It was considered to be important that these should be in a Charter and not an explanatory leaflet. Another **Member** emphasised that complaints should be mentioned in the Charter and not only in the accompanying document. The **Member** asked that there should be a commitment to give feedback to the customer as soon as possible. It was noted that in the leaflet, the telephone contacts and charges were confusing, with several different types of numbers. The **Member** asked that people who wished to complain should be allowed to reverse charges and advised that they can contact their MP. The **Chair** advised that the Committee believes that customers should have cost free access.

4.15 A **Member** advised that the leaflet should differentiate between legal and administrative mistakes. The **Member** advised how the department can supersede a decision without an appeal and expressed concern that people might go past the time limits for appeal because they did not know about them and had followed the complaints procedure. The commitment to easy access was noted and a member gave a recent example of a case where a Jobcentre had refused a clerical rather than telephone claim, despite clerical claims being allowed and necessary for some. Similarly, there must be a commitment to answer telephones within a certain time. The **Member** advised that an effective Charter would support the embedding of agency service standards.

4.16 A **Member** commented that visual impairments are not explicitly covered in the leaflet. The **Member** drew attention to advice to use phone books and asked about the location of the information. **Ms Courtney** advised that numbers are currently shown in various places. **Mr Allan** advised that numbers are shown in a range of leaflets. **The Chair** asked how the customer should know where to look and pointed out that it was no use having them on a stand in Jobcentres when customers cannot get in to the building. **Ms Courtney** said that there has been some debate as to the best way to send out information. Some stakeholders would like leaflets sent to all but this is not cost effective. **Mr Allan** noted that one issue was to fully understand the most appropriate time to give out the information. **Ms Courtney** said that job seekers report that that they are given so much information at the start of their claim.

4.17 **Members** suggested a range of forms of publicity for the Charter, including a good poster to be given to other organisations, information on the web and a free phone number. It was thought that it might be printed on existing communications, including the rear of single sided letters and in leaflets. **Mr Allan** agreed to take these points away, adding that some were already under consideration. **Ms Courtney** said that detailed rights and responsibilities will be a matter for policy colleagues to put in writing. She said that they were keen to implement the Charter as soon as possible, especially for first time claimants.

4.18 **The Chair** asked if stakeholders had asked for the leaflet to be a statement of rights and responsibilities or if this was a departmental attempt. He asked if the department acknowledges this as a rights and responsibilities leaflet and whether the rights are enforceable. **Ms Courtney** replied that claimants' rights already embedded in statute were enforceable, but that the leaflet was not introducing any new rights.

Item 5 was taken after item 6.

6. Presentation by Lesley Strathie – Permanent Secretary and Chief Executive of HM Revenue and Customs (HMRC).

6.1 **Lesley Strathie** was accompanied by **Tracy Gale** from HMRC & **Kathryn McKerrow** from HM Treasury (HMT).

6.2 **Ms Strathie** emphasised her continued commitment to the role of the Committee and her strong welfare contacts. **Ms Strathie** supported maximising the open relationship through the Memorandum of Understanding between SSAC, HM Treasury and HMRC, emphasising the importance of the Department for Work and Pensions (DWP) as the fourth party. **Ms Strathie** spoke about her role on the cross departmental steering group and her close working relationship with Leigh Lewis of the DWP. The alignment of the DWP and HMRC Charters was described as an early win.

6.3 **Ms Strathie** described the links between the HMRC Vision and the six areas of focus in the Business Plan for 2009-10, both of which have recently been circulated to members. Challenges include reducing resources, increasing efficiency, tight timescales and the need to encourage understanding and work across departments. Consultation on the Charter is seen as a first stage in a process of improving delivery in a customer focused way and working on clarity for HMRC's own standards.

6.4. **Ms Strathie** spoke about financial challenges and aligning the department to reduce costs, whilst delivering better customer focus and incremental improvements. An example is the new PAYE and National Insurance service, where twelve file servers have been merged into one. Information is visible from the taxpayer's perspective rather than that of employers.

6.5 **The Chair** asked whether there will be a point when customers can view their own National Insurance record. **Ms Strathie** did not expect this to happen. **Ms Strathie** described how self service works in the private sector for signposted information, but for transactional information there is a need to align staff with what is best for the individual.

6.6 A **Member** compared the phraseology used in the DWP and HMRC expressions of their mission. The **Member** drew attention to the important role of HMRC in the poverty challenge and said that the statement needs to be more inspiring. He noted that error and fraud are different matters which require different remedies. The **Member** noted that success is measured by what HMRC wishes to measure, rather than asking stakeholders what customers need to measure. The **Member** drew attention to the way that HMRC benchmarks itself against the best in developed tax authorities and asked that HMRC should consider comparisons with social security and benefit authorities.

6.7 **Ms Strathie** described her involvement in the HMRC Vision, which was lead by Mike Clasper. **Ms Strathie** said that it was a starting point from which she expected HMRC to raise its ambition incrementally.

6.8 In response to the question on fraud, **Ms Strathie** said that there were three distinct categories: Official error; claimant error; and fraud. All need different strategies. Press and public perceptions need to be better informed.

6.9 On learning from other bodies, **Ms Strathie** gave an example of how much has been learned through joint steering-group work with the DWP on debt management.

6.10 A **Member** asked about telephony strategy, noting the costs of telephone calls, how the telephone is not the right medium for around fifteen percent of the population and how DWP sees these issues as a priority. The **Member** did not feel that HMRC sees telephony as such, especially for access to benefit centres. He asked about improving access and commented that there is no sense of coherence of outreach, especially over language and mental health.

6.11 **Ms Strathie** replied that the two departments have come to this point through different journeys. **Ms Strathie** thought HMRC could learn from the experiences of Jobcentre Plus. **Ms Strathie** said that HMRC has the most informed view of customers in Whitehall but their voice is not in the HMRC boardroom. HMRC recognises that some customers will always need face to face contact.

6.12 A **Member** commented that when Tax Credits were first introduced, DWP learning and practices were not transferred to the Inland Revenue and this lead to legislation which was culturally very different. The **Member** also asked if changes could be made to the Tax Credits computer system.

6.13 **Ms Strathie** replied that changes cannot be made. There are clear limits on the system. Work is in hand to cross map departmental systems to

see what can be delivered, by whom and to assess system risk. In response to a question from the **Chair** about timescales, **Ms Strathie** agreed to let the Committee know.

6.14 **Ms Strathie** finished by speaking about the wider focus being on the customer and how any changes such as the introduction of the Health in Pregnancy Grant must be done in a way that is best for customers. **Ms Strathie** said that closer working and other improvements mean that HMRC and HM Treasury policy making is working better than in the past.

6.15 The **Chair** thanked Ms Strathie for coming to meet the Committee, for the presentation and frank responses.

5. Presentation by IPPR PA

(Paper 42/09)

5.1 **Clare McNeil** and **Isabel Burton** (IPPR) gave a very interesting and informative presentation about the 'Now it's Personal' project on Personal Advisers (PAs). **Ms McNeil** presented findings and recommendations from the Phase 1 report, which was published in June. **Ms Burton** described Phase 2 of the project, which will test recommendations from Phase 1. IPPR have also established an innovation hub as part of the project, which will co-ordinate and facilitate learning and share best practice.

5.2 A **Member** asked whether adviser skills were targeted, i.e. matched to customer need, for example very skilled PAs matched with disadvantaged groups. **Ms McNeil** agreed that this would be an effective strategy and noted that the project argues for different tiers of advisers, along these lines.

5.3 A **Member** asked whether the project had explored the dual role for advisers (providing advice and guidance, and 'policing' the benefit system). **Ms McNeil** noted that this had not been raised as a problem by private providers, and that whilst Jobcentre Plus advisers did not really see this as causing big conflict, clients were concerned. **Ms McNeil** did note that the problems were as much to do with the set-up of the system as with the dual role, for example the interview time taken up with administrative tasks.

5.4 A **Member** discussed professionalism within the personal adviser role and questioned why the UK has not introduced executive level skills for advisers. **Ms McNeil** noted that there is some concern that minimum qualifications may distract from a focus on the service user. The phase 1 report has reviewed the current context and phase 2 of the project will be examining whether professionalism is desirable. The **Member** also asked for views on the Gregg report. **Ms McNeil** felt that there may be a real problem with co-production, as this seems such a long way away from what is happening on the ground at the moment.

5.5 A **Member** asked whether pay scales were felt to be commensurate with the roles and responsibilities of PAs. **Ms McNeil** noted that pay varied between providers but that pay was not always enough to attract high calibre PAs, given the skills needed - hence the recommendation for a tiered system. This would be difficult to fit into current government payscales however. The

Chair noted that this should not affect recommendations and that Connexions do pay more.

5.6 A **Member** noted that in the early days of the PA role advisers (especially Lone Parent PAs) were of very high quality. However, the numbers and quality have declined over time, especially in London, hence an excellent service has been diluted. **Ms McNeil** agreed that the service has trailed off over time, although improvements were made after the publication of the NAO Personal Adviser report in 2006. **Ms McNeil** also felt that the workforce is not being given the necessary attention – especially in the current context where more is being asked of PAs.

5.7 The **Chair** thanked the presenters and highlighted that this was an area of particular interest for SSAC. The **Chair** asked how SSAC might contribute to the project. **Ms McNeil** noted that they were keen for DWP to get behind the recommendation of a core qualification for advisers and this might be an area for SSAC support. **Ms Burton** reported that the project team intend to write a series of think-pieces, leading up to the publication of the final report in July 2010, and that these might be a useful forum for collaboration. The **Chair** noted that the Secretariat would keep in close touch with the project and would invite a presentation on the Phase 2 findings, at an appropriate point in the future.

7. The Jobseeker's Allowance (Skills Training Conditionality Pilot) Regulations 2010 **(Paper 43/09)**

7.1 **Anne Donkin**, **Rowan Foster** (DWP); **Jacci McCaw** (Jobcentre Plus), **Gareth Thomas** (LSC) and **Mauricio Armellini** (DWP) attended the meeting to discuss the regulations. **Ms Donkin** began by briefly introducing the regulations that will introduce a random assignment pilot to test the impact of mandatory training, under the threat of sanctions, on claimants' employment outcomes.

7.2 A **Member** began by questioning whether the pilot would be testing the use of sanctions or the threat of sanctions and whether the 'theory of change' underpinning the pilot was appropriate. **Ms Donkin** replied that the sanction for not attending training was like any other mandatory aspect of the JSA regime and so claimants would expect that a sanction would be applied. **Ms McCaw** added that they expected few sanctions to be applied, as claimants should be discussing training options with their Personal Adviser (PA). The **Member** responded that the pilot might create an environment in which the threat of sanctions is real. However, even if the pilot is seen to work in the way intended by DWP, it might be impossible to understand the causality effect. There are too many layers in the pilot in terms of what might drive outcomes.

7.3 A **Member** raised the issue of informed consent. Consent is mentioned several times in the Explanatory Memorandum (EM) with reference to participation in the research, data sharing and when a claimant is informed about random allocation. The **Member** questioned whether true informed consent could be given by a claimant for data sharing or

participation in the research, when they were being coerced to participate in the pilot itself. **Ms Foster** stated that MDRC were involved in the evaluation design and would offer advice on informed consent. A **Member** noted that as MDRC were based in the United States they may not be able to offer advice appropriate to the UK context, as US legislation allows for participation in the research as well as the pilot itself. **Ms Foster** replied that they would not need informed consent to access Administrative Data on pilot participants so they would be able to look at employment outcomes. The integrated employment and skills (IES) service trials have involved consent for data sharing and the positive response from claimants has been quite high.

7.4 A **Member** raised the issue of how mandatory participants will behave on training courses and asked whether the evaluation will consider this aspect of the pilot. **Ms Donkin** replied that because they are running the pilot within IES areas they anticipate that the majority of claimants who are referred to training will actually want to participate. The **Chair** questioned whether sanctions were necessary, given the assumption that claimants would want to participate in the training anyway. **Ms Donkin** replied that a key principle of the rights and responsibility agenda is placing training and employment together so that claimants understand that gaining skills is a valid activity. The **Chair** asked what would happen if a claimant did not want to participate in training and whether there was a right of appeal. **Ms McCaw** replied that the PA would only refer a claimant to mandatory training after a long discussion with the claimant. The claimant has a right of appeal at the point of referral to a sanction.

7.5 A **Member** raised the issue of the evidence from previous mandatory training pilots that showed very little evidence of positive outcomes and asked why the current pilot was different. **Mr Thomas** replied that in terms of training provision the environment is very different and it is not now just about basic skills courses. **Ms Foster** added that the pilot is part of Stage 3 of the new JSA regime and so brings training into line with other activities. A **Member** questioned the rationale for fast tracking disadvantaged groups to Stage 3 so that, although they could take up the training options, they might also be subject to sanctions.

7.6 A **Member** raised their concerns that the power to sanction in the proposed regulations would not be subject to the full parliamentary scrutiny given to primary legislation. The Jobseekers' Act contains very detailed sanction powers in Section 19 and the **Member** questioned whether the new regulations were indeed necessary. **Ms Donkin** replied that their legal advice had been that new regulations were required but added that they could revisit the legal advice that they had received.

7.7 A **Member** noted that voluntary activity should be added to the list of outcome measures in paragraph 119 of the EM. There was a discussion about claimants who were already in training when they became eligible for the pilot. **Members** were concerned that PAs might not always be able to determine what training was appropriate and may therefore refer claimants to training that was inappropriate or make them leave existing training. **Mr Thomas** responded that a training referral should result from a three-way

conversation between the claimant, their PA and a skills adviser. In addition, the shared action plans that are part of the IES service should help avoid inappropriate referrals. The launch of the aacs should provide a much better adult skills diagnostic tool.

7.8 A **Member** commended officials for the amount of thought that had gone into the design of the pilot but noted that they had quoted a DWP research report (number 313) in putting forward the argument that sanctions change peoples' behaviour. However, the report lists a number of negative impacts resulting from sanctions, including depression and the worsening of existing health conditions. The proposed pilot will be putting people at the risk of harm because of sanctions. This harm can only be justified if the pilot design is appropriate and will produce robust results. **Ms Foster** replied that random assignment was the best method at their disposal for measuring policy impact but that perhaps they needed to think through the pilot design further.

7.9 A **Member** asked about the evidence that sanctions would be successful at up-skilling people who had gone through 11 years of compulsory schooling without obtaining suitable employment skills. **Ms Foster** replied that they were using the tools available to them to move people into training. One tool will be the IES and the improved training offer. The other tool will be the use of sanctions to mandate people to training. A **Member** raised the issue of consistency between PAs in terms of identifying skills needs and referring claimants to training. **Ms McCaw** replied that the PA would use all the information available to them to make a decision about a training referral. Adviser Managers will look at the consistency of approach between different PAs and differences between areas will be monitored. **Mr Thomas** added that all staff at nextsteps have to be accredited to level 3 in advice and guidance and are also subject to inspection by Ofsted. This should support consistency within the pilot.

7.10 Following the discussion, the Committee decided that the regulations should be subject to formal referral.

8. The Working Tax Credit (Entitlement and Maximum Rate) (Amendment) Regulations 2009 **Paper 45/09**

8.1 **Mr David Skinner** and **Mr Phillip Dearne** from HMRC, Benefits and Credits presented the item.

8.2 **Mr Skinner** apologised for the 'late hour' at which the proposals were sent to the Committee, and thanked them for agreeing to look at the changes.

8.3 The **Chair** asked if there was a particular reason for the late arrival of the proposals. **Mr Skinner** replied that although the changes proposed appeared at face value, simple ones, they are complex and the department has taken the opportunity to clarify the legislation as confirmed in Budget 2009. Lawyers had not finalised the regulations until late on Monday.

8.4 **Mr Skinner** said that the proposal to extend the Working Tax Credit four week run on had been announced in April and that HMRC are working with the Department for Work and Pensions (DWP) to implement the changes. **Mr Skinner** explained that the proposals extend the scope of the four week run on in a number of different scenarios.

8.5 A **Member** said there appeared to be an error in a bullet point, in the covering letter, and asked if 'not' should in fact be 'now'. **Mr Skinner** thanked the member and said that it should be 'now'.

8.6 A **Member** pointed out that in parts of the consolidated regulations the incorrect provision is quoted. The **Member** also considered that some of the references contained in the draft regulations were incorrect. **Mr Skinner** said that he would pick up the errors contained in the consolidated regulations and ensure that they were corrected. **Mr Skinner** advised that the references contained in the draft regulations were correct, but the way the footnotes are displayed (with footnote references showing as (a) (c) etc) can look like part of the regulations quoted. **Mr Skinner** agreed to raise the issue with those responsible for providing the template. The **Member** asked whether a couple who are both working at least 16 hours per week, who have two children, and receiving the childcare element, would get the run on of the childcare and the 30 hour element if one of them stops working or reduces their working hours to below 16 hours a week. **Mr Skinner** said that in this scenario, the couple would get a run-on of both elements in line with the Government's aim to target help at families with children. The **Member** asked how staff would be made aware of the changes. **Mr Skinner** said implementing the changes, including revised guidance that would be issued, was being handled by a newly formed Change Team who would now be responsible for insuring all necessary actions were identified.

8.7 A **Member** commented that the changes were very welcome, and they would have liked to have seen them extended further.

8.8 A **Member** commented that due to the recession, many couples could be faced with reducing their hours, and asked if HMRC had considered producing a product that would offer advice to employers or employees facing reduced hours and the effect that this would have on their tax credits. **Mr Skinner** said that the suggestion was worth considering and that he would look into the possibility.

8.9 A **Member** asked what the latest date was for commenting on the proposals. **Mr Skinner** said that he would appreciate any comments by the 9 July and that members were free to telephone him if they preferred.

9. Action Points and Action Taken

AP & Para.	
9.1 2.3	<p>Secretary to produce a <i>Postal Regulations supplement to the business guide</i>.</p> <p>This has been done, following discussion with members. However, it was subsequently noted that procedures for handling HMRC regulations had not been included, and these will now be added to the guidance.</p>
9.2 2.4	<p>The Secretariat to re-circulate the <i>travel and subsistence guide</i>.</p> <p>The revised guide has not yet been cleared. As soon as it is received, it will be circulated to members.</p>
9.3 2.5	<p>The Secretariat will post urgent items separately from the routine weekly mailing. Advance notice of urgent items will be sent to members by email.</p> <p>New procedures are now being followed. There has been some disruption of the mail following recent industrial action by Royal Mail staff.</p>
9.4 2.8	<p>Members to tell Secretary as soon as possible of any points which they wish her to contribute to the NAO study on official error in the benefits system.</p> <p>Information has been received and passed on. A group of members will also meet the NAO in Newcastle.</p>
9.5 2.10	<p>Members are to complete reports on recent visits, for the August meeting.</p> <p>Reports completed and circulated.</p>
9.6 2.11	<p>Secretariat to update the report on telephony and circulate it to members and to officials for comment.</p> <p>The report has been circulated.</p>
9.7 2.12	<p>Members to submit any final comments on the <i>Rights and Responsibilities letter to the secretariat by Monday 6th July</i>.</p> <p>The report has been completed and published, and a letter sent to SoS.</p>
9.8 6.13	<p>Ms Strathie to send information to the committee about timescales and work on mapping systems and risk.</p> <p>Awaited.</p>