

Work and Pensions Committee

Oral evidence: the work of the Social Security Advisory Committee on separated parents and working age contributory benefits, HC 863

Wednesday 9 November 2022

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Members present: Sir Stephen Timms (Chair); Siobhan Baillie; Neil Coyle; Steve McCabe; Dr Ben Spencer; Chris Stephens; Sir Desmond Swayne.

Questions 1 - 42

Witnesses

I: Dr Stephen Brien, Chair, Social Security Advisory Committee; Liz Sayce OBE, Vice Chair, Social Security Advisory Committee; and Carl Emmerson, Member, Social Security Advisory Committee.

Examination of witnesses

Witnesses: Dr Stephen Brien, Liz Sayce OBE and Carl Emmerson.

Q1 Chair: Welcome, everybody, to this meeting of the Work and Pensions Select Committee, and a very warm welcome to the members of the Social Security Advisory Committee who have kindly joined us this morning. Can each of you tell us briefly who you are?

Carl Emmerson: I am Carl Emmerson, Deputy Director at the Institute for Fiscal Studies, but I am here in my capacity as a member of the Social Security Advisory Committee.

Dr Brien: I am Stephen Brien and I chair the Social Security Advisory Committee.

Liz Sayce: I'm Liz Sayce, a member and vice-chair of the Social Security Advisory Committee, with a background in disability.

Q2 Chair: Thank you all very much for being with us. We have a series of questions arising from your recent work on the new contributory benefits. Looking back, contributory working-age benefits were expected at one stage to disappear altogether, but now we have the New Style



contributory benefits. Why do you think the Government have introduced the New Style benefits? Do you think the Government still expect contributory working-age benefits to wither away eventually? Tell us as well why you are, as I understand it from the work you have done, quite supportive of reviving a bit the contributory principles for working-age benefits.

Dr Brien: I am happy to take this up; I am sure my colleagues will contribute to the discussion as well. We are probably not going to be in a position to discuss the Government's expectations or views, but we are very happy to share our perspectives on this.

Let me go back probably 10 to 12 years ago when universal credit was being established. There was a view from the "Dynamic Benefits" report, which was the progenitor of universal credit, that all these benefits should be wrapped into one.

Chair: You were the main author of that, weren't you?

Dr Brien: I was at the time, yes. What that report set out was a long-term vision of where the benefit system should get to. I think we all need to be realistic and we probably faced the realism in the early part of the 2010s that a big reform like that cannot all happen in one go. There were probably four major ideas in that report that were not picked up at the initial stage, and they would have been integration with child benefit, council tax support, PIP and contributory benefits.

The question probably needs to start with why contributory benefits were not folded in. There were a number of reasons for that. One was a very pragmatic issue vis-à-vis the exportability of benefits within the EU, where there were various rules and protocols around the benefits that had exportability and those that did not. It was important to keep a distinction between universal credit—the distance between social assistance and social insurance needed to be preserved at that time. That would be reason No. 1.

Reason No. 2 is some deeper structural challenges that meant that simply folding them in raised more fundamental questions. That is that the contributory benefits came from a history of social insurance. That meant two things that were at odds with the structure of universal credit. One is that these benefits were personal rather than household benefits. They were set up to support people as individuals who had lost their job. It was related to the individual and their employment as opposed to compensation for low household income. That is the individual part, which was different to universal credit.

The second thing was that these were pre-tax benefits rather than post-tax benefits. That meant that the system was such that if you were in receipt of contributory benefits and went back into work, at the end of the year the contributory benefit income you received during the year was taken into account for your overall tax liability. It was, in effect,



employment insurance and then at the end of the day your entire income from employment and insurance was taxed. That still is the case, whereas universal credit and, indeed, the legacy benefits that universal credit replaced were all framed in a post-tax world. They were taking a household rather than an individual and they were looking at the household's post-tax income and, in effect, supplementing it to a level that was deemed appropriate.

These were big structural issues that put contributory benefits in a bit of a "too hard" box. They would require a lot of thinking through and, given that they were a relatively small part of the system, it made much more sense at the time to build out universal credit for the main area of those on income replacement benefits rather than the contributory piece.

Q3 Chair: In terms of the Government's expectations—I take the point that you are not able to give us too much insight on that—you said in your report on this that the current direction of travel appears to be to allow contributory benefits to continue to wither away. Is that where you think the Government are heading with this?

Dr Brien: Yes. Let me unpack that statement. It is an observation on our part that from a policy evolution perspective contributory benefits, having been recast in a universal credit world back in 2013-14 as New Style benefits, there has been very little attention paid to the development of policy in that space because most of the effort, the IT development and so on has been on universal credit. Prior to the pandemic, the numbers on those benefits were, in effect, diminishing over time and it was seen very much as an exception to the norm of where the main area of universal credit and departmental focus was. Carl, do you want to pick up on that?

Carl Emmerson: Yes. Perhaps the clearest statement we found was from the White Paper that introduced universal credit, which basically said, "We will leave contributory benefits where they are but additional resources will be targeted at those who most need it," suggesting that the efforts really would be around universal credit.

Chair: We now have this New Style variant of them, so there is some thinking on it.

Carl Emmerson: Yes, they were brought in, but I think the intention was very much that they will stay as they are and the efforts, as Stephen was saying, both in terms of cash transfers—we saw that through the pandemic with the £20 a week uplift applying to universal credit and not to contributory benefits—and around publicity and IT development, for understandable reasons, all focused on universal credit.

We have this system now where contributory benefits play a relatively small part but they are important for some and many of the people receiving them were very grateful and felt they were very important to



receive. They clearly give a sense that there is something in the system for people who have paid into it.

However, we found lots of evidence where the system was not working as well as it could, thinking of it as a system as a whole, in particular where parts of the New Style system were not communicating with and not working very well alongside universal credit, which is symptomatic of all the attention and effort being put on universal credit as that is being rolled out, again for understandable reasons.

The timing of our report was such that we were hoping that universal credit is now rolled out nationwide for new claims; perhaps the end is in sight in terms of moving everybody across. At that point, some more effort on New Style benefits—getting them working well and getting them working well alongside universal credit—should be much more of a focus than what it has been for the last decade.

Q4 Chair: My sense from reading your report is that in your view there is still merit in the contributory principle for working-age benefits and that it ought not to just wither away.

Carl Emmerson: We were building that assertion on a previous report we did looking at how the benefit system worked through the pandemic, and we had noted, I think, a doubling in the number of people receiving New Style jobseeker's allowance. They clearly did play an important role in that period, even if perhaps not one that was as obvious as what universal credit was playing.

For somebody who loses work, who perhaps has quite a lot of fixed outgoings for a while, it is perhaps not reasonable to ask someone to adjust their rent down very quickly, for example. There is certainly a case for providing some support and we argued in that report that there was a case for perhaps considering paying it for more than six months and perhaps a case for being more generous than what we currently have. We argued that the Government should at least consider those cases, noting that the UK had a relatively ungenerous contributory part compared to most European countries, at least.

Our report specifically on New Style benefits is predicated mainly on something like the current system in terms of its generosity remaining in place and is very much focused on how we get that working better. If you did want a more generous system, many of our recommendations would still stand. Clearly, if you took the view that we should move in the other direction and have an entirely means-tested system, then our report would no longer apply.

Q5 Neil Coyle: Carl, you just touched on the issue of adequacy of levels of support through contributory benefits. I think your exact words were that we have a "relatively ungenerous" system. I think the UK provides something like 13% average income replacement compared to an OECD average of 50%. Why are we so poor by comparison?



Carl Emmerson: I think that it is because we provide lots of support through the means-tested system—for example, for housing costs—all targeted on people with low incomes, and that is where successive Governments have decided to put additional resources. If you look at the additional resource we have put into low-income families with children, first through the tax credit system and then through universal credit, that has very much been the direction of travel. The contributory bits have been left alone, essentially, while the means-tested bit has become more generous, partly because of support for, for example, private sector rents, which have been growing, and partly because of active policy decisions to make parts of that system more generous over the last 30 years or so.

The desire to allocate resources to those on the lowest incomes is understandable, but I think—again, this is drawing more on our previous report—there is an issue that if you have a benefit system that is designed to support people who have what you might consider to be the living-cost outgoings that a low-income household might have, you might want to think about how long somebody should have to adapt to that. If they have a rent contract that runs for a year and they have just lost their job, they cannot go and find cheaper accommodation to live in very quickly. That might give you an argument for having something that is contribution based that is perhaps more generous than what we currently have.

Q6 **Neil Coyle:** Does the panel believe there are any benefits to the Government of keeping the rates so poor by comparison—to keeping them so deliberately low? What do the Government gain from such a paucity of support approach?

Carl Emmerson: The direct effect of making the benefits more generous is that you have extra public spending going to some individuals and they are unlikely to be in the poorest households in the country because those households are more likely to be receiving universal credit. In fact, if you receive a New Style benefit and universal credit, any increase in New Style benefit will be tapered away at 100% in your universal credit award. If you want to help, say, the poorest out-of-work households, you would not want to be looking at contributory benefits, at least in a snapshot view.

Dr Brien: This is where there is a genuine trade-off to be made. Our report encourages the Government to step back and think through the social contract and what the balance is between an income replacement system, irrespective of levels of contribution and past history, versus the level of supplement for those who have put in. There is a real consideration about the extent to which that supplement buys people into the system and garners support for it and acts as an insurance, versus the need to make sure that limited public resources are targeted, as Carl said, on the lowest income. That is a real trade-off that I think is a very definite one that a Government with a political mandate needs to



consider. We can comment on the coherence of it and some of the technical issues, but that is very much a political decision.

- Q7 **Neil Coyle:** In your report you said that the UK has a relatively low level of average income replacement, particularly for those with an uninterrupted contribution history. This is what I would call my Uncle Phil test. My uncle left school and went straight into work. When he had open heart surgery several times and was forced to take early retirement, he suddenly discovered that he had very little support under the universal credit and ESA system. Is it SSAC's position that there should be no recognition of that continuous contributory history? Or do you think that should be better recognised under the support without the need for top-ups for housing and other pots of support elsewhere?

Carl Emmerson: One of our recommendations addresses that exactly, where we do not take a view but we suggest that the Government review what the contribution requirements are and raise the question as to whether somebody who had, for example, 20 years of unbroken work in the UK followed by a period of, say, two or three years of intermittent work should be denied contributory benefits. We did not want to be recommending that people who had a good recent contribution history should be denied the benefits, but we thought the Government should think through the case of those individuals who have had long stretches of unbroken periods of paid work followed by a difficult period where they have moved in and out of work a bit, and whether the contributory principle should be reviewed and we allow people with that longer history to also qualify. It is an open question.

Dr Brien: Our strong view would be that the contributory principle has evolved incrementally over the last several decades, probably, and that as a result of that we do see these relationships being different to those in other countries vis-à-vis replacement rates. We see some inconsistency between the way universal credit is developing and how the contributory benefits are developing. Our strongly held view is that it is well worth while the Government stepping back, taking stock and setting out their principles on what the social contract is, and for the Government to set that out and then make sure that the system delivers against that social contract.

Liz Sayce: Obviously, there can be a range of reasons why people might have patchy employment history in the most recent two years, including, for example, health conditions, to take your uncle's example, or caring or parenting responsibilities or whatever. There are a number of reasons why we encouraged the Government to think about what the eligibility needed to be in terms of contribution history and to take a fresh look at that.

- Q8 **Neil Coyle:** I should have said at the start as a declaration of interest that Liz Sayce has twice been my director in previous roles.

I was going to ask about whether disabled people warrant a specific



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exemption and whether there needs to be a specific review of disability levels of support, given the Scope, Leonard Cheshire and other surveys on the higher costs of living for disabled people and the particular pressures at the moment. If you want to say anything on that, please do.

Liz Sayce: We always encourage the Government to look at their equality impact assessment. This would be a case in point where there might be disability-related equality issues in those eligibility criteria. We did not specifically look at the question of exemption. I am going to turn to Carl, if that is all right: he was leading on this project. We did not look at the specific proposition of exemption in relation to those criteria.

Carl Emmerson: No, we were thinking about this very much as an insurance-based idea and then just raising the question about somebody who had paid their contributions, if you like, for a long period of time and then suffered ill health and whether they should be excluded from the benefit. We were not thinking about somebody who has perhaps been disabled for a much longer period of time and whether they should be able to qualify without having that work history.

Dr Brien: Or potentially having different eligibility criteria for those who are long-term disabled. It is not something that we looked at.

Q9 **Neil Coyle:** Do you feel that universal credit undermines the contributory principle? You could have always paid in, but there were people who stopped work under covid, for example, and found that if their partner was working they qualified for nothing. How does that fit into SSAC's thinking?

Dr Brien: I would not say that universal credit undermines the contributory principle. Where our paper goes in terms of long-term recommendations is to encourage the Government to perhaps split the thinking between what the contributory principle is and under what circumstances historic contributions should be recognised in the benefit system. That may well be to say that if you have capital that will not be taken into account vis-à-vis your award or if you have a partner working that will not be taken into account. They are the two big benefits of having contributed.

How those benefits are realised in the social security system is a separate question. At the moment, they are realised through a completely different suite of benefits that are run on somewhat different policy lines. There is an argument over time to think about it as a supplement to universal credit. There is no sense of conflict but there is a clear sense of supplement, and that is what we were suggesting as a longer-term direction of travel so that the value of contribution is much more explicit and clear in the system, whereas at the moment people might be sensing, "Do I really get anything out of that?"

Q10 **Neil Coyle:** I am just not sure that a something-for-something culture, which is what DWP claims it wants to create, is recognised or rewarded if



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people do not qualify for anything at the point of need. You have been very clear that you want DWP to review the contributory rates, but do the Government need to review the adequacy of benefit levels across the board?

Dr Brien: I just want to be very clear that our main argument is not for the Government to review the contributory rates. It is to review the contributory principle and how that is delivered.

Neil Coyle: Okay, that is different. It is not my understanding. What about the wider question about adequacy of levels of support across the board, given that you have just watered down what I thought you were calling for?

Dr Brien: That has not been part of this report. We looked at it in our previous work about a year ago vis-à-vis the entire broader picture of long-term support. We felt there was certainly an argument for that to be reviewed, but I do not want to go on the record calling for specific changes on the back of a piece of work that didn't look into it.

Chair: We are intending to look at that subject in the new year. It is an interesting one.

Q11 **Steve McCabe:** Good morning. I want to ask about the New Style benefits. We have lived through an era of strivers and skivers, the two-child policy, the twitching curtains—quite a few negative images of benefit claimants. Do you think there is sufficient awareness of the difference between New Style benefits and universal credit?

Carl Emmerson: We spoke to quite a few claimants of New Style JSA and some of them had moved in and out of work reasonably frequently and had claimed New Style benefits or the predecessors. Some had not; they had been in work for quite a long while. They had lost their job, and for some going to the jobcentre was the natural thing to do to try to find work, and they had ended up on New Style benefits relatively easily. For others that had not been what they had done. They were not aware that they were eligible for some benefits and there had been a gap between them moving on. There was certainly a concern that we could see from the small number of people we spoke to. I know there is also evidence from through the pandemic where a study found that a lot of people had applied to universal credit, been declined on the grounds that they had partners' earnings or assets that were too big, and they did not subsequently make a claim for New Style benefits.

It relates to your question. I think there is a concern that there are too many people not ending up on New Style benefits who are eligible for them. In part, that might be because universal credit is just much more high profile and there has been a lot more attention placed on it. Certainly, as a principle, if people are entitled to a benefit, there is more that we could be doing to make sure that people end up on that benefit



and get both the cash and the national insurance credits they are entitled to.

- Q12 **Steve McCabe:** You think there should be a more proactive strategy to ensure that people who are entitled to those benefits get them. How would you put that into practice? Or how would you recommend that the Government put it into practice?

Carl Emmerson: One recommendation we have is that we think that for everybody who puts in a claim for universal credit, the Department for Work and Pensions and the Department for Communities in Northern Ireland should automatically assess whether they would be eligible for New Style benefits. I am fairly sure that the Department would not need any additional information from the claimant at that point and, therefore, people could be told, "Look, your claim for universal credit is unsuccessful"—

Steve McCabe: That does not happen at the moment?

Carl Emmerson: No.

Steve McCabe: You have to specifically say, "I believe I have made sufficient contributions and therefore have an entitlement"?

Carl Emmerson: You are quite reliant on whether the person you speak to in the jobcentre gives you the right signposting and whether they have that conversation about, "You might want to consider a claim," and then you have to put in a new claim for the New Style benefit if that is the order in which you have done things.

- Q13 **Steve McCabe:** I just want to check this because I am curious. I suppose like most people I occasionally come across constituents who are clearly eligible for contributory benefits because they have worked and paid in but they have lost their job. They are often quite anxious about going to the jobcentre—perhaps there is a stigma; I do not know. At the moment there is no mechanism by which the people at the jobcentre distinguish between whether or not you are entitled to contributory benefits other than the claim you make yourself. Is that accurate?

Dr Brien: I think we need to look perhaps just a little bit upstream. If someone is making a claim for universal credit and they are eligible for contributory benefits but they are also eligible for universal credit, their claim for universal credit will get processed. There will be no, "Are you sure you don't want to do this as well or instead?" They will join the universal credit system and be treated as an ordinary universal credit claimant. We need to check this, but for all intents and purposes—we have done our research—the contributory history is not taken into account. If somebody applies for universal credit and because of partner earnings or because of capital they are informed that they are ineligible for universal credit, our research says there is inadequate signposting at that point to say, "On the other hand, you may still be eligible for New Style benefits. Click here to continue your application."



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Steve McCabe: Presumably it would not be a massive chore to indicate that to people? That would be a relatively simple thing to do.

Carl Emmerson: You would end up with more people receiving both universal credit and New Style benefits as a result.

Q14 **Steve McCabe:** But those who get New Style benefits as opposed to universal credit would be costing the Government less, effectively, wouldn't they?

Carl Emmerson: If you are receiving both, you would not be costing the Government any more in terms of cash that is being paid to you, you would be receiving—

Steve McCabe: No, I meant if you got the New Style benefit as an alternative to universal credit you will end up costing the Government less because there is a contribution component there, whereas the other benefit is more expensive, isn't it?

Carl Emmerson: You would be getting the greater of the amounts. If you took our recommendation of automatically assessing you would end up with more people receiving the benefits to which they are entitled, so that is an increase in public spending. You would end up with more people receiving both benefits, which does not mean they would get more cash. It means that they would, however, be receiving their New Style payments fortnightly, for example. They would be receiving slightly more generous national insurance credits. They would not receive more money in each month as a result. There would be an increase in spending as a result of our recommendation, but we would see it as just facilitating people to end up where they should be more easily.

Q15 **Steve McCabe:** Given the current economic climate, are you anticipating that there will be an increase in the numbers of people claiming or qualifying for New Style benefits? Is that within your remit?

Dr Brien: In any scenario where there are increased redundancies or industries where people have typically worked for a long time, the eligibility rate for New Style benefits will go up. Then you need to judge for yourself what the likely economic scenario is in the next six months or 12 months.

Q16 **Chair:** When somebody claims at a jobcentre for universal credit, do the work coaches have access to that person's national insurance record? Can they see whether the person would be eligible for—

Carl Emmerson: No, I would not imagine a work coach would. They would only have access if they spoke to the claimant and they had established it through conversation. They would not have access to the actual record. That would be the administrative back office.

Dr Brien: Given that the initial claim for universal credit is predominantly online, all those determinations have been established before connection



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with the jobcentre and the work coach, who could then perhaps think in a more nuanced way. Most of the decision making has occurred prior to that first meeting in terms of determining eligibility.

Chair: Yes, understood.

- Q17 **Dr Ben Spencer:** I have the data here for the Northern Ireland and Great Britain case load for people claiming New Style and UC. What is interesting is that there is a 1:1 ratio in terms of people claiming the New Style benefits and UC in Northern Ireland, but when you look at Great Britain it is an 8:1 ratio. Massively fewer people are claiming New Style in Great Britain compared to Northern Ireland where, like I say, it is a 1:1 relationship. What is your take on that?

Dr Brien: Carl looked into some of this, but perhaps not directly at that question.

Carl Emmerson: The only observation I would make is that in Northern Ireland there is a much larger number of people getting New Style employment and support allowance. That is consistent with evidence that the prevalence of ill health is greater in Northern Ireland than it is in GB. That is the big driver of this very striking difference, as you say, in how common it is to receive New Style benefits in Northern Ireland relative to GB.

- Q18 **Dr Ben Spencer:** When you dig down in the data, it is almost entirely ESA in the Northern Ireland data, but in the Great Britain data it is about 80% ESA versus JSA. Should we be concerned about these disparities? What should we do on the back of them?

Carl Emmerson: I think there is a more general question about the prevalence of disability benefit receipt in Northern Ireland, which runs at a much higher rate, which I think is at least in part down to lower levels of health, which certainly policymakers should be concerned about but was not the focus of this report.

- Q19 **Chair:** That disparity sounds huge. Surely Northern Ireland is not many times worse in terms of ill health.

Carl Emmerson: The numbers we got, which are from 2021, had 110,000 recipients of New Style ESA in Northern Ireland compared to 384,000 in GB. If you convert those to rates as a share of working-age population, it would be very different. I am pretty sure that you also see a big difference if you look at, for example, PIP claim rates between the two parts of the United Kingdom.

- Q20 **Chair:** Could it be partly because people have this opportunity drawn to their attention in Northern Ireland when they do not in GB?

Carl Emmerson: Yes, when we spoke to the equivalent of work coaches in Northern Ireland it seemed like they were much more likely to be thinking about the claimant's potential eligibility for benefits across the board, whereas in GB it is fair to say that the administrative staff—the



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work coaches who knew about New Style—were not so confident that their colleagues who were expert on universal credit would be doing the equivalent. That is certainly an observation.

The other thing we found, again from talking to the work coach equivalents in Northern Ireland, is that they said there was often a sense of, “I have paid in. This is what I am entitled to; therefore, I can claim it.” Perhaps there is a greater awareness of contributory benefits which, the way they expressed it, caused them some problems because they wanted to engage with these people and try to help them back to work. They are required to do work search activities. We heard this much more in Northern Ireland than we did in GB—a sense that the claimant said, “No, I don’t have to do that; these benefits don’t require that. This is not universal credit,” which they found difficult because the claimants were not in that, “I am expected to engage with a work coach and take part in activities” place. We did not hear that from GB work coaches.

Q21 Dr Ben Spencer: Is there a difference in the mechanics of claiming, such as paper and digital, between Great Britain and Northern Ireland? That might help in terms of the accessibility component.

Carl Emmerson: The big difference is that you are claiming to a different Department, and certainly one of the concerns that we heard about was where people apply to the wrong Department—people in Northern Ireland applying to GB or people in GB applying to Northern Ireland. Indeed, it feels like those things should automatically be processed rather than rejected and sent back to the claimant. Obviously, it is more common that people in Northern Ireland would be applying to DWP by mistake, and we were pleased to hear that they were making good efforts to award backdating. We have not looked at it in detail, but it certainly does suggest that it would be worth looking at that claims process and seeing if it is easier in an appropriate way in Northern Ireland.

Q22 Sir Desmond Swayne: Do the staff at DWP treat the applicants for the New Style benefits differently to those on universal credit? If they do, what is your view of that?

Carl Emmerson: They treat them differently because they are different, I think. The work coaches took the view that the claimants of New Style JSA were often quite close to the labour market and highly motivated to return to work. From our conversations with New Style JSA claimants we found that to be true as well. Essentially, these are people who have lost their job. They need to find a new job to maintain their living standards. They have a problem coming. They are aware of the fact that they can only claim New Style JSA for six months. They find the money useful and helpful but it is not a permanent solution to the problem that they face. They are very motivated to find work. The work coaches found that they did not need to do as much, so they treat them differently because of that, I think.



New Style JSA claimants told us that they did not end up having to do what they saw as pointless engagement activities, which is clearly good, but they also said that they would be willing to engage with things if they thought they were tailored and useful, and there did not seem to be much evidence of useful and tailored services being provided to them. It was not that they were being forced to do things they should not be doing; there did not seem to be much on offer.

For the New Style ESA claimants, we found that generally the work coaches were very sympathetic to the situation those people were in. Very little requirements, if any, were being placed, and from speaking to some of the New Style ESA claimants we found examples where they were keener on the idea of exploring options to return to work than what the work coach had perhaps been suggesting to them. We spoke to somebody who clearly could perhaps be able to work a short number of hours from home and in the post-pandemic environment that might be possible. They felt that the work coach was not engaging on that. The work coach was thinking, "You are not well, you need to get better," and there did seem to be a case that, again, tailored, carefully done support could be improved there.

Q23 Sir Desmond Swayne: If there were to be greater integration between the New Style benefits and universal credit, what would that do for the DWP and what would it do for the applicants?

Carl Emmerson: For applicants, it would mean more people getting on to the benefits to which they are entitled. Many of the problems we see are about these two systems not talking well to each other, so a more integrated system has to talk to itself rather than to another system and many of the problems we identify would go away.

To give you one example, if you are on universal credit and you are employed, perhaps you have a couple of jobs and your earnings move around, universal credit automatically measures that each month and then adjusts in the subsequent month. It does not record automatically how much money you are getting from New Style benefits. It seems to be remarkable that we have designed a system that can measure your earnings from every employer in the country but does not directly measure the payments you are getting from the Department for Work and Pensions. That causes a problem. We have heard about cases where somebody's New Style JSA comes to an end at six months; that goes down. The universal credit did not automatically move up, so they ended up getting an underpayment of universal credit because the system did not automatically adjust.

We found problems in the other direction. Somebody moved into work and told their universal credit work coach that they had moved into work. They did not tell their New Style JSA work coach they had moved into work because they thought they had told the system. They continued to receive New Style JSA, which is an overpayment that then had to be reclaimed. I think these problems would go away if we had a system that



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talked, even if those systems could talk to each other much better or, indeed, an integrated system it was talking to itself in a much better way.

Dr Brien: I will pick up on what Carl has just indicated: there are two people to talk to. You are in a world where you are out of work, you are seeking work and you are receiving benefits to support you, yet if you are in receipt of both universal credit and New Style benefits you have two relationships with the Department. That would go away and you would have one point of contact, which would make life a lot easier.

The piece that is also currently missing for many New Style claimants is the employment support services. The suite of products that DWP is developing for universal credit claimants are not automatically available to those on New Style benefits. Again, there seems to be no reason why the value proposition to support people back into work should be distinct for these two groups. Integration would give you one point of contact and one suite of services that can be accessible for everybody.

Carl Emmerson: I can give you an explicit example of the latter. New Style JSA claimants were telling us, "I go into the jobcentre and talk to the work coach. I am showing the sent box on my phone from my emails to show what jobs I have applied for." They thought that was perfectly reasonable because they could see that they needed to demonstrate that they were seeking work to claim the benefit, but they felt that was not a productive use of time. They were describing the universal credit journal. They did not know that existed, but if they had access to that they could have just posted those emails on that journal and they would not need to be taking the time of the work coach and showing them their sent box. They also told us about how they would receive a piece of paper with their next appointment written on it and they were saying, "Why can't this just be texted to me automatically? That would be much easier."

Again, it is evidence of a system that is a bit outdated, whereas the universal credit system has those things in it automatically. Why aren't we providing that service to those people who are on New Style JSA?

Q24 **Sir Desmond Swayne:** That accounts for the difference that it would make to the applicant. Are there any great advantages for DWP itself?

Dr Brien: In steady state there are enormous cost savings—enormous might be an exaggeration but significant cost savings—but the challenge is getting there, the IT build and so forth. This is where in our conversations we started to come across the challenge. There is an IT build around universal credit. There is the move to UC, all that effort, and when you are looking at a prioritisation of that there is a limit to the number of people who can effectively be tinkering with the universal credit machine.

Having a discussion around where this prioritisation comes in the scheme of things is probably the big challenge. At the moment, when there are millions of people who are going to be working through the move to UC,



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there is an argument to say that is a greater priority than changing the system for a smaller number. At some point that may well tip in the other direction, but that seems to be the barrier, as opposed to it not making life easier for everybody in the long run.

- Q25 **Chris Stephens:** Thank you to the panel for covering some of the integration issues. I have a further question. You have clearly articulated the benefits of integration to the claimants and some of the benefits that would go to the Department. I would argue as well that it would enhance its reputation, because some of what you are articulating could bring reputational damage to the Department for Work and Pensions. What steps does it need to take to integrate UC and New Style benefits, and how long might that take?

Carl Emmerson: The first step is you can imagine that if the Government accept our recommendations they would go along the lines of setting out their strategy for what they want the contributory system to do and set this long-run goal of integration. We have not put a timescale on it. We have not put a price tag on it. We think there is value in putting that as the long-term goal because then you can do a load of changes over time, gradually, that make it easier to get to that final destination. You can say, "We know where we are headed. We have other priorities perhaps in the very near term, like managed migration for universal credit, but when we are doing reforms to New Style benefits and we are changing policy or we are changing operations, we can do things that are continuous on that journey, that make it easier for us to get to where we want to be."

To give one example that we came up with, New Style benefits are paid fortnightly. They are assessed fortnightly. For New Style JSA claims I think you could move that to monthly receipt and monthly assessment. That would clearly make it subsequently easier to integrate that group with universal credit because you will have done that step already. It just helps to shape the direction of travel to know the final destination, meaning that all the reforms you are then doing can move you closer and closer over time. It could be a very long-term project to get there, ultimately, but it is a sensible destination to be aiming for.

- Q26 **Chris Stephens:** You mentioned managed migration; obviously, somebody looking at this will think that managed migration is not completed. Is it feasible, then, for the Department to plan for integration of UC and New Style benefits while managed migration is not complete? Or is the view of the Social Security Advisory Committee that you can do both?

Carl Emmerson: It is certainly the case that you can start planning for what happens after managed migration is finished. That is supposed to be completed by the end of 2024. It does not strike me as inappropriate in 2023 to be working out what you want to do from 2025 onwards with your benefit system and what you want to prioritise. We are arguing, for understandable reason, that New Style benefits have been relatively



neglected for a decade, and it may be time in 2025 to start putting more attention to them. I think it is a good moment to start thinking about what we want to do post managed migration. I have a lot of sympathy with the idea that it is not something we want to start doing lots of changes to in the next 18 months or so, but planning for what comes next is precisely the right time to be doing that.

Q27 Chris Stephens: I want to take you back, Carl, to the comments you made to Sir Desmond about universal credit awards being adjusted in response to the amount of wages that are received each month but they are not automatically adjusted for New Style benefits, as you articulated. In the report that the advisory committee has put together it said that that was odd. What is your understanding of why that does not already happen for New Style benefits claimants? Is there anything you have come across yet that explains why that is not happening?

Carl Emmerson: I have not come across any explanation of why it has not been done or why it would be particularly hard to do.

Dr Brien: The understanding that I have is that the New Style benefit system was built out of the old platform for the old-style benefit system. As a result, the processes and so on were inherited. From a pragmatic point of view, at that stage that was the easiest thing to do.

In a parallel universe, universal credit was developing and building in quite a different approach, including connection with HMRC to get the RTI feed and so forth. I would suggest that, given the low numbers, it was felt that it was not worth while plumbing in all the RTI feed for the lower numbers of expected New Style claimants at the time. As we went through the pandemic their numbers went up. The value of doing that changed.

I would say that is probably one of the key differences that could make a difference. There may be an argument that if it was possible to put the plumbing in for RTI at a low cost, that could make a very helpful difference.

Q28 Chris Stephens: That is helpful and it is something that we can certainly take back. You have also recommended that those on New Style benefits should get access to employment programmes that are available to those on universal credit. Would it be difficult for the Government to make that change? What are the advantages to New Style benefits claimants that they get access to those employment programmes?

Carl Emmerson: It would not be difficult. The point we were making is really that by default at least when an employment scheme is introduced for universal credit claimants we think that should automatically be available to those on New Style benefits, unless a very active decision is made by the Department for a particular reason—maybe it is likely to be more effective for universal credit claimants—to say, “No, we think this scheme should not apply.”



To give an example, Kickstart was introduced following the pandemic. There will not be large numbers of young people on New Style benefits but there will be some, and it is not obvious why they should be excluded from that programme.

- Q29 **Chris Stephens:** Thank you, that is really helpful. I am conscious, Dr Brien, of your comments about politicians making political decisions. New Style benefit claimants have been subject to sanctions for non-completion of work-related activity. I am conscious, Carl, of what you said—that there is this UC journal and there is this other thing that New Style benefit claimants have to do. Why was a sanction introduced for New Style benefits? Given your comments about people being confused about what they have to fill in, is there a possibility that people are being sanctioned incorrectly or they are being sanctioned when they should not be sanctioned?

Carl Emmerson: In the period of our study there was no sanctioning, I think, in GB or Northern Ireland, so we don't have evidence on people being sanctioned, either appropriately or inappropriately, from talking to either work coaches or claimants directly.

Clearly, when you are thinking through what the contributory system should provide to people, it is important that that strategy is not just thinking about how much money people should be entitled to: it should be thinking about what employment services they are entitled to get access to, what work requirements it is reasonable to impose on them, and what should happen if they don't comply with those. That should all be part of the offer, and policymakers need to think through in what dimensions we want them to get a more generous offer than what people will get just because they are on low income and they get universal credit. Often the focus is very much on whether they should be treated more generously in terms of the amounts of money they are entitled to, but those other parts—the employment support, the work search requirements and the sanctioning regime—should also be thought about.

Dr Brien: There is a strong argument to say that the work search requirements, the claimant commitment and the conditionality regime could be different for those with a contributory record as part of that value proposition. It is worth differentiating that from a process of sanctions to, in effect, enforce whatever that claimant commitment is. The Department has made a pretty strong argument that there needs to be some form of consistency in the way in which sanctions are applied for breaches of the claimant contract and the claimant commitments. I think that differentiation is best achieved at the level of the claimant commitment and the expectations, versus saying that we have a different sanctions regime for infractions in one system versus another. You need to define the expectations differently if you want to do it, rather than define the response differently.

- Q30 **Chris Stephens:** Does the Social Security Advisory Committee have a view on how sanctions should be applied? For example, we have



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previously looked at warning systems, before someone says there is a sanction. Does the Social Security Advisory Committee have a view on that particular issue?

Dr Brien: To my knowledge in recent years we have not looked into that, so we do not have an informed view.

- Q31 **Siobhan Baillie:** Dr Brien, the policy paper that provided much of the detailed design for universal credit was called “Dynamic Benefits” and proposed a wholly means-tested system. Would you still endorse that idea?

Dr Brien: As I laid out in response to the Chair’s initial question, that was a high-level, long-term vision of where the benefit system could go. It involved a higher degree of integration than we have at this point. In that paper, I advocated for folding the contributory system into universal credit as a full integration that this report has hinted at as a long-term system.

The nuance that one learns over time is that within a universal credit system there is no reason why there could not be recognition of contributions within the same architecture. I am going to make this example up now, but I want to try to link the “Dynamic Benefits” report to where we are today and this report. If we were to say that there is a contributory element to universal credit, for example, if people were to join universal credit with a history of contributions, it would not be at odds with “Dynamic Benefits” to say that for the first six months their capital is ignored when determining the award, or for the first six months the NICs credits that they get are of a different class to what they otherwise would have been. That would simply be a tweak within the universal credit system that says that you are coming in with a contribution record and, therefore, some of the details of the system are slightly different. There is an allowance on capital and there is a different NICs contribution. I think they will be relatively minor tweaks. I am sure those building the IT system may have a different view about “minor”, but from the point of view of policy that could be an easy way of accommodating contributions within the system.

- Q32 **Siobhan Baillie:** Why might a contributory system be appropriate for pensioners but not working-age people?

Dr Brien: I am sorry, I don’t quite understand the gist of the question.

Siobhan Baillie: I am thinking about the impact of a wholly means-tested system on working. I apologise for my lateness and if you have covered this before. When we are thinking about the impact of a wholly means-tested system on working-age people versus the state pension claimants, how do you see the differences if we were to have a wholly means-tested system?

Dr Brien: Are you inviting me to comment on the idea of a means-tested state pension?



Siobhan Baillie: Yes.

Dr Brien: Okay. That is a very big question.

Siobhan Baillie: We have to flush all these things out.

Dr Brien: I just wanted to be really clear on where you were going. With that clarity, I am going to say that is not something that I, certainly, or the committee have given much thought to. Pensions are not within our committee's remit, but there is a long-established view about where those contributions go to, first of all, and there is a pretty well-established social contract that says you pay your national insurance and the big thing you get out of it is your pension at the end of the day. The secondary thing is if over time you are unemployed you get contributory benefits. I would say that chipping away at the contributory benefits and adjusting that is one thing; going near the pension is a very different thing.

Carl Emmerson: Just as with the working-age system, you would have to think very carefully about the incentives that people are being provided with. If you are genuinely interested in this issue, in Australia they had a means-tested state pension, and I think they still do, so that may be worth investigating.

Q33 **Chair:** Can I push this a little further? I know that a couple of my colleagues want to come in as well. In "Dynamic Benefits", the model was wholly means tested. You have explained to us that as time has gone on you have recognised that you can have contributory elements within a universal credit system. My understanding of your report is that you have gone a bit further than that in saying that you think that contributory elements are desirable as well as possible. Has your thinking evolved in that way over the last whatever it is now, 15 years or something?

Dr Brien: I think we are looking at different purposes. If I dial back 15 years, the genesis of "Dynamic Benefits" was very definitely addressing a welfare as opposed to social insurance problem. To go back to that differentiator we were talking about, this was a theory of social assistance as opposed to a model of social insurance.

At the end of the day, given the need to create this social compact, if you want to have public support for a large system of social assistance it is very helpful to have a feeling that everybody if they were to fall on hard times would be able to get some form of support. That is a bit of social glue where effectively we are creating more of a compact by having a contributory system as well as purely a social assistance system. If we step back from the mechanics of social assistance and think about social cohesion, a contributory principle plays a big role in social cohesion. We have to combine that with value for money on the social assistance and try to get the right balance of those two.

Chair: The contributory principle is a valuable element of a social security



system for working-age people, yes.

Q34 Dr Ben Spencer: I was interested in your comments about contributory systemising the UC system and with regards to the liquid asset component of UC. That strikes me as opening quite a big can of worms. On the one hand you could argue that those assets have been taxed so you do not need to even think about previous contributions. It is taxed income so by definition you will have contributed. In a truly contributory system, merging it would presumably totally scrap the assets exclusion in terms of claiming for UC.

Going down this route also reminds me a bit of some of the really difficult cases that I saw during the pandemic. People contacted me who had saved up quite a lot of assets to put a deposit down on a house, and just because they had not got to that point of purchase they saw that start being chewed down because they did not qualify for UC, versus people who had recently bought or had hard assets and were able to protect those assets. It was that disparity. I invite you to comment on that and some of the knock-on impacts of such a system that you are suggesting or exploring.

Dr Brien: Let me address the narrow query about that proposal. I was talking about how you might contributise UC. If you think about the three different things that you get in a contributory system that you do not get in universal credit, they are that your assets are not taken into account, you get a different class of NICs and partner earnings are not taken into account because it is an individualised benefit.

In the spirit of our report, we were saying it is worth thinking through an incremental set of steps if you wanted to integrate. I was merely proposing that there is a, let's say, conceptually—I do not want to make any comments about the IT—straightforward way of expanding the scope of universal credit to say that those with contributory histories could come in and join universal credit and not have their assets accounted for for six months, equivalent to being on contributory JSA for six months, and getting a different class of NICs. It was a very tactical move just to start to bring the systems closer together.

Your bigger question about assets is a challenge. If you look back to the history of a world where we had JSA or, indeed, the early stage of UC and working tax credits, you had two very different philosophies about how assets are accounted for and, at one level, a rather regressive philosophy, which is that if those on the lowest income—the people in the most challenging situations on JSA—had any assets that was held against them, whereas if those on tax credits who were slightly further up the income scale had assets they were not held against them. At one level you start to say that, looking at this in the round, when you look at the entire system, that does not quite feel consistent.

It is quite difficult to say in a system of social assistance that if you are in a slightly better situation we will ignore your assets and in a slightly



worse situation we will take them into account. Universal credit had to come up with something consistent and that is why, if we go back to 2012 and 2013, it was decided to, in effect, inherit the JSA asset test. I think there is an argument, again when this system is up and running and in place and the entire working tax credit population is on UC, to review how we treat assets, because there are going to be different expectations. That is, again, another bigger political question about what the social contract is and how we care for people and what we expect them to be able to do to care for themselves versus the state.

You have raised hard-edge cases, such as those who put their deposit into the house versus those who had the savings. There are always going to be these very difficult cases and sometimes you have to get the principles right first and then look at what particular exceptions you can manage rather than always be driven by the edge cases.

Q35 Neil Coyle: The Resolution Foundation also looked at earnings replacement for contributory JSA and ESA. As much as you say it is a political question and a social cohesion argument, and I agree that there needs to be greater confidence and faith that support will be there at the point people need it, especially for those who have put into the system, are there not cost savings to the state—to DWP—from moving closer to the OECD average? It takes away the need for some of those other top-up supports, such as mortgage relief, Marcus Rashford-inspired campaigns on free meals during school holidays—all those administratively costly systems and top-up supports that become necessary because the overall levels of support are insufficient on a routine level.

Carl Emmerson: I think you would find you would be spending more money overall. Those targeted top-ups, while they would be reduced, I don't think they would be reduced enough to make this a measure that would pay for itself. If you were to look for what other gains there might be, the more likely source of a gain to the Government would be from the argument that a concern with a very means-tested system is that people who lose their jobs have to quickly find any job. An advantage of a contributory system that is there for a while—and it is obviously a political decision about how long you need that "while" to be—is that it might enable people to find the right job. That might lead to them subsequently earning more, paying more tax and so on.

Another advantage of, say, the six months of contributory benefits is that it gives you a little bit of a buffer—a little bit of time—to potentially find the right job. We tried to look for empirical evidence on how big an effect this is and we have not managed to find any, but that is the kind of story that I personally would find more convincing than, "Oh, it will just pay for itself because the other top-ups will be reduced by enough to fund this."

Q36 Neil Coyle: You looked internationally for evidence?



Carl Emmerson: Yes. We spoke to the OECD to see if it knew anything. This is again relating to our previous report on jobs and benefits. There wasn't very much evidence on this, but one can see why that argument might play and might follow and that giving some contributory benefits for a while could enable somebody that bit of a cushion, whereas if they have to apply for universal credit and they are not eligible, perhaps because of their partner's earnings, they may need to find any job sooner.

Q37 **Chair:** Thank you very much. We will now move on to some questions that are relevant to our current inquiry about the Child Maintenance Service. We know that your committee has done some work in this area, I think in 2019, so before you took over as chair, Stephen. We would be interested to ask you some questions about your findings and thinking in this area.

The first point I will make to you is that one of the recommendations that the committee made at that time was that the Government ought to publish a strategy for separated parents. The Government's response to that was to say that they would like to talk to you about it in order to inform their thinking. It would be useful from our point of view to know what discussions there were following the recommendation that you made. There obviously has not been a strategy for separated parents as yet, but we wondered where the discussions with SSAC had got to after that recommendation.

Liz Sayce: When we looked at this issue, we concluded that a lot of policy and a lot of the narratives surrounding policy focused on what you might call the parent with the main caring responsibility and the impact on the child of that lone parent, and much less on the separated parent. You are familiar with this. We thought that had some disadvantages, not least in relation to the interests of the child, because we know, for example, that separation itself very often leads to income drops. Those can impact on the child. In a way, that narrative and that policy trajectory, which has been the case over many years and probably decades, does not reflect the true diversity of different shared caring arrangements. That was why we thought there should be a strategy, because although there were bits of things happening, they were not really pulled together.

Yes, we did have discussions with the Government. I think they were particularly interested in, as a first step, doing some more work around data. You may know that they commissioned a quantitative survey, which was published in the summer of 2022, looking at the experiences of separated parents. What that did, which a lot of previous research had not done, was look in their sample at the experience of the non-resident parent—to use that phrase—as well as the main carer parent. That reinforced, I suppose, earlier findings about the affordability challenges for some of those parents in paying child maintenance and some of the issues about conflict and so on. We don't know at the moment of any



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plans for a strategy per se, but we made that recommendation and we stand by it.

On the data point, there were also discussions. We suggested that ideally you would do a longitudinal survey, but that might be quite costly, and that it would be useful to do some more linking up of administrative data from different datasets to do some fresh analysis and to bring those together. The Government definitely have had an interest in that in relation to UC data and child maintenance data. Again, I am not sure exactly. We have not had the opportunity to do a formal, "We are revisiting this." There have just been a lot of other priorities. Certainly, the Government did pick up on that data point as a first step in that direction.

Q38 Chair: One of the things you asked for in your report was for the Government to improve the quality and availability of data on non-resident parents. To what extent did the report published in the summer address the recommendation that you had made?

Liz Sayce: I think it did in part, as I said, because when we did a literature review we found that quite a lot of the evidence in this area either had very small samples or it looked at the experience of the non-resident parent through the perspective or eyes of the main carer parent, which clearly has a weakness to it. The data that we had on the experience, the perspectives and the situations of the non-resident parents was quite patchy. I think it is a contribution.

Q39 Chair: Is it enough, do you think? Do you think that we now have enough information?

Liz Sayce: I still think that some more publication of analysis combining different datasets would be helpful. It was definitely a contribution.

Q40 Chair: What would you like the Government to do with that information once they have it?

Liz Sayce: I mentioned the point about poverty. For some of the non-resident parents they not only have the potential impact of separation on poverty but then also the point that once child maintenance is taken into account some of those non-resident parents are driven into poverty or into greater poverty. First of all, the point is can they afford to pay child maintenance, but also are they living in poverty that impacts on the child? Child poverty has been looked at more through the lens of the main caring parent but both can impact on child poverty. Given that this latest research gives further evidence about that affordability challenge, we made some recommendations about the social security system in effect treating the non-resident parent as simply a single adult. I know that obviously the parents can come to an agreement about who receives the child element or the different elements of universal credit that may be available, but will they? Do they in reality?



I should say that child maintenance is outside the remit of SSAC. We touched on it because of the interface with social security. We did not make a recommendation but we did encourage the Government to take a fresh look at the child maintenance formula because of the earning thresholds not having been updated and because of other challenges with the child maintenance formula, which I am sure you have looked at and are familiar with. I think this new research could contribute to some more strategic thinking.

Q41 Siobhan Baillie: Expanding on that a little bit, shared care for parents and children is often better—most of the time better—particularly for the child. Do you know if the Government have explored policy options to increase shared care through the social security lens, so that things like housing benefit change when there is shared care? Do you know if any of that has happened at all?

Liz Sayce: We made a recommendation, as you might have seen, in relation to housing allowance, because particularly for under 35-year-olds—separated parents—their allowance is only equivalent to a room in a shared house, so how do you have a child or children or a disabled child, for example, to come and stay? We are not aware of the Government having plans in that area. Again, as I say, we have not gone back to look at this since 2019. Apologies, what was the other part of your question? Oh, yes, on social security.

Siobhan Baillie: Other than housing, are there any other changes that could be made to benefits to increase shared care?

Liz Sayce: One thing that we know that the Government are taking an interest in is conflict resolution.

Siobhan Baillie: The reducing parental conflict programme, for example.

Liz Sayce: Yes, with a view to enabling people to come to their own arrangements about where those UC allowances go—to which parent. I am not aware of other endeavours at the moment.

Q42 Siobhan Baillie: Your report noted that the child maintenance formula leads to weak work incentives for paying parents, and other witnesses we have had have said that this should be altered. If it was altered, would it lift more parents and children out of poverty? We heard last week that it is not a strategic aim of the Child Maintenance Service to reduce child poverty, so we understand that, but would changes in relation to how the work incentives are addressed help families and children?

Liz Sayce: It is difficult without more data—to return to that point—to know exactly how many parents may be affected by that potential work disincentive.

Dr Brien: In precise numbers, as Liz said, it is impossible to know. It will also be very dependent on the nature of the changes, of course. However, on the principle that if individuals and non-resident parents are



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facing marginal tax rates of over 100% when you combine the effect of universal credit withdrawal, any taxes they are paying and the child maintenance formula, it takes a hell of an effort to increase your earnings knowing that you are going to be worse off. From that point of view, it nearly does not matter how many people get affected by this directly. The system should be sending out the right signals. The right signal should be that it is better for everybody that the non-resident parent is working and is benefiting from that work so that the child can also benefit from the fact that their non-resident parent is more likely to be out of poverty as well.

This goes to the heart of some of the elements of this report that we produced. If you are focusing all your efforts on making sure that the resident parent—the parent with care—is out of poverty at the expense of the non-resident parent, you are not necessarily providing the best overall environment for the child. There is a balancing act that has to be engaged in here.

On the point I made earlier about the hierarchy of the way in which the benefits and the tax system works, there does seem to be an inconsistency here. We talked earlier about how contributory benefits are pre-tax but in general universal credit and other benefits are post-tax. Where does that transfer payment sit in this hierarchy and how does it get calculated? Because there is a bit of confusion and inconsistency over where and how that gets calculated, in effect both the child maintenance payment and universal credit are calculated off post-tax income, but as a result the two taper rates compound on each other. Rather than thinking, "Okay, how much money do I have after my universal credit comes through?", it could be, "How much more money would I have in the household and, therefore, how much more could I afford to give the parent?" Or vice versa: calculate universal credit after you have accounted for those inter-household transfers.

There is an inconsistency at the moment in the system that allows people to say, when they look at it through a child maintenance lens, "This makes sense from that point of view," and it allows people to look at it through a universal credit lens and say, "This makes sense from that point of view," but the households that are dealing with both systems are facing the consequences of double taxation, as it were.

Chair: That is very interesting. That concludes our questions to you this morning. Thank you very much. Let me take the opportunity to say how much we value the work of the Social Security Advisory Committee and its contribution to policymaking in this area. Thank you all for the work that you do and thank you very much for being with us and giving us very helpful answers this morning.