

Work and Pensions Committee

Oral evidence: Benefit levels in the UK, HC 1126

Wednesday 17 May 2023

Ordered by the House of Commons to be published on 17 May 2023.

[Watch the meeting](#)

Members present: Sir Stephen Timms (Chair); Debbie Abrahams; Siobhan Baillie; David Linden; Steve McCabe; Nigel Mills; Selaine Saxby; Sir Desmond Swayne.

Questions 39 - 96

Witnesses

[I](#): David Stickland, Director, Benefits Training Company; Dr Steffan Evans, Head of Policy (Poverty), Bevan Foundation; Dr Ciara Fitzpatrick, Academic Adviser, Northern Ireland Cliff Edge Coalition; and Professor Stephen Sinclair, Professor of Social Policy, Glasgow Caledonian University.

[II](#): Kirsty McHugh, CEO, Carers Trust UK; Tom Lee, Senior Policy Analyst, Child Poverty Action Group; Ken Butler, Welfare Rights and Policy Analyst, Disability Rights UK; and James Taylor, Executive Director of Strategy, Impact and Social Change, Scope.

Written evidence from witnesses:

- [Bevan Foundation](#)
- [Carers Trust UK](#)
- [Disability Rights UK](#)

Examination of witnesses

Witnesses: David Stickland, Dr Steffan Evans, Dr Ciara Fitzpatrick and Professor Stephen Sinclair.

Q39 **Chair:** Welcome, everybody, to this meeting of the Work and Pensions Select Committee for us to take evidence in our inquiry on the levels of benefit in the UK. We are delighted to welcome the members of our first panel. I will ask each of you to very briefly tell us who you are.

David Stickland: I am Director at the Benefits Training Company.

Dr Evans: Good morning. I am Head of Policy at the Bevan Foundation, the Welsh think-tank, with solutions to poverty inequality, and I lead on our work on poverty.

Dr Fitzpatrick: I am a lecturer and researcher at Ulster University, but I am here today in my capacity as Academic Adviser to the Cliff Edge Coalition in Northern Ireland, which is a campaign group that is calling for better welfare mitigations in Northern Ireland.

Professor Sinclair: Good morning. I am Professor of Social Policy at Glasgow Caledonian University and Co-Director of the Scottish Poverty Inequality Research Unit.

Q40 **Chair:** Thank you all for joining us. I will put a question first to the virtual participants. How successful do you say that the current devolution arrangements for social security have been in each of your countries? Can you tell us whether they have given rise to any particular difficulties?

Dr Evans: Wales is in a position where there are fewer powers devolved in this context. Powers over social security per se have not been devolved to Wales. The Wales Act reserves them directly to Westminster. I am sure you will hear from Stephen and Ciara about the powers in Scotland and Northern Ireland; we do not have the powers in the same way.

I will go back to what is within devolved powers. We have been doing work looking at what we call a Welsh benefits system, because there are things that are essentially benefits but have not historically been viewed as such. Free school meals and the council tax reduction scheme are means-tested grants and allowances to provide people on the lowest incomes with support, and because historically benefits have not been viewed as devolved to Wales, there has been an attempt to think about how we can use these more effectively as part of the social security system. I think there is a real shift in attitude in Wales now and in Welsh Government about how they view those. I suspect that as that work progresses we will become more aware of the challenges of interacting with the UK Government, data sharing, and so on, when it comes to those. That is the state of play in Wales.



HOUSE OF COMMONS

The other challenge is that because there are not significant powers devolved in other areas, there is a bit of friction sometimes with devolved policy areas. The bedroom tax is an obvious example of that. That is retained at Westminster and that is where the decisions are made. Of course, Welsh Government have power over housing policy, but what they might want to do with the housing powers will invariably be influenced by what is done in a social security system around housing, LHAs and so on.

That is the state of play in Wales. There are fewer powers than elsewhere, but there are still interactions, and maybe a growing awareness of what powers there are that can be used.

Dr Fitzpatrick: In Northern Ireland, we have had devolution powers since partition in 1921, but since then, the system has run largely in parity to the system in Great Britain. In 2016 we introduced a significant welfare reform, our welfare mitigation package, worth over £500 million. That was brokered with the Government in Westminster to mitigate the worst impacts of welfare reform, including the bedroom tax and the benefit cap, and to support people transitioning from disability living allowance to the personal independence payment. This has been very successful, and it has very much sheltered the most vulnerable people—the people in most need—from the worst impacts of welfare reform, but we now have new challenges.

Those new challenges underpin the Cliff Edge Coalition's campaign for increased mitigations, including a resolution to the five-week wait, support for private renters who struggle to meet the cost of their housing due to the freeze in local housing allowance, and mitigation of the two-child limit. Since 2016 we have not received any additional moneys in investment in the social security system. If anything, the budget has been in a lot of distress, and therefore we have not been able to exercise additional devolutionary powers. If the Department for Communities finds a way of doing something more efficiently, they have to basically send back any additional moneys to the Treasury, rather than being able to reinvest that in the social security system.

I am keen today to outline a huge challenge in Northern Ireland that was announced last week. Our budget needs to be reduced by £111 million. The Department for Communities has outlined that this will have a dramatic impact on the operation and administration of the social security system. An example of how this might impact the people of Northern Ireland is that jobcentres—Jobs and Benefits offices—may need to close for one day per week in Northern Ireland to save money. This will have a massive impact on the migration of people from the legacy system to Universal Credit, bearing in mind that the roll-out of Universal Credit started much later in Northern Ireland, after 2016. We still have 250,000 people who need to be transferred on to Universal Credit.



HOUSE OF COMMONS

We are very concerned in Northern Ireland about the impact that this huge and significant 16% departmental cut will have on the operation of public services, and on the needs of people on the lowest incomes and those who need support to get into employment, or to ensure that they don't fall into destitution.

Professor Sinclair: As the Committee is no doubt aware, after the 2016 Scotland Act, there was considerable further devolution of social security and anti-poverty powers to the Scottish Parliament. It now has control over about 17% of spending on social security in Scotland, most of that in the area of—

Chair: Sorry, what was that figure? Was it 70%?

Professor Sinclair: It is 17%. It has considerable responsibility, particularly for benefits for disabled people and carers, but because it has a Child Poverty Act, it has also extended its social security powers and topped up certain benefits. The most significant innovation is the Scottish child payment, which was introduced only a couple of years ago and has already increased significantly. It will be paying £25 per week to lower-income families.

The most significant innovation in addition to substance is the manner, the style and culture of social security in Scotland. The Scottish social security agency, which was set up after 2018 to administer and implement these new powers, took a "commitment to human rights" approach to its operation. I am aware that the Committee has been informed of this in other testimony and through written evidence, so I won't labour the point, but that is one area of potential friction.

The emphasis on citizens' rights, empowering people and engaging with experts by lived experience does not always work well with what might be the traditional culture of Jobcentre Plus. There is still a legacy of unease and suspicion in interactions between people engaging with Jobcentre Plus, and the approach that it has traditionally taken, and the new, more engaged human rights approach that Social Security Scotland has advanced.

Beyond benefits, successive Scottish Governments and previous Scottish Executives have emphasised development of what they call a social wage, to take language from the 1970s. They are looking beyond benefits directly in social security, and addressing things like the cost of the school day. There have been significant increases in free school meals and school clothing grants. It is trying to engage a whole range of partners in ensuring increased uptake of benefits. Money Advice is located in GP surgeries and in schools, and there is an attempt to optimise and maximise benefit uptake, which is part of this human rights and proactive engaged approach.

Q41 **Chair:** David Stickland, looking at this from a UK-wide perspective, what are your observations of the impact of the changes that we have seen



and have just been hearing about in the countries of the UK?

David Stickland: Most of our work is in England. We are group of 12 benefits advisers working in different advice services across the UK, but mostly in England. We provide support to staff—training and ongoing consultancy. We very much see this from afar, from England, but I think it is fair to say that we see it as generally positive. As Stephen was saying, the Scottish child payment is a top-up to supplement basically failing basic rates in the working-age social security system. We see it as positive in that regard, and also in terms of access.

A lot of the work that we do helps people to overcome barriers to claiming, particularly claiming disability benefits. For those, there are increasing success rates at appeal, which suggests that things more often go wrong at the initial application stage. I think there is a greater emphasis on us helping people make effective applications, so as to avoid delays and the further hardship that people experience while they are waiting for money to be paid to them.

We see both those things as positive, but particularly the measures regarding access, because the claims process in England often is so difficult for people that they give up and fail to claim what they are entitled to.

Q42 **Debbie Abrahams:** Good morning, everyone, virtually and in person. I will start with questions on devolution. This is to Stephen in Scotland. Reflecting on your experience, you mentioned the Social Security (Scotland) Act 2018. Could you say what further devolution you think would be appropriate to you, to nation states?

Professor Sinclair: In one sense, Scotland already possesses many of the powers that are required to meet its commitments for the Child Poverty Act, for example. Before I would insist on an extension of powers, I would like to see more exercise of the existing powers. I think there is recognition within the Scottish Government and by many of the people who comment on their work that there are excellent mission statements and aspirations, but there are still problems in delivery.

Having said that, it is interesting that a draft version of the Smith Commission report, which reported after the independence referendum in 2014, suggested that there could be an extension of powers that were not implemented in the Scotland Act of 2016. That included things like devolution of child benefit—perhaps that is made redundant by the Scottish child payment—and devolution of the operation of Jobcentre Plus and certain DWP employment support powers. I think that would be a good thing, leaving aside any issues about nationalism and national identity. Labour markets are quite localised. The experts are the people who are experiencing poverty and facing barriers to work, and the local advisers embedded in particular communities. I think it would be more productive if greater devolution of capacity was allocated in that area.



HOUSE OF COMMONS

Q43 **Debbie Abrahams:** Thank you. Ciara, I will come on to you next. What would you like to see for Northern Ireland?

Dr Fitzpatrick: The main problem in Northern Ireland is, as I outlined, that in principle we have devolution of social security powers, but we don't have the financial capabilities to devolve any further administrative operations to improve the life of citizens, and to react to the different circumstances in Northern Ireland. As I said, we did have a well-received mitigation package in Northern Ireland, which was very effective, but the problem is the financial envelope at the moment. For example, I sat on an expert panel with other academic colleagues and people from the community and voluntary sector to look at the social fund in Northern Ireland.

Debbie Abrahams: Sorry, we can't hear you. It may be as well to turn off your camera.

Dr Fitzpatrick: Okay. Is that me back now? I was just saying that we have had an expert panel review of the mitigation package and of the discretionary support that replaced the social fund in Northern Ireland, and there is a system of emergency payments, but unfortunately due to the huge budget cuts, and on top of that the fact that we have absolutely no political accountability and a huge governmental gap in Northern Ireland at the moment, none of these things can progress. It is incredibly frustrating for those of us who are advocating for more protections for people. I was listening with interest to Stephen outlining how Scotland is looking at additional support for people—children in schools, for example, get additional school uniform grants, and people get more support with the cost of the school day.

In tandem with the 16% cut in the Department for Communities budget that was announced last week, the Department for Education has been asked to find £200 million of savings, and in the last six weeks we have seen cuts to the extended schools programme, which was directed at children in disadvantaged areas, and an estimated cut of 25% to the Sure Start budget. We have seen cuts across the board and it is the cumulative impact of all these cuts in education and the social security budget that will have a huge impact on the people of Northern Ireland. It is going to pretty much limit, to put it mildly, Northern Ireland's devolution powers and its ability to exercise any additional devolution of what is already statutorily protected.

Q44 **Debbie Abrahams:** Thank you so much, Ciara. We got there. On to Steffan now. We are looking at the future. On the arguments around critical mass, are there issues with devolving powers and budgets to Wales?

Dr Evans: I certainly don't think that is an argument, if you think about the extent of the powers on housing, health and education that have already been devolved to Wales, and look at the Welsh benefits I spoke about earlier. We worked out that in 2018-19, about £400 million was



being spent on those schemes in Wales, which is roughly the equivalent of what was being spent on the Jobseeker's Allowance and the work element of Universal Credit combined in Wales. There is already a lot of money being administered and spent in Wales on things that are benefits. They just have not historically been viewed as such. There is a job of work to be done, which is ongoing, to make that more effective, bringing that system together. I think that there is a role there for DWP as well. If the Welsh Government want to work with it to get access to data and so on, there is space to be working together there, potentially.

There are also questions about whether you want to devolve further powers. We have always argued as a point of principle that there are benefits that are linked explicitly to devolved powers, and it probably makes sense to think about moving those. In the past, we have argued that for housing benefit, given that pretty much every other policy lever for housing is devolved to the Welsh Government, having the powers around the benefits that go alongside that would make sense. Of course, that has become a bit more challenging with Universal Credit because that is not a pot of money sat somewhere else; it has been pulled together. That is an example of one space.

There are questions about powers similar to those in Scotland. Are there lessons there for Wales—as we heard from Stephen around the culture point—that could be aligned to what the Welsh Government are seeking to do with some of this work on Welsh benefits and also the power to create new benefits? We have seen that from Covid and the cost of living crisis. The Welsh Government have essentially created some new temporary benefits. We had payments to help people on low incomes. That was called the winter fuel support scheme. People could get about £300 a year through that. That has now stopped for the time being but it was a new benefit that the Welsh Government created. Because those powers are not explicitly devolved or reserved, there has always been a little bit of lack of clarity about the ability of the Welsh Government to do more in some spaces.

The discretionary assistance fund is another example of this, the Welsh Government crisis fund. Historically, we have been told that they could limit the number of payments people got through it, but during Covid and the cost of living the number of payments that could be made massively increased. Some of that is already happening, but thinking more strategically there could be opportunities around that as well.

Q45 Debbie Abrahams: Lovely, thank you very much, Steffan. David, the question to you is: what should be retained by the UK Government?

David Stickland: We would like to see investment in the statutory schemes generally to bring the rates up to a level that is enough for people to live on, rather than increasing emphasis on the discretionary systems. We see huge variations in payments, local welfare assistance, and household support funds, and it seems that increasingly that is where the extra support is given. I think it is important to recognise that the



problems we are seeing now far pre-date the cost of living crisis—and Covid for that matter—the lack of uprating for 13 years, and successive reforms that effectively undermine the means-tested system. We are seeing problems with the basic amounts that people are given, but also those basic amounts are being reduced further because of other factors not to do with income—factors like the benefits cap and other policy initiatives that have been introduced. I think it would be a general investment in the statutory schemes. Doing that across the UK would also perhaps reduce further complexity. At the moment there is so much complexity in the system and that seems to be growing all the time. There is an argument for keeping some of those basic amounts across the UK, and certainly investing in the systems generally, so that the statutory scheme is better able to cope.

- Q46 **Debbie Abrahams:** I will come back to Stephen. I don't want to try the Chair's patience, but could you briefly describe the principles that were set out in the 2018 Act, and what impacts you have seen that are related to them?

Professor Sinclair: It is founded on an idea of a commitment to human rights. When you think about it, it is extraordinary that the whole British social security system is not founded on that, given UK's long-standing legal obligations. It was co-designed with service users, who are experts by experience. There is a formal charter, again echoing some principles that are cross-party, going back to the citizens charter in the early 1990s. It is based on an idea of dignity and respect; these are service users with citizens' rights, rather than suspects upon whom sanctions must be imposed. There is a commitment to continuous feedback and reform. On its impact, I think it has generally been well received by service users. There is quite a contrast in the culture of the engagement that they have with Social Security Scotland, compared to the previous benefits that it replaced. It is not perfect, but it does have a commitment to taking on board comment and criticism, rather than being defensive, which has been a tradition of much of the social security system of the past.

- Q47 **Debbie Abrahams:** Members of the Select Committee visited Glasgow and heard about this, and it was incredibly interesting. Are you intending to evaluate it? Thinking about the change in perception, a lot of academic research has showed that there is a lack of trust in the UK system, and it stops people engaging and can sometimes worsen their condition. Will you be doing some work to evaluate how the principles affect the perception of claimants?

Professor Sinclair: There is ongoing evaluation of it by the Poverty and Inequality Commission. There is also a Scottish Social Security Commission, which does some of the work of the Social Security Advisory Committee at a UK level. There is, as I say, the standing panel of experts by experience, who are giving feedback and informing modifications to the system. In comparison to the overwhelming documentary evidence we have from my colleagues across the UK, such as the Covid Realities



HOUSE OF COMMONS

project, I think we can see a contrast in reception and culture that is generally positive.

- Q48 **Debbie Abrahams:** Very good. I have one final question to Stephen and then I will move on to other panel members. In what you are doing, are you taking a different approach from the UK Government around investigating the deaths of social security claimants?

Professor Sinclair: I can't comment on that specifically; sorry. I will have to refer you to some of my colleagues, like Sharon Wright at Glasgow University, who are more expert on those issues, particularly the impact of sanctions and conditionality, which of course could apply to the same extent to some of the people who are receiving benefits from Social Security Scotland, because many of these people are not expected to work.

- Q49 **Debbie Abrahams:** Absolutely. If you could get back to the Committee, that would be very helpful. That is tangible area. I will go to Steffan now because I know that Wales has set out a social security charter. Very briefly, could you say the key elements of that? Is it similar to Scotland's, for example?

Dr Evans: Yes, I think that is fair to say. I think it is currently in the process of stakeholder engagement, so it is not in place yet, but it is very much along the same lines of benefits as a right, and making that process as easy for people to navigate as possible. That is certainly the focus of what we have seen in the draft form that is being circulated now.

- Q50 **Debbie Abrahams:** That is very helpful. Again, having an idea of the process you are using around stakeholder engagement and the final version of that would be very helpful to the Committee. Ciara, what about Northern Ireland? Is this something that you are doing?

Dr Fitzpatrick: In Northern Ireland, we have not investigated anything like that. As the Committee will be aware—and I feel like I am saying the same thing over and over again—we are now without government for a year and a half, so there has been a lack of policy development, implementation and evaluation during that time. I think that the principles underpinning the social security system in Scotland have, as Stephen has outlined, supported the creation of a positive culture and environment around the administration of social security benefits, and it would be a very positive move in Northern Ireland if and when an Executive comes back into power.

Our last Minister for Communities, Deirdre Hargey, tried to listen to feedback and implement it. She tried to review the welfare mitigation package, implement a review of discretionary support and put in place the beginnings of an anti-poverty strategy, but unfortunately all that work has stopped.

- Q51 **Debbie Abrahams:** Thank you. Finally, David, the UK does not have this approach, but thinking about what Scotland and Wales are doing, do you



HOUSE OF COMMONS

think that this will be a benefit to developing the confidence and trust in the system at a UK level? Could you also comment on the issues if there weren't parity in the types of principles and approaches that were adopted across the country?

David Stickland: Again, on culture, I recognise what has been said about a lack of trust. There are so many barriers to claiming. If somebody is new to the benefits system, and has no previous experience of it, it is virtually impossible for them to access what they are entitled to. Changes in Scotland, particularly around how the claims are made and the relationship between the claimant and the state, are needed generally across the UK, but take-up rates remain far too low at a time when people need all the extra amounts because the basic amounts available are failing, and are insufficient. Increasingly, we are seeing reliance on disability and health benefits, not necessarily to meet the extra costs of disability, which is what they are intended for, but to simply supplement low levels of entitlement. If people are unable to access those extra benefits, they are living without what they need, and will continue to do so.

In terms of access and rates, the system is being topped up here, there and everywhere because the rates are simply far too low. We would prefer to see much more general investment in rates across the board so that people did not have to access extras.

Q52 Sir Desmond Swayne: Within each of your jurisdictions, to what extent are benefit levels meeting needs, and how should the standard rate of Universal Credit be estimated or worked out? Let's start with Scotland.

Professor Sinclair: I think that there is widespread agreement and overwhelming evidence. I know from previous testimony and written submissions to this Committee that there is no adequacy of benefit levels. There never has been a foundation and rationale for them. They have been uprated to an arbitrary figure that was set in 1948, which undercut recommendations in 1942 that were based on a report from 1936. There has never been an official government investigation of the adequacy of benefits, or at least not a published one. There was an internal review in 1965 that informed the review of supplementary benefits. Fundamentally, therefore, there is no rationale, but what we know from people's needs and expenditures and from studies of public opinion is that there is a significant gap between what is provided and what people need in order to have a decent standard of living. It is estimated—by, for example, the Commission on Social Security in an independent analysis—that there is a gap of about 40% in the basic rate of provision and what a representative sample of the British public feels people ought to have as a decent minimum income.

There is mitigation across the UK. It is probably more extensive in Scotland because of the powers and the various commitments, but it is mitigation. Universal Credit being uprated by £20 a week was a de facto



HOUSE OF COMMONS

recognition of its inadequacy. I think the removal of the uprate is a very significant backward step.

Sir Desmond Swayne: Wales?

Dr Evans: There are certainly significant issues around the adequacy of benefits in Wales. We have been doing some biannual polling by YouGov since the summer of 2020 to get a sense of how people were managing, first with Covid and then with the cost of living crisis. In our most recent survey from January of this year, we found that 38% of people on Universal Credit reported that they sometimes, often or always struggled to afford essentials compared with 7% of people who were not in receipt of benefits. That shows the extent of the differences. People were twice as likely to report that they had borrowed money—or nearly twice as likely—and much more likely to be in arrears, so there was real hardship there.

On top of that, we have recently been looking at the local housing allowance. That is the mechanism used to calculate the amount of housing benefit, the housing element of Universal Credit. In theory, the housing allowance should enable people receiving benefits to rent in the cheapest 30% of properties in the private rental sector, adjusted for their household needs. However, we found that across the whole of Wales during the first two weeks of February, only 32 properties were available across the country at LHA on the formal rental market, which was 1.2% of what was on offer. That means that people either have to cover that gap with already inadequate Universal Credit and benefit entitlements, or are pushed into homelessness or poor-quality housing. There are real issues around adequacy there.

As for what should be done, as an organisation we have signed up to the Trussell Trust and the Joseph Rowntree Foundation to campaign on an essentials guarantee. We think that there is good work around that model and that would be an obvious starting place to address some of those issues.

Sir Desmond Swayne: Northern Ireland?

Dr Fitzpatrick: My colleagues Steffan and Stephen have made some very good points. To add to that, in 1948 the income replacement benefit made up about 20% of average weekly earnings. Now it is at 12.5%. That shows how it has diminished over the course of the years since centralised social security was introduced in the UK.

As for benefit adequacy, in Northern Ireland we have seen the use of food banks go up by 141% over the last five years, which is a stark indicator of just how inadequate benefits are. One of the Cliff Edge Coalition's demands, or asks I should say, is to mitigate the impact of the two-child limit. We know that families are losing an average of £3,000 per year.



HOUSE OF COMMONS

Work done by Reed and Portes in a research report for the Northern Ireland Human Rights Commission showed that families there are on average larger, traditionally, because of certain religious beliefs and convictions and, therefore, measures such as the two-child limit are biting people much harder here. We know that it impacts more than 6,000 households. I have worked with families who are impacted by the two-child limit and what they are basically trying to do is to spread their very small resources across an Irish family, and it is pushing them into destitution.

I would also reflect on some academic work that I and colleagues from Ulster University have looked at, in terms of perhaps the need for a statutory measure to prevent destitution. We realised that that is the lowest common denominator. It is a very low bar to set for a social security system in the UK, but that is where we are at on the adequacy of benefits at the current time.

Q53 Sir Desmond Swayne: David Stickland, do you have any reflections on how the standard Universal Credit rates should be determined?

David Stickland: Not exactly, but we see this anecdotally in the work that we do. I would say that we see the "bigger picture" problem, which is to do with the lack of uprating over the last 13 years, and the undermining by the reductions that are applied because of the recovery of advances and no-fault overpayments; because of sanctions; because of the two-child limit; and council tax reduction schemes. All these things eat into the standard allowance and effectively undermine the principles of the means-tested system.

As well as that, we then see specific groups that are particularly adversely affected, particularly where there are sudden losses of income. If the basic amount is not enough in the first place, which it clearly is not, and even if it had been uprated with inflation over the last 13 years, there would still be the gap, as others have said. For example, when a child becomes non-dependent in a family, and the family see a big loss of income at that point, it affects their ability to meet their basic essentials. It can affect the local housing allowance. There are all these double-bind effects that can cause a sudden shock to people's incomes. For example, for mixed-age couples where the older partner reaches pension age and the couple transfers to Universal Credit, there is a loss of income, the benefit cap kicks in and the minimum income floor kicks in. There is also the effect of natural migration when people move to Universal Credit and see a loss of income. In all these situations, people see a sudden loss of income, and because the basic amount is so inadequate in the first place, they have no ability to cope. If the basic amounts were higher, it would put people in a much better position to cope with some of those changes.

Q54 Sir Desmond Swayne: Going back to Scotland, can you see any clear difference from England because of the way that your Government have gone about setting benefit levels?



Professor Sinclair: Scotland, of course, does not have powers over Universal Credit. We do technically have the capacity to top up existing benefits, but the Scottish Government have not used those in relation to Universal Credit.

Some new benefits have been introduced. The Scottish child payment, for example, was initially introduced based on calculations of the relative decline of child benefits. A campaign led by the Child Poverty Action Group argued for a £5 uprate to child benefit. Jonathan Bradshaw of the University of York estimated that that would reduce child poverty figures by about 30,000 and that was the basis for the Scottish child payment. It was significantly increased in the last couple of years to reflect the cost of living crisis and the fact that Scotland at the moment is not on target to meet its statutory obligations to reduce child poverty by 2030. There are no regional variations apart from for rural poverty, which is well documented by Donald Hirsch, who has given evidence to this Committee or perhaps will do so in the future.

We need to determine what we expect people to go without. Adequacy is determined by the standards that prevail in society at the time. We are setting benefit levels that are forcing people to make invidious choices, which are largely hidden except to those who engage with these families every day. It is a quiet, hidden trauma that we are subjecting families to and impacting their children, without any justification, transparency or even any dialogue about it. I know that other witnesses have pointed to the fact that when they engage with members of the general public, they are astonished that there is no foundation and basis for the benefits that we have, other than a series of historical accidents and opportunism.

The Scottish Government cannot claim to have come up with a minimum income set at the moment, although a cross-party group is looking at a minimum income guarantee, which is a bit like the essentials guarantee but it is technically different. That will be informed by the work of Donald Hirsch and assessments of what people need in order not to forgo things that everyone else takes for granted and expects their fellow citizens to have.

Q55 **Nigel Mills:** Can I ask about alternative payment arrangements? I remember that the Committee looked at the ability in Northern Ireland to claim fortnightly rather than monthly. Has that been a positive development in Scotland, too? Do you think it works? Are people aware of it? Should it be extended to England, or has it not been quite so successful?

Professor Sinclair: I do think it has been beneficial. Scottish choices allow direct payments to landlords and fortnightly payments. The bigger issues that I think the Committee has to consider, though, are things that other witnesses have mentioned, in particular the five-week wait, building in debt and enforcing repayments from people who are astonished to find that they have to wait for their first payment. That is the remedial action



HOUSE OF COMMONS

that food banks, benefit advisers, charities and the local authorities, in some cases, are addressing.

Flexibility as regards the frequency of payments, where that is in the interests of and at the request of the benefit recipient, is certainly a good thing, but it is not the principal issue that we face with Universal Credit. The principal issue is the adequacy of the amount, the clawbacks, the sanctions and the five-week wait, as well as other things that people have already mentioned, such as the benefit cap and the two-child limit.

Nigel Mills: Ciara Fitzpatrick, do you have thoughts on this?

Dr Fitzpatrick: The fortnightly payments have been really important in Northern Ireland. One of the key reasons for that was the fear of paramilitary exploitation in areas of disadvantage and deprivation. That is something that we are facing at the moment, again due to the cost of living crisis. We know that paramilitary lending and exploitation has become a significant problem in some communities in Northern Ireland and we are very concerned about that. So that payment flexibility has really worked.

The thing that has not worked as well in Northern Ireland is the option to request a split payment. Couples who claim Universal Credit have to make a joint claim, and there is an option in Northern Ireland for one member of a couple to request a split payment, but that process of requesting the split payment has not been effective. We have had a very low uptake.

Another flexibility is, for example, that we provide an adviser discretion fund, the ADF, which is there for people who want to use it to pay the first month of childcare. The Government have made a UK-wide announcement about resolving that issue for people, but meanwhile uptake of the ADF in Northern Ireland has been very low. We think that is down to some of the terminology used around the adviser discretion fund. People are not aware of what it is, what it means or how they can access it. As other witnesses have reflected, it is not just the adequacy of benefits that is the problem, or even all the other problems that have been mentioned—the five-week wait, the two-child limit, the benefit cap and so on—but all the barriers people face in seeking the help, and the support they are entitled to from the social security system and all these additional top-up payments—

Chair: We have lost Ciara Fitzpatrick. Siobhan Baillie.

Q56 **Siobhan Baillie:** Should alternative payment arrangements be more readily available in England and Wales?

David Stickland: Yes, they should. In our experience, most people will get an alternative arrangement if they ask for it but they will have to ask for it and it is still at the discretion of the jobcentre. There are no rights of appeal. It is common for people to be paid twice monthly in England.



HOUSE OF COMMONS

Most advisers will be able to help their clients to get that. It certainly helps with budgeting. It helps people to stretch the money that little bit further if they are paid more frequently. I think it is also a tacit recognition that rates are too low in the first place, the fact that so many people do require an alternative payment arrangement because it is just so difficult to budget and across a longer period it is that much harder.

On managed payments to landlords, we work with lots of tenancy support officers and staff within housing associations who struggle with the managed payments because of the technical arrears issue that forms in so far as the managed payment is paid on a four-weekly cycle whereas the claimant's Universal Credit is worked out on a monthly system. There is a mismatch there, which causes difficulties for landlords. That is one reason why the take-up of the managed payments to landlords may be lower than that for fortnightly payments.

As Ciara Fitzpatrick was saying, it is very difficult for claimants to get split payments, and I think that is due to the DWP policy of requiring the claimant to make a notification or declaration that they are living in some kind of abusive relationship, which of course has its own inherent issues caught up within it.

- Q57 **Siobhan Baillie:** At a very basic level, Universal Credit was aiming to pay people monthly because that is how the majority of people are paid when they get into work. We have the fortnightly payment option for people who struggle to budget, but you are saying that it is not known about and could benefit more people. Is there any evidence to show that once somebody has got into an alternative payment plan, they struggle to adjust again once they go into work? How is that transition dealt with? What do you think about that?

David Stickland: Many of the people we work with, when they move into work, do not move into the kind of work that provides a monthly salary. People typically are paid weekly—perhaps fortnightly or four-weekly—and often ad hoc. I would say that the monthly system generally does not work for many of the people we work with. Ideally, it would not be a monthly system. Being paid twice monthly is better than being paid monthly. Arguably, it would be much better if it was not a monthly system for many of the people we work with.

- Q58 **Siobhan Baillie:** Have you ever heard DWP explain why we cannot align the managed payment to the landlord system with a monthly system, rather than a four-weekly? Is it a “computer says no” issue?

David Stickland: I think it is. I think it is because the system uses the third-party payment system, which is a four-weekly system. I believe some work was being done to fix that particular problem but, as far as I am aware, it has not been addressed.

Siobhan Baillie: Does anybody else want to contribute? No. Okay.

- Q59 **David Linden:** I will start with a question for Stephen Sinclair. You



HOUSE OF COMMONS

mentioned that the Scottish Government have introduced a number of new benefits, such as the Scottish child payment, the carer's allowance supplement and the adult disability payment. Can you enlighten the Committee as to the impact, and the intended impact, of devolving these benefits?

Professor Sinclair: The impact on child poverty has been pretty positive compared with the rest of the UK. The Scottish Government have a duty to reduce child poverty to below 10% by 2030 and have an interim target, which will be reported on this year, which they may just about make, and the Scottish child payment has been crucial in that. It has done much of the heavy lifting. However, it is important to see what the Scottish Government, local authorities and the health service say about the whole-system approach and the idea of tackling an issue through its many facets. The benefit system, which I know is the principal interest and responsibility of this Committee, has to be seen in that wider context.

Things such as the automation of benefits have been crucial, not just for children in poverty but for other claimants. Some interesting work in Glasgow has tried to tie different data systems together, so that things such as the non-repayment of council tax or falling into housing arrears, which are obviously serious problems for councils, are not used by them as a means of imposing sanctions but as a trigger to alert a range of statutory bodies to the possibility that a household is in financial difficulties and requires support. Again, it is part of the idea that benefits are a right and that there should be active engagement with households to ensure that they have their rights, as well as trying to increase the amounts.

I think we can see positive impacts on the child poverty figures, even allowing for the problems of Covid, the cost of living crisis and the withdrawal of the Universal Credit uprate.

The principal contribution in terms of benefits not to children and families but to people with disabilities is that while the rates have increased a little bit—perhaps not as much as everyone would like and hope for—the spirit of administration, as previous Governments have called it, is much more positive and there is a willingness to do better and do more, which I think should be encouraged across the UK as a whole.

Q60 **David Linden:** You were right to touch on the fact that the Scottish Government are moving to have the Scottish child payment be £25 a week. The UK Government conceded during the pandemic that Universal Credit was inadequate and increased it by £20 a week, and then withdrew that £20. Is it not the case that although the Scottish Government can increase things, such as the Scottish child payment, if you have Universal Credit cut by £20, you are just robbing Peter to pay Paul?



HOUSE OF COMMONS

Professor Sinclair: Those are very much more your words than mine, but certainly the withdrawal of the £20 uplift was a source of concern to anyone commenting on household circumstances and child poverty in particular. I cannot think of any campaign organisation that thought it was a good move. I wouldn't necessarily comment on that sharing policy, but I think we can talk about the efficacy of practice. There is a strong case, for example, that a significant increase in child benefits would be welcome. People call it universal. Technically it is not, but it is very effectively targeted. We know from long-term studies of how that money is used that it does go to benefit children, and that it is an investment in their wellbeing and their future prospects. I think there would be widespread support for that. It was a Conservative Party policy, strongly advocated for in the 1980s, for example, so I would like to see cross-party support for it. I think it would be a worthwhile investment.

Q61 **David Linden:** Can I move to other witnesses, representing Wales, Northern Ireland and England? If the Scottish Government can move ahead and do things such as the Scottish child payment, the carer's allowance supplement and the adult disability payment, what stops your respective nations from moving in a similar direction? Let's start with Mr Stickland.

David Stickland: Listening to Stephen Sinclair talking about the child benefit, saying that it has a good take-up rate and that it goes to children, I think that is right, and that it could be extended to the basic amounts in Universal Credit. We have established that it is difficult to get a split payment within Universal Credit, and often that means that money is not getting to the child, for example. Of course, we would like to see rates increased across the board, and only for obvious political reasons has that not happened. Yes, we would like to see rates increased substantially, because we see people day to day experiencing the benefit system and being unable to manage.

Dr Fitzpatrick: From a Northern Ireland perspective, one of the key issues is that we do not have fiscal powers, or revenue-raising powers, that would allow us to reinvest into the social security system, so we are reliant on the Barnett consequential that come from Treasury, and they are greatly inadequate. An example of how the 16% cut is going to impact very gravely and very immediately is that the budget for discretionary support will be cut this year by 75%. Last year, discretionary support paid out around £41 million in grants and an additional £12 million in short-term loans to people who were in crisis and emergency situations, and that budget will be greatly diminished. Really, it is our financial envelope that stops us from exploring added devolutionary powers or additional forms of payment such as the Scottish child payment—

David Linden: We have lost Ms Fitzpatrick. Can we move to Steffan Evans, to comment from a Welsh perspective?



Dr Evans: Much as Ciara Fitzpatrick was saying, the issue is around the powers over finances. That is the primary thing in the Welsh context.

Through Covid, and more recently with the cost of living crisis, we did see a growing confidence within the Welsh Government that there was more that could be done in this space. Over Covid, most Welsh local authorities provided families with £19.50 cash per week in lieu of school meals, and that was a substantial amount of cash going into their pockets, and perhaps opened up the possibility of having these conversations.

On the point about the discretionary fund, we have seen the Welsh Government's own discretionary assistance fund increase significantly, and I think it is right that the Welsh Government are putting extra money into it. It is about trying to mitigate against the excesses of the fact that the system does not give people enough at the moment. At the same time, however, that fund is discretionary. It is a poor substitute for rights-based schemes. People do not know that they are going to get it, and there are limits with the money potentially running out and those sorts of challenges. Thinking about the system holistically, therefore, will also be important.

Q62 **David Linden:** I am glad that you touched on the discretionary element because a lot of this does come down to choices, and I guess there is also an element of political philosophy in that. In Scotland, of the £84.1 million allocated for discretionary housing payment, £68.1 million was spent last year on mitigating the bedroom tax. That was a political decision taken in Scotland. It has not been the case in Wales. Likewise in Scotland, £13.5 million has been spent on trying to mitigate things such as the benefit cap and freeze of the local housing allowance.

My question is to our representatives in Wales and Scotland. Why is it that both nations have gone in a slightly different direction, and is it sustainable for the devolution framework to just be spending money on mitigating poor welfare decisions made in Westminster?

Professor Sinclair: It is a choice that I would endorse. I don't think many people who study social policy and social security and engage in research on those things would think that the under-occupation penalty, as we should technically call it, is delivering what it was ostensibly claimed to deliver. That is partly because of a housing supply issue. I suppose it does impose an unmerited penalty on low-income households. They cannot control their relocation, and there are not enough small houses available for them. I think that mitigation was the right thing, but that is an issue for the Scottish Government and the United Kingdom Government to negotiate between themselves, according to their relative priorities. I would urge the Scottish Government to continue to mitigate the bedroom tax, but that takes up quite a lot of resources that could perhaps be spent on other things. We would have lots of suggestions about how they could improve social security and other forms of the social wage were that money not devoted elsewhere, but it lies outwith the powers of the Scottish Government at the moment to do that.



HOUSE OF COMMONS

I cannot speak about the choices that Wales has made, so I will pass over to Steffan Evans.

Q63 David Linden: Going to Dr Evans, if the Scottish Government can mitigate the bedroom tax, why is that not happening in Wales?

Dr Evans: We are doing some work on the DHB at the moment and we hope to publish in June and will share that with you as and when we have it pulled together.

Historically, the argument has been that you can let the DHB money cover that gap but you are not doing anything to fundamentally shift the underlying problem, which is the lack of housing of the right size to meet people's needs. That has historically been a bigger problem in Wales because of Wales' older housing stock; there are larger properties and fewer smaller properties.

Over the last couple of years, since Covid, we have seen the Welsh Government start to step up in terms of the amount of money propping up DHBs and most Welsh local authorities are now spending in excess of their DHB allocation. They are spending extra money on top.

On the work we are doing at the moment, One line sticks with me from the local authority housing and homelessness officers I spoke to: DHBs are a non-stick sticking plaster. There is a sense that it is not just about the bedroom tax. We have spoken about LHA issues. They are a challenge. More and more local authorities in Wales are finding it very difficult to discharge people into the private rental sector. There is a sense that even if you wanted to use the money to mitigate the bedroom tax, the money is going to run out. That is the sense among people working in local government and within the sector.

There is a desire to move towards longer-term investment, and getting the housing stock right, so that people do not need that top-up because the amount of social housing is right. The problem is that that takes time, and there is tension because it is not right to leave people homeless, leave them in that position, just because we need to wait for 10 years for the new housing to come up. That is the tension. We are probably still not quite in the right place, but I can see why that decision was made. Furthermore, there is a sense that this is a problem that is getting worse, not better.

David Linden: Thank you, Dr Evans. I think we are out of time, so I will hand back to the Chair.

Chair: Thank you all. That concludes our questions to you. Thank you to those joining us virtually, and thanks to David Stickland for being in the room with us. We are very grateful to you all.

Examination of witnesses

Witnesses: Kirsty McHugh, Tom Lee, Ken Butler and James Taylor.

Q64 Chair: Welcome, everyone, to the Work and Pensions Select Committee. We are very grateful to you all for joining us. Can I ask each of you to very briefly, in one sentence, tell us who you are so that people who are watching elsewhere know?

James Taylor: I am the Director of Strategy at disability charity Scope.

Kirsty McHugh: I run the Carers Trust. We are the UK infrastructure organisation for local carer organisations and we support about 1 million unpaid family carers every year.

Tom Lee: I am a Senior Policy Analyst at Child Poverty Action Group.

Ken Butler: I am the Welfare Rights and Policy Officer at Disability Rights UK.

Chair: Thank you all very much for being with us. Our first questions will come from Steve McCabe.

Q65 Steve McCabe: As we know, Universal Credit is composed of a standard allowance and some additional elements. The Joseph Rowntree Foundation said that the standard allowance was not sufficient and did not meet what it described as the essentials. What is your view of the standard allowance? Is it sufficient? How would you change it?

James Taylor: I agree with the Joseph Rowntree Foundation that the standard allowance is not sufficient. The basic rate of Universal Credit is at the lowest level it has ever been as a proportion of earnings. We know from our work that many disabled people and disabled households are already being pulled into poverty simply because of their disability or condition being penalised at every turn. It is clear that the current benefit levels do not cover the basics of, say, the internet, getting about, shopping—all things that can be more expensive if you have a disability or a health condition.

We are seeing that many claimants are unable to cover the basics, and it is the same story with PIP. Our recent research found that the extra cost of disability is now £975 per month, and that is after accounting for PIP and extra-costs benefit. We hear from our helpline that many disabled people in receipt of both Universal Credit and PIP are having to “steal” from their personal independence payment and their extra-costs benefit to cover the shortfall in Universal Credit.

To answer your question, no, the rates are not adequate and they need to be updated.

Kirsty McHugh: From our perspective, a lot of unpaid carers are not on Universal Credit. A lot of them are economically inactive and reliant on some very low level of benefit, with the carer’s allowance being the lowest level of benefit out there—about £76 a week, less than the



HOUSE OF COMMONS

equivalent. It is supposed to be a work replacement benefit but is not pegged at the same level as others. It is a bit of a Cinderella benefit, all in all.

For those unpaid carers who are on Universal Credit, there is such a complicated set of allowances and eligibility criteria that it can be a disincentive to begin with, so we have a bit of a mess on the benefits front from an unpaid care perspective.

Tom Lee: I agree that the standard allowance is too low. It is also inadequate across the system. I think the child benefit has lost 25% of its value, and there is the two-child benefit cap as well. It is also important to think about the in-work effects. We know from our families that in-work poverty is a massive issue, because earnings do not go as far when you have to cover for a whole family, so it is important to think about the in-work perspective and the impact on families.

Ken Butler: I agree with all the good points my colleagues have made. It is difficult for anybody to argue that Universal Credit or any other benefit in the system is adequate. That same study said that 90% of Universal Credit claimants were going without an essential. That shows how inadequate they are.

The DWP does not test for adequacy. The Minister for Disabled People said in the House last month, when asked whether PIP is adequate, that we do not test for adequacy. PIP is supposed to be a flexible benefit that disabled people can choose how to spend. However, if it is not tested for adequacy, it is going to be a big coincidence if it is adequate. We would say, and I think probably most disability organisations and DPOs would agree, that a test for adequacy is essential and that it is the building block of what a benefit should be. I think most people who do not claim benefits just take it as read. They may think that benefits are not very high but they assume that some thought has gone into them to make sure that people can afford the bare essentials of life but, in fact, there has not.

It is not for me to say, but I think the Committee's time could be validly spent demonstrating how inadequate benefits are. I think that has already almost taken us to where we think the issues are, should they be adequate, which hopefully will not take very long either, and then the question is: how do we progress to making sure they are adequate?

Q66 **Steve McCabe:** I guess the Government's response would be that because Universal Credit is composed of two elements, some of the inadequacies that you are identifying are addressed through the additional elements.

Ken Butler, I get quite a lot of people with particular conditions or disabilities coming to my constituency office to tell me that they are frightened or can't afford to use medical or mobility equipment, because apparently the cost of recharging mobility equipment is pretty high. Do



HOUSE OF COMMONS

you think the additional elements paid to people with disabilities are properly taking into account the cost of living, and the strain that people are experiencing at the moment?

Ken Butler: They are actually not—demonstrably not. The other Members of the Committee might also have constituents coming to them with similar queries. The level of the additional help is not sufficient, and there has been no test to see whether it is adequate. There was a Westminster Hall debate yesterday morning. The Minister for Disabled People, Health and Work, when he was asked a similar question, said they were going to look into it later this year, to see if it was adequate.

Q67 **Steve McCabe:** What is Disability Rights UK's position? How would you determine the additional elements?

Ken Butler: There used to be an independent assessment of people's needs. Disabled people's income needs would be higher than those of non-disabled persons. The Joseph Rowntree Foundation, along with the Trussell Trust, did a recent report calling for an essentials guarantee, again showing that Universal Credit did not meet the items covered in their essentials guarantee. I think that it needs something like an annual independent assessment, which takes into account various factors such as inflation. An *Independent* article I read two days ago said some meats and vegetable items have doubled in price in the space of a year. Items that fulfil special dietary requirements have also gone up a great deal. It is not a straightforward task.

Q68 **Steve McCabe:** I was curious to know if there were any specific issues around disability. I think the GRF report also suggested an independent assessment. Tom Lee, we also hear criticism concerning children, that the additional elements do not cover real needs. What is Child Poverty Action Group's view, and what would you do?

Tom Lee: First, even pre-Covid, research showed that the standard elements, ignoring the two-child benefit cap, were far lower than the cost of a child's minimum standard of living. This also applies to disability, but low-income households spend more on the essentials such as food and energy, especially for caring equipment, which incurs even higher energy costs. Although benefits have been uprated to take account of inflation in April, that was a general population inflation level and costs for low-income and disability households would be even higher, so they have fallen even further behind than before Covid, when there was already an issue.

On top of that, the two-child limit is an example of where benefits do not match the additional costs that disability households face. It is logical to have some means-tested payments to cover the first two children, but then to stop at the third and additional children does not make any sense. The justification is that it is needed for family planning, or people need to think about their work decisions first, but the empirical evidence shows that the two-child cap has only a very small effect on birth rates,



HOUSE OF COMMONS

so the main effect is just to take billions of pounds away from households across the country. This year, one in 10 children in the UK—not just in poverty—will be growing up in a household affected by the two-child limit. It does not save the Government lots of money. At the moment, it would only cost about—did I say only?—£1.3 billion, which might sound a lot, but compared to overall Government spending, I believe money could be found for that. It is the most cost-effective way of reducing child poverty.

Larger families are disproportionately more likely to be in poverty. Over half of the families affected are likely to be in work. We hear through our early warning system that families say that pre-Covid, they had enough to get by; they were getting through, so they decided to have a third child. Then Covid came, the cost of living crisis came, they lost their jobs, and costs have risen. These people are often working; they are couples working 60-hour weeks, and they cannot get any more money. They are penalised for something that was out of their control, which was going to affect their family's living standards and their children's opportunities.

Q69 Steve McCabe: I want to touch briefly on the benefit cap, which Tom mentioned. The Institute for Fiscal Studies suggests that it forces people to cut back on spending, accrue rent arrears and get into debt from borrowing money, but the Government say that it increases the incentive to work. James Taylor, what is your view? Does it push people in the direction of getting a job? Does it increase the incentive to work? Or are there adverse impacts from the benefit cap?

James Taylor: It is tricky. I think many disabled people face quite complex situations and are perceived as having complex circumstances that mean it is difficult to get into work. We have heard from people that those incentives, as part of the benefit cap, have done little to support individuals to get into work or to try work for the first time. While many disability-related benefits were exempt from the cap, not all of them were, and disabled people, as we have heard, and indeed all people, are complex and have all sorts of different family make-ups. The proposed incentives of the cap have done little to support those individuals into the workplace.

Q70 Steve McCabe: Kirsty, do you want to add anything? Does the benefit cap encourage people to get into work or does it place the burden on people of borrowing, getting into rent arrears and cutting back?

Kirsty McHugh: I will respond specifically in relation to unpaid carers. The census showed that there were about 5 million across England and Wales. We have not yet had the figures for Scotland. It is a huge number of the population. Our research showed that 42% of people had been forced out of their jobs because of their caring role, and an additional 23% had to radically decrease their hours. The household survey research showed that 53% of unpaid carers were not in work, and something like 38% are economically inactive.



HOUSE OF COMMONS

An army of people have left the workplace because of their caring responsibilities. This is not just older people. There are probably about 1 million young carers and young adult carers up to the age of 25. We know that they are less likely to do well at school, less likely to move into higher or further education, and less likely to go into work. As for the cost to the country, the LSE says there is about £1 billion a year in lost tax revenue, benefits costs and health costs. We are talking about a huge number of people who somehow nobody is looking at, which, given the labour market shortages, is a bit weird, I would suggest. The interactivity with benefits is such that we are pushing a lot of these people into poverty. The work incentives are less of an issue for this particular group, because it is about replacement care. It is not that they do not want to work; they cannot work. I think we should be looking at the loss to us collectively, particularly with the increase of people with disability and health conditions, which means that generally there are going to be more unpaid carers as well.

Q71 Steve McCabe: Going back to what I was asking about the benefit cap, is there anything that you want to add to what we have already heard?

Tom Lee: Yes. The recently released IFS-commissioned research from a while back, from the reduction of the cap a few years ago, which was not released at the time, showed that the majority of people do not get back into work even if they are capped. That is not surprising, because there are lots of structural barriers for them. We FOI'd the make-up of the capped households on Universal Credit and found that 34% of them are not required to be in work because they are caring for young children. A further 18% are in work but are below the earnings threshold so they are unable to get more work to get out of it. Even for the minority who get into work, the majority of those would have found work even without the cap.

We know that it is an inadequate standard of living to be out of work. People often lose their jobs and find work again. It is a minority of a minority who you are pushing back into work and the effect is that about 250,000 children are pushed into deeper poverty because these households, even if the cap is removed, are still some of the poorest in the country because they are out of work and you are pushing them even further into poverty to get a handful of people into work.

Ken Butler: I have a couple of points. The benefit cap is a bit analogous to the removal of the work capability assessment additional amount for those who have a limited capability for work. In 2017, that was removed for all new claimants and continues. At the time, it was worth £30 a week. The "justification" for that was that it would prove to be a greater incentive to work, which it has not been, statistically, in terms of the number of disabled people who have got into work.

Regarding the benefit cap, the Government's new White Paper means that the work capability assessment will be abolished and in its place will be PIP and an extra health element will be paid. People who get PIP are



HOUSE OF COMMONS

exempt from the benefit cap. I think the current figures are about 630,000 people who are in a support group at the moment do not get PIP, which means that they may not only be worse off financially, but will also be subject to the benefit cap. They lose that protection.

About the billion thing, it is a lot of money, I'll give you that, but a report out recently, "Policy and Practice", identified that the amount in benefits that were not being claimed in the UK amounted to £19 billion, which is a shocking figure, when you think about it.

Q72 David Linden: I want a come-back from each organisation on the two-child limit. Just a simple yes or no: does your organisation support the two-child limit?

Ken Butler: No. What has not been mentioned is the child disability premium in tax credits.

David Linden: I am going to come back to that.

Tom Lee: No.

Kirsty McHugh: No.

James Taylor: No.

Q73 David Linden: Excellent. Okay. I will focus my questions on Mr Lee. What has the impact of the two-child limit on the adequacy of benefit levels been?

Tom Lee: It takes away, I think, about £3,200 a year, £62 a week, from benefits, as of April. One in 10 children across the UK now live in households affected by the policy. That is going to increase going forward. It pushes 250,000 children into poverty and an additional 850,000 children into deeper poverty. It does not seem to make any sense. Every developed country across the world accepts the need to provide income to cover the cost of children. For the first two children and then to stop at the third child, the reasons given just don't seem to make any sense from our perspective.

Q74 David Linden: Can you think of any other countries in the world that would have a policy that the state would say it would only be willing to support one or two children and could you name those countries?

Tom Lee: I couldn't and, in fact, some countries go the other way. I think it is France and maybe a Scandinavian country where they encourage larger families and acknowledge the additional costs. Yes, it is not something that—

Q75 David Linden: Can I ask you, Mr Lee, what impact you think the changes to childcare costs as announced in the Budget will have on families?

Tom Lee: They are definitely welcome. There are a few fun components. Paying childcare costs up front in Universal Credit is something that we



HOUSE OF COMMONS

have called for, because families do not have the up-front cash to pay for a term's worth of childcare, so that is definitely to be encouraged.

Similarly, on the coverage from nine months to two years, provided that it is adequately funded, we think it is a good idea. We are unsure that it is adequately funded, because of the cuts in funding for two and three year-olds in place. Lots of local councils are struggling to provide that. Provided that there is additional funding, then yes, we would like to see it extended to all parents, but at the moment, it is only for those who meet certain work requirements. Those who are searching for a job or in training are not eligible to access this. It does make a difference, but it is nowhere near compensating for the effect that the two-child limit has.

Even though lots of people on the two-child limit are in work, there are some out of work. We think you should be able to cut the two-child limit to provide the adequacy, and then also ensure sufficient childcare for the employment support. It shouldn't be one or the other.

David Linden: Do any of our other witnesses want to comment on the Government's announced spend in March around childcare costs?

James Taylor: It is worth highlighting that childcare costs for a disabled child can be up to eight times higher. A piece of work that Contact a Family did two years ago on disabled children and families found that two in three parents it spoke to have had to give up work permanently or temporarily to look after their disabled child, because the money isn't adequate and the care and support just is not there. I think it is worth the Committee noting it is even more expensive.

Q76 **David Linden:** This is my final question. We spent a bit of time with the first panel this morning talking about the experience of the Scottish child payment. I will probably start off with Mr Lee but will then open this up to other panel members. Can anything be learned in other UK nations from the experience of the Scottish child payment?

Tom Lee: I think there are a few things to be learned. Initially, there was laying the framework for the subsequent reforms—the social security charter in Scotland, which sets the principles behind how social security should be administrated. Then on top of that there was the child poverty strategy, with a final target and interim targets to hold the Government to account and commit them to something very beneficial. Finally, once that groundwork had been laid, they looked at the best way to reduce child poverty within the constraints of the Scottish system, because it is unable to change the Universal Credit base rate, so it has had to passport through this payment.

Although the exact design isn't something that CPAG thinks is necessary, there is the principle of increasing social security with the child-related elements. The child benefit has lost 25% of its value over the past decade, so I think it is more about the framework and the commitment to increase social security rather than any clever tricks that the Scottish



HOUSE OF COMMONS

Government have learned. That is forecast to reduce child poverty in Scotland. It will be the biggest reduction ever, yes.

David Linden: Are there any other comments?

Kirsty McHugh: I have a small point to add, though it is not small for the people involved. Carer's allowance is devolved in Scotland, so there has been a big focus on increasing the adequacy of the benefits. Part of that has been around focusing support on 16, 17 and 18 year-olds who are unpaid carers. There have been financial payments, payments of £300, to allow them to access broader life opportunities, given so much is not open to them. It looks as well like the Scottish Government are going to remove the 21-hour rule for study. It means that carer support payments can go to young people who are studying as well, which is something we would like to see across the UK because at the moment it is quite iniquitous and we want people to be able to study. Yes, there are a lot of good things on the Scottish front in that space.

Q77 **Selaine Saxby:** Good morning. I am looking specifically at support for carers, so I will come to you first, Kirsty. Is the support provided to carers through the working-age benefits sufficient to meet need?

Kirsty McHugh: I do not think you are going to be hugely surprised by the response around that. It is very interesting coming to the unpaid care world, because it is a Cinderella benefit, and there is a real mishmash. People do not understand what carer's allowance is for in particular. It is supposed to be about income replacement, but as I said earlier, it is pegged at a lower level than other equivalent out-of-work benefits, so you wonder why.

Q78 **Chair:** What is the weekly amount now?

Kirsty McHugh: £76.75. For that, you have to be providing unpaid care for at least 35 hours a week. There is an earnings limit of £139 per week after tax. There is a huge and very confusing set of rules about allowable expenses, which is hugely off-putting: you cannot be in full-time education, you cannot get the state pension, you have to have somebody who has PIP or DLA that you are caring for, so you have the double eligibility, but it is supposed to be about income replacement. However, in Scotland and Wales, they are looking at it being more about compensating people for the additional costs of being a carer, which is not a philosophy that the UK Government have taken up.

The UK Government, in their response to the House of Lords Committee on Social Care, recently talked about carer's allowance helping people to stay in work. I think there is a real philosophical mess, in terms of what support we should be providing for unpaid carers. On adequacy levels, the research is pretty damning: about 20% of those claiming are using food banks; 70% say they do not get enough support; and 50% are worried about food and basic bills. We are talking about some of the poorest people in society. It is not just us; ADASS—the Association of



Directors of Adult Social Services—was surveyed, and 75% of respondents said they were worried about the unpaid carers in their areas being able to cope with the cost of living crisis.

Q79 Selaine Saxby: Are there any specific changes that you would like to see, perhaps around eligibility or how the whole scheme operates?

Kirsty McHugh: Yes. It is interesting; as an organisation, we have argued for increasing the earning threshold, reducing the eligibility, getting rid of the 21-hour rule, payments automatically rising with inflation, and doing more around passported benefits. Carers did not get the Covid cost of living one-off payment. They did in Scotland and Wales, but not the UK ones, so it is bizarre. The more I look at it, the more I think the whole thing is a mess and we need to go back to the drawing board to work out what support unpaid carers need, so we can tweak it. I think philosophically we have lost sight of what we are trying to do.

Selaine Saxby: Thank you. Is there anything anyone else would like to add? No.

Q80 Siobhan Baillie: I am very interested in this. When was the last time the £76.75 was uprated?

Kirsty McHugh: It was last year, by a few pounds. It is not by inflation.

Siobhan Baillie: Okay, and the same with the earnings limit?

Kirsty McHugh: It went up £7, I think from £132 to £139, so it does go up, but it is a creep.

Q81 Siobhan Baillie: Yes. What are Scotland and Wales paying weekly?

Kirsty McHugh: Scotland has taken a different approach because it is one of the devolved benefits. In 2018 it introduced two one-off payments a year, which is around £500. In 2023, it is £270 times two. It then put in a young carer's grant, but now, as part of a broader carer support payment overall, it is looking at increasing the amount of funding, but also changing the eligibility. It is removing the full-time study rule; run-on after death of the cared-for person is going from eight to 12 weeks; there is more money if somebody goes into hospital; it is increasing the earnings threshold; and there is also an adding together. If you are caring for more than one person, at the moment that does not count, but in Scotland, if you are looking after, say, a disabled child and a parent, you would be able to put those hours together to get to the qualifying period.

Siobhan Baillie: Is it weekly, though? Is there a difference in Scotland and Wales, compared to the £76?

Kirsty McHugh: A 13% increase.

Q82 Siobhan Baillie: A 13% increase. Have you run the maths on what you think we should be paying weekly, and how much that would cost, in



terms of an increase?

Kirsty McHugh: It sounds an easy thing to do, but it is not, because of all the interactions with all the different benefits and all the allowances and disallowances across that. There is also a very interesting point: we do not know how many people should be getting carer's allowance. At the moment, the DWP thinks that 1.4 million are on its books. However, it has also said that it does not know how many more people might be eligible but are not coming forward. I think the House of Lords research paper says the same thing. We have a real issue.

- Q83 **Siobhan Baillie:** This comes up on the doorstep in Stroud. There is an understanding in the household that the person wants to stay at home. The carer is providing that ability to stay at home, and so the person does not have to be put in a state setting—in a care home. I think that is undervalued, and people feel it is undervalued. It is interesting. People have to state that they are doing 35 hours of caring; does that include overnight, or is it active daytime caring? Is there any distinction in that? If you have to account for—

Kirsty McHugh: Active caring.

Siobhan Baillie: It is active caring, so unless you are getting up during the night, it is not during the night. You are saying that many people cannot go to work because if you did 35 hours of active caring, plus tried to do a job on top of that, it would be difficult.

Kirsty McHugh: Which is why it is supposed to be an income replacement benefit, but of course it is lower than the equivalent, so it doesn't quite make sense.

- Q84 **Steve McCabe:** I was going to ask about the interaction, but I think we have largely covered that. There are two things I am interested in, Kirsty. When I was looking briefly at the Scottish situation, I noticed two of the things it will pilot. It will remove some of the education restrictions, so that theoretically a person could study full-time and still receive the carer's payment. In fact, I think it will continue to be paid for a period after the individual has died or gone into hospital, to take account of what has happened. What do you think about those changes? If they were applied in the rest of the UK, would they make a significant difference?

Kirsty McHugh: We are very positive about the changes. My head of policy in Scotland says that he has been campaigning on this 21-hour rule for years and years. He is, like, "We can do it; it just might take a decade," so he is very positive in relation to that.

There are some good things happening in the UK about recognition of young people as carers. From this year, the DFE in England is collecting census data on how many young carers there are, so that there is greater visibility in the system, which means they can have assessments, and maybe they will get a bit more support, including financial support. Also



HOUSE OF COMMONS

from this year, UCAS has a tick-box: "Are you an unpaid carer?" so we can collect the information, which means that we can target support, because we know that unpaid carers are less likely to go to university. If they do go, it is more likely to be a local university. They are more likely to do health and social care and nursing, and they are also more likely to drop out, so there is a lost talent element around that.

- Q85 Nigel Mills:** Can I just switch back to the Health and Disability White Paper that I think Mr Butler referred to? I suppose, having seen lots of attractions to merging the two assessments, I was not quite so attracted to the idea of merging the eligibility for the two benefits. What do the panel think about the idea of using PIP as a passport through to ESA, rather than effectively having separate entitlements? Do you think that is a good idea, or would you have probably kept the system as it is? Kirsty, you are nodding.

Ken Butler: I think it is a bad idea. PIP was not intended—and never has been—to be a measure of someone's capability for work. It is supposed to be an extra cost benefit for disabled people. It will exclude people who are in the support group now who can't get PIP because perhaps their health condition might not be expected to last long enough to get it or they may not meet the particular conditions of the benefit.

A worrying thing as well is the fact that, as things stand, someone can fail the work capability assessment on the points scheme but can still be classed as someone who has a limited capability for work on the basis that there is a substantial risk to their physical or mental health if they went to work. That seems to be something that is completely forgotten and missing in the White Paper, so that is a concern as well.

I think also what it sidesteps is the fact that, with employment and support allowance, there are two payments that are linked to PIP in terms of extra components: the severe disability premium component, and the enhanced disability component. They are both missing from Universal Credit. They do not exist, although there was a recent court case—I think it was the fourth one—where it was held that people who transition over to Universal Credit should be fully compensated for that. It is like a mechanism for getting it out. The DWP might have to bite the bullet and say, "Okay, we have been to court four times. We are just going to have to pay this money," but in effect, if there is just PIP, then the additional components will not be paid with Universal Credit. Conditionality is another thing, but that is probably separate.

- Q86 Nigel Mills:** Are you slightly worried, Mr Butler? I guess you have been to lots of tribunals and PIP assessments and things, and they are not meant to assess you on whether you are working or not, but in my experience, a lot of the questions tend to be, "How do you do your job? How do you get there? How do you manage during the day?" It almost feels like if you are fit enough to work, you do not need PIP in many probably marginal cases. Is that a big worry—that if they try to link the two up, that will somehow become the focus, because if I get PIP, I do not have to work,



HOUSE OF COMMONS

and if I do not get PIP, I do have to work?

Ken Butler: I think it is a possibility. What Government have said is, "The reason why we made PIP a qualifying factor is people can get PIP whether they are in work or out of work, so they won't be frightened to lose it if they start working." I think it is the way that you assess people. Someone can work, but you need to look behind that. How many hours do they work? Do they have any reasonable adjustments? Can they only work so many days a week because of the effect on them? Being in work does not necessarily mean that you do not qualify for PIP at all, but again, it is not really supposed to be a test for work; it is supposed to be a test for extra expenditure for disabled people.

Nigel Mills: Do you have anything different to add?

James Taylor: I support that view, but also as the Committee is looking at adequacy of benefits, PIP is inadequate. We have found you need an additional almost £1,000 a month to have the same standard of living as a non-disabled household, so it is clear that PIP is not doing the job of meeting people's extra costs as it should be.

Q87 **Nigel Mills:** It is interesting, because PIP replaced DLA, which had an even lower level of benefit, at the lowest level of need. It certainly seemed from some of the data that what happened was people who got the lowest level of DLA got the higher medium level of PIP, in effect. Are you saying that we should never have had that lower level of DLA, and that was no use to people? That is not quite the experience I have had.

James Taylor: What I am suggesting is that it is very unclear how benefit levels have been set, and all that seems to happen now is that they are uprated by an inflation rate, sometimes automatically, as for PIP. At other times, it requires lots of lobbying and campaigning from organisations to make sure a Government commitment to that happening. What we are hearing this morning is that these levels have been set, some of them 50 or 60 years ago, and have just been inflated every year, but it is not capturing people's lives and their expenses in the correct way. It is not solely the benefit system's job to do that.

There is the cost of energy, which we have talked a bit about, and lots of other things that play a role in people's extra costs, but there needs to be greater transparency, involvement and engagement with claimants and people who experience these costs to set them at a level that is deemed adequate and decent.

Kirsty McHugh: Support for unpaid carers is intrinsically linked with support for people with disabilities and health conditions, and we do make it very difficult indeed in terms of the assessment system at the moment. You will all have had that through your constituency postbags. I have 130 organisations on the ground, in what seems like a very complicated system, trying to get people the bare minimum, in many cases. If we are able to design a system that really truly helps the person



HOUSE OF COMMONS

with a disability or health condition think about their ability to access work, and enables in that way, that doesn't just help them; it helps the person who is looking after them. There is a double win, in terms of potentially more labour market activation, so linking and getting that right for us is a priority, even though people with disabilities and health conditions are not our primary group.

Q88 Debbie Abrahams: I am going to follow swiftly on from this and start with you, Ken. I think you are absolutely right, and all the panel have been very clear about the overwhelming evidence of the inadequacy of social security support. It is documented. The biggest cuts have fallen on sick and disabled people. There are so many reports, including from the Disability Benefit Consortium and the Equality and Human Rights Commission, showing the magnitude of, for example, the effects of the 2016 Welfare Reform and Work Act. They ran to thousands of pounds a year.

My question on the health and disability White Paper is this. Given what we have seen over the last 12 years, it is very understandable that sick and disabled people are concerned that yet again, changes in how people are meant to be supported will end in cuts. Changes equate to cuts. People are worried about what that will mean for them. We can acknowledge that one in three disabled people are living in poverty, twice the number of non-disabled people. What do we do about it? We are here now. I am sure every member on this Committee, regardless of our politics, will say that we believe we are a fair and decent society, and we should be looking after disabled people. It could happen to any one of us, couldn't it? Any one of us could become sick and disabled, and we have paid into a system. It is not a benefit; this is social security support. In the same way, if we have an accident and go to St Thomas's, we would want to get the healthcare that we deserve.

Where do we go from where are now to the adequate support that we need to provide for sick and disabled people who cannot work? Where do we go? How much should it be? We have talked about the essentials guarantee.

Ken Butler: I was tempted to say Scotland, but—

Debbie Abrahams: Go on. Over to you, Ken, and then whoever else wants to add.

Ken Butler: I think that one of the problems is going back to the lower care rate DLA point. That, I would say, was abolished as a cost-cutting measure in order to pay for PIP. With PIP, the higher DLA descriptor that allowed people to walk up to 50 metres to get the higher amount was put down to 20 metres. That then allowed some money, as the Government admitted, to be available so that more people with mental health issues could be paid PIP.

The present system is unfair in lots of administrative ways. There is a complete lack of trust. In the many meetings I went to about the Green



HOUSE OF COMMONS

Paper with the DWP, it was the first thing it said: "We know people don't trust us". It was like a mantra. I do not think that disabled people now trust the DWP through the White Paper proposals.

First is the system. In Scotland you have things like an emphasis on paper assessments rather than face-to-face assessments, allowing people to appeal decisions and continue to be paid while they are in the appeal process.

Q89 Debbie Abrahams: What about the adequacy levels, though?

Ken Butler: Sometimes it is a bit frustrating because there isn't an easy answer to that, but the starting point has to be benefits are inadequate to pay for the essentials of life, which is why there is—

Debbie Abrahams: Particularly so for sick and disabled people.

Ken Butler: Yes, who have higher costs because of their disability. How can you stop that? It is going to involve assessing what is a fair payment system and making sure that that is looked at independently, that there is a legal obligation on each Government in succession to make sure that independent assessment takes place and to pay what it says.

Q90 Debbie Abrahams: Are the Government doing that or are there any other agencies in it? Can I open up to the panel? I do not know, James, if you want to comment on that. You talked about the extra costs, but broaden it out beyond that, if you could.

James Taylor: To answer your initial point, it can happen to everybody, and you would hope and expect that everybody wants a fair society, but I think attitudes towards disability and disabled people are not where they need to be. Many see disabled people as not contributing to society, sadly, and many disabled people experience low expectations. I think that plays out in policymaking just as much as it does on the high street and in shops. If we see benefits as an investment in an individual so that they can do what they want to do, for me there is something about some of the language and the way we think about disability that is important.

On the rates, I am unaware. I think DWP needs to—and it might be hard—open up how these things are decided and calculated and work with and engage with disabled people and disabled people's organisations and coproduce things with them.

Debbie Abrahams: Okay, so that is a piece of work that needs to be done. I think the New Economics Foundation is doing some work on this. I do not know if you are aware of that, but I wondered if you are aware of what JRF had done beyond the essentials guarantee around the standard allowance. I think that is a question for another day. Thank you very much.

Q91 Chair: Can you tell us a little bit more about the work you have done comparing the costs incurred by certain people with the support provided



HOUSE OF COMMONS

to them? You have said you think there is a gap. Obviously, it will depend from one individual to another, so how have you worked out this £1,000—or nearly £1,000—a month figure that you are referring to?

James Taylor: The extra cost of disability, yes. We found on average it is £975 a month. The way we have calculated that is to look at standard of living and to compare the differences in standards of living between a disabled household, a household with at least one disabled person, and a household with no disability. We found that the amount of money a disabled household would need to have to have the same standard of living as a non-disabled household is on average £975. We calculate that £975 is going towards disability-related costs, whether it is needing to use more energy to heat your home, whether it is having to pay for specialist equipment or whether it is having to pay for more insurance. We see this at every income level. It does not matter how much you earn, a disabled household will have to divert money and their income towards the extra cost of disability, which non-disabled households don't face.

Q92 **Chair:** Is the £975 that you worked out after the benefits that are provided, after the payments of PIP or—

James Taylor: After incomes, after salaries, after benefits, it is on average £975.

Q93 **Chair:** Have you tracked that over time? Has that gap always been there or have things become worse?

James Taylor: We last published a price tag figure five years ago, and we have seen an increase since then of £330.

Q94 **Chair:** So it was £640-something five years ago. Is that an inflation increase or are there other things that have increased the costs for disabled people in the last five years?

James Taylor: Certainly, part of it will be inflation, part of it will be the current cost of living crisis, but part of it is also the number of disabled people in work has not increased really over the last couple of years. In fact, the ONS figures from yesterday showed that disabled people who were economically inactive is at the highest level it has ever been, I think just over 4 million economically inactive people now, due to a long-term health condition or disability. It is a whole range of things that have caused the price tag and the extra cost of disability to increase.

Q95 **Chair:** We have heard this morning about the adult disability payment in Scotland. Presumably, that goes some way towards—I am not sure what the figures are.

James Taylor: I do not know the figure off the top of my head. Ken might know, but I think what we have heard from colleagues here on Scotland is that the private sector is excluded from assessments, and dignity, fairness and respect are baked into the social security system, which are very important principles. We have heard a bit about the lack



HOUSE OF COMMONS

of trust in the DWP in this country from disabled people, and from our experience and what we see, having those principles front and centre of your social security system can make a massive difference to how you interact and support claimants.

Q96 **Chair:** You are seeing a difference, are you, between the attitude to the authorities of the people you support in Scotland, as opposed to the people you support in England?

James Taylor: Yes, and it goes back to my response to the previous question: treating and viewing people as individuals who are capable of achieving something is hugely powerful, and can make a huge difference to the interaction and trust you build with the social security system.

Chair: Thank you, everybody. That concludes our questions to you. Thank you for a very interesting and informative session. We are grateful to you all. If there is anything that occurs to you afterwards that you think you would have liked to have said to us, please do drop us an email. We will be very interested to hear it.